

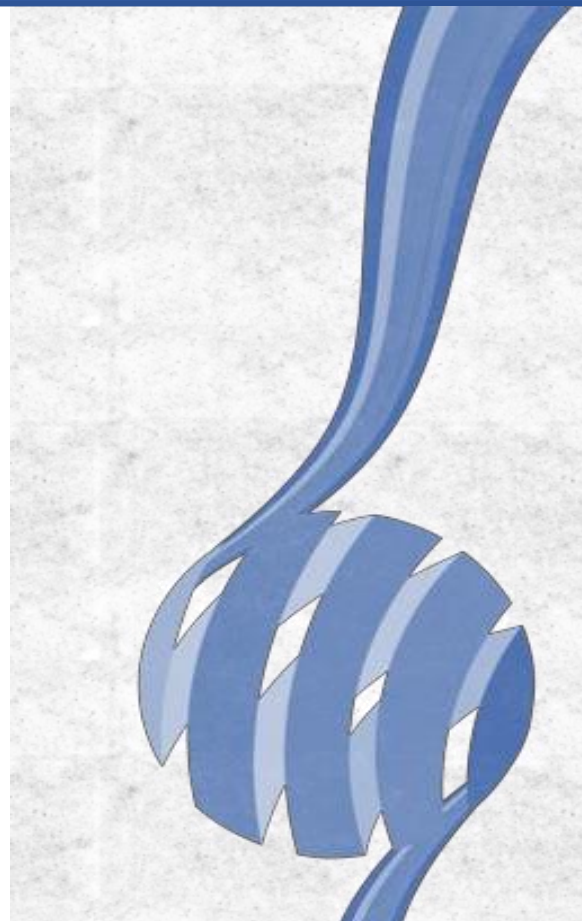
# Study for Assessment of Pakistan's Freelancing Ecosystem & DigiSkills.pk Final Report



Submitted to:  
**Ignite – National Technology Fund**

Submitted by:

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*Volume II Freelancing Ecosystem*

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## List of Acronyms

ACH	Automated Clearing House
BFDS	Bangladesh Freelancers Development Society
BPO	Business Process Outsourcing
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CNIC	Computerized National Identity Card
ESO	Entrepreneurship Support Organization
FBR	Federal Board of Revenue
FCY	Foreign Currency
FDI	Foreign Direct Investment
FE Manual	Foreign Exchange Manual
GDP	Gross Domestic Product
GST	Goods and Services Tax
HR	Human Resource
IBFT	Inter Bank Fund Transfers
ICT	Internet Communications and Technology
ILO	International Labour Organization
IT	Information Technology
ITeS	IT enabled Services
KPITB	Khyber Pakhtunkhwa Information Technology Board
KPK	Khyber Pakhtunkhwa
KPYEP	Khyber Pakhtunkhwa Youth Employment Program
KYC	Know Your Customer
LFS	Labour Force Survey
LTE	Long-Term Evolution
MOITT	Ministry of Information Technology and Telecommunication
MoU	Memorandum of Understanding
NAVTTTC	National Vocational and Technical Training Commission
NBFC	Non-Banking Financial Company
NeCC	National e-Commerce Council Meeting
NFTP	National Freelance Training Program
NIPS	National Institute of Population Studies
OII	Oxford Internet Institute
OLI	Online Labor Index
P2P	Peer-to-Peer
PAFLA	Pakistan Freelancers Association
PITB	Punjab Information Technology Board
PKR	Pakistani Rupee
PRC	Proceed Realisation Certificate
PSEB	Pakistan Software Export Board
PTA	Pakistan Telecommunication Authority
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SEO	Search Engine Optimization
STP	Science and Technology Park
STZA	Special Technology Zones Authority
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TVET	Technical and Vocational Education
UAE	United Arab Emirates
US	United States
USD	United States Dollar
VOIP	Voice over Internet Protocol

## Executive Summary

This project has been sanctioned by Ignite – National Technology Fund for a study to assess the freelance ecosystem in Pakistan. The assessment consists of two main components, (1) an overview of the freelance ecosystem, and (2) an overview of DigiSkills.pk, the flagship project of Ignite dedicated to facilitating freelancers. The review has been supplemented by policy recommendations based on interaction with various stakeholders in the ecosystem, including freelancers, government and private bodies acting as freelance support/training organizations, regulators, banks and sector experts which has been discussed in detail in the relevant sections of this report.

**Overview of freelancing ecosystem:** Advent of new ICT technologies has brought about a whole new prospect and possibilities for knowledge workers across the globe by enabling them to provide their services remotely to clients. By leveraging these ICT technologies, a new on-demand economy is being created, where professional activities can be broken into discrete assignments and offered to a virtual cloud of aspiring workers. This industry is often referred to as online outsourcing or freelancing. Pakistan is among the top three freelancer providing nations with estimated registered number of online freelancers ranging in a couple of million individuals who are registered and active. Recognizing the potential of this it is important that a robust supporting framework be put into place in the shape of an effective ecosystem. This will also draw strength by multiple initiatives taken by Government at federal and provincial level as well as by private sector.

**Methodology:** To conduct the comprehensive analysis of Pakistan's Freelance Ecosystem, the history, growth, current stage and future projections of the freelance ecosystem of Pakistan was covered. The data for this work stream was gathered through survey forms, focused group discussions and one-on-one interviews. For this purpose, a total of 800,000 DigiSkills.pk trainees were surveyed, out of which 4400 responded. 200 detailed interviews with active freelancers were also undertaken as well as one-on-one interviews with select stakeholders including Pakistan Freelancers Association, SBP, Ignite, DigiSkills.pk, PITB – e-Rozgaar and NFTP, KPITB, and other freelance and entrepreneur support organization such as CodeGirls and CaterpillHers. In addition to primary data collection, secondary data was also included as part of the study, which included sources such as Online Labour Index, Pakistan Economic Survey, Consultation Draft of National Freelancing Facilitation Policy 2021, Payoneer and SBP. All of the above resources were used to assimilate overall findings of the ecosystem, relevant challenges and insights in developing specific policy recommendations that have been provided as the final output of this project.

**SWOT Analysis:** Pakistani freelancers are working on basic projects that are low paying as compared to other countries. Our hourly income rate is estimated at \$4/hr, as compared with the global average of \$28/hr as per Global Gig Economy Index Report by Payoneer. While this is a weakness, it can be converted into an opportunity by tapping into projects that are abundantly available, easily accessible, and do not require substantial skillset which matches the profile of Pakistani freelancers. Pakistan has a comprehensive framework for training of freelancers with large scale projects such as DigiSkills.pk and other programs such as e-Rozgaar, NFTP and KPYEP, etc., some of which are specially focused and customized for females, youth and specially-abled trainees. A major weakness identified in the ecosystem is the absence of a facilitative policy for freelancers which will address legal, regulatory and taxation issues. The lack of a designated stakeholder for overseeing the growth of this sector in addition to other operational challenges such as energy & technology infrastructure in 2nd and 3rd tier cities and specific issues with respect to account opening, classification of income in designated accounts, retention of income in foreign currency and other payment system challenges were identified as weaknesses in the ecosystem as opposed to other similar and even smaller economies in comparable regions.

**Market Size:** According to the Online Labour Index, the global freelance workforce consists of 19 million freelancers. With 2.37 million active freelancers in the country, out of which around 550,000 are full time freelancers, Pakistan is among the top three freelancer providing nations (in terms of freelance projects being done around the world). The main sources for getting work are websites like Upwork, Fiverr, and PeoplePerHour, which offer projects and opportunities for freelancers to work on. According to SBP, Pakistani freelancers generated foreign remittances of \$397.3 million during fiscal year 2021-22, however this figure is majorly underreported as most freelance income comes into the country as home remittance

instead of export remittances. Using these stats as a base for our case, and also introducing new freelancers to the sector, Pakistan's freelance economy is expected to increase over 4 times, reaching \$1.6 billion by 2030, the detailed working of which has been provided in this report.

**Training Platforms:** DigiSkills.pk - Pakistan's largest online training platform for facilitating freelancers is a flagship project funded by Ignite to provide free skill-based training to the youth of Pakistan in the future of work using technology. The program has imparted more than 3 million trainings to over 1 million individuals across 15 courses since 2018, and has generated an impact of \$300 million. Additionally, other training programs run by the public and private sector were also studied to understand the overall impact these have on the ecosystem.

**Key initiatives and policy recommendations:** As a result of interaction with stakeholders, the facilitation initiatives taken for freelancer in the past were assessed, important gaps and issues were identified, key issues from which are as follows, and recommendations for each have been proposed as part of this study:

- Absence of a main stakeholder for overseeing the freelancing sector, along with a freelance facilitation policy.
- Lack of enabling infrastructure, especially for freelancers in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities
- Payment system issues such as challenges in bank account opening, inability for freelancers to retain remittances in foreign currency, as a result of which freelancer resort to other payment channels such as Payoneer and the like, due to which freelance export remittance is being clubbed as home remittance. Moreover, many freelancers also highlighted the unavailability of PayPal as a challenge which results in loss of potential clients who only use PayPal.
- Unavailability of a local initiative for development of an escrow service for facilitating off-platform and local freelancers, the availability of which can result in increased confidence in the ecosystem by freelancers as well as other digital economy based sectors.
- Inconsistent government policies and lack of incentives for taxpayers results in lack of motivation among freelancers and an undocumented economy.
- Untapped potential for increasing size of freelance economy by upskilling the currently low income earning freelancers in the ecosystem.

Based on findings along the course of this project, it was highlighted that Pakistan's freelance sector possesses immense potential for mobilizing export income for the country without incurring any substantial setting up cost. This attribute is further supplemented by the availability of abundantly available young and skillful human resource which is geared for a quick deployment in the sector for tapping into this global opportunity of employment thereby not only improving their individual incomes and their household's, but also making a macro level contribution in the form of export income for the country. However, for this potential to be realized there is a need for concerted efforts to be made by the government and other stakeholders which have been identified and recommended in the various sections stated below as well as consolidated in the form of a policy recommendation section which can form a baseline for the next steps required in achieving the desired outcome from this significant segment of the economy which is presently being relatively unattended.

## Chapter 1. Introduction

### 1.1 Overview of the Freelance Ecosystem

Advent of new ICT technologies has brought about a whole new prospect and possibilities for knowledge workers across the globe by enabling them to provide their services remotely to clients. By leveraging these ICT technologies, a new on-demand economy is being created, where professional activities can be broken into discrete assignments and offered to a virtual cloud of aspiring workers. This industry is often referred to as online outsourcing or freelancing. A major chunk of this online outsourcing industry is being taken by individuals having necessary & relevant skills required to complete such temporary assignments or projects or contract-based work. Millions of freelancers around the world are tapping into the opportunity and earning money while working from the comfort of their homes. Pakistan is among the top three freelancer providing nations with estimated registered number of online freelancers ranging in a couple of million individuals who are registered and active. Most of the work done is for international clients therefore, money earned by them is brought into the country, mainly as foreign remittances which is reported at \$397.3 million during fiscal year 2021-22 (SBP). Recognizing the potential of this it is important that a robust supporting framework be put into place in the shape of an effective ecosystem. This will also draw strength by multiple initiatives taken by Government at federal and provincial level as well as by private sector.

### 1.2 Overview of DigiSkills.pk

DigiSkills.pk is the flagship project of Ignite which is providing existing and new freelancers with knowledge, skills, tools & techniques necessary to seize the opportunities available internationally, at online jobs marketplaces, and locally. DigiSkills.pk has imparted over 3 million trainings to over 1 million individuals in 14 batches since 2018. As part of the DigiSkills 2.0 program, five additional skills have been added to the trainings, resulting a total of 15 digital skills currently being offered by the program. DigiSkills.pk trainees have started earning from multiple online freelance marketplaces like Fiverr, Guru, Upwork, etc. as well as from direct clients.

The local market is also one of the sources of earning for these trainees. Total amount estimated to be earned by DigiSkills.pk trainees is more than US\$ 300 Million (detailed explanation of the earnings has been stated in Chapter 4 below). Therefore, assessing how the freelancing ecosystem can be further developed is the other important part of this study. In essence, this study analyzes and assesses the current state of freelancing ecosystem based on multiple key areas like human capital, training opportunities, taxation, legal requirements etc. The study also highlights impediments and proposes necessary recommendations for development and growth of freelancing ecosystem of Pakistan in the following sections.

## Chapter 2. Methodology

### 2.1 Assessment of Freelancing Ecosystem of Pakistan

Development in digital communication technologies has made transacting work remotely easier and more economical. Online labor platforms, also known as online outsourcing, crowd-work, or online gig platforms, are at the forefront of this transition. They allow workers to serve multiple clients at varying hours remotely from their homes or co-working spaces instead of working full-time for a single employer. As this new form of work is becoming more popular, the global demand for online freelancing has been growing by 11% annually within the last five years, according to the Oxford Online Labor Index<sup>1</sup>

Pakistan is ranked as the 3<sup>rd</sup> most popular country for freelancing in the Online Labor Index published in 2017 by Oxford Internet Institute (OII) and is consistently ranked among the top destinations for Internet Communications and Technology (ICT) outsourcing because of the exponential growth of the IT sector.

Pakistan's current freelance market within the IT sector only, consists of more than a million individuals working in various specialized fields, that are well integrated into the global gig economy. Main sources for getting work are websites like Upwork, Fiverr, and PeoplePerHour, which offer projects and opportunities for freelancers to work on. Pakistan's exports of information technology reached USD 2.4 billion by May 2022<sup>2</sup> as against USD 1.9 billion in same period last year. The government had offered several incentives in taxes and procedures in the budget 2021-22 to encourage IT exports which has also led to growth in the downstream sectors including freelancing.

To conduct the comprehensive analysis of Pakistan's Freelance Ecosystem, the history, growth, current stage and future projections of the freelance ecosystem of Pakistan was covered. The data for this work stream was gathered through survey forms, focused group discussions and one-on-one interviews. In addition to primary data collection. Secondary data was also collected from the provincial and federal labor force department data. For this purpose, up to 200 freelancers were contacted and one-on-one interviews were conducted with selected stakeholders such as to include Pakistan Freelancers Association, SBP, Ignite, DigiSkills.pk, PITB – e-Rozgaar and NFTP, KPITB, and other freelance and entrepreneur support organization such as CodeGirls and CaterpillHers. Furthermore, primary and secondary data were analyzed for covering the following aspects of the report:

#### History of Pakistan's Freelance Ecosystem

1. Total number of Freelancers in Pakistan by the end of FY 2022 with gender and socio-economic distribution of the labor force, skill level, field of work, income and the type of freelancing they undertake
2. Estimating yearly foreign remittances brought into the country by Pakistani freelancers by providing growth trend of last 5 years and projections for next 5 years
3. Comparative Analysis of Pakistan, and other top freelancing countries for the purpose of identifying gaps, support for freelancers, availability of freelancers, skillsets, and government incentives
4. A detailed SWOT analysis of Pakistan's freelancing sector has been provided after collecting primary and secondary data. Further research has been conducted for identifying the strengths of Pakistan's freelance market, such as the skill set, gaps and weaknesses, the opportunities available globally for freelancers and possible threats such as strict regulations.
5. Identification of gaps, areas of government support and potential interventions including regulatory, legal, policy, taxation, and banking system interventions to enhance the freelance ecosystem of Pakistan.

#### Market Assessment and Sizing

Counting online gig workers is tricky. While quantifying the number of online freelance vacancies is difficult, measuring the number of online gig-workers, on the other hand, is even more complex. Online gig worker population is particularly difficult to measure because of several reasons, including the limitation

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<sup>1</sup> Online Labor Index: Measuring the Online Gig Economy for Policy and Research

<sup>2</sup> <https://www.sbp.org.pk/publications/export/2022/May/2.pdf>



that online work is often a source of supplementary income, labor force surveys do not capture it. Moreover, many online workers might not report their earnings to tax agencies, especially if their earnings are small. We have used the Oxford Online Labor Index to estimate approximate market size of Pakistani freelancers. This data was gathered from 162 of the 351 globally relevant online freelance platforms and use public data sources to obtain three measures of worker numbers for each platform: the number or registered worker profiles, the number of active workers, defined as those who have ever worked on a platform, and the number of full-time workers which are those who completed at least 10 projects, or earned at least USD 1,000. An assessment of both the active and full-time freelancers based on this approach has been done in Chapter 3 of this report.

## 2.2 Impact Analysis and Evaluation of DigiSkills.pk

To assess the impact of the DigiSkills.pk training program on the overall freelancing ecosystem of Pakistan, the DigiSkills.pk training program was analyzed in detail covering the addition of new freelancers, Pakistan's ranking in the freelance ecosystem of the world, creation of jobs for women and the youth, foreign remittances and the analysis of income generated through freelancing versus corporate jobs.

In addition to the one on one survey mentioned above, key informant interviews were held with relevant representatives of the program – the subject matter experts, Ignite and DigiSkills team. A survey tool and the specific scope of discussions on the DigiSkills platform was finalised after discussion with the client on this aspect. The framework for research was carefully developed to answer the details required as part of the scope of this project.

To assess the impact created by DigiSkills, a comparative analysis was performed depicting the state of Pakistan's freelance ecosystem including the number of freelancers, income levels, job creations and Pakistan's standing on the global freelance market. This report has been put together with the primary and secondary data collected as well as by studying the previous data related to DigiSkills.pk. The trends observed previously have been compared with existing findings for a comparative analysis.

### Sample Size and Selection for surveying DigiSkills.pk Trainees

- The sample size for surveying the DigiSkills.pk trainees consisted of 300 or more freelancers out of the total registered individuals (over 0.8 million) who had obtained DigiSkills.pk trainings, the breakdown of which is given below:
  - At least **30% female representation** in the sample
  - Equal representation of courses attended with a total of 10 courses currently being offered by DigiSkills.pk:
  - Survey sample distributed based on location the freelancer is based out of, aiming to cover at least 10 cities, while having an increased focus on smaller cities.
  - The sample has been broken down to account for representation of different age groups, and is as follows.

Course	Representation	Age Group	Gender
<ul style="list-style-type: none"> <li>▪ <b>Freelancing</b></li> <li>▪ <b>E-Commerce Management</b></li> <li>▪ <b>Digital Marketing</b></li> <li>▪ <b>Digital Literacy</b></li> <li>▪ <b>AutoCAD</b></li> <li>▪ <b>Creative Writing</b></li> <li>▪ <b>Graphic Design</b></li> <li>▪ <b>SEO (Search Engine Optimization)</b></li> <li>▪ <b>QuickBooks</b></li> <li>▪ <b>WordPress</b></li> </ul>	10% for each course	Less than 25 years of age consisting of 25% of sample	30%-50% female representation
		25 – 45 of age consisting of 50% of the sample	

Table 2.1: Sampling Framework for DigiSkills.pk Survey

2. An additional data set of respondents was selected from 1300 freelancers who had previously reported their earnings to the DigiSkills team were also included as a part of this project. This dataset was used to supplement the above survey of freelancers and while feedback from their responses was refreshed, some pertinent information was obtained during these interviews with respect to specific challenges and regulatory support required by them.
3. Also, in addition to the above, an online survey form was designed and circulated among the entire population of over 0.8 million trainees who have enrolled in DigiSkills trainings till date, out of which around 4400 responses were recorded over a span of 3 weeks. These responses helped in assessing the impact on these trainees because of being a part of the DigiSkills trainings.
4. Responses from all the three approaches and data sources were compiled and analyzed to form a comprehensive assessment of the freelancing ecosystem as well as the experience of trainees with respect to DigiSkill.pk and subsequent employment opportunities as freelancers internationally or within Pakistan.

### **2.3 Impact of Other Training Programs**

Besides DigiSkills, there were also other training programs operating in the ecosystem to promote skill development and empowerment among freelancers. Secondary and primary research was conducted to cover impact of training programs run by public organizations including especially PITB with their e-Rozgaar and NFIP programs, and KPYEP run by KPITB. The assessment included individuals trained, graduates produced, cost of training, training modes, and other comparable variables that are important to understand for completing the assessment of the combined effort of these organizations towards the freelance ecosystem of the country.

The above methodology has been used to analyze the freelancing ecosystem and other aspects of the scope of work of this project, which has been discussed in detail in the ensuing sections as follows.

## Chapter 3. Freelance Ecosystem

### 3.1 The Global Gig Economy

According to McKinsey's report it has been speculated that by 2025, online talent platforms could increase global GDP by \$2.7 trillion and improve job outcomes for 540 million people.<sup>3</sup> These online platforms are the best outlet for companies looking to drive down labour costs by developing larger projects into focused, frequent, shorter-term jobs synchronized by internal domain experts. This outcomes-based focus represents a shift from the old mind-set to a new one that values results over effort.

The global Gig Economy generated \$204Bn in Gross Volume from customers in 2018, with Transportation-Based Services (e.g., ride-sharing) comprised 58% of this value. The size of Gig Economy transactions is projected to grow by a 17% CAGR with a Gross Volume of ~\$455Bn by 2023, due to factors such as evolving societal attitudes around P2P sharing and increasing digitization rates in developing countries.<sup>4</sup> With a projected Gross Volume growth of ~123% over five years, there exists a number of societal, economic and technological trends that are driving Gig Economy expansion today and will continue to spur industry development in the future.

**Projected Gross Volume of Gig Economy  
(Billion USD)**

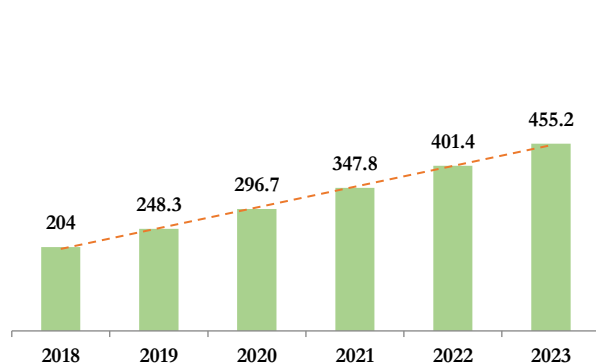









Figure 3.1: Gross Volume of Gig Economy (statista.com, 2019)

#### 3.1.1 Gig Economy Sectors

Gig Economy platforms can be segmented into one of six sectors based on the type of services they provide their customers.

Sector	Description	Sub-Sectors Included	Example Platforms
Asset-Sharing Service	Digital platforms that facilitate short-term P2P rentals of one owner's (or "freelancer") property to another individual	Home-sharing, car-sharing, boat-sharing, parking space sharing, P2P equipment sharing	  
Transportation-Based Services	Digital platforms that require a freelance driver to complete the requested transport service	Ride-sharing, carpooling, restaurant delivery, and goods delivery	   

<sup>3</sup>[https://www.mckinsey.com/~/\\_media/mckinsey/featured%20insights/employment%20and%20growth/connecting%20talent%20with%20opportunity%20in%20the%20digital%20age/mgi%20online%20talent\\_a\\_labor\\_market\\_the\\_t\\_works\\_executive\\_%20summary\\_june%202015.pdf](https://www.mckinsey.com/~/_media/mckinsey/featured%20insights/employment%20and%20growth/connecting%20talent%20with%20opportunity%20in%20the%20digital%20age/mgi%20online%20talent_a_labor_market_the_t_works_executive_%20summary_june%202015.pdf)

<sup>44</sup> Mastercard Gig Economy Industry Outlook and Needs Assessment, by Mastercard and Kaiser Associates May 2019, <https://newsroom.mastercard.com/wp-content/uploads/2019/05/Gig-Economy-White-Paper-May-2019.pdf>





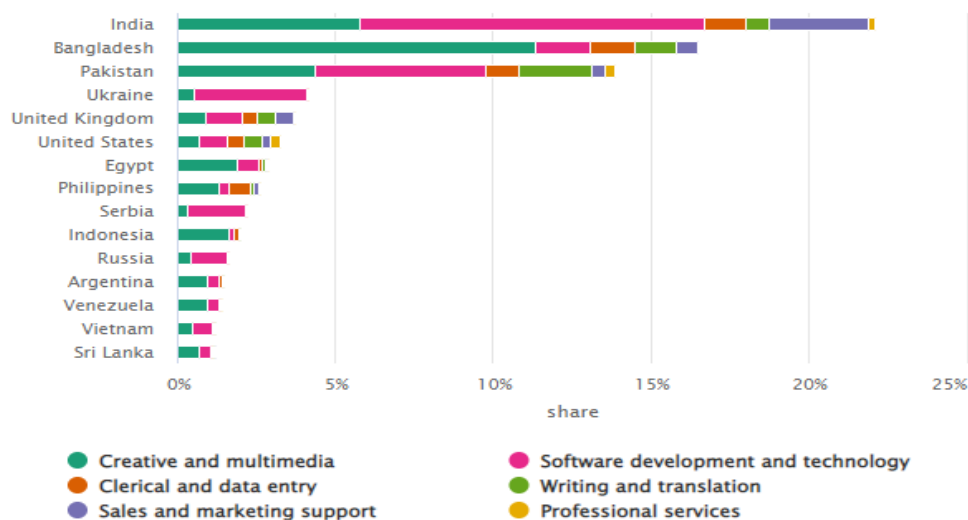
Professional Services	Digital platforms that connect freelancers directly with businesses to complete projects	Business work, microwork, design, tech/coding, writing/translation, administrative	
Handmade Goods, Household & Miscellaneous Services (HGHM)	Digital platforms for freelancers to sell homemade crafts or offer on demand services for house hold related tasks	Home-services, babysitting, handmade crafts, tutoring, pet services, and misc. (DJ, events, etc.)	
Food Delivery Services	Digital Platform that engages labour workers to food supplier workforce	On time food delivery	
Salon Services	Digital Platform that engages beauticians	All Salon based services provided at home	

Table 3.1: Gig Economy Sectors

### 3.2 Comparative Assessment of Pakistan with Other Economies

*Comparison of Pakistani freelancing industry with top 3 freelancers producing countries in terms of quality of HR, Government incentives, ease of doing business*

Pakistan holds the third largest contribution to the work being done in the freelance industry globally, followed by India and Bangladesh. This is done by observing workers on four major online labour platforms; *Fiverr*, *Freelancer*, *Guru* and *PeoplePerHour*. It has been estimated that around 38.9 percent of freelancers in Pakistan are operating in software development covering about 5.5 percent of global freelancers in software development.<sup>5</sup>



Source: Online Labour Index

Figure 3.2: Top 15 countries by supply of online gig work

<sup>5</sup> According to Online Labour Index

## 1. Freelance Ecosystem in India

India has been regarded as one of the largest markets for Flexible staffing in the world due to its robust e-commerce and online retailing as reported by Economic Survey 2020-21.<sup>6</sup> It has also been reported that India's freelance community is projected to grow by the volume of \$20-30 billion during 2025. It has been speculated in a forecast that the online freelance marketplace shall add \$2.7 trillion of revenue to the global GDP by 2025.<sup>7</sup> In a report 'Freelancing in 2020: An Abundance of Opportunities' by Payoneer stated that India has ranked as the second fastest-growing freelance market in the world with a 46% increase in new freelancers from Q1 to Q2 in 2020 as many companies has undergone downsizing to lay off their employees compelling them to freelance their services in order to generate income. India's freelance community has recorded a substantial increase of 42% in its average hourly rates from \$21/hour in 2020 to \$26/hour in during 2022. Indian freelancers expected an hourly rate of \$71 against a global average of \$41/hour in few predominant sectors like Finance.

According to Gig economy in India report, around 70 per cent of employers claimed that they had used Gig workers on frequent basis during 2018 with 45 per cent of the human resource (HR) head-hunters surveyed required to hire a Gig worker as a substitute of existing skilled workforce.<sup>8</sup> A report 'The Future of Work is anywhere - Gig Workforce' indicates during 2018, men and women had equivalent 50:50 sharing in the Gig economy against the traditional workforce where the ratio is around 70:30.<sup>9</sup> Presently, India has around 15 million Gig workers engaged in projects in sectors like IT, HR, designing, among others.<sup>10</sup>

### Gig Economy Could Potentially Serve Up To 90 million Jobs; Add 1.25 Percent To India's GDP (Gross Domestic Product)

India's existing workforce has been assessed to comprise around 500 million workers, broken down into the following industries:

India's existing workforce (in millions of workers)	
Agriculture and allied sectors	210
Construction & Real Estate	62
Manufacturing & Utilities	60
Retail	47
Logistics & Transportation	25

Table 3.2: India's Existing Workforce

Based on above statistics the gig economy has the potential to export their service to the level of 90 million jobs in India's non-farm economy exclusively, generating transaction of over USD 250 billion, and contributes an incremental growth of 1.25 percent (approximately) to India's GDP over the long term.<sup>11</sup> This long-term potential of the gig economy comprise can be translated into the following categories:

Skilled and semi-skilled jobs	35 million
Shared services roles like facility management, transportation, and accounting	5 million
Household demand for services	12 million
Unskilled jobs	37 million

Table 3.3: Long Term Potential of Gig Economy in India (India Gig Economy Report by BCG, 2020)

It has been speculated that the four largest industry sectors of Construction, Manufacturing, Retail, and Transportation and Logistics comprises 70 million of the potentially 'gigable' jobs.

<sup>6</sup> 1Economic Survey 2020-21: India's Gig economy now among largest in the world, Economic Times, 29 January 2021

<sup>7</sup> <https://timesofindia.indiatimes.com/blogs/voices/new-rise-in-indias-freelance-community-in-2022/>

<sup>8</sup> India's 70% companies have used Gig workers in 2018, says report, Business Standard, 2 March 2019

<sup>9</sup> Gig economy on rise; 70% firms used Gig workers in 2018, Economic Times, 1 March 2019

<sup>10</sup> OPINION: Growth of Gig economy signals tectonic shift in the workforce, The Week, 10 December 2020

<sup>11</sup> Boston Consulting Group "Unlocking the potential of Gig economy in India" <https://media-publications.bcg.com/India-Gig-Economy-Report.pdf>

While the above are indicators that are determinants of a very mature economy and largely focused and sector driven environment, it can still serve as a model for other smaller economies which are aspiring to develop themselves in any particular area especially the labour-intensive economies that have a higher unemployment ratio. Conditions in Pakistan are much similar to India in terms of population density, literacy and poverty etc. These are mainly owing to similar backgrounds and socio-political challenges, however India has excelled in IT exports, human capital exports and overall as a sector driven economy. The lesson learnt from this model can clearly be the focus on development of a sector and have policies that are driven towards the targets. It would therefore be beneficial to have small areas and communities that are being trained for freelancing should be picked up by the government by upskilling in modern IT skills and launch them as freelancers to provide the low-cost export enhancing solution that Pakistan severely needs for revising its economy. There are currently 500 million smartphone users in India, which indicate a high potential for IT related freelancing opportunities in the country.

## 2. Freelancing Ecosystem in Bangladesh

ICT Division of the Bangladesh Government presented statistics of 650,000 freelancers from Bangladesh<sup>12</sup>, of which 500,000 are actively working. Bangladesh also ranked 8th in terms of year on year growth in revenue in the 2019 Global Gig-Economy Index published by Payoneer. The average income for freelancers is relatively high, at a mean of US\$106 per month (median US\$88).<sup>13</sup> Despite of the fact that country's deteriorating job market indicated that 47% of educated population is unemployed, freelancing is regarded as a respectable substitute. According to World Vision Bangladesh report, one in 10 of Bangladesh's 44 million young people is unemployed.<sup>14</sup>

### Potential of IT for Freelancers in Bangladesh

The internet penetration rate in Bangladesh has seen tremendous growth over the years among which the last five years had the highest rate –by the share of population 14.4% in 2015, 18.02% in 2016, 15% in both 2017 and 2018, 12.9% in 2019 (Statista, 2020). At present four mobile network operators are operating in Bangladesh. All of these operators now provide 4G/LTE connectivity to the consumers.

### Government Initiatives in The Freelancing Sector of Bangladesh

**Bangladesh Freelancers Development Society (BFDS):** As of February 25, 2019, The Bangladesh Hi-Tech Park Authority (BHTPA) has been awarded the 'ISO 9001:2015' certification for quality management. Experts believe that such credential will attract more foreign entrepreneurs in the country's ICT sector (Uddin, 2019). In the late 2020, a joint initiative by ICT Division, Bangladesh Computer Council, iDEA Project, and Bangladesh Freelancers Development Society (BFDS) was made. Under this initiative a website – freelancers.gov.bd was launched. Also, a state-endorsed electronic/virtual identity card will be issued to the freelancers of the country. This identification will enable the freelancers to obtain credibility and move ahead smoothly with future endeavors.

## 3. Freelancing Ecosystem in Brazil

According to Payoneer's Global Gig-Economy Index, Brazil ranked 3<sup>rd</sup> in terms of year-on-year revenue growth (46%) during Q2 2019. The Covid-19 pandemic posed great challenges for millions of workers worldwide, and Brazilians were no exception. At one point, and for the first time ever, over half of the working-age population was unemployed. In the last few years, Brazil has seen steady growth in the gig economy. So much so, that there are now more than 25 million self-employed people working from the

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<sup>12</sup> <https://www.thedailystar.net/toggle/news/struggles-being-freelancer-bangladesh-2078253>

<sup>13</sup> <https://www.bsg.ox.ac.uk/sites/default/files/2021-07/Virtual%20migration%20through%20online%20freelancing-%20evidence%20from%20Bangladesh.pdf>

<sup>14</sup> <https://freelancers.gov.bd/2021/01/02/government-initiatives-to-develop-the-freelancing-sector/>

country. According to World Bank, Brazil is ranked 124, which is compared to Pakistan's ranking at 108 among 190 economies in the ease of doing business, according to the latest World Bank 2019 annual ratings.

According to reports by Payoneer<sup>15</sup>, despite the challenges of language barriers and lack of familiarity with international markets, 83% of Brazilian freelancers have, or plan to, start offering their services to new countries. With new countries to export to, and 46% already noticing a big spike in demand in the last 12 months, it is encouraging to see that 90% of Brazilian freelancers are optimistic about the future of an industry which is clearly on the rise.

Brazil has a global market demand share in the freelance and gig economy of ~0.3% according to the Online Labor Index by Oxford.<sup>16</sup> The most popular occupations/services offered by freelancers are Software Development and Technology which has a majority share of the total Brazilian market demand.

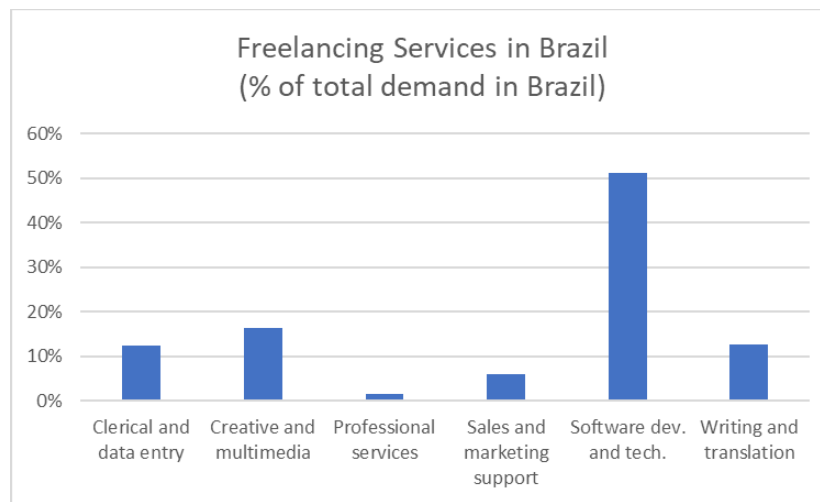


Figure 3. Market Share by Occupation of Total Freelance Service Demand in Brazil

On the other hand, despite the presence of positive factors mentioned above, freelancers in Brazil, like those in countries, also encounter problems when it comes to exporting their services, some of which are listed below, along with % of freelancers who reported having faced these problems.

- 1) Accounting and regulatory knowledge (46%),
- 2) Language (43%),
- 3) International market knowledge (43%),
- 4) Finding new clients (42%).

<sup>15</sup> <https://www.payoneer.com/resources/brazilian-freelance-report/>

<sup>16</sup> <http://onlinelabourobsevatory.org/oli-demand/>



### 3.3 Factors Contributing to Freelancing in Pakistan

#### A Brief Synopsis of Pakistan's Labor Force with Sector, Gender, Rural-Urban, Income etc. wise Break with Special Focus on Freelancers

Pakistan's growing population and lack of human resource management is a challenge that may lead to social distress and reduce economic performance. The country has encountered difficulty in optimal social spending, that is health care, education, housing, and unemployment etc. It has been reported by Economic Survey of Pakistan 2022 that according to the National Institute of Population Studies (NIPS) the population of Pakistan was estimated at 224.78 million in 2021 of which 82.83 million reside in urban areas, whereas 141.96 million live in rural areas.<sup>17</sup> and a population density of 282 per square kilometer. Pakistan is considered to be the fifth largest young country in the world, around 63 percent population of the country comprises youth aged between 15 and 33<sup>18</sup>. This represents the population who need to be employed, there are not enough jobs available to employ so many people each year, therefore freelancing/entrepreneurship is one of the most efficient conduit for providing employment opportunity to this population at their doorstep.

#### Labour Force Statistics

Pakistan's labour market data has been derived from the latest available round of the Labour Force Survey (LFS) for 2020-21 as shown in the corresponding graph.

The rising labor force indicates that corrective measures have to be taken to employ them in diverse sectors of the economy. There is a need to build their capacity and equip them with relevant skill sets so that they can enhance their earning capacity by offering freelance services instead of relying on jobs as the single source of income. Additionally, 20.7% of the labor force is female while the rest is male.<sup>19</sup> The unemployment rate stands at 6.3% for the country, where 5.5% of males and 8.9% of females are unemployed. Furthermore, urban areas have higher unemployment rates at 7.3%, as compared to 5.8% in rural areas.

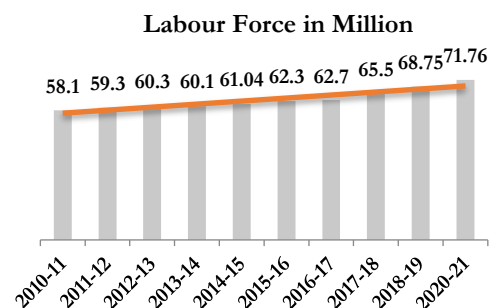


Figure 3.4: Pakistan's Labor Force Survey

#### Implication Of Covid-19 Pandemic

In the wake of COVID-19 Pandemic, job security has been deemed as the second biggest challenge after the health crisis in Pakistan. Employment and labour productivity had been drastically affected due to the pandemic resulting as impeding growth in various economic sectors. Unfortunately, Pakistan has also borne the economic brunt of COVID-19 pandemic beside other nations resulting in negative growth of -0.47 percent in FY20 indicated as job losses, falling income and deteriorating social indicators. According to "Special Survey for Evaluating Socio-Economic Impact of COVID-19 on Wellbeing of People" conducted by Pakistan Bureau of Statistics (PBS), almost half of the working population was affected due to closure of business and lockdown. According to Pakistan Bureau of Statistics, prior to COVID-19, population of working class was 35 percent (55.75 million) which had been declined to 35.04 million indicating that people lost their jobs in pandemic due to closure of economic activities. Decrease of 37.15% in working population is a significant indicator of losing economic growth.

From a macroeconomic perspective, a lack of employability subsequently impacts a country's standard of living as consumer spending reduces that eventually impact on GDP. Consequently, economic slowdown and increasing unemployment brings economic recession. To rescue from such situation providing freelancing platforms may rescue the nation.

<sup>17</sup> [https://www.finance.gov.pk/survey/chapter\\_22/PES12-POPULATION.pdf](https://www.finance.gov.pk/survey/chapter_22/PES12-POPULATION.pdf)

<sup>18</sup> <https://files.eric.ed.gov/fulltext/EJ1200364.pdf>

<sup>19</sup> <https://data.worldbank.org/indicator/SL.TLF.TOTL.FE.ZS?locations=PK>



Government of Pakistan has embarked on the road of prosperity by creating opportunities through digital platforms to utilize workforce for various segments of economy as employability is vital to a society's well-being. In current scenario Government led emphasis on building diverse skillsets among freelance workforce is a necessary takeaway from the slowdown in the economy in the past few years, due to the pandemic and other challenges faced by the economy. Training can be imparted using freelancing platforms where experts can offer services to generate skilled labour workforce for various professions. Examples of this are DigiSkills.pk, e-Rozgaar, NFTP, KPYP and other such training programs being offered by TVETs across the country.

### Potential for Freelancers in Dynamic IT Sector of Pakistan

According to ILO report, the global unemployment rate in 2020 reported at 6.57% which is alarming as compared to 5.7% as of 2000.<sup>20</sup>

In Pakistan around 42.4 percent of freelancers are working in software development, making up 10.5 percent of global freelancers in software development which is reported as much higher percentage than in Bangladesh, Nepal, and Sri Lanka but lower than India, says the World Bank.<sup>21</sup> Statistics have been cited in the report published by The Pakistan Software Export Board (PSEB) based on a survey of 300 IT firms, indicated currently registered total IT firms are 4,641 and 4,066 call centers.

As reported by SBP industry analysts, Pakistan's IT & ITeS-BPO exports at present are expected to exceed US\$5 billion. Pakistan's exports of information technology reached USD 2.4 billion by May 2022<sup>22</sup> after witnessing an annual growth of 26% over the preceding year despite of global economic challenges thereby demonstrating the fact that Pakistan's IT sector is resilient in this regard.

<sup>23</sup>Presently, freelancing cannot be substitute of public sector jobs but trends are shifting as number of IT companies is increasing every year because younger population prefers to run their own entities. A plethora of public and private sector entities with Government support are prioritizing the growth of the IT Industry. The start-ups & freelancing culture is at a breakneck speed with success stories coming out every year. Broadband connectivity growth is also a key indicator determining growth in the IT sector which has a trickle down effect to the downstream sectors including the startups and freelancers. The government considers startups, freelancers, developers and IT students an important pillar of its strategy of Vision 2025.

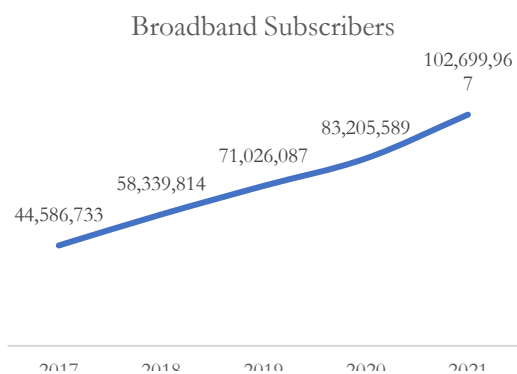


Figure 3.5: Broadband Subscribers in Pakistan (Source: Pakistan Telecommunication Authority)

### Startups & The Gig Economy

One of the most evident reasons for the rise in freelance community can be the growing number of start-ups in the country. According to 3rd global start-up ecosystem report India got 23rd position and Pakistan ranks 82nd out of 100 in the World's Best Startup Ecosystems.<sup>24</sup> In Pakistan, Lahore being capital of Punjab is regarded as the most successful city listed among 271 out of 1000 cities in comparison to Bangalore ranked at 14th position. These startups have embraced freelancers and gig workers with open arms. As a matter of fact, freelancers are experts in their professional field, easy to hire, less expensive than permanent employees, they are proving to be an alternative to full-time employees. Consequently, the startup culture (employers) is driving the freelance (employees) gig economy to new heights.

<sup>20</sup> International Labour Organization, ILOSTAT database. Data retrieved on February 8, 2022.

<sup>21</sup> <https://data.worldbank.org/indicator/SI.UEM.TOTL.ZS>

<sup>22</sup> <https://www.brecorder.com/news/40123548>

<sup>23</sup> <https://www.sbp.org.pk/publications/export/2022/May/2.pdf>

<sup>24</sup> <https://www.pta.gov.pk/en/telecom-indicators/1#broadband-subscribers>

<sup>25</sup> <https://startupinsider.info/2021/05/15/pakistan-ranks-82nd-out-of-100-in-the-worlds-best-startup-ecosystems/>

## Tools & Freelancing Platforms in Pakistan



Figure 3.6: Freelancing Platforms in Pakistan

### 3.4 Journey Of Pakistan's Freelancing Ecosystem

Pakistan has been moving forward steadily in terms of economic growth through digital platforms with technological advancement over the last decade, exploring new areas of business to expedite progress. IT and ICT based freelancing are one of such areas where lot of potential is there for the country.

#### Revenue Generated by Freelancing

According to State Bank of Pakistan, Pakistani freelancers generated \$397.3 million by exporting their services during the fiscal year 2021-22. As of 2022, an international survey observed that the worldwide average hourly rate charged by freelancers is US\$ 28, showing that freelancing has become an exciting source of earning potential, especially in developing economies.

#### Diverse Fields of Freelancing Portfolio

According to MOITT report "National Freelancing Facilitation Policy 2021", freelancers can unleash their potential in diverse fields of work like web development, graphics designing (30%), computer programming (19%), IT services (10%), multimedia production (8%), content writing (8%), translation (7%), marketing (6%), admin (3%), customer support (2%), project management (2%), sales (2%), quality assurance (2%) and finance (1%).(source: National Freelancing Facilitation Policy 2021)

#### Economical Assessment

In Digital era, The IT and ITeS sector has been deemed as backbone for the prosperity of nation. The IT industry of Pakistan has generated more than \$2 billion in revenues in the last fiscal year.<sup>25</sup> The first ever e-commerce policy of Pakistan was approved by the Federal Cabinet in October 2019. An e-commerce policy aims to facilitate growth of e-commerce in Pakistan by creating conducive environment for freelance workers and reduced capital. As per policy Freelancers' remittance limit has been enhanced from US\$ 5,000 to US\$ 25,000, IT companies and freelancers are now given better exchange rates for dollar in-line with the interbank rate offered to exporters & trade receivable of IT companies will now be used as collateral for loan procurement from commercial banks.<sup>26</sup> (Source: Ministry of Commerce).

<sup>25</sup> [https://www.finance.gov.pk/survey/chapters\\_21/08-Trade%20and%20payments.pdf](https://www.finance.gov.pk/survey/chapters_21/08-Trade%20and%20payments.pdf)

<sup>26</sup> [https://www.finance.gov.pk/survey/chapter\\_20/08\\_Trade\\_and\\_Payments.pdf](https://www.finance.gov.pk/survey/chapter_20/08_Trade_and_Payments.pdf)

### Freelancing Verticals in Pakistan

According to the Oxford Online Index, the typical work vacancies which include tasks like data entry, image classification fall in the clerical and data entry category. These tasks typically require only basic computer literacy and numeracy. The occupations in the professional services category, on the other hand, typically require formal education and knowledge about local institutions. The sales and marketing support are largely support tasks related to online advertising. They are separated from the two other aforementioned categories because they form a large and distinct portion of online freelancing. Writing, software development and technology, and creative and multimedia categories are mostly self-explanatory.

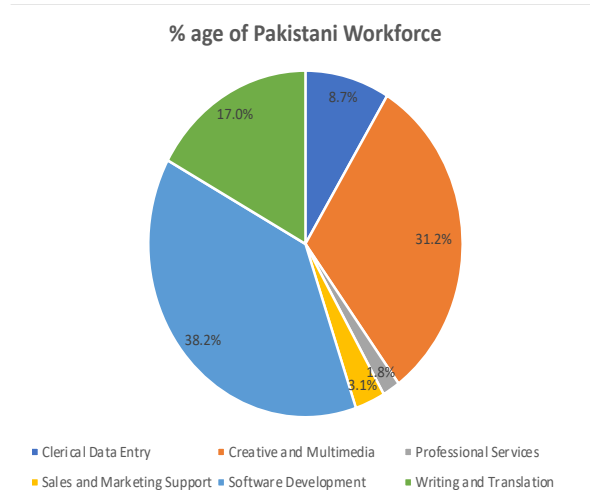


Figure 3.7: Distribution of Pakistani Freelance Workforce

### Size of Existing Freelancers and Future Projections

The latest data from Online Labor Index<sup>27</sup> shows that there are approximately **19 million active online workers across the globe**. Active in this context means freelancers that have worked on at least one project on any of these platforms. Additionally, OLI has defined a full-time freelancer as an individual who has completed at least 10 projects, or earned at least USD 1,000 since the start of their freelance career. This data was gathered by OLI from 162 of the 351 globally relevant online freelance platforms and uses public data sources to obtain these measures of worker numbers for each platform.

OLI's extrapolation concludes that in 2020, there are approximately 163 million globally registered user accounts, of which 8.6% have worked at least once, 2.0% of whom have either completed at least 10 projects or earned USD 1,000 over their freelancing careers. While this data may have some statistical inaccuracies and estimates, it is the closest we have so far for analyzing the market size of freelancers across the globe.

According to the above research, Pakistani freelancers account for **12.5% of the global freelancer's workforce or 2.37 million individuals** that are active on any one of the above-mentioned web sites and portals for engaging in freelancing work. We can further break this number down to approximately **552,000 full-time freelancers from Pakistan** (who have a minimum of 10 projects completed and USD 1,000 earned).

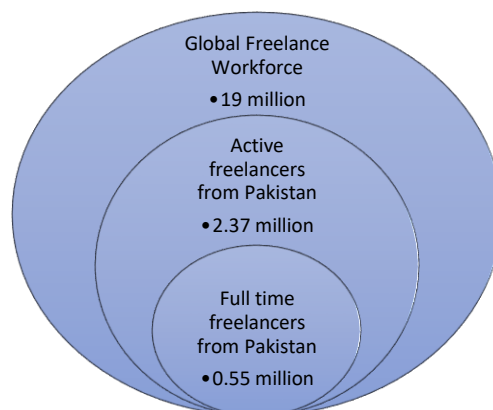


Figure 3.8: Pakistani Freelancers as a Part of Global Freelance Workforce

<sup>27</sup> <https://ilabour.oii.ox.ac.uk/how-many-online-workers/>

## Future Landscape of Freelancing in Pakistan

As per State Bank of Pakistan's IT & ITeS Remittances of Freelancers, the remittances received by resident individuals/households from reputed overseas IT firms and online platforms on account of freelance services amounts to **USD 397.3 million in FY2021-22**. We realize that this amount may be heavily underreported as majority of freelance earnings are being recognized as home remittances due to lack of awareness among freelancers, but we still use this number as a base for our case to arrive at around USD 719 generated annually by each of the 552,000 existing full-time freelancers present within Pakistan.

By assuming that the number of existing freelancers remains fixed, and their **earnings increase at a rate of 10 to 15%** per annum, the export remittance earning by existing full time freelancers in the ecosystem is projected to reach an amount of **USD 1 billion** by 2030. Other than this, upskilling of existing, and introducing potential new freelancers can further boost the economy, this is explained in more detail below.

As per Labour Force Survey 2020-21<sup>28</sup>, the total population of Pakistan is 222.4 million, of which 1.6% have attained an education above Matric and are unemployed (3.5 million). From this amount, we may subtract the number of active freelancers already in the freelancing ecosystem (2.375 million) to arrive at 1.09 million literate and unemployed individuals who may be introduced to freelancing. These individuals may be attracted toward the freelancing ecosystem by introducing new policies, conducting further training programs and effective marketing to reach out to the masses that are still unaware of this means of earning. Additionally, employed individuals can also act as a potential new freelancers who will contribute to this economy by generating supplementary income through moonlighting and weekend gigs.

Assuming that these new full-time freelancers start earning as soon as they join the workforce, with income levels increasing at 20% per annum, just these new freelancers have a potential of generating over USD 600 million by 2030. The graphical representation below can be used to compare export earnings generated by these new freelancers as compared to already existing freelancers over a period of 8 years until 2030.

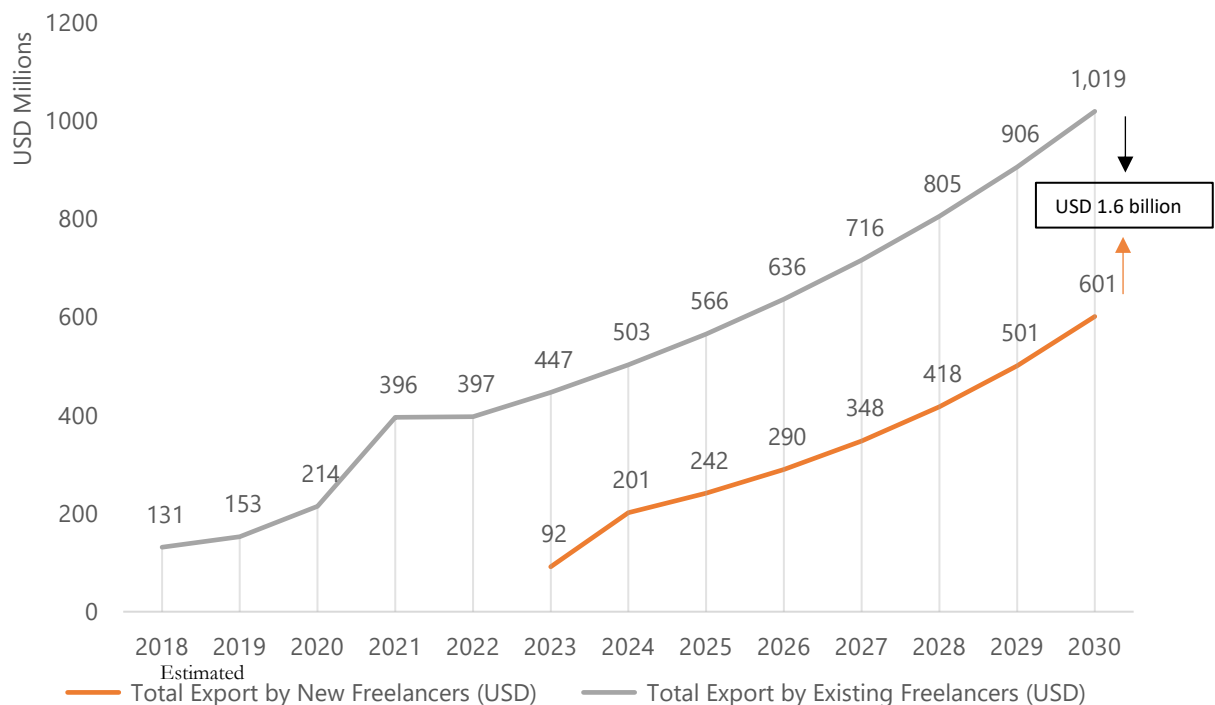


Figure 3.9: Potential of Pakistan's Freelancers by 2030

<sup>28</sup> [https://www.pbs.gov.pk/sites/default/files/labour\\_force/publications/lfs2020\\_21/tables/Table\\_8.pdf](https://www.pbs.gov.pk/sites/default/files/labour_force/publications/lfs2020_21/tables/Table_8.pdf)

## Exports vs Local Earnings

Based on findings from online survey conducted among freelancers, 76% of their earnings are exports to foreign clients, remaining 24% of earnings are from local clients. Based on this, local earnings can be estimated at PKR 25 billion (USD 126 million), in 2021, growing up to PKR 103 billion (USD 516 million) by 2030, unindexed for exchange variations.

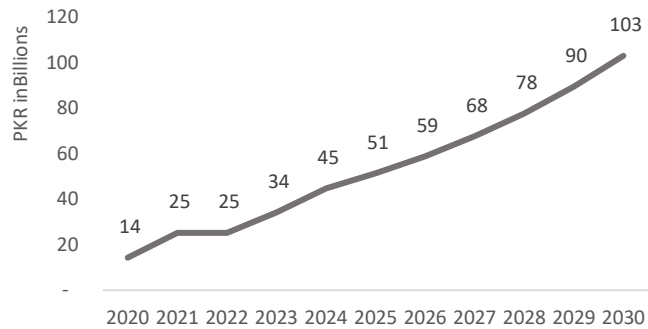


Figure 3.10: Potential of Local Earnings by Freelancers

By combining the earnings generated by these new freelancers with the existing freelancers in the market, the export remittances for the freelancing sector projected to grow to over USD 1.6 billion by 2030. This represents almost a 4x increase in the freelance economy over 8 years (2022 till 2030)

In order for the above to materialize, it will be important for all stakeholders to work in consortium for the growth of this sector, and for which the following support and enabling environment needs to be provided.

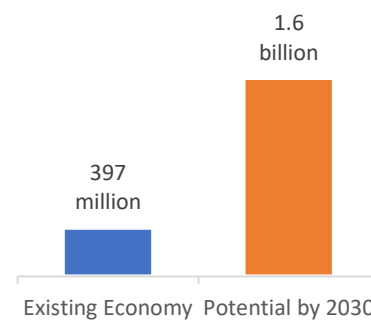


Figure 3.11: Comparison of Potential vs Current State

### 3.5 Payment Systems Applicable to Freelancing

The availability of payment options within Pakistan, particularly when it comes to receiving payments from foreign clients while using online freelancing platforms (such as Fiverr, Freelancer.com, Upwork, etc.) has proved to be a concern for many considering entering this industry due to lack of payment service providers within Pakistan. In case where freelancers engage directly with their clients and there is no intermediary platform involved, the payment mechanism is simple as payments can be received directly in local bank accounts or using other payment channels. However, when it comes to freelancing platforms, not all of them offer the option to receive money in local bank account as direct payment or USD wire transfer. Moreover, there are issues surrounding exchange rates and transaction costs that may discourage freelancers from utilizing the option to receive payment in their local bank accounts or through USD wire transfer. This is where payment solutions such as PayPal, Payoneer, Skrill, and Wise come into play.

The table below identifies top 5 freelancing platforms that are utilized by freelancers in Pakistan and the payment options that these platforms offer. As the table shows below, PayPal is the single payment method that is available to freelancers across all these platforms. Unfortunately, that is not available to freelancers in Pakistan. However, all these platforms offer a number of alternatives to PayPal that can be used in processing withdrawals.

Payment Mode	Upwork	Fiverr	Freelancer	Guru	People per Hour
Direct to Local Bank	✓		✓		✓
PayPal	✓	✓	✓	✓	✓
Payoneer	✓	✓		✓	✓
Wire Transfer (USD)	✓		✓	✓	
Skrill			✓		
Wise	✓	✓	✓	✓	✓

Table 3.4: Online Freelancing Platforms by Payment Modes

There are three payment solutions that are available to Pakistani freelancers as alternatives to PayPal. The first one is Payoneer which is available as payment option in 4 out of 5 freelancing platforms identified above. Payoneer is a leading payment service provider with around 5 million users and allows users to create

profiles that are linked to local bank account. It allows freelancers to request payments from their clients or use their Payoneer account information on these freelancing platforms to receive payments.

When a freelancer fills in his/her Payoneer account information on one of these freelancing platforms, all he has to do is to click on get paid and the payment gets transferred to the user's Payoneer account. Alternatively, if the freelancer is engaging with the client independently (i.e. without any freelancing marketplace getting involved), he/she can create a payment request and the client will receive that payment request in their email with a payment link. Once the client clicks on that payment link to make the payment, he has a wide range of options to choose from as how they want to pay (e.g., credit card or debit card, ACH, or Payoneer account). When the money is received in the freelancer's Payoneer account, it can be transferred into their local bank account.

The second option is Skrill which is only available at one of the top 5 freelancing marketplace known as freelancing.com. Freelancers can create an account on Skrill and receive money in their Skrill account or alternatively opt for receiving payments in their local bank accounts.

The third option is not an embedded payment option on these freelancing platforms but a way around problems not addressed by the two payment solutions discussed previously and is called Wise. While freelancers can simply request their individual clients outside any freelancing market place to transfer payments into their local bank accounts, that could be not possible or inconvenient due to transaction costs, unfavorable exchange rates, and cross border payment controls. Wise addresses this solution by offering virtual accounts in many countries & currencies around the world such as USD account in the US. As a result, freelancers using Wise can share their USD account details with their individual (or business) clients in the US and get paid directly in their Wise USD account through ACH. This is much more efficient and cost effective as opposed to receiving money directly in a PKR bank account which will involve transaction costs and lower exchange rate. On the other hand, payments using Wise USD account are processed within single day as these are domestic payments, have no transaction costs, and Wise then offers reasonable exchange rates & transaction fee to transfer that money into local bank account.

Besides these payment gateways, directly transferring to PKR bank account or receiving your money using money exchanges such as Western Union are also options that have been used since many years. However, these have been taken over by newer third party methods which have introduced lower transaction fees, better exchange rates and focus on better customer experience.

### **Unavailability of PayPal**

Based on the survey conducted of freelancers trained by Digiskills.pk, some of the trainees suggested that one of the weaknesses in the ecosystem for freelancers in Pakistan is the unavailability of PayPal. This issue was further discussed with stakeholders in the eco-system and a review of international jurisdictions was also done for this aspect. As a result of an extensive interaction with the stakeholders, especially banks and financial institutions that are dealing with payments of freelancers, it was highlighted that the availability of Payoneer as a facility for receiving internationally generated payments for Pakistan has alleviated the problem of availability of PayPal. The reason for this is the option available in PayPal to select a Payoneer account as a beneficiary from anywhere in the world for making a payment from PayPal. Due to this option the only challenge left for freelancers is the transaction fee which in this case is higher than PayPal due to processing being handled by an additional carrier in Pakistan along with a bank.

The payment process involves, payment from an international account, card, or PayPal to Payoneer account of the freelancer; for which upto 3% of the transaction amount may be deducted from the client. The funds may then be transferred to the local account of freelancer linked with Payoneer of the recipient as mentioned on the payment manifest generated internationally, Payoneer deducts upto 2% of the transaction amount for this transfer, while converting funds at a rate slightly lower than the market currency conversion rate.

The challenge that still remains is however not related to PayPal, it is in fact related to the ability of the beneficiary in being able to retain the amount in foreign currency due to the risk of devaluation prevalent

in the country. This facility is otherwise available to exporters of IT services who are registered with the SBP, to retain 35% of their remittance in foreign currency and the remaining is being paid to them in Rupees.

Owing to the above and based on the request of the freelancers, we suggest that Ignite should try and get the approval for freelancers registered with them to retain foreign currency in their accounts. The criteria for registration would however take into account all challenges related to KYC of the freelancer, such as the proof of work, copy of contract, payment history, and also experience of freelancing for a certain period of months, preferably 6 months to be recognised as a professional freelancer.

In order for the above to become more acceptable to the SBP for approval, the proposed policy should be to restrict the freelancer from sending the money out of the country, but the money received should be allowed to be held in their account in the form of foreign currency till the time of withdrawal. They should not be allowed to draw the money in foreign currency, but only retaining the money in the account as dollars is something that will act as a benefit to the government in their effort for increasing exports of the country. This will help the government in increasing foreign currency reserves as freelancers will prefer to bring more money back to their country if they are covered from the risk of devaluation, and majority of them do not have any substantial need for sending the money out of the country for making payments to international vendors, suppliers or co-workers.

### **Unavailability of Escrow Services: How They Help Freelancers Get Paid**

When providing an escrow service, a third-party will temporarily hold funds that one party is to pay to another. The escrow provider will release the funds to the recipient only after certain conditions have been met. Also, instead of releasing full payment to freelancers only after the entire project has completed, escrow providers may also be able to release partial payments based on project milestones. This is especially useful for larger projects with multiple deliverables. Escrow services ensure that freelancers get paid for their efforts once the project has been completed, as it is quite common scenario where clients do not pay the freelancer for their efforts even after successful completion of projects.

Fortunately for freelancers, online freelance platforms including Fiverr, Upwork and freelancer.com have in built escrow services that freelancers can use to ensure they receive their deserved payments in a timely manner. For these online marketplaces, the cost of payment processing is embedded into the system as these platforms charge service fees on each project completed using the platform. On the other hand, if a freelancer has to deal with a client outside of these online freelancing marketplaces, they have the option to use third party escrow services, one of such is Escrow.com. As its name suggests, Escrow.com provides online escrow services for e-commerce sites by holding payments for goods or services until a transaction is successfully completed.

Unfortunately for freelancers based in Pakistan, Escrow.com does not operate within the country, the service also does not work with money transfer services such as PayPal, Payoneer, Wise, etc, due to which many freelancers suffer from delayed and defaulted payments by clients.

An Escrow service may be launched in the country to help facilitate freelancers operating in the local as well as the international market, this may be done either by Ignite as part of their initiative for developing a local marketplace or by a private party by setting up a fintech NBFC licensed by the SECP.

### **3.6 Findings from Stakeholder Interactions**

Freelancing experts have played an important role in shaping the industry, these include a large number of freelancers who turned into business owners by establishing companies of their own. Various stakeholders, including freelance experts and policy makers were approached, to understand how the freelancers in the country are currently being facilitated by current frameworks, and how ongoing challenges can be resolved to further establish the ecosystem. It is important to note that some of the factors mentioned here may already have been included in the consultative process as various organizations are working in parallel to help improve processes for freelancers.



The following table gives a list of people that have been approached for discussions and interviews during the timeline of the project:

	Individual	Designation	Category
1	DigiSkills Trainees	Online Survey Form Circulated among entire population of DigiSkills Trainees, 4,400+ responses recorded.  Phone Calls to 100 trainees with reported freelancing earnings.  Phone Calls to sample of 100 trainees who had enrolled in the program, not necessarily freelancing.	DigiSkills Trainees
2	Mohsin Mehmood	Payoneer	Financial Service Platform
3	Haroon Raja	Chief Happiness Officer, Happy Cloud and Co-Founder, Pakistan Freelancers Association (PAFLA)	Startup and Freelancing Association
4	Faiza Yousaf	Co-Founder, CodeGirls, Founder, WomeninTechPK	Freelancer, Startup and ESO
5	Waqar Hussain	Founder, Icon Pro and Freelancer	Freelancer and Startup
6	Asra Rizwan Khan	Founder & Strategic Lead, OpenMic and Freelancer	Freelancer and Startup
7	Hira Saeed	CEO and Founder, CaterpillHers	Freelancer and Startup
8	Shoukat Bizinjo	Head, Digital Transformation & Technology Governance, State Bank of Pakistan (SBP)	Regulator
9	Ahsin Waqas	Senior Joint Director, State Bank of Pakistan (SBP)	Regulator
10	Yameen Asghar Mirza	Assistant Manager, Finance & Foreign Remittance	Bank
11	Dr. Zafar M. Alvi	Project Director, DigiSkills.pk Training Program, VU Pakistan	Freelancer Training Platform
12	Sajid Latif	Director General (e-Governance), PITB	Government Body/Freelancer Training Platform
13	Chaudry Ahmad Islam	Joint Director, e-Rozgaar, PITB	Government Body/Freelancer Training Platform
15	Muhammad Shoaib	Project Manager (YEP), KPITB	Government Body/Freelancer Training Platform

Table 3.5: Stakeholder Engagement

Detailed discussion brief and notes have been provided as Annexure.



## Current State and Initiatives Taken

A leading organization taking initiatives to support freelancers is Pakistan Freelancers Association (PAFLA), which currently has over 50,000 freelance members. The association is dedicated towards working with governments, industries, and regulators to take initiatives towards improving financial inclusion in the country.

One initiative is the provision of Asaan Digital Freelancer Accounts which allows anyone above the age of 18 with valid CNIC to open an account, compared to previously when extensive paperwork and proof of income was required to open a bank account.

The government in its earnestness to promote freelancing and resulting revenues primarily in foreign currency, has developed a policy document known as National Freelancing Facilitation Policy Initiative in 2021<sup>29</sup>. While the policy is still a consultative draft, there are a few considerable actions therein that will develop the freelancer's ecosystem in the country and also provide a legal structure and framework to the sector.

Salient features of the above policy are fiscal and non-fiscal initiative such as tax exemption up to the year 2030, permission to retain a part of the proceeds in foreign currency, facilitation of receiving insurances and loans, visa facilitation after achieving a certain benchmark, discounted registration, and various other incentives such as business development facilitation, HR development and financial inclusion incentives to women freelancers and those living in remote and underserved areas.

Specific recommendations from the above interactions have been included along with comparable benchmarks and standards in Chapter 7 of this report.

### 3.7 Analysis of the existing Legal Framework for Freelancers

This part of the report is based on the assumption and market research that Freelancers are working as sole proprietors and do not register as corporate entities. Hence company laws do not apply to Freelancers.

Government support in the Freelancing Ecosystem of Pakistan mainly consists of concessions in the domain of tax. Additionally, the regime governing inward and outward remittances in Pakistan is provided under chapter 10 of the FE Manual, 2002, which is relevant to freelancers. There is no restriction on receipt of inward remittances from abroad either in foreign currency or by debit to non-resident Rupee accounts of banks overseas branches or correspondents, under section 2 of the Chapter 10 of the FE Manual 2002. The funds received by Freelancers are identified as home remittances under section 4 of Chapter 10, wherein a mechanism has been put in place as per PDS Circular No.02/2009 dated August 22<sup>nd</sup>, 2009 which aims to protect remitters/beneficiaries from any losses that they may incur due to unwarranted delays in receipts of funds in beneficiaries accounts.

The Foreign Exchange Manual of 2002 also accounts for freelancers, wherein under Para 36 of Chapter 12, authorized Dealers may allow exporters, including freelancers to retain 35% of their net foreign exchange earnings in 'exporters special foreign currency accounts' with them. These may include inter alia financial, wholesale and retail distribution, logistics and transportation, storage and communications, telecommunication, information technology (IT) and IT enabled services (ITeS), medical, educational, engineering, real estate development, tourism, technical testing, and consultancy services. These funds may also be utilized for making different types of payments abroad, as prescribed at Para 40 of this chapter, and can also be converted into PKR any time upon request of the customer. However, implementation of this at the bank level is not consistent across Pakistan.

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<sup>29</sup> [https://moitt.gov.pk/SiteImage/Misc/files/National%20Freelancing%20Facilitation%20Policy%202021%20-%20Consultation%20Draft%20\\_0.pdf](https://moitt.gov.pk/SiteImage/Misc/files/National%20Freelancing%20Facilitation%20Policy%202021%20-%20Consultation%20Draft%20_0.pdf)

The State Bank of Pakistan has advised banks in 2018 to separately record foreign incomes of freelancers with different heads/codes. Banks are also encouraged to facilitate foreign fund transfers for freelancers.<sup>30</sup>

### 3.8 Tax On Freelancers - Comparative Analysis

#### **Pakistan**

The Government of Pakistan has taken initiatives to facilitate IT/ITeS Sector and Freelancers and Startups. Tax Exemption benefit which was the biggest demand of the sector, and other fiscal and non-fiscal incentives for the industry were proposed by MOITT<sup>31</sup>.

Initially before approval of Finance Act 2022, the freelancer were provided incentives in the form of 100 % tax credit was given under section 65F 1(c) up to 30 June 2025 (subject to the condition that 80 percent of the export proceeds are brought into Pakistan through banking channels). However, Finance Act 2022 removed the clause and reintroduced in section 154A (Export of Services). The clause is reproduced as under:

*“Every authorized dealer in foreign exchange shall, at the time of realization of foreign exchange proceeds on account of the following, deduct tax from the proceeds at the rates specified in Division IVA of Part III of the First Schedule –*

*(a) exports of computer software or IT services or IT enabled services [where the exporter is registered with and duly certified by the Pakistan Software Export Board (PSEB).”*

Now freelancers providing IT & IT enabled services will be taxed at the rate of **0.25%** of the gross receipts. Further a registration with PSEB is also necessary to enable this tax incentive.

#### **Bangladesh:**

##### **Tax incentives to freelancers:**

- Tax exemption up to 30 June 2024<sup>32</sup>.
- The government presently provides cash incentives at the rates of up to 20 per cent to 38 sectors to encourage export earnings.
- Specifically, the government has been providing a 10% cash assistance against the export of ICT products and services since 2018, but only institutions registered under Basis were eligible.
- Freelancers in Bangladesh are finally getting the incentives they have been seeking for a long time, as they will enjoy a 4% incentive against the export of software or IT-enabled service (ITES) from now on.
- The government also gives cash incentives at the rate of 2 per cent to remittance earners, who send money to the country through banking channel.

#### **INDIA**

According to the Income Tax laws in India, income earned by your intellectual or physical prowess is income from a profession and will be considered as “Profits and gains of business or profession” and will be taxed accordingly.

The gross income of freelancers will be the sum of all receipts received in the course of their profession. If they have received all their business income through the banking system, then their bank account details or account passbook is a document that freelancers can rely on to get and verify this information.

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<sup>30</sup> [Freelancers' remittances | Political Economy | thenews.com.pk](https://thenews.com.pk)

<sup>31</sup> <https://moitt.gov.pk/NewsDetail/ZGE3M2MxN2UtMjE5MC00N2IzLWlZNTYtODljYThjYjFiZGQy>  
32 'Income Tax At a Glance' page 26 – Article 17 (II) (k)

### **Expenditure allowed as a deduction**

Freelancers can also enjoy the benefits of deducting the expenses incurred to complete the work from their income. However, these expenses should be directly related to the work you are doing.

Conditions for claiming expenses as a deduction from freelancing income:

- The expenses should be directly related to the freelancing work being done.
- It is spent wholly and just for the purpose of the work
- It is spent during the tax year
- It should not be a capital expenditure or a personal expenditure of the freelancer
- It is not expended for any purpose which is an offense or prohibited by law

### **Expenses that can be claimed as deductions against income:**

- Property rental
- Expenses on repairing undertaken
- Depreciation
- Office expenses
- Expenses on Travelling
- Food, entertainment, or hospitality expenses
- Local taxes and insurance for your own business property
- Extra expenses like Domain registration and apps purchased for testing purposes

### **Total Taxable Income and Taxes Payable**

A freelancer can reduce his/her tax expenditure by making full use of the deduction allowed under Section 80. Section 80C of the Income Tax Act provides tax relief on certain expenses so that taxpayers can save more for the future. Net taxable income can be calculated by subtracting the deductions from gross taxable income.

### **Applicability of GST on Freelancers**

- If you sell Goods, then the rate of GST will depend on the type of item you are selling.
- If you are providing services, then GST at the rate of 18% is applicable on most of the services. Since you are providing freelancing services, you have to charge 18% GST from the clients.
- All the invoices should be GST-compliant.
- If the total revenue from freelancing work does not exceed ₹20 lakh, then GST is not applicable.
- Freelancers are also eligible to avail of benefits under the composition scheme if they are selling goods or rendering services with a turnover less than the notified limit.
- Good and service tax (GST) is not applicable on zero-rated supplies such as exports.
- Once you get the GST Identification Number, it is mandatory for you to file the return.

**Comparison of Tax Incentives to freelancers:**

<b>Freelancers</b>	A freelance services marketplace is an online site where businesses or individuals find and hire individuals to do work remotely.		
<b>Tax incentives:</b>			
<b>Description</b>	<b>Pakistan</b>	<b>India</b>	<b>Bangladesh</b>
<b>IT Companies and Freelancers</b>	Tax will be deducted at the rate of 0.25% from the proceeds of Exports of computer software or IT services or IT enabled services (154A); “where the exporter is registered with and duly certified by the Pakistan Software Export Board (PSEB)”	N/A	Exemption up to 30 June 2024
<b>Cash rebate to Freelancers on export proceeds</b>		-	the government has been providing a 10% cash assistance against the export of IT and IT enabled services
<b>Sales tax rate</b>	Following are tax rates charged in all provinces on services as per the relevant second schedule of their respective sale tax acts. KPK 2% 9815.6000 Sindh 5% 9815.6000 Punjab 5% 9815.6000 Balochistan 15% 9815.6000	<b>18% GST</b> will be charged from the clients if providing freelancing services from the clients.	5%
<b>Expenses that can be claimed as deductions against income:</b>	Rate is based on gross receipts.	Freelancers can also enjoy the benefits in the form of deducting the expenses incurred to complete the work from their income. However, these expenses should be directly related to the work you are doing but Conditions for claiming expenses as a deduction from freelancing income which are predefined. testing purposes	N/A

Table 3.6: Comparison of Tax Incentive for Freelancers

### 3.9 Identified Gaps in the Freelancing Ecosystem

There is a lack of recognition for Freelancers as a core part of the ICT industry, which is not in line with benefits extended to ICT companies and the Business Process Outsourcing industry. The government should map IT penetration in urban and rural areas, acknowledge provision of subsidized internet services with alliance of internet service providers & telecom authorities. There are no facilitation desks at PSEB for addressing matters related to registrations, taxations, Freelancer's dispute resolution etc. and ensuring active participation, linkage with venture capitalists and foreign and local trade bodies.

Presently freelancers are registering with PSEB, however they are not aware regarding any benefits associated with registering on the said platform. The establishment of a freelancer registration portal needs to be introduced to incentivize the Freelancers across Pakistan. There is a need to bridge the gap between academia and the ICT industry for innovation clusters and to generate supply of highly skilled and technically qualified human resources required to meet international demands.

In addition to the above, some of the gaps have been summarized below, and specific recommendations for each of the identified gaps have been provided in Chapter 7 of this report.

**Lack of Awareness of Policies:** Freelancers are not aware of any policies of the government regarding freelancing or any incentives by the government for this ecosystem. Freelancers are also not aware of online bank account opening.

**Unnecessary Registration Requirement:** Freelancers do not understand the benefit of getting registered with PSEB.

**Low Skill level of Pakistani Freelancers:** Low ratio of Pakistani freelancers have capacity for bidding on high value projects.

**Lack of Coworking Spaces:** Pakistan has 0.08 coworking spaces per 100,000 people. This is a gap specific to Pakistan due to low internet speed and electricity outages at the household level, which is hindering the timely delivery of work.

**PayPal not available in Pakistan:** PayPal is a service unavailable to freelancers in Pakistan, resulting in loss of opportunity from some of the clients that only use PayPal. The main hinderance to the entry of PayPal in Pakistan is the low financial inclusion in Pakistan, at 20.98%, and instances of money laundering and FATF restrictions.

**Inability of Freelancers to Retain Foreign Currency:** As per SBP regulations, remunerations for services provided from Pakistan can only be received in PKR account. This results in most freelancers keeping their savings outside Pakistan in foreign currency accounts.

**Unavailability of independent Escrow Arrangements:** This is an important channel for safeguarding the interest of mature and local freelancers.

**Misreporting of freelancing income received through payment channels such as Wise, Payoneer, etc:** Payoneer and Wise transfer the remittance received from international banks in their partner banks in Pakistan and transfers local currency to the end beneficiary. Freelancers are not able to obtain PRCs from local banks since the payment is transferred in local currency. This also results in export remittances being reported as home remittance by these payment channels.

**Undefined Eligibility Criteria:** DigiSkills.pk does not primarily focus on promotion of freelancing. There is no defined eligibility criteria for trainees resulting in a majority of students being enrolled.

**Upskilling Requirement of DigiSkills.pk Graduates:** Courses currently being offered in DigiSkills.pk are too generic and only teach basic level skills resulting in low-income opportunities for graduates.

**Inconsistent Government Policies and Lack of incentive for taxpayers**

**No Regulatory Regime for Freelancing:** There was a National Freelancing Facilitation Policy 2021 draft which was developed but not approved.

### 3.10 Swot Analysis of Freelancing in Pakistan

#### STRENGTHS

- **Pakistani freelancers are available at a lower cost as compared to other economies**  
Due to high devaluation of currency and a relatively cheap cost of living, Pakistani freelancers can afford to be paid comparatively less for doing freelance tasks which would otherwise cost clients more in many other countries, attracting more and more clients towards Pakistani freelancers.
- **Pakistan IT industry rapidly growing**  
Also According to SBP Annual Export Receipt, IT exports have observed an increase by 26 percent, crossing the US\$ 2.4 billion mark during FY2022, thereby creating a demand for more people to contribute in this sector directly or through downstream integration.

Pakistan has established **22 Software Technology Parks (STPs)** that provide state of the art technological facilities under one roof facilitating the professionals associated with the software/IT business. This ICT infrastructure and arrangements of backup power) to help Pakistan's IT industry to meet its immediate goals of increased FDI, technology transfer, increased exports, technology diffusion, increased employment, and human resource development. At the time, over 800,000 sq. ft. IT enabled office space has been provided in 15 designated Software Technology Parks where around 80 public and private IT/ITeS companies are engaged in software development and export services. Freelancers can get advantage to utilize STPs as technology hubs in order to excel.

- **Initiatives such as training programs by private and public organizations to boost freelancing and IT industry**  
Similar to DigiSkills, there are various other training programs dedicated towards developing skills related to remote work, these include e-Rozgaar and NFTP being offered by PITB, and KPYEP being offered by KPITB. With in person and online trainings across the country, these initiatives are helping spread awareness among youth and females regarding the potentials of freelancing.
- **Provides opportunity to females, youth and specially-abled trainees for becoming economically active**  
Freelancing provides flexible working style that can be easily accessed through a computer or mobile app as per convenience of flexible time schedule. Pakistan has great potential to digitalize the development sector economy with 82.90 million internet users in Pakistan in January 2022 (Digital 2022: Pakistan)<sup>33</sup>. The overall tele density of Pakistan stands at 85% with over 193 million cellular subscribers. (Source: PTA)<sup>34</sup>

There is a huge gap in female participation to work force. As the contribution to GDP of Pakistan is less from female workforce. In order to cater this issue and freelancing gives an opportunity for Flexible working hours, Comfort, Home based tasks and assignments by pitching on freelancer's platforms.

The World Economic Forum has regarded Pakistan among the best countries in terms of affordability of ICT services. Regulatory bodies of Government are making continuous efforts for digital transformation of country. According to A.T. Kearney's Global Services Location Index 2019, Pakistan is ranked 5th most financially attractive location in the world for offshore services. As per policy Freelancers' remittance limit has been enhanced from US\$ 5,000 to US\$ 25,000, IT companies and freelancers are now given better exchange rates for dollar in-line with the interbank rate offered to exporters & trade receivable of IT companies will now be used as collateral for loan procurement from commercial banks. (Source: Ministry of Commerce).

- **Flexibility in work environment**

<sup>33</sup> <https://datareportal.com/reports/digital-2022-pakistan>

<sup>34</sup> <https://www.pta.gov.pk/en/telecom-indicators>

Freelancers are able to choose who they want to work with, while working in their desired timings, and only working when they want to.

## WEAKNESSES

- **Lack of Energy & Technology Infrastructure in 2<sup>nd</sup> and 3<sup>rd</sup> Tier Cities**

Freelancers may encounter internet disconnection amid widespread power outages due to Pakistan's fragile power distribution system, power outages occur frequently. The technological infrastructure shall be improved to provide better work environment, reliable electricity, and high-speed internet as these are important requirements for freelancers in the country.

- **Unavailability of PayPal**

Pakistani freelancers complain of losing many potential projects due to unavailability of payment platform desired by clients, many clients prefer paying using PayPal.

- **Lack of Uniform Implementation of Policies**

When opening a bank account by physically visiting banks, many freelancers are being asked to provide sources of income other than freelancing for opening bank accounts, this issue is more common among females who are being asked to declare an individual as a guarantor.

Freelancers must go through a manual process with their banks to receive remittance certificates for each of their inbound remittances received through the SWIFT channel. Furthermore, it becomes even more difficult to receive remittance certificates for services such as Payoneer, Upwork, Freelance.com, Fiver etc. that utilize a payment method which credits their accounts directly with PKR via IBFT, only a minority of freelancers receive remittances directly through SWIFT channel.

- **Lack of awareness regarding taxation**

The findings from survey conducted among DigiSkills trainees clarified on the fact that most freelancers are unaware regarding tax rules applicable on them.

- **Inadequate coworking spaces**

Coworking spaces act as conduits for cross germination of ideas, learning and awareness, collaboration on gig work and efficient availability of cost efficient infrastructure necessary for freelancing. Pakistan ranks low in terms of coworking spaces as compared to India and other freelancing economies.

- **Lack of Quality Education**

There is a lack of awareness among individuals regarding freelancing, especially in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities, which have a huge potential in the form of youth and females who hold potential for entering the freelancing sector. A good quality of education acts as an enabler by encouraging skill development and entrepreneurship.

- **Lack of Contribution of Women to the Economy**

If not more, women have the ability to equally contribute towards household earnings. This is currently not the case as men are the main contributors to the economy, women can be enabled to start earning from their homes through freelancing

- **Lack of information on entrepreneurial policies and initiatives**

There is no platform where information related to policies and initiatives is displayed, this results in majority of individuals in the sector to be unaware of their rights.

- **Lack of awareness and cultural acceptance of freelancing as full-time employment**

There is a lack of awareness regarding the sector among first timers who need to realize that it takes time and effort to build a reputable profile as a freelancer. Additionally, Freelancing is still considered as an unstable source of income, especially within Pakistan. This is mainly due to lack of incentives such as paid leaves, insurance plans and other incentives that a full-time job can provide.

- **Lack of available incentives from government and other stakeholders**  
There is no recognition for freelancers within the country, and no incentives provided that focus on individuals in this sector, the freelance economy of the country is majorly undocumented.
- **Unable to get first client**  
Most people who try out online freelancing drop out because of the long time it takes to start earning from the online marketplace, even after finishing a training program.

## OPPORTUNITIES

- **Presence of Youth Bulge**  
Around 63 percent population of the country comprises youth aged between 15 and 33. This represents the population who need to be employed, there are not enough jobs available to employ so many people each year, therefore freelancing/entrepreneurship is one of the most efficient conduits for providing employment opportunity to this population at their doorsteps.
- **Untapped potential, especially in T2 and T3 cities**  
Based on analysis of the DigiSkills trainees data, 56% of the trainees belong to 2<sup>nd</sup> and 3<sup>rd</sup> Tier cities, there is a huge potential for freelancing in these cities which is facing internet and electricity shortage. This potential can be tapped if enabling infrastructure such as better access to internet and electricity in the form of coworking spaces are provided to freelancers in these cities.
- **Devaluation of Currency**  
The Pakistani rupee has been devaluing significantly as compared to the US dollar, 12% devaluated against US dollar over the past 10 years (PKR 92 to PKR 204), the freelancing sector is safeguarded from this devaluation as freelancers mainly earn in foreign currencies.
- **Change of Technology and Automation**  
Over time, the world has moved towards tech enablement, opening doors towards new opportunities for people to get things done with the help of technology, this provides increased opportunities for freelancers to earn money by providing services to complete tasks.

## THREATS

- **Lack of Ethical Behavior**  
Many freelancers are involved in unethical activities such as fake reviews or fake experiences on online freelancing platforms. Which result in reduced trust among clients, who then turn towards freelancers from other countries who can be trusted upon for good quality of work.



## Chapter 4. Impact of DigiSkills

### 4.1 Analysis of DigiSkills.pk Based on Past Trends

The DigiSkills.pk program was launched in February 2018 to help encourage skill building and provision in the future of work towards technology. The program has successfully conducted 13 batches of trainings while enrollments for the 14<sup>th</sup> were initiated in October 2022; a total of 3 million trainings have been imparted as part of the program to over 1 million trainees since the inception of the project.

Relevant data was obtained from DigiSkills.pk to conduct an analysis of past performance of DigiSkills.pk program across various factors (data up to 12<sup>th</sup> batch). As seen in the figure below, the number of enrollments witnesses a sharp increase during the initial 2-3 batches before reaching maturity at around 250,000 enrollments per batch.

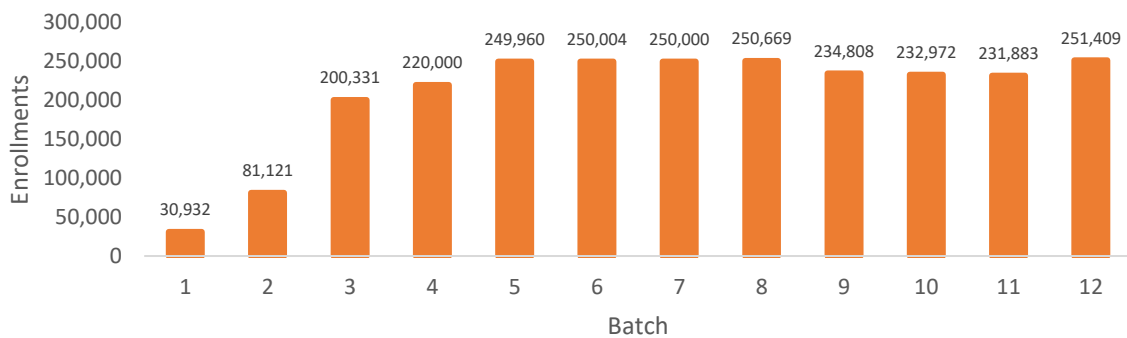


Figure 4.1: Past Enrollment Trend of DigiSkills.pk

### Professional Backgrounds

These enrollments can be broken down in terms of individuals from different professions that enrolled in these courses. 55% of courses taken are by students, followed by 20% who are already doing jobs, and 19% who are unemployed.

By analyzing the same over the different batches, there was no significant change in the enrollment numbers before and after the pandemic. However, if we specifically focus on student representation, an increase can be seen in the percentage of students that are enrolled in batches after the pandemic. The percentage of students increase from 53% before the pandemic to a highest of 60% after the pandemic (Batch 7 was commenced on 24 April 2020, just over a month after the pandemic was declared).

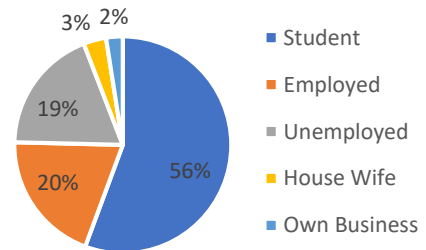


Figure 4.2: Professional Background of DigiSkills.pk Trainees

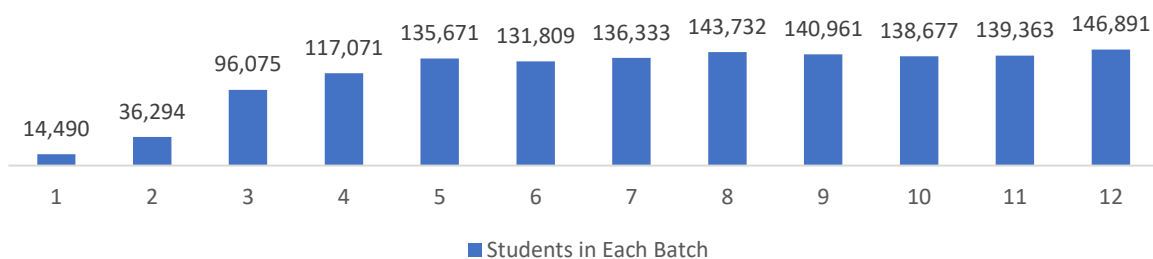


Figure 4.3: No of Students in each batch of DigiSkills.pk

### Gender Distribution

In terms of gender, the overall ratio followed across the 12 batches is of 26% female trainees and 74% male trainees, with a minor representation of only 192 enrollments by other genders. The illustration below can be used to understand the overall trend in terms of gender ratio, Batch 2 had the least representation by female trainees while Batch 11 had the best performance in terms of female representation.

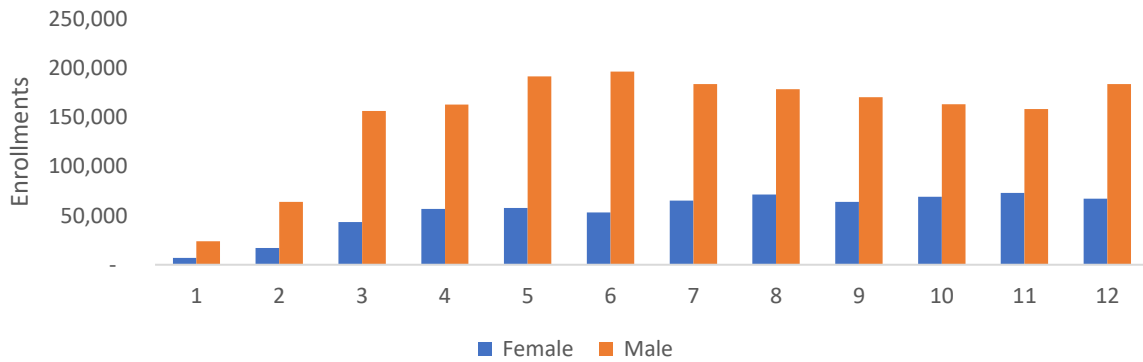


Figure 4.4: Gender Distribution Trend of DigiSkills.pk

### Age Groups

There is a diversity of age groups among trainees that have been enrolled in DigiSkills.pk courses. The most prominent age group that enrolled for these courses is between 21 and 29 years of age, making up for over 3/5 of the total enrollments, this represents a potential in terms of a 'youth bulge' as trainees between this age bracket are at an early stage in their life, looking for a career with which they can settle for the rest of their life. Trainees below the age of 18 and above 45 make up for only 4% of the total enrollments.

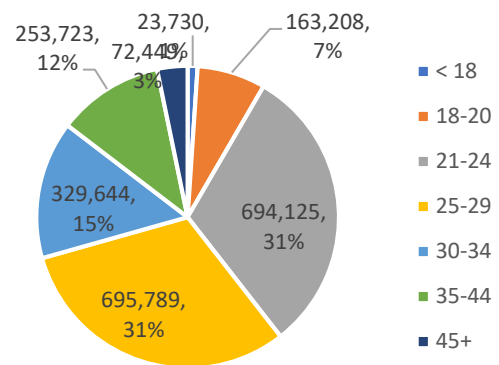


Figure 4.5: Age Groups among DigiSkills.pk Trainees

By further analyzing the numbers for trainees under the age of 30, an increasing trend can be noticed in terms of enrollments by these trainees as a percentage of total. These trainees hold the highest potential in terms of becoming full time freelancers and staying in the industry for a long term as compared to trainees of other age groups.

### Trainees under the age of 30

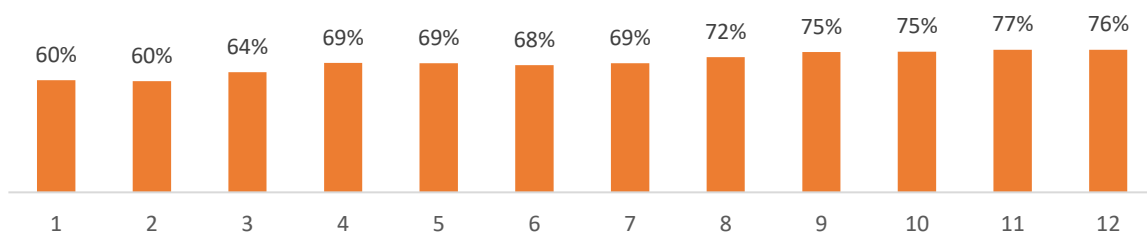


Figure 4.6: Number of Trainees under the age of 30

### Course Completion

For the 2.4 million trainings imparted as of when this data was collected, 772,968 courses were completed in total, this represents a completion rate of 31%, which is considered as an impressive number as free courses usually have high churn rates due to no financial investment by the trainee.

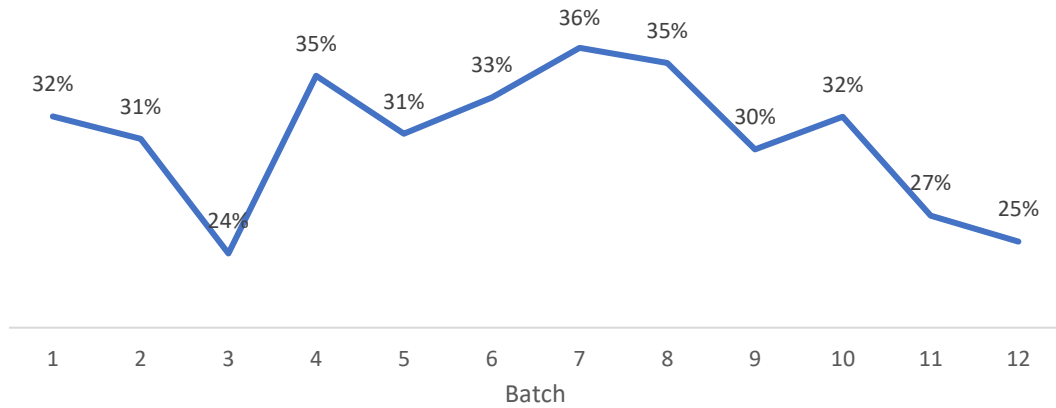


Figure 4.7: Course Completion Trend for DigiSkills.pk

### Regions Wise Breakup

Out of the 2.4 million enrollments, 27,383 enrollments were from international trainees. Brazil makes up for around 37% of all international enrollments, followed by Saudi Arabia and UAE at 19% and 18% respectively. While the enrollments received are spread across a total of 88 countries, it is important to note that the top 10 countries make up for over 90% of all international enrollments.

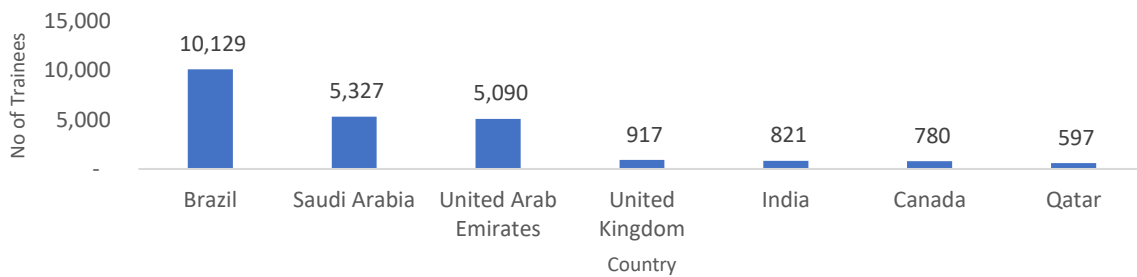


Figure 4.8: Region Wise Breakup of DigiSkills.pk Trainees - International

In terms of regions within Pakistan, Punjab and Sindh make up for over 80% of all enrollments nationally. While the enrollments from Azad Kashmir, Balochistan, and Gilgit Baltistan combined were lower than that of Islamabad alone.

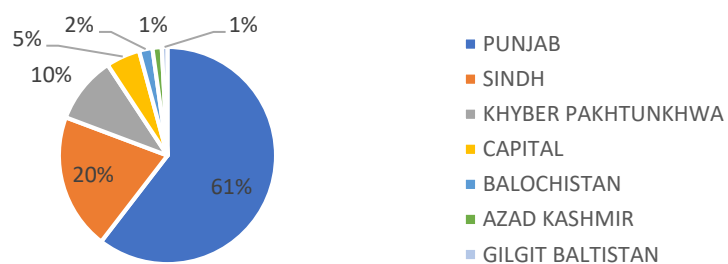


Figure 4.9: Region Wise Breakup of DigiSkills.pk Trainees - Local

## 4.2 Other Training Platforms supporting the Freelance Ecosystem

Besides DigiSkills, other training programs operating in the ecosystem to promote skill development and empowerment among freelancers were also mapped. Impact generated by these programs run by public organizations including MOITT, PITB, KPITB were studied. Additionally, other private freelance and entrepreneur support organization such as CodeGirls, CaterpillHers were also included as part of this study to map the combined effort of these organizations towards the freelance ecosystem of the country.

Course	Year Started	Trainings Imparted	Impact in USD	Fees	Mode	Criteria
DigiSkills.pk	2018	3,000,000	300,000,000	Free	Online	No criteria, should be able to read, write, understand english
E-Rozgaar	2018	41,000	17,000,000	Free	In person + online	Punjab Domicile, Unemployed, Minimum 16 years of education, 35 years maximum age limit
NFTP	2019	7,000	1,000,000	Up to Rs. 4,000	In person	Valid CNIC, 14 years education, 40 years maximum age limit
KPYEP	2016	15,400	8,400,000	Free	In person + online	KP Domicile, currently enrolled in a university
CodeGirls	2018	836	1,200,000 (1465 USD generated on average by 836 alumnis in 1st year after graduating from Phase 1)	5,000 for online	In person	Basics of operating computer, and use of internet, 4,000 refunded if student maintains 80% attendance and meets passing criteria
CaterpillHers	2020	40 (over 2 batches of career accelerator)	N/A (90k PKR from last cohort)	15 to 20k PKR	In person + online	Have basic skill, English speaking etc.

Figure 4.10: Comparison of Freelancer Training Programs

### Impact of Digiskills.pk on Freelancing Ecosystem

In order for estimating the impact of Digiskills.pk, the entire process for training was reviewed, including estimation of the total time of training, the level of interaction with the trainees, the process for content development and the criteria for graduation. Digiskills.pk is an initiative of Ignite, for development of professional skills of trainees, for promoting freelancing in Pakistan. The course content is based on soft skills and professional training for IT based programmes that are in demand for engaging in freelancing gigs. Pakistan is third in terms of the number of freelancers in the country, which has created a huge demand for IT and related skills which are in demand for freelancing across the globe.

There is a total of 15 skills in the training programme, and each trainee is entitled to take more than one programme based on their interest and intended purpose for getting the training. The registration details of each Digiskills.pk cohort has been stated below for reference and growth trends of the programme.

The content of these trainings has been made entirely for electronic distribution through the online medium. The total length of each course is approximately 20-25 hours of videos to be watched over 12 weeks, with a mix of quizzes and online assessments. The trainee is expected to view all trainings, answer quiz sessions as well as the hands-on exercises to become eligible for the completion certificate at the end of the session.

The impact of DigiSkills.pk being the largest skill development program at a national level is commensurate with the growth of export earnings by freelancers which has been shown in Chapter 3 for reference. Also evident in the corresponding diagram showing DigiSkills.pk as the largest contributor of skill development of freelancers.

### **E-Rozgaar and National Freelancers Training Programme by Punjab Information Technology Board (PITB)**

There has been a total of 41,000 trainings by E-Rozgaar so far since 2018, with this number increasing in every cohort. The system of trainings by PITB differs from DigiSkills.pk mainly in two ways which include; the physical interactive training medium in a class room environment, and the minimum eligibility criteria of 16 years of education along with the status of the individual of being un-employed.

While the above criteria seem to be tough, the programme has shown a lot of potential and substantial growth in the past, leading to its expansion to 45 training centers across 36 districts of Punjab. The success of this programme is evident by the sizeable number of earning that is being reported by the trainees, which amount to a total of USD 17 million (PKR 3.6 billion) over a period of 4 years.

Another initiative by PITB is the National Freelance Training Program, as part of which training centres have been set up in 20 public sector universities across the country, the program aims to train 21,000 candidates, out of which 7,000 have been trained so far since the inception of the program in 2019. These trainees have reported earnings of over USD 1 million as a result of these trainings.

This model can be easily replicated by other universities as well which can offer the freelancer programme on a zero credit hour basis to all those in the final year who will be aspiring for suitable employment options after graduating.

### **KP Youth Empowerment Program (YEP) by Khyber Pakhtunkhwa Information Technology Board (KPITB)**

KPITB is providing a Youth Employment Program which is a digital skills platform that connects youth in Khyber Pakhtunkhwa with the digital skills needed to help them get jobs, gigs, and other paid work using the Internet. The program consists of basic as well as advanced level courses, out of which 13700 and 1700 trainees have graduated so far, with an overall impact of USD 8.4 million reported so far by the trainees.

Program Skill Level	Medium	Advanced
Successful Trainees	13,700	1,700
Annual Impact (PKR)	1,200,000,000	400,000,000
Criteria	Enrollment in a University	Last Semester in University in ICT field

*Table 4.1: Impact of KP Youth Employment Program by KPITB*

### **NAVTTTC Online Courses for Freelancers**

Established in 2005, National Vocational and Technical Training Commission (NAVTTTC) is the apex body for technical education and vocational training in the country mandated to provide for regulations, coordination, and policy direction for vocational and technical training and is thus involved in the policy making, strategy formulation, regulation, and revamping of the country's entire Technical & Vocational Education and Training (TVET) system.

In the wake of COVID-19 crisis, National Vocational and Technical Training Commission NAVTTTC has arranged free online courses for freelancers with international accreditation to provide continuous opportunities for young freelancers. Around 12,000 students were enrolled in these courses.

### 4.3 Impact of DigiSkills Through Primary Survey

To assess the impact of DigiSkills, multiple methods were used to collect data from trainees who had been a part of the program, these are listed below:

1. An online survey form was designed and circulated among the entire population of over 800,000 trainees who had enrolled in DigiSkills trainings.
2. Phone call feedbacks from DigiSkills Trainees
  - a. A representative sample was selected from the total registered individuals based on sampling framework stated in Chapter 2: Methodology.
  - b. Another sample was selected from a second data set of 1300 trainees who had reported their earnings to the DigiSkills team.

Based on the above approaches, a total sample of 4400 trainees/freelancers was used to acquire valuable insights regarding the impact of DigiSkills.pk trainings. These responses can be broken down in terms of various factors below.

#### 1. Findings from Primary Survey

The responses received consisted of 27% female trainees and 73% male trainees, with almost 3/5 of total responses being from trainees of age 25 or below and 2/5 of ages between 26 and 45, trainees over the age of 46 made up for only 2% of responses. 54% of the trainees were based in Punjab, followed by Sindh at 23% and Khyber Pakhtunkhwa at 14%, these three provinces made up for over 90% of all responses received. 80% of these trainees classified as either graduates or undergraduates (currently pursuing or completed bachelors level education), 30% of respondents were currently enrolled in a bachelor's program.

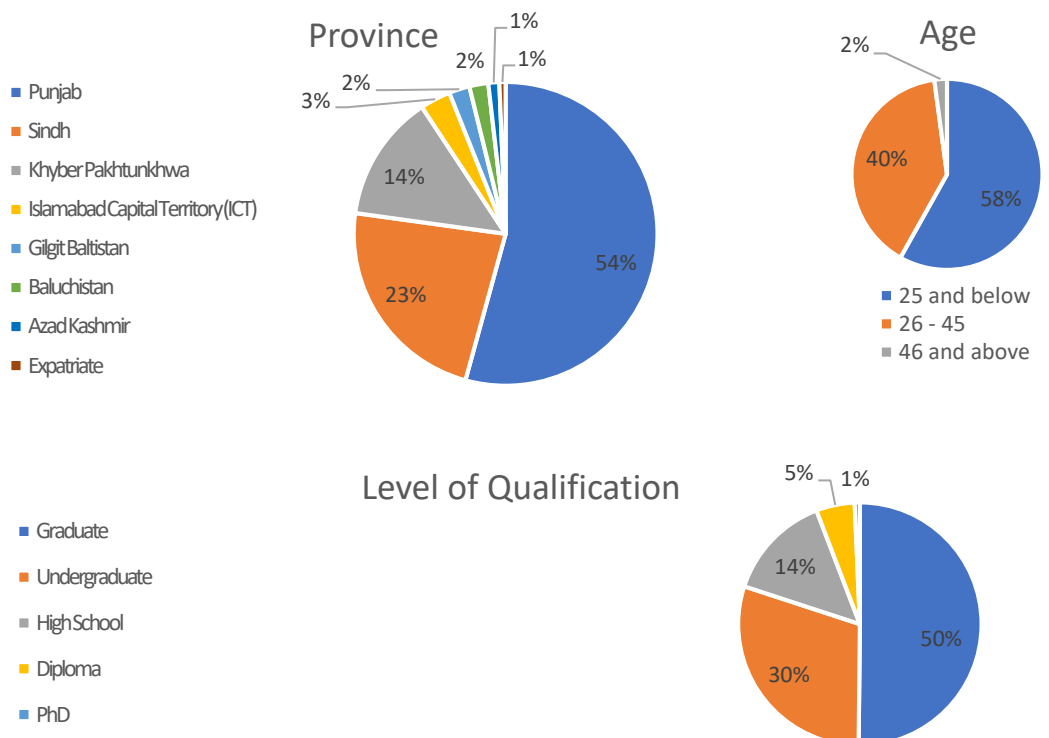


Figure 4.11: Demographics findings from DigiSkills.pk Primary Survey

### Feedback on DigiSkills Courses

While the Freelancing course is a mandatory requirement for all DigiSkills Trainees, the second most popular course among trainees was the Graphic Design course, followed by Digital Marketing, WordPress and SEO.

Most trainees rated the AutoCAD and Quickbooks course as poor, upon asking them the reason for this during the feedbacks collected during phone call surveys, it was noted that the Quickbooks course only focuses on teaching the desktop module of the software, whereas freelancers are required to have a grasp on the online module of the software which is required in the freelance market. Similarly for AutoCAD, the trainees highlighted the issue that the course was too basic with little skills taught that are relevant to the demands of the market. The ten courses have been ranked based on popularity in the table illustrated here. Trainees claimed the freelancing course to be highly beneficial, as it helped many to gain knowledge regarding improving communication skills, profile making, payment processing, bank account opening and taxation.

Course	Ranking
Freelancing	1
Graphic Design	2
Digital Marketing	3
Word Press	4
Creative Writing	5
E-Commerce Management	6
Digital Literacy	7
SEO	8
Quickbooks	9
AutoCAD	10

Table 4.2: Ranking of DigiSkills.pk Courses

### Course Completion

The course completion rate for the DigiSkill program is around 32%, which is a good indicator in comparison with other similar online training programs globally. Since majority of the trainees are students, the main reason for not completing the course was reported as lack of time due to education or other personal commitments.

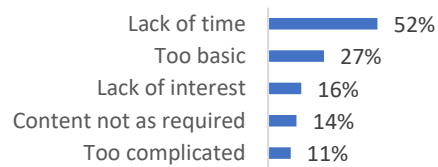


Figure 4.12: Reasons for Course Incompletion

### Other Training Programs

All of the respondents were also asked if they have been part of other training programs, E-Rozgaar, Coursera and Udemy were the most popular platforms used by these trainees, besides the DigiSkills program.

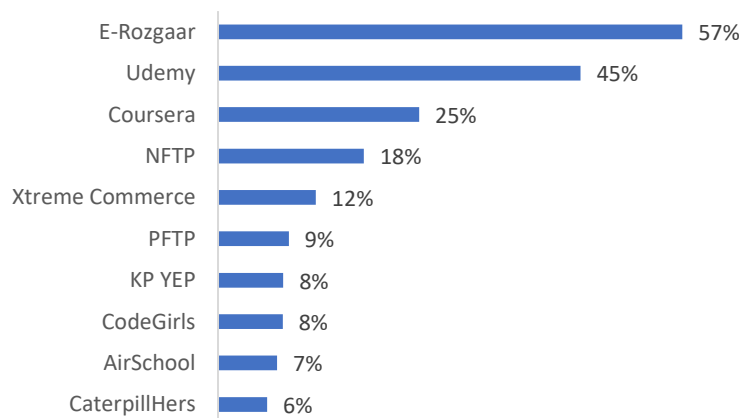


Figure 4.13: Popularity of Other Training Programs among DigiSkills.pk Trainees

### Trainees who pursued Freelancing

A significant portion of respondents were engaged in freelancing, out of these, 69% started freelancing less than an year ago, while 21% of respondents started 1-2 years ago. Which indicates a large influx of new freelancers in the recent years. When asked about platforms used by freelancers to source clients, the most popular platforms reported were Fiverr, Upwork, and Social Medias such as Facebook groups. These freelancers are mainly catering to clients within Pakistan (67% of trainees), followed by Europe and North America being provided services making up for 36% and 31% of the client base.

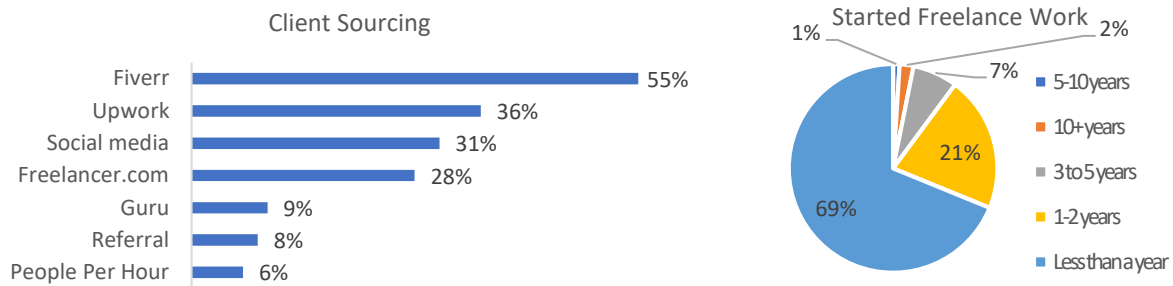


Figure 4.14: Percentage of Freelancers by Client Sourcing and Experience as a freelancer

### Field of Work and Average Project Duration

An average project for these freelancers usually lasts less than one month (77% of all freelancers). The top fields of work among DigiSkills trainees who are currently freelancing is Graphic Designing and Digital Marketing at 43% and 42% respectively, the details of other fields DigiSkills trainees are freelancing is presented in the illustration below. Based on earning data collected from freelancer trainees, the average monthly earning for each field of work have also been estimated have been illustrated below.

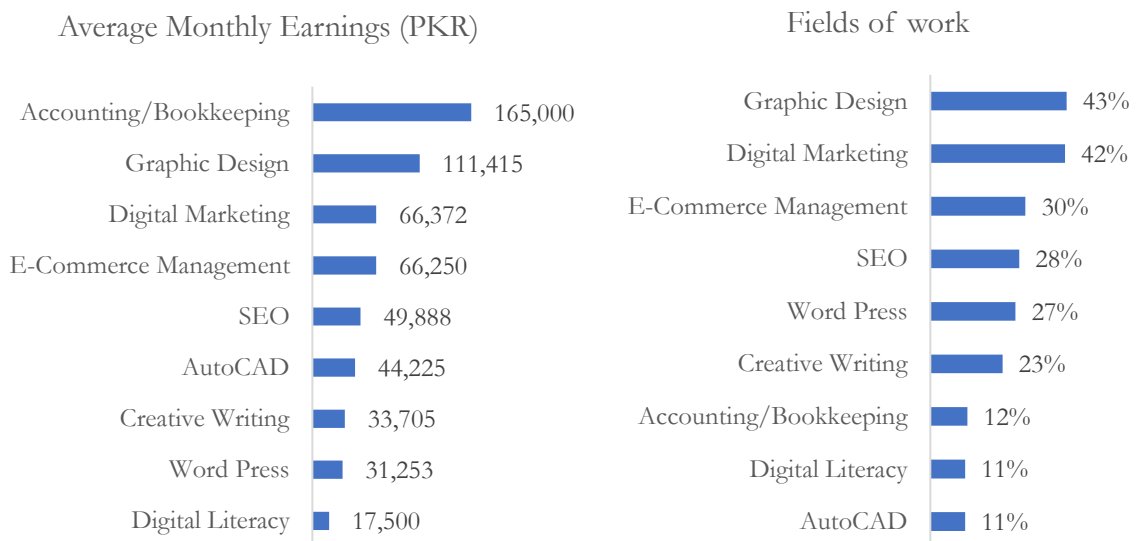
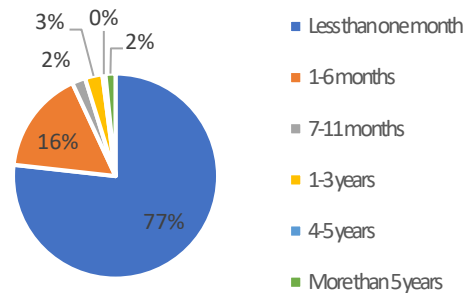


Figure 4.15: Popular Fields of Work and Average Monthly Earnings among DigiSkills.pk Trainees



### Key Issues Faced and Tax Filing Status

DigiSkills.pk also plays a major role in terms of improving the financial inclusion and tax filing in the country as knowledge related to bank account opening and tax filing is also disseminated as part of the trainings, which resulted in account opening for all new freelancers, and is also reflected as 29% of survey respondents who file for tax and were aware of PRC requirements.

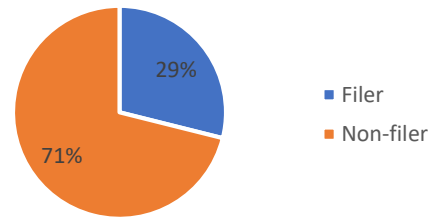


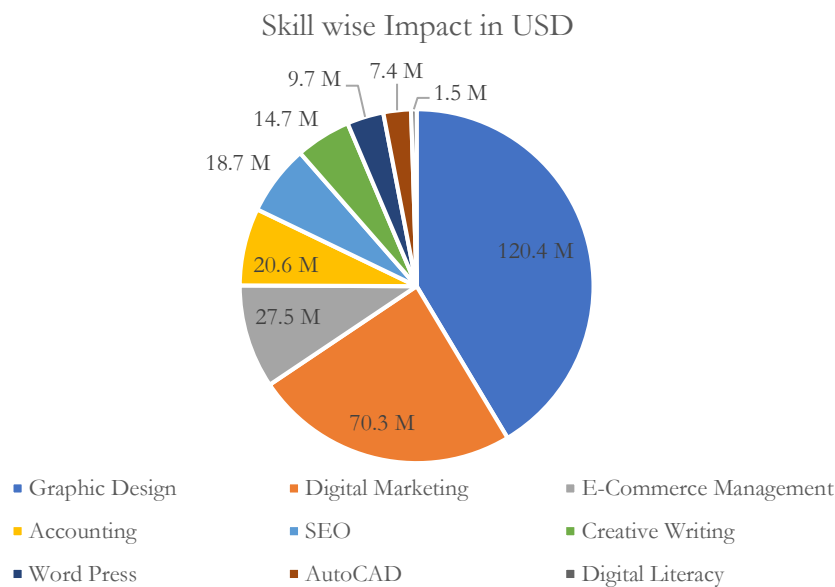
Figure 4.16: Tax Filers among DigiSkills.pk trainees

Upon further inquiry about knowledge regarding tax filing, a significant amount of freelancers responded as being non-filers, as they were not aware of the need for filing a return if there was no tax liability on freelancing work. There were also a number of individuals who believed their income level was too low for them to be eligible for tax filing. This represents a lack of awareness among freelancers regarding tax filing.

### Impact in terms of Income Generation

Upon inquiry from DigiSkills trainees who were engaged in freelancing regarding their earnings, Individual freelancers reported their average monthly earnings at 65,000. Furthermore, as observed during the survey, approximately 8-10 percent of the total trainees had pursued freelancing. This percentage can be used to assume that ~75000 of DigiSkills Trainees pursued freelancing, the number of DigiSkills trainees and average earnings per month can be used to extrapolate an overall impact of ~ US\$ 300 million being generated alone by DigiSkills trainees. This amount stands at approximately 70 percent of the overall income (USD 397.3 million in FY22, SBP) earned by freelancers throughout the country.

Furthermore, a breakdown has been given below according to the income generated by DigiSkills trainees based on the skill that they have learned, with the most dollars being generated by Graphic Design and Digital Marketing trainees.



This justifies the fact that while other training program such as Coursera and Udemy do exist, DigiSkills.pk has made a marked and significant impact in boosting Pakistan's economy by training individuals and imparting over 3 million trainings. This has resulted in the generation of forex worth US\$ 300 million, which would not have been possible without DigiSkills.

## Chapter 5. Facilitation Initiatives for Freelancers in the Past Regimes

### Steps taken by PSEB

#### **i. Free Centralized VPN Gateways**

PSEB has proposed to establish a free centralized VPN gateway service so that Pakistan Telecommunication Authority PTA may white-list to provide services to verified freelancers registered with the PSEB. Further it has been proposed that IP white-listing would be available for voice over IP (VOIP) traffic exclusively for the PSEB-registered freelancers with a condition that the VOIP traffic may not exceed 200kbps.

#### **ii. Establishment of facilitation desks**

PSEB further proposed an establishment of facilitation desks at the PSEB offices and the PSEB-operated Software Technology parks for freelancers to quickly resolve their issues related to taxation, banking, intellectual property rights, Voice over IP white-listing, Virtual Network Access (VPN), or any other legal or commercial matters.

#### **iii. Visa facilitation for the PSEB-registered freelancers**

As far as non-fiscal incentives are concerned, PSEB has proposed that visa facilitation shall be provided for the PSEB-registered freelancers whose export income/revenue for the last three years shall exceeds \$5,000 for each year and it shall be remitted through formal banking channels. One more beneficial proposition has been furnished in proposal introducing an incentivized registration fee package for freelancers by the PSEB and access to the PSEB programmes and initiatives, subsidized training, accreditations & certifications, seminars to attend, subsidized office space at Software Technology Parks (STPs) across the country and access to international marketing and freelance matchmaking opportunities. Under this incentive scheme it has made incumbent upon SECP, to incentivise PSEB-registered freelancers who may register a single member company to avail 20 percent registration fee discount.

#### **iv. Collateral-free loans**

PSEB proposed to facilitate PSEB-registered to avail collateral-free loans up to Rs 1 million at subsidized rates through commercial banks and financial institutions.

#### **v. Facility of subsidized health and life insurance**

PSEB proposed to facilitate PSEB-registered to avail the facility of subsidized health and life insurance under the scheme led by government and private institutes. It is further recommended that PSEB-registered freelancers may avail any home loan schemes with incumbent condition of providing a record of a minimum of 5 years of freelancing exports remittances of more than \$10,000 per annum. Under this scheme home loan facilities would be provided to qualified freelancers at a subsidized loan rate.

#### **vi. Foreign currency bank accounts for the PSEB-registered freelancers**

PSEB-registered freelancers may avail an opportunity of Fast-track and simplified opening of foreign currency bank accounts which includes retention of a certain percentage of foreign exchange in these bank accounts.

#### **vii. Establish technology business branches of commercial banks**

PSEB also proposed an establishment of technology business branches of commercial banks in at least six Pakistan cities with the assistance of SBP and may provide relevant training for the staff of these branches.

#### **viii. One-step registration of Freelancers**

PSEB has eased the process for freelancers by making One-step registration through Pakistan Software Export Board Portal, which is interlinked with the Federal Board of Revenue (FBR) to make an automatic process.

### ix. Tax regime in relation to Freelancing in Pakistan

PSEB-registered freelancers shall get tax benefit from federal capital revenue boards with reduced sales tax rate, not exceeding 2 percent against the local services revenue earned. PSEB further proposed there would be relaxation in terms of making payment of sales tax at invoice month end plus 60 days. Prime Minister of Pakistan has announced a complete tax exemption for information technology (IT) companies and freelancers reverting back to an earlier status of the IT industry as tax-exempt.

FBR released an official document in this regard, furnishing relaxed policies "Tax exemption for IT/ITES firms and freelancers for five years to be implemented through amending the Income Tax Ordinance 2001 by April 2022". The Prime Minister ensured to allow IT/ITES companies and freelancers to retain 100 per cent of remittances received through proper digital banking channels without any compulsion to convert them into PKR. Additional measures prescribe to facilitate IT registered companies & freelancers as outward remittances from FCY account for Pakistan Software Export Board (PSEB) by lifting of restrictions.

### Steps taken by State Bank of Pakistan

- i. **Specialized banking products for Freelancers:** The State Bank has made arrangement by encouraging banks to develop distinct products & packages to facilitate the freelancers. Faysal Bank and JS Bank Ltd have offered customized products for freelancers. Faysal Bank has signed up an MOU with Payoneer so that freelancers can receive their funds in their account with a few clicks. JS Bank has also developed distinct JS Freelancers accounts that are meant to accept freelance income from five main freelance platforms as valid source of income and has various incentives for freelancers. (Source: Ministry of Commerce)
- ii. **Increase in Payment limit for Freelancers:** The State Bank, in collaboration with the Ministry of Commerce has increased the payment limit for freelancers to US\$ 25,000 from US\$ 5,000 in February 2020. The incentive of increased payment limit shall facilitate freelancers to grow their business operations and providing employment opportunity.
- iii. **Pay Fast:** The State Bank has introduced unique portal of e-commerce payment gateway of "PayFast" to execute its operations. PayFast mechanism & structure is quite similar to international gateways like Stripe, Square and Razorpay and has more than 150 merchants on board as well as 12 partner banks. PayFast provides payment acceptance mode through multiple instruments, such as UnionPay, Visa and Mastercard cards, mobile wallets and bank account numbers. Surprisingly Pakistan's leading digital payments app, Easypaisa has also partnered with the fastest-growing fintech PayFast, to avoid interruption in digital payments. Users of the Easypaisa wallets can now use robust means of the Indigenous Payment Gateway of PayFast to make online payment.<sup>35</sup> Beside that Chikoo, a made-for-retailers e-commerce solution, has partnered with PayFast to enable retailers on its platform to now accept multiple online payment methods.<sup>36</sup>
- iv. **Outward Remittances to Digital Service Provider Companies:** The State Bank of Pakistan, in August 2020, introduced a new mechanism for payments to globally recognize digital service provider companies against acquisition of digital services by local companies. This channel facilitates payment range up to US\$ 200,000 to 62 digital service providers without prior approval from the State Bank. Moreover, authorized dealers can also release foreign exchange up to a maximum of US\$ 25,000 per annum to digital services providers not included in the list.
- v. **Exception of requirement of Form E for E-Commerce exports:** The State Bank, in December 2020, allowed the e-commerce exporter exemption from filing Form-E for exports under US\$ 5,000 that may be beneficial for freelance to export their service across the globe. The exemption will facilitate ease of doing business and may help small entrepreneurs and exporters.

<sup>35</sup> <https://www.brecorder.com/news/40017206>

<sup>36</sup> <https://digitalpakistan.pk/blog/payfast-partners-with-chikoo-to-enable-digital-payments/>

#### vi. SBP-Customer's Digital On-boarding Framework 2021

State Bank of Pakistan (SBP) has developed a "Customers' Digital On boarding Framework"<sup>37</sup> and enclosed Banking Policy & Regulations to facilitate freelancers by categorizing accounts as under:

Account Categories					
<b>Asaan Digital Account (ADA):</b>	<b>Asaan Remittance (ADRA):</b>	<b>Digital Account</b>	<b>Freelancer Account</b>	<b>Digital Account</b>	<b>Digital Account</b>
<ul style="list-style-type: none"> <li>• Maximum credit balance limit of PKR 1,000,000;</li> <li>• Monthly debit limit of PKR 1,000,000;</li> </ul>	<ul style="list-style-type: none"> <li>• Maximum credit balance limit of PKR 3,000,000;</li> <li>• Cash withdrawal limit of PKR 500,000 per day;</li> <li>• Fund transfer limit of PKR 500,000 per day from ADRA to any other account;</li> <li>• This account may also be fed through local credit to the extent of PKR 1,000,000 per month;</li> </ul>		<ul style="list-style-type: none"> <li>• Monthly limit of USD 5,000 or equivalent (debit &amp; credit limits shall be applied separately);</li> <li>• Cash withdrawal limit of PKR 500,000/-</li> </ul>		For opening all Digital Accounts

Table 5.1: SBP's Digital Onboarding Framework

#### Digital Pakistan Policy 2018

Digital Pakistan Policy has envisioned becoming a strategic enabler for an accelerated digitization eco system in order to expand the knowledge based economy and promoting socio economic growth.<sup>38</sup> Its objectives are;

- Endorsing National Innovation and Entrepreneurship competitions in emerging ICT technologies all across the country and their participation in relevant international events to gain global exposure and to attract international investors.
- Inspiring financial institutions and Industry players for the establishment of funding agreement for IT Start-ups and freelancers.
- Initiating digital skills training programs for freelancers.
- Initiate programs to train young graduates, freelancers and professionals on market intensive skills through both class room and virtual training sessions.
- The policy is meant to utilize the power of IT to enhance the outreach and quality of education, at all levels, across the country through Human Resource Development programs to enhance requisite digital skill set of individuals that are of relevance and value to the IT industry.
- Promoting entrepreneurship by providing incentives to IT sector and training young professionals to become freelancers.

<sup>37</sup> <https://www.sbp.org.pk/bprd/2021/C2-Annex-A.pdf>

<sup>38</sup> [http://moib.gov.pk/Downloads/Policy/DIGITAL\\_PAKISTAN\\_POLICY\(22-05-2018\).pdf](http://moib.gov.pk/Downloads/Policy/DIGITAL_PAKISTAN_POLICY(22-05-2018).pdf)

### MOU between STZA and PAFLA

PAFLA is a platform that supports Pakistani freelancers to excel in their career and overcome their economic challenges. Pakistan Freelancers Association (PAFLA) is a non-profit organization founded to empower Pakistani freelancers by providing mentorship, exploiting opportunities, collaborating with government, industrial linkages and building academic portfolio.<sup>39</sup> Their partners & Sponsors are, The Special Technology Zones Authority (STZA) and Pakistan Freelancers Association (PAFLA) signed a Memorandum of Understanding (MoU) in Islamabad on 6th January 2022. STZA envisions collaborating with PAFLA to provide an enabling employment environment to the freelancer industry in Pakistan where the self-employed workforce is treated as equal partners and contributors to the economy.<sup>40</sup>

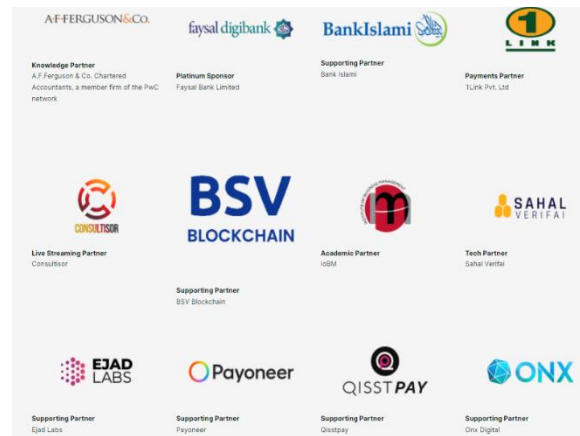


Figure 5.1: PAFLA Collaborations

### Implementation Status

In all of the above facilitation initiatives, there are specific objectives that will enable freelancers to increase their income and pursue freelancing as a serious career rather than seeing it as a part time transitional activity that cannot be taken as a permanent employment. However the implementation of most of these initiatives still need to be seen in the market as some of the initiatives by the previous regime are still in the form of a policy draft that needs to be implemented. However a list of recommendations have been provided for Ignite to pursue with the relevant stakeholders for the timely recognition and development of this sector as a major economic contributor and a source for generating more export proceeds in the country.

<sup>39</sup> <https://pafla.org.pk/>

<sup>40</sup> <https://stza.gov.pk/mou-between-stza-and-pafla/>

## Success Stories on Booming Freelancing Sectors

### Global Dropshipping Market Size and E-Commerce Boom

With its low start-up costs and inventory-free set-up, it is not hard to see why dropshipping has become one of the most popular online business models these days. According to the latest data, the global dropshipping market is forecast to reach \$196.78 billion in 2022, a whopping 23.7 percent year-over-year increase from 2021. Experts predict that by 2026, the dropshipping market size will be worth as much as \$476.1 billion. To put things in perspective, this is more than 3.5 times its value in 2020 and an impressive \$347.5 billion of growth in just a matter of six years.

Pakistani Dropshipping Market has started to show promising numbers without incurring any import costs as the sale and purchase of the goods takes place outside the country with only the commissions of these sales coming into the country as freelance income.

The above will grow exponentially with the growth in the ecommerce market which supplements dropshipping. Some of the key indicators of ecommerce market of Pakistan have been stated below for reference.

Pakistan is the 37th largest market for eCommerce with a local revenue of US\$5.9 billion in 2021. With an increase of 45%, the Pakistani eCommerce market contributed to the worldwide growth rate of 15% in 2021. Just like in Pakistan, global eCommerce sales are expected to increase over the next years. As new markets are emerging, global growth will continue over the next years. This development will be propelled by East and Southeast Asia with their growing middle class and their lagging offline infrastructure. With a yearly growth rate of 7% between 2021 and 2025, Pakistan is even expected to outperform the global average of 6%.

The rapid growth in ecommerce exports is another milestone after the long-awaited addition of Pakistan to sellers list of countries on Amazon in May, 2021, for which a Business-to-Business-to-Consumer (B2B2C) export procedure was also designed by the NeCC to facilitate businesses working with international online marketplaces.

**Key Takeaway:** Over the past few years, dropshipping is a sector that has experienced exponential growth, this includes selling products on various online platforms including Amazon, Shopify, eBay etc. By exploring similar other high in demand skills, and imparting trainings to existing and potential freelancers, there is a potential of the overall earnings generated by Pakistan's freelancers increasing by many folds.

### Setting Up a US based Company, US Bank Account and Tax ID

There are various service providers that specialize in LLC formation, US bank account opening and EIN number generation, this is widely used by dropshippers who want to set up US based businesses while physically being present outside the US.

EjadLabs is one of many service providers doing this, they help their clients by managing the entire company incorporation process, while also offering the facility of setting up business bank account at their partner US bank: Mercury. Additionally, they also handle the filing process & get EIN number from IRS, all at a total cost of USD 499.

**Key Takeaway:** While Amazon has recognized Pakistan as a selling country, many freelancers engaged in drop shipping are still running US based companies, as storing payments in US based business bank accounts is easier as compared to bringing it into Pakistan, which is a hassle due to involvement of multiple payment gateways.

## Chapter 6. Benchmarking and Policy Recommendations

Problem Statement	Reason the Problem Exists	International Benchmarking	Recommendation	Proposed Measure	Impact
<b>General Recommendations</b>					
<p><b><u>Lack of Awareness of Policies</u></b></p> <p><b><u>Unnecessary Registration Requirement</u></b></p>	<p>There is no particular stakeholder/regulator responsible for facilitation of freelancers.</p> <p>Freelancers are not aware of any benefit from getting registered with PSEB.</p> <p>Bank account opening is still an issue due to lack of awareness regarding online account opening among freelancers.</p>	<p><b>India:</b> contractors and freelancers do not require any formal registration to conduct their business/work.</p> <p><b>Bangladesh:</b> Freelancers ID is issued by the Government of Bangladesh. This ID card initiative intends to work towards providing long awaited social acceptance of freelancers, while also allowing them to connect with others in the community. It also works as proof of employment and income in applicable situations.</p>	<p>1. Ignite being the most relevant stakeholder, with maximum engagement with freelancers, should introduce an updated freelancer facilitation policy and become a single body/stakeholder for registrations and other policy initiatives for freelancers.</p>	<p>A freelancers ID card should be issued after registration to offer the following facilitations:</p> <ol style="list-style-type: none"> <li>1. Opening of bank account.</li> <li>2. Deemed registration with FBR as a freelancer and incentive for tax filing.</li> <li>3. Discounted Internet Connection</li> <li>4. Access to coworking spaces at a subsidized rate</li> <li>5. No duty on laptop import once every two years</li> <li>6. Classify freelancers based on their earnings; incentives available to freelancers may be increased as their overall income increases.</li> <li>7. Ensure access to basic financial services such as credit cards, home financing, car financing, personal loans, health insurance, etc.</li> </ol>	<p>Freelancers will come under a recognized regulatory regime. Earnings will be accurately reported and documented. More entrepreneurial potential will be unlocked in the country. This will serve as a single platform for all freelancing related information.</p>

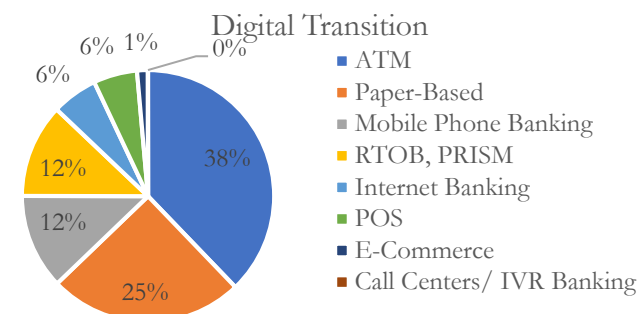
Problem Statement	Reason the Problem Exists	International Benchmarking	Recommendation	Proposed Measure	Impact
<p><b><u>Need of enabling infrastructure, especially in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities</u></b></p>	<p>This gap is specific to 2<sup>nd</sup> and 3<sup>rd</sup> tier cities of Pakistan due to low internet speed and electricity outages at the household level, causing hindrance for freelancers.</p>	<p><b>India</b> stands at 0.13 coworking spaces per 100,000 people <b>Bangladesh</b> stands at 0.02 coworking spaces per 100,000 people.</p> <p>PITB has already setup a co-working space in Bahawalpur with the help of private sector which is already at full capacity and more such ventures are being set up around it.</p>	<p>According to DigiSkills.pk data, 56% of trainees reside in tier 2 or tier 3 cities, therefore more co-working spaces need to be set up in in these cities.</p>	<p>Public &amp; Private Sectors to take initiative of launching coworking spaces, specifically in tier 2 and tier 3 cities.</p> <p>The government should also focus on improving internet access in these areas.</p> <p>Proposed 2<sup>nd</sup> / 3<sup>rd</sup> tier cities for Coworking Spaces (based on significant presence of freelance trainees):</p> <ol style="list-style-type: none"> <li>1. Hyderabad</li> <li>2. Sargodha</li> <li>3. Quetta</li> <li>4. Sahiwal</li> <li>5. Abbottabad</li> <li>6. Gujranwala</li> <li>7. Sheikhpura</li> <li>8. Attock</li> <li>9. Jhang</li> <li>10. Okara</li> <li>11. Rahim Yar Khan</li> <li>12. Mardan</li> <li>13. Jhelum</li> <li>14. Swat</li> <li>15. Kohat</li> </ol>	<p>Help provide a conducive work environment and better access to internet and electricity for freelancers. This will also enable a culture of resource pooling and collaboration.</p>



Problem Statement	Reason the Problem Exists	International Benchmarking	Recommendation	Proposed Measure	Impact
<b>Payment Systems Recommendations</b>					
<b><u>PayPal not available in Pakistan</u></b>	<p>PayPal is a service unavailable to freelancers in Pakistan, resulting in loss of opportunity from some of the clients that only use PayPal.</p> <p>The main hinderance to the entry of PayPal in Pakistan is the low financial inclusion in Pakistan, at 20.98%, and instances of money laundering and FATF restrictions.</p>	<p>PayPal is available in 200 countries.</p> <p>India's financial inclusion is more than 3 times of Pakistan.</p> <p>- Refer to Table &amp; Graph Below</p>	<p>Government to ensure an enabling economic environment conducive to entry of PayPal</p>	<p><b>Relevant Stakeholders:</b> Ministry of Finance, SBP, MOITT</p> <p>The government should collectively work for removing all obstacles hindering entry of PayPal in Pakistan by the following measures:</p> <ul style="list-style-type: none"> <li>- Increase financial inclusion to improve image of the country.</li> <li>- Efforts to remove Pakistan from FATF grey-list.</li> <li>- Introduce measures for controlling money laundering by improving financial systems.</li> </ul> <p>Meanwhile, increase awareness of employers using PayPal to add Payoneer and other payment partners like Skrill and Wise accounts as a beneficiary for payment alternative.</p>	<p>Substantial increase in usage of payment cards/e-commerce volumes and freelancing income. Further growth of e-commerce exports by 4 to 5 times as a result of PayPal launching in the country.</p> <p>45% annual growth in-e commerce industry without PayPal</p>

Financial Inclusion Indicators 2021			
	India	Bangladesh	Pakistan
Population (15+) as at 2021	1,034,200,561	122,547,131	147,212,637
Percentage of Account Holders	77.53	52.81	20.98
Percentage with internet access	27.58	26.87	30.11
Own a mobile phone	65.57	78.94	62.99
Owns a credit card	4.62	0.62	0.22

(Source: World Bank Financial Inclusion Index)<sup>41</sup>



(Source: Payment Systems Review, SBP, 2021)<sup>42</sup>

Problem Statement	Reason the Problem Exists	International Benchmarking	Recommendation	Proposed Measure	Impact
<b><u>Inability of Freelancers to Retain Foreign Currency</u></b>	As per SBP regulations, remunerations for services provided from Pakistan can only be received in PKR account. This results in most freelancers keeping their savings outside Pakistan in foreign currency accounts because Pakistan has a higher rate of currency devaluation.	<b>India</b> is using Winvesta Multi-Currency Account (MCA) and Payoneer for receiving foreign currency for freelancers. <b>Bangladesh:</b> Service exporters may retain 5% of their repatriated income in foreign currency accounts. <b>Pakistan Context:</b> As per Para 36 of Chapter 12, of the Foreign Exchange Manual of	SBP and Authorized Dealers to collaborate, ensuring that freelancers are allowed to receive funds in foreign currencies, as many freelancers are currently parking their funds outside Pakistan due to fear of devaluation.	As per Para 36 of Chapter 12, of the Foreign Exchange Manual of 2002 Authorized Dealers may allow exporters, including freelancers, to retain 35% of their net foreign exchange earnings in 'Exporters Special Foreign Currency Accounts' with them. This should be increased to 100%, with the option to withdraw in local currency	Potential of retaining more foreign currency in local bank accounts. Presently, the income transferred by freelancers in Pakistan is only a proportion of their total income, which is residing either in foreign locations, or at the

<sup>41</sup> <https://databank.worldbank.org/source/global-financial-inclusion>

<sup>42</sup> <https://www.sbp.org.pk/PS/PDF/FiscalYear-2020-21.pdf>

	<u>Authorized Dealer Applicable Policy for receiving FCY</u>	2002 Authorized Dealers may allow exporters, including freelancers to retain 35% of their net foreign exchange earnings in ' <b>Exporters Special Foreign Currency Accounts</b> ' with them.			marketplaces like Upwork and Fiverr which can be fully transferred if necessary policies are introduced.
<b><u>Unavailability of independent Escrow Arrangements</u></b>	There is no local initiative for development of an escrow service for facilitating off-platform and local freelancers.  Unavailability of other global alternatives such as Escrow.com	Escrow.com is available in 200 countries, including India and Bangladesh.  Globally 3 platforms provide escrow services including freelancer.com, Upwork & Fiverr.  Castler is a local escrow service that is available in India.  PITB is in the process of developing a local marketplace by the name of Qaabil with the capability of escrow.	Local escrow company to be set up by existing stakeholders or any private party in Pakistan.	Since Ignite is already working on development of a local marketplace for catering to local freelancing demand, they will be in the best position to scale up this effort with an additional functionality of an escrow within this marketplace.  A local escrow company can be established by obtaining a Fintech license from SECP which can be done by any of the existing stakeholders or any private party in Pakistan.	More depth and confidence in the overall ecosystem. Beneficial for e-commerce, as well as other digital economy based sectors.
<b><u>Misreporting of freelancing income received through payment agents including</u></b>	Payoneer and Wise transfer the remittance received from international banks to	N/A	Reporting of transactions through registered payment agents in designated account instead of clubbing with home remittances.	SBP and Authorized Dealers working with international payment agents like Payoneer, Wise, Skrill and others should	A significant portion of the freelancer export being reported under home

<p><b><u>Payoneer, Wise, Skrill, etc.</u></b></p>	<p>their local bank account in Pakistan. Subsequently, this payment is transferred to the freelancer as a local IBFT transaction.</p>			<p>ensure that all freelance transactions coming into Pakistan should be reported in their designated accounts instead of clubbing this export number under home remittance.</p> <p>Subsequently, at the time of transfer to the end beneficiary account, PRC of freelance export should be issued to the freelancer.</p>	<p>remittance will be shown under the correct category.</p>
<p><b>Recommendations for DigiSkills.pk</b></p>					
<p><b><u>Undefined Eligibility Criteria</u></b></p>	<p>In spite of having created a sizeable impact and outreach, the scope of DigiSkills remains to be focused on skill development rather than income generation.</p>	<p>e-Rozgaar &amp; NFTP both have a strict eligibility criterion of candidates having at least 16 years of education, with maximum age of 35, and are unemployed.</p>	<p>Revise eligibility criteria for DigiSkills.pk, with increased focus on income generation.</p> <p>Launch of advanced level skill trainings.</p>	<p>DigiSkills.pk having created an impact and awareness of the freelancing sector for more than four years needs to re-strategize the program by introducing the following:</p> <p>Eligibility criteria to be revised with more focus on new individuals of a certain maturity/education who are aspiring for upskilling or are otherwise unemployed.</p> <p>Start a new stream of trainings focused on</p>	<p>Ignite will save cost on existing DigiSkill program by focusing on a smaller target beneficiary pool while catering to higher income generating skills.</p> <p>Increase of hourly rate of freelancing income - Refer to Impact below</p>

				advanced level skills similar to NFIP and KP YEP. As mentioned below in the following recommendation.	
<b><u>Upskilling Requirement of DigiSkills.pk Graduates</u></b>	Pakistani freelancers are engaged in low paying jobs due to lack of advanced skills, resulting in low-income opportunities for graduates.	<p><b>Pakistan</b> has the potential of USD 36 Bn as per McKinsey Global Institute report</p> <p>India's population is 6 times greater than that of Pakistan.</p> <p>India's IT/ITeS exports are 90 times greater than Pakistan's.</p> <p>Smaller population countries like Bangladesh and Ukraine represent a larger market share of global freelance workforce in terms of earning, and freelancers from these countries have higher income opportunities.</p>	Initiative for introduction of advanced interactive courses to tap into high income generating skills	Ignite can collaborate with other training initiatives by provincial governments such as e-Rozgaar and NFIP, and other universities, to introduce advanced interactive courses such as Machine Learning, Automation, Virtual Reality, Blockchain etc, may be launched as these are high in demand. (Upwork, 2022)	Conversion of low income to higher income opportunities for Pakistani Freelancers. Existing income of freelancers stands at an average rate of 4 USD per hour based on current estimates. According to Upwork, average rate per hour for high skill jobs is above 40 USD per hour. By upskilling, Pakistani freelancers and enabling them to attain the average rate of 8 USD, the freelance exports of the country can be doubled.
<b>Tax Recommendations for Freelancers</b>					

<p><b><u>Inadequate tax exemptions available for freelancers</u></b></p>	<p>Freelancers have been reporting substantial part of their income under home remittances which is presently free of tax.</p>	<p>In Bangladesh, tax exemption up to 2024. Further cash incentives @ 4% of the proceeds are offered to the freelancers engaged in IT &amp; IT enabled services to improve exports.</p>	<p>Introduce tax waiver for 3 to 5 years on earnings of freelancers. (previously tax credit was available to freelancers up to 2023, which was removed under Finance Bill 2022)</p> <table border="1" data-bbox="1088 719 1435 975"> <thead> <tr> <th>Freelance Annual Export Income (USD)</th> <th>Rebate Percentage</th> </tr> </thead> <tbody> <tr> <td>Up to 1000</td> <td>No Rebate</td> </tr> <tr> <td>&gt;1000 – 10,000</td> <td>1%</td> </tr> <tr> <td>&gt;10,000 – 25,000</td> <td>2%</td> </tr> <tr> <td>&gt;25,000</td> <td>3%</td> </tr> </tbody> </table> <p><i>Figure 29. Proposed Tax Rebates on Freelance Export Income</i></p>	Freelance Annual Export Income (USD)	Rebate Percentage	Up to 1000	No Rebate	>1000 – 10,000	1%	>10,000 – 25,000	2%	>25,000	3%	<p><b>Responsible Stakeholder:</b> FBR, SBP, Authorized Dealers, MOITT, Ministry of Finance</p> <p>Tax Credit allowed under 65F of the ordinance which was rolled back under the new finance bill must be reintroduced to promote freelancers in business (tax of 0.25% is currently applicable on freelancer's income)</p> <p>In addition, government can also offer cash incentives to the freelancers for reimbursing transaction charges up to 3% depending on the average rate of conversion used by the majority of international payment agents.</p>	<ul style="list-style-type: none"> <li>- Motivation for freelancers</li> <li>- Documentation of economy</li> </ul>
Freelance Annual Export Income (USD)	Rebate Percentage														
Up to 1000	No Rebate														
>1000 – 10,000	1%														
>10,000 – 25,000	2%														
>25,000	3%														
<b>Legal Recommendations</b>															
<p><b><u>No Facilitative Policy for Freelancing</u></b></p>	<p>National Freelancing Facilitation Policy 2021 draft was developed but not approved.</p>	<p>Globally, there are not many regulations, which forms the contours of the work done by independent contractors. There are unions, websites, intermediaries</p>	<p>Freelancing should be recognized as a sector and a policy document need to be approved and implemented.</p>	<p>Ignite being the entity with highest engagement with freelancers as well as the initiatives being taken for development of a local marketplace will be best</p>	<ul style="list-style-type: none"> <li>- More entrepreneurial shift and reduction in unemployment.</li> </ul>										

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		<p>that stipulate their own laws but there is not much from a legal perspective.</p> <p>India: In India, there is a big freelancing ecosystem, second only to the USA. However, much like in Pakistan, the sector remains under regulated.</p> <p>Tax is the area where majority of the incentives are accorded to freelancers.</p>		<p>suited for taking this initiative.</p> <p>Refer to the initial recommendation of issuing a Freelancer ID card with subsidies and incentives under for recognition/registration and overall facilitation of the sector.</p>	
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## Annexure – Findings from Stakeholder Interactions

#	Individual	Designation	Category	Input
1	DigiSkills Trainees	Online Survey Form Circulated among entire population of DigiSkills Trainees, 4,400+ responses recorded.	DigiSkills Trainees	<ul style="list-style-type: none"> <li>• Graphic Design course most popular, followed by Digital Marketing</li> <li>• Trainees of Quickbooks course recommended that training for Quickbooks Online should be launched, the current trainings only consist of Quickbooks Desktop which has low demand in the freelancing market.</li> <li>• Trainees claimed the freelancing course to be highly beneficial, as it helped many to gain knowledge regarding improving communication skills, profile making, payment processing, bank account opening and taxation.</li> <li>• Average monthly earning of PKR 65,000 by DigiSkills.pk trainees.</li> <li>• Small number of tax filing freelancers with knowledge of PRC and SBP purpose codes,</li> <li>• Courses in the programs need to be updated in accordance with current market trends.</li> <li>• Advanced level courses should be introduced by DigiSkills.pk</li> </ul> <p>There is no platform to where freelancers can lodge complaints or discuss issues.</p>
		Phone Calls to 100 trainees with reported freelancing earnings.		
		Phone Calls to sample of 100 trainees who had enrolled in the program, not necessarily freelancing.		



#	Individual	Designation	Category	Input
2	Mohsin Mehmood	Country Manager - Payoneer	Financial Service Platform	<p>Cross border payment solution, supports 150 currencies.</p> <p>Integrated with market places such as Upwork and Fiverr.</p> <p>Startups and freelancers should transition into a company, and then subsequently into product owners as a part of a three staged process.</p> <p>Freelance workers will increase if employers allow work from home, this will have a significant increase especially in the form of weekend gigs.</p> <p>Training of Product Design to be imparted among youth.</p> <p>Govt. platforms should facilitate and focus on product development, as currently the local market is limited to services.</p> <p>SBP needs to enforce the implementation of the new purpose code with authorized dealers.</p>
3	Haroon Raja	Chief Happiness Officer, Happy Cloud and Co- Founder, Pakistan Freelancers Association (PAFLA)	Startup and Freelancing Association	<p><b>Opinion on DigiSkills:</b></p> <p>DigiSkills is a good initiative, which has helped educate a large number of individuals, especially youth about the freelancing market, however Mr. Haroon shared his opinion that the curriculum of the course needs to be updated.</p>

#	Individual	Designation	Category	Input
				<p><b>Challenges and Suggestions:</b></p> <ul style="list-style-type: none"> <li>• PAFLA aims to resolve issues faced by the common man by addressing stakeholders at the higher level. It was discussed how code 9185 and 9186 are causing an issue for freelancers.</li> <li>• Many policies have been drafted, but there is a need to transition these policies into laws that will help freelancers in the country.</li> <li>• Proceed Realization Certificate (PRC) the authentication / verification from the processing bank that remittance has been received and processed from an overseas arrangement, it was suggested that the process of obtaining a PRC should be digitized. Currently each remittance received has to be individually authenticated as is a very tedious process involving heavy paper work.</li> <li>• Most people prefer to keep their money abroad due to uncertainty related to rupee-dollar exchange rate and vague regulatory framework and restrictions on keeping foreign currencies in local bank accounts.</li> </ul>

#	Individual	Designation	Category	Input
4	Faiza Yousaf	Co-Founder, CodeGirls, Founder, WomeninTechP K	Freelancer, Startup and ESO	<p>Freelancing since 2017, finds freelancing work challenging and diversified due to exposure to clients and other freelancers internationally. She is a tax filer, pays 1% tax on remittance which is final tax liability.</p> <p>Policy Recommendations: There is a need for awareness on taxation, people do not consider becoming tax filers due to the perception that is a very long process.</p> <p>There is still a gap in terms of bank account opening for freelancers, particularly female freelancers. Many female freelancers are asked to bring a guarantor or sign affidavits if they do not have a salaried source of income.</p> <p>Opinion on DigiSkills: She has taken 2 course, DigiSkills has been a good initiative, the production of the videos on the platform were of good quality. However, she was uncertain regarding the impact the program has generated.</p>
5	Waqar Hussain	Founder, Icon Pro and Freelancer	Freelancer and Startup	<ul style="list-style-type: none"> <li>• The grey areas in policies need to be sorted out, as there is always a lot of uncertainty around the rules and regulations.</li> <li>• Freelancers are not given the</li> </ul>

#	Individual	Designation	Category	Input
				<p>choice to use code 9185 and 9186.</p> <ul style="list-style-type: none"> <li>• There is no policy for freelancers, and no single source of information for tax related issues and legislation requirements.</li> <li>• The SBP codes 9181 – 9185 are only applicable on SWIFT transfer, which allow companies to claim tax exemption on remittances, there is currently a 1% tax on SWIFT if the company is able to claim a tax exemption, otherwise the standard tax slabs rates apply.</li> <li>• Despite the fact that it is one of the most popular payment method used among freelancers, there are currently no bank jurisdictions on Payoneer transfers in Pakistan, and no purpose code choice is assigned for funds received using Payoneer.</li> <li>• If an individual has a company signed under his name, he currently cannot as an individual freelancer, this raises an issue as the individual will be unable to distinguish between the company and his own earnings.</li> <li>• Pakistan currently has a freelance industry that is mainly service based, there is a need to further promote and transition a change towards a product-based industry.</li> </ul>

#	Individual	Designation	Category	Input
6	Asra Rizwan Khan	Founder & Strategic Lead, OpenMic and Freelancer	Freelancer and Startup	<p>She is involved in curriculum consulting for startups since 2014.</p> <p>Important to teach communication skills to individuals pursuing freelancing.</p> <p>Females freelancers face issues in bank account opening, they are asked to provide proof of employment.</p> <p>Pakistani freelancers need to transition towards high income generating skills.</p> <p>Freelancers are mainly using Payoneer and Wise to receive foreign remittances.</p>
7	Hira Saeed	CEO and Founder, CaterpillHers	Freelancer and Startup	<p>CaterpillHers has two programs:</p> <p>16. Entrepreneurship Accelerator: The program is designed to help Pakistani social entrepreneurs build more sustainable and scalable businesses and is open to social entrepreneurs working across any sector all over Pakistan.</p> <p>17. Career Accelerator: one-on-one career coaching, and access to an inspiring community of women founders, experts and professionals.</p> <p>12 week Career Accelerator cohort, PKR 20,000 charges per person.</p>

#	Individual	Designation	Category	Input
				There is a lack of knowledge about tech driven entrepreneurship among Pakistani youth. There is also a need to launch a local freelancing platform like Upwork in Pakistan.
8	Shoukat Bizinjo	Head, Digital Transformation & Technology Governance, State Bank of Pakistan (SBP)	Regulator	There is a lack of implementation and awareness among bank staff regarding freelancers, SBP has addressed this by introducing freelancers digital accounts. Pakistani rupees should not be dollarized, all foreign remittance and FDI should be converted to PKR. SBP does not have Payoneer data which can be used to assess the foreign earnings of Pakistani freelancers.
9	Ahsin Waqas	Senior Joint Director, State Bank of Pakistan (SBP)	Regulator	
10	Yameen Asghar Mirza	Assistant Manager, Finance & Foreign Remittance – Meezan Bank	Bank	Banks are aware of freelance income which is coming into the country in the form of SWIFT transfers, little knowledge regarding payment services providers such as Payoneer, Wise, etc. as payment from these are processed as IBFT.  35% retention allowed in foreign currency for software houses if registered with SBP.

#	Individual	Designation	Category	Input
11	Dr. Zafar M. Alvi	Project Director, DigiSkills.pk Training Program, VU Pakistan	Freelancer Training Platform	<p>Latest DigiSkills.pk batch consists of 51% trainees who have not received trainings before.</p> <p>The goal of DigiSkills.pk trainings is increase skill enablement, which will lead to entrepreneurship.</p> <p>Difficulty in sourcing good subject matter experts as most individuals are camera shy, recording 24 hour lecture is a time taking task.</p> <p>Production is done by VUTV in house of VU.</p> <p>Freelancers are not comfortable with sharing their income levels.</p> <p>Cost per trainee is about 700 rupees.</p> <p>Course content are updated bi annually.</p>
12	Sajid Latif	Director General (e-Governance), PITB	Government Body/Freelance r Training Platform	<p>E-Rozgaar and NFIP programs are being executed by PITB, E-Rozgaar has 45 active training centres across Punjab, while NFIP has 20 training centres in public sector universities across the country. 41,000 and 7,000 trainings imparted by E-Rozgaar and NFIP respectively.</p> <p>PITB has launched coworking space in Multan, aims to launch more similar ventures in the future.</p> <p>Ignite and PITB should share resource for development of</p>
13	Chaudry Ahmad Islam	Joint Director, e- Rozgaar, PITB	Government Body/Freelance r Training Platform	<p>Ignite and PITB should share resource for development of</p>

#	Individual	Designation	Category	Input
				<p>freelance marketplace and portal (Qaabil).</p> <p>E-Rozgaar: Eligibility of 16 years education, under 35 years of age and unemployed, with Punjab domicile.</p> <p>NFTP: 14 years of education, maximum 40 years of age and a valid CNIC required to be enrolled in trainings.</p>
14	Muhammad Shoaib	Project Manager (YEP), KPITB	Government Body/Freelance r Training Platform	<p>KP Youth Employment Program is a project by KPITB, under which Medium and Advanced level trainings are imparted among trainees. Enrollment in a university is necessary for medium level trainings, while last semester of university in ICT background is required for advanced level training. 13,700 successful medium level trainees have earned PKR 1.2 billion, while 1,700 advanced level trainees have earned PKR 400 million as a result of these trainings. 39% medium level, and 49% advanced level training participants have reported income generation.</p>