

PROJECT CONCEPT NOTE
For investment in Technology Parks in Pakistan

Introduction

The Information Technology Park projects have been conceptualized as a result of insights and collective research conducted over the past decade by Pakistan Software Export Board (PSEB). Numerous studies have been undertaken to gather data, develop insights and learn lessons from the IT Policy and Initiatives of other countries.

Building an Information Technology Park community is the most viable and well-practiced model to organize and invigorate the ICT industry of a country. Such parks provide physical space where IT companies can work together leveraging each other's expertise, foster industry-academia cooperation, promote entrepreneurship, generate exports, and attract foreign direct investment in the ICT Sector. These Technology Park enclaves are designed to act as tech-cities where all amenities needed for 24x7 operations of ICT companies are provided to serve their needs. Foreign Direct Investment (FDI) in IT sector will increase when overseas investors, clients and partners will have the assurance of un-interrupted business operations in a secure technology park enclave equipped with all requisite amenities. If Pakistan is to match the growth achieved by technology-based economies, it must also follow the model practiced by these countries.

Demand Analysis and Industry Feedback:

The initial demand analysis was carried out in coordination with relevant stakeholders in the industry and their feedback was also obtained. Moreover, the IT industry in Islamabad, Karachi and Lahore has been involved in the planning process of this project and they actively support the concept. Presently, there are no purpose built Information technology parks in Islamabad and Karachi while only one has been set up in Lahore by PITB. According to PSEB data, there are more than 350 IT companies in Karachi and a similar number in Lahore region and 100 most prominent IT companies in Karachi and Lahore are willing to rent more than 1,000,000 sq.ft. of office space in a desirable IT park in each city.

Karachi

Proposed Project:

Pakistan Software Export Board has leased six (06) acres (29,040 square yards) of land from Civil Aviation Authority at Jinnah International Airport (JIAP), Karachi. Said land is available for international investment for development of a new Information Technology Park in Karachi which will provide state-of-the-art infrastructure to IT companies, aiming to bring together world-class technology in a multi-purpose environment.

Project viability:

PSEB's discussion with local IT firms indicates that Technology Park development on existing land owned by PSEB in Karachi is a worthwhile project. For IT companies in Karachi, affordable monthly rent ranges between US \$0.8-\$ 1 per square foot.

Project Financing/ Investment:

Pakistan Software Export Board is looking forward to foreign investors having technical and financial strength to invest in development of IT park project in Karachi on the basis of BOT, BOO, or Joint venture model etc. Expected project cost including contingencies, taxes and underground parking for an IT park of 45,000-50,000 sqm is between US \$90-100 million. The feasibility study for the project is expected to cost approximately US \$ 0.5-0.6 million.

Lahore

Proposed Project:

Pakistan Software Export Board has arranged land in Lahore Knowledge Park (LKPC) for development of a new Information Technology Park. LKPC is spread over 663 acres of land specifically planned to develop into a knowledge city.

Project viability:

PSEB's discussion with local IT firms indicates that Technology Park development on land offered to PSEB in Lahore is a worthwhile project. For IT companies in Lahore, affordable monthly rent ranges between US \$0.8- 1 per square foot.

Project Financing/ Investment:

Pakistan Software Export Board is looking forward to foreign investors having technical and financial strength to invest in development of IT park project in Lahore on the basis of BOT, BOO, or Joint venture model etc. Expected project cost including contingencies, taxes and underground parking for an IT park of 45,000-50,000 sqm is around US \$ 90~100 million. The feasibility study of the project is expected to cost approximately US \$ 0.5-0.6 million.

Islamabad

Proposed Project:

Pakistan Software Export Board has leased 47.9 acres of land in Islamabad for development of Technology Park. The Export Import (Exim) Bank of Korea is financing first phase of development at a cost of US \$ 88.5 Million. This phase is to be developed over 7 acres of land and will provide 45,000 square meters of space for use by IT companies. Remaining phases of the technology park are envisaged to be developed in partnership with international investors on BOT, BOO or JV basis.

Project viability:

Presently total number of IT companies in Islamabad is more than 400, while only 100~120 of these IT companies can be housed in the planned tech park. Hence, there is enormous potential for future development of additional buildings in this park.

Project Financing/ Investment:

The feasibility study for first phase of the technology park has already been carried out by Korean Consultants. For remaining phases of the technology park, it is expected that the feasibility study from investor's point of view may incur approximately US \$ 0.75~1.0 million and total investment for a building area of 250,000 sqm may be to the extent of US \$ 500 million.