



## Pakistan: Integrated Information and Communications Technology Development Project

Project Name	Integrated Information and Communications Technology Development Project	
Project Number	51241-001	
Country	Pakistan	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	<b>Loan: Integrated Information and Communications Technology Development Project</b>	
	Ordinary capital resources	US\$ 200.00 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development	
Sector / Subsector	<b>Information and communication technology</b> - ICT industries and ICT-enabled services - ICT infrastructure - ICT strategy and policy, and capacity development	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The proposed project outputs will be: (i) an IT park set up as a benchmark model in Karachi; (ii) National IT parks strategy developed; (iii) smart city strategy developed and piloted; and (iv) ICT skills in higher education stream strengthened with technological readiness for knowledge-based economy. These outputs will result in the following outcome: strengthened holistic development of ICT sector in Pakistan. The project will be aligned with the following impact: ICT industry contribution to inclusive growth increased, as outlined in Pillar VI of Pakistan Vision 2025. The investment is also in line with the government's mid-term IT development policy, the Digital Pakistan Policy 2017 (footnote 2). ADB's value addition will be (i) introducing long-term strategy for ICT industry anchoring on efficient urban planning through activities like master planning and smart city pilot solutions, (ii) leveraging collaborative networks with international partners through twinning program, and (iii) mobilizing financial resources and creating skills development and institutional capacity building programs for sustaining the ICT sector interventions.</p>	

Project Rationale and Linkage to Country/Regional Strategy

The government of the Islamic Republic of Pakistan has envisaged the information and communications technology (ICT) industry as a key driver for innovation, economic competitiveness, and greater social inclusion. Through Pakistan Vision 2025, the government seeks to lay the foundation of a knowledge-based economy by promoting efficient, sustainable, and effective ICT initiatives through synergic development of industry and academic resources. Due to the large youth bulge in its demographic profile, Pakistan has strong digital potential to develop a knowledge-based industry fostering innovation and modern entrepreneurship. As per the draft Digital Pakistan Policy 2017, Pakistan currently has about 2,000 ICT companies and call centers and more than 300,000 English speaking information technology (IT) professionals. More than 20,000 IT graduates and engineers are being trained each year.

The ICT industry in Pakistan is constrained by the absence of a holistic system that operates in an end to end manner. The constraints can be attributed to: (i) inadequacies in policy frameworks, (ii) poor infrastructure and facilities, and (iii) weak institutional capacity. The national ICT policy needs further work to address fundamental issues in the ICT industry such as

(i) facilitating private sector participation through devising incentive schemes and creating enabling facilities such as IT Parks to address structural issues including security-related matters, (ii) developing appropriate engagement model to undertake ICT initiatives that benefits multiple sectors, and (iii) developing a long term prioritized investment framework. In parallel, the policy initiatives need to be supported with skills building, creation of an IT park, and master planning smart city solutions. Due to these constraints, the current demographic profile has not been effectively channelized, less jobs are created, and the potential for female workforce has not been effectively tapped. The problem tree details the core problem, causes, and effects.

The current young population coupled with English-speaking workforce and a vibrant ICT industry environment would provide huge opportunities for Pakistan to increase exports in software product development and servicing. According to the Pakistan Software Export Board estimates in 2015, the ICT industry has recorded \$560 million in export revenue. A study by Forester, sponsored by World Bank (2009), suggested that export revenues of \$6 billion could be achieved by 2020, if the following areas of interventions are implemented: (i) infrastructure development, (ii) skills development, (iii) coordinated brand development, (iv) developing financing, and (v) alleviating security issues for providing safe working environment. However, proper large-scale infrastructure must be established to provide the enabling platform. Female participation in the workforce through IT industry will greatly inspire the work potential of half of the country's population. Proactive participation in the ICT-enabled global value chain will raise Pakistan's prospect to leverage international investments in the China Pakistan Economic Corridor with ICT infrastructure as one of the key areas.

These interventions will be predominately located in urban centers of Pakistan. Pakistan's cities contribute 78% to the country's GDP, and the urban population is expected to grow from the current 40% to 50% by 2025. With increased urban expansion, there is an additional demand created for delivery of public services with effective urban planning and governance. The government is committed to address the issues through smart city solutions, which will enhance the delivery of integrated public services to citizens through innovative use of ICT solutions and platforms (footnote 1). This requires a calibrated approach starting with development of a national master plan for smart cities. Further undertaking limited smart city pilots will provide insights to IT requirements applicable to the country's context. It will also propel need for more ICT services and contribute to appropriate usage of facilities created by the project.

Impact	ICT industry contribution to inclusive growth increased (Pakistan Vision 2025).
Outcome	Strengthened holistic development of ICT sector in Pakistan.
Outputs	IT park set up as a benchmark model in Karachi. National ICT strategic framework developed. Smart city strategy developed and piloted. ICT skills in higher education stream for technological readiness for knowledge based economy.
Geographical Location	Karachi

**Safeguard Categories**

Environment	B
Involuntary Resettlement	C
Indigenous Peoples	C

**Summary of Environmental and Social Aspects**

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

**Stakeholder Communication, Participation, and Consultation**

During Project Design
During Project Implementation

## Business Opportunities

Consulting Services Consulting entity/(ies) and individual consultants will be recruited for the preparation of feasibility studies for IT Park, construction supervision during implementation, smart city solutions design, and assessment for skills development program. Considering the technical complexity of the program, recruitment of consultants will use the quality- and cost-based selection method with a 90:10 quality-cost weight.

Procurement Procurement activities include civil works, equipment, and consulting service contracts. Design and build procurement method will be used for the procurement for construction of the IT park. Procurement (including consulting services) to be financed by ADB will follow ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

Responsible ADB Officer Hu, Ruoyu

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Urban Development and Water Division, CWRD

Executing Agencies *Ministry of Information Technology and Telecommunication  
Islamabad, Pakistan*

## Timetable

Concept Clearance 30 Oct 2017

Fact Finding 02 May 2018 to 16 May 2018

MRM 18 Jul 2018

Approval -

Last Review Mission -

Last PDS Update 07 Nov 2017

Project Page <https://www.adb.org/projects/51241-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=51241-001>

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