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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN

CABINET SECRETARIAT

(Cabinet Division)

NOTIFICATION

Islamabad, the 28th July, 2021

S. R. O. 954(I)/2021.—In exercise of the powers conferred by subsection (1) of section 24 of the Special Technology Zones Authority Ordinance, 2020 (XIII of 2020), the Special Technology Zones Authority, with the approval of the Federal Government, is pleased to make the following rules, namely Special Technology Zones Authority (Qualification and Approval) Rules, 2021:—

(1537)

Price : Rs. 40.00

PART-I**PRELIMINARY**

1. **Short title and commencement.**—(1) These Rules shall be called Special Technology Zones Authority (Qualification and Approval) Rules, 2021.

(2) They shall come into force at once.

2. **Definitions.**—(1) In these Rules, unless there is anything contrary in the subject or context,

- (a) **“accelerator”** means and includes a company or program which helps startups and SMEs to rapidly grow by providing access to experts, venture capital funding, and customers;
- (b) **“Annexure”** means annexure attached to these Rules;
- (c) **“applicable documents”** includes the Ordinance, Rules, Regulations, Manuals, licenses, notifications, agreements, development agreement, instructions of the Authority or Approvals Committee issued from time to time or any provisions of the applicable laws;
- (d) **“applicant”** means a person who submits an application for the development, operation and management of a zone and includes an application for a zone developer or a zone enterprise;
- (e) **“approvals committee”** means the approvals committee prescribed in section 12 of the Ordinance;
- (f) **“co-zone developer”** means a partner of the zone developer for the establishment, development, operation or management of STZ;
- (g) **“Government”** means the Federal Government, the Provincial Government or the Local Government as the case may be;
- (h) **“incubator”** means and includes a person which helps startups to develop by providing a variety of infrastructure and services including but not limited to office space, management training, and access to funding opportunities;
- (i) **“manual”** means and includes any document approved by the approvals committee containing procedures and mechanisms under the Ordinance;

- (j) “**MOUs or MMOUs**” means a memorandum of understanding or multi-party memorandum of understanding or agreements among and between the Authority and other legal entities, including Government and private entities defining the operational framework among them for the purpose of implementing the applicable documents, which MOUs or MMOUs may be binding or non-binding, as specified therein;
- (k) “**one-window facility**” means the physical or virtual coordination and interface activities, provided by the Authority on behalf of the relevant Government entities to facilitate and ease the compliance with the requirements prescribed under the applicable laws;
- (l) “**Ordinance**” means the Special Technology Zones Authority Ordinance, 2020 (XIII of 2020);
- (m) “**partner**” means a partner of the zone developer under a joint venture agreement, consortium agreement, trust, public private partnership agreement, shareholders agreement, partnership agreement, between the zone developer and the co-zone developer, or shareholder of a special purpose company set-up for the purpose of the zone development, operation and management;
- (n) “**person**” includes any registered association of persons, consortium, a body corporate formed or incorporated by or under any law in force, company, corporation, society, modarbah, Real Estate Investment Trust (**REIT**), Government, trust, or partnership and includes any zone developer or zone enterprise;
- (o) “**research and development**” or “**R&D**” has the same meaning as assigned to it under sub-section (1) of Section 2 of the Ordinance;
- (p) “**research park**” includes a site focused on basic research and technology production;
- (q) “**R&D centers**” includes centers exclusively conducting R&D with the assistance of qualified human workforce, state-of-the-art equipment and software, with access to funding;
- (r) “**R&D clusters**” includes group of R&D centers based on common discipline, subject or theme;
- (s) “**Rules**” mean the Special Technology Zones Authority (Qualification and Approval) Rules, 2021.
- (t) “**Schedule**” means Schedule attached to these Rules;

- (u) “**science city**” includes a large-scale town with universities, R&D centers, and display centers including Technopolis;
- (v) “**science and technology park**” or “**STP**” includes a site focused on applied R&D and business development activities and includes R&D centers and Research Park;
- (w) “**small and medium enterprise**” or “**SME**” includes a person associated with technology having a scale larger than a startup, but typically characterized by limited threshold assets, revenues, and personnel;
- (x) “**software**” includes all documents and services which contain the series of commands or programmes and their code lists, operating manual and instructions for use that enable a computer, communication device or any other device that is based on information technologies to operate and to perform required operations according to the given data;
- (y) “**science or technology institution**” means any science or technology University that offers higher technology education or is involved in research and development activities and duly licensed by the Higher Education Commission;
- (z) “**special technology zone**” or “**STZ**” or “**zone**” means a particular type or class of zone as referred non-exhaustively in clause (r) of Section 2 of the Ordinance, which may be geographical or virtual, new or existing or expansion of an existing zone, as approved and notified by the Authority under these Rules in accordance with the Ordinance;
- (aa) “**startup**” includes a new business venture, commercial or industrial project integrally associated with technology;
- (bb) “**STZ committee**” means the Special Technology Zones Committee notified by the Authority as referred to in sub-section (4) of Rule 7 of these rules for the purposes of development, operation and management of zones and assisting the Approvals Committee in selection of the zone developer;
- (cc) “**STZ categories**” means the categories of STZ as prescribed in sub-section (2) of Rule 7 of these rules;
- (dd) “**technology**” includes a scientific or industrial process, method, invention, or product having a software or physical manifestation;

- (ee) “**technology skill development centers**” means the certification centers which impart vocational, technical, scientific and technology related skills;
 - (ff) “**technopolis**” includes a large-scale town with technology parks, R&D centers, high-tech production facilities, and display centers;
 - (gg) “**university**” means a university or an institute recognized as such by the Higher Education Commission or a foreign recognized university or degree or a certificate awarding institute or a college;
 - (hh) “**venture capital**” includes institutional investors, private equity or investment capital typically invested in ventures such as startups and SMEs exhibiting high potential of growth over a large period including foreign and local capital venture capital funds;
 - (ii) “**ZE categories**” means the categories of zone enterprise as prescribed in sub-section (13) of Rule 19 of these rules;
 - (jj) “**zone or STZ application**” means an application made by the applicant for the development, operation and management of the zone; and
 - (kk) “**zone criteria**” means the qualification criteria of a zone as prescribed in Annexure I.
- (2) The words and expressions used but not defined herein shall have the same meaning assigned thereto in the Ordinance.

PART-II

ADMINISTRATION OF SPECIAL TECHNOLOGY ZONES AND INSTITUTIONAL FRAMEWORK

3. **Modes of selection.**—(1) The Authority shall maintain and promote a facilitative investment environment within the zones to encourage investment in the technology sectors and technology-based growth in Pakistan.

(2) The Authority may select more than one zone developer for a STZ keeping in view the Master Plan, the interests received and for promotion of balanced development of technology ecosystem.

(3) The selection of the zone developer for a STZ shall be through an open competitive bidding in accordance with the criteria specified in the Expression of Interest (**EOI**) or Request for Proposals (**RFPs**) duly advertised to

ensure equal participation and transparency. The evaluation criteria shall be based on quality and cost competitiveness in accordance with Annexure V. The approval criteria for the zone developer are provided in Annexure III.

(4) The zone developer may also be selected through the following alternate modes of selection:

- (a) where it is nominated by the Foreign Government under the Government to Government (G2G) agreement subject to the conditions as may be prescribed by the Approvals Committee; or
- (b) where the zone developer is the legal title holder of the land on which the STZ is proposed to be established; or
- (c) where the proposal to develop STZ pertains to technology invention, technology transfer, R&D Investment, export growth, import substitution, high-end technology skills development, global outsourcing centers, global service centers, technology sector related University or any other proposal of such nature in line with strategic objectives of the Authority and approved by the Approvals Committee on such terms and conditions as it may prescribe,

subject in each case to the fulfillment of the criteria specified in the Annexure III.

4. **Alternate dispute resolution.**—(1) Without prejudice to anything contained in any other law for the time being in force, all disputes of whatsoever nature among and between zone developers, among and between zone enterprises or between zone developers and zone enterprises, or between any zone developer or zone enterprise and the Authority, and between any person connected to the zones shall be settled by mediation and legally binding arbitration exclusively through the rules of mediation and arbitration as agreed between the parties in the agreements:

Provided that no international arbitration shall be agreed in the case of local investors:

Provided also that no agreement in respect of settlement of disputes through international arbitration shall be agreed without the approval of the Federal Government.

(2) All other agreements between zone developers, contractors, operators, sub-contractors and zone enterprises shall be governed by the afore-stated alternate dispute mechanism as agreed between the parties in the agreements.

PART-III**APPROVAL OF SPECIAL TECHNOLOGY ZONES**

5. **Approval of zones.**—(1) The Authority may in accordance with the applicable documents establish STZs in any defined area or space within the territories of Pakistan. The Authority may establish STZ by themselves or in collaboration with private parties, partner under various modes of collaboration including but not limited to public private partnership, joint venture, consortium or exclusively through the private parties.

(2) The Authority, in pursuance of the powers conferred under clause (o) of Section 2 of the Ordinance, hereby notifies the following categories for development of zones (**STZ categories**):

- (a) Information Technology and Information and Communication Technology Industry;
- (b) High-Tech Electric and Electronics Production Industry;
- (c) Research and Development Centers and / or Clusters;
- (d) Technology related Business Process Outsourcing Centers and Global Service Centers;
- (e) Technology investments related to venture capital, private equity, hedge funds, and financial institutions;
- (f) Science and/or Technology Institutions;
- (g) Technology Startups, SMEs, Incubators and Accelerators;
- (h) Science and Technology Parks;
- (i) Technology Skill Development Centers;
- (j) Science Cities and Technopolis;
- (k) New and emerging technologies;
- (l) Any other technology with any combination or combinations and categories of technological organization, approved and notified by the Authority under Regulations:

Provided that the zone may include any one or more combination of the aforesaid categories.

(3) A zone developer who intends to develop, expand or get a zone declared in relation to any of the zone categories shall submit the zone application, in accordance with the zone criteria, which shall be evaluated as prescribed in the Regulations. The application for development of zone, complete in all respects in accordance with Annexure II, shall be evaluated by the STZ Committee.

- (a) The STZ Committee shall evaluate the application in the light of applicable criteria and make its recommendations to the Approvals Committee with respect to approval or refusal of application;
- (b) The Approvals Committee shall decide whether to accept or reject the recommendation of STZ Committee; and
- (c) the Approvals Committee may accept the application on such terms and conditions as it may deem necessary.

(4) The composition, functions and duties, terms and conditions of the STZ Committee shall be notified in the regulations or manuals.

(5) The Authority may notify for each zone a STZ Sub-Committee to be chaired by the zone developer for the purposes of over sight.

6. **Expansion of STZ.**—All the requirements applicable to a zone application for approval of STZ shall apply to the same extent for expansion of an existing zone. The Approvals Committee may reject, accept or accept a Zone Application for expansion of existing zone with certain conditions.

7. **Notification of existing infrastructure as STZs.**—The Approvals Committee may declare and notify any existing area as a zone within which any activities or technologies as prescribed in STZ categories are already being carried out upon a zone application submitted in accordance with these Rules. All the requirements applicable to a zone application for approval of STZ shall apply to the same extent for declaration of any existing area as a zone.

8. **Criteria for approval of zones.**—The Approvals Committee may prescribe a specific qualification and approval criteria for a particular STZ or a type of STZ in accordance with Annexure-V or any other criteria, if specified in its Regulations. While determining the approval of zone, the Approvals Committee may be guided by one or more of the following criteria and/or any other criteria that it may prescribe under Regulations and or Manuals from time to time. The Special Technology Zone shall:

- (a) support technology sector with internationally competitive and export-oriented structures and ecosystem;
- (b) promote ease of doing business for local information technology sectors;
- (c) encourage Foreign Direct Investment, and domestic investment in the technology sectors;
- (d) promote import substitution and / or export-led growth;
- (e) develop technology ecosystem;
- (f) create employment opportunities in the technology sectors and various IT and technology domains;
- (g) develop IT and technology related skills;
- (h) enable and facilitate technology transfer and / or acquisition / or relocation of new technologies; and
- (i) foster and strengthen the triple helix model (interactions and collaboration between government, industry and academia to foster economic and social development).

9. **Evaluation criteria of zone applications.**—A detailed evaluation of a zone application may include but is not limited to the following criteria, namely:—

- (i) suitability of location and layout plan;
- (ii) feasibility and business plans;
- (iii) minimum capital requirements, financial strength and funding plans, shareholding pattern;
- (iv) adequacy of planned infrastructure and technological infrastructure;
- (v) appropriateness of technological mix activities;
- (vi) plans for R&D and engagement with local and international universities, R&D centers, or R&D clusters; and
- (vii) assessment of environmental impact.

10. **Withdrawal of approval to STZs.**—(1) Notwithstanding anything contained in these Rules, the Approvals Committee may in addition to taking other authorized actions under the applicable documents, revoke, cancel, withdraw, modify the notification for approval of a STZ where:

- (a) the zone developer, in the sole opinion of the Approvals Committee, has failed to adhere strictly to any of the conditions of the license; or
- (b) the zone developer commits a willful and prolonged contravention of the provisions of the applicable documents, or defaults in the payment of fees, charges etc. payable under the applicable documents; or
- (c) the zone developer, in the opinion of the Approvals Committee, is unable or is unlikely to undertake the Zone development, operation or management in accordance with the applicable documents; or
- (d) when the licensed activities are interrupted by the zone developer without any reasonable cause or authorization of the Approvals Committee:

Provided that, if it is in the public interest to do so, instead of revoking the license, the Approvals Committee may permit the license to remain in force with such modifications or upon such terms and conditions as it may deem appropriate:

Provided further that revocation will be carried out in accordance with due process of law and ensure the protection of private property and guarantees against expropriation under the applicable law:

Provided further that the Approvals Committee shall not pass an order revoking or modifying a license without issuing a show cause notice to the licensee and giving the licensee an opportunity of being heard and making a written representation.

(2) Where the circumstances of the case warrant urgent action, the Approvals Committee may, without giving prior opportunity of show cause to the STZ, suspend the approval or license forthwith and thereafter proceed with the matter in accordance with the provisions of sub-rule (1) of Rule 12 of these Rules.

(3) The Approvals Committee shall have the power to impose fine on the defaulting zone developers and zone enterprises for any violations of the applicable documents in accordance with the Regulations.

11. Development agreement.—(1) There shall be a development agreement executed between zone developer and the Authority for the establishment, development, operation and management of a zone. The

development agreement shall be approved by the Approvals Committee and entered into after the grant of license to the zone developer.

(2) If support goods, infrastructure works or service is required, agreements with such goods, infrastructure works or services providers shall be appended to the development agreement.

(3) The standard terms and conditions of the development agreements are prescribed in Annexure-VI.

(4) The terms and conditions *inter-alia* for development, incentives, concessions, exemptions, taxation, foreign currency investment, repatriations, exchange rate protections, financial close, construction start, events of default, termination, compensation, dispute resolution and other related matters shall be part of the development agreement.

(5) The zone developer shall have the right to set up a renewable, geothermal, hydel or other captive electric power generation plant or install power generator of sufficient size to cater the expected demand for electricity within a particular zone as per applicable laws, rules and Regulations. The zone developer shall be entitled to sell excess electricity generated as per applicable laws.

12. Monitoring and evaluation of STZs.—(1) The Approvals Committee shall review each STZ, zone developer, zone enterprise and other persons connected to the zones on an annual basis and have complete oversight of the implementation and functioning of the STZs by the zone developer.

(2) Each zone developer and zone enterprise shall be required to submit its biannual and annual progress reports within one month of the completion of the half year and the year, as the case may be. Each STZ, zone developer and zone enterprise shall also submit its audited half-yearly and audited annual reports (financial statements) to the Approvals Committee. Failure to provide information or reports as prescribed shall render the STZ, zone developer and zone enterprise to fines in accordance with the Regulations.

13. Record keeping.—The zone developers and the zone enterprises shall be required to keep and maintain such physical and electronic record pertaining to all their functions in the form and manner as may be prescribed by the Approvals Committee.

14. Power to inspect.—The Authority or its duly authorized officers or duly appointed professional external audit firms shall have the power to inspect the record of the STZ, zone developer and zone enterprise.

PART-IV**LICENSING OF ZONE DEVELOPERS**

15. **Notification of zone developer.**—(1) For the development of any zone and subject to the Applicable Documents, the Authority may upon approval of a zone application by the Approvals Committee, notify and license the zone developer for the development, operation and management of the whole STZ or a part of the whole STZ.

(2) The criteria for evaluation of zone developers is set forth in Annexure III.

(3) The Approvals Committee may permit more than one zone developer licensed under sub-rule (1) to develop, manage and operate a whole or a part of the STZ provided the zone developer is duly licensed and remains a licensed entity under these rules.

(4) The zone developer may appoint one or more contractors with the prior approval of the Authority. The Authority shall not be a party to the contract agreement and shall only regulate the Zone contractors and sub-contractors.

Provided that:

- (i) the zones developer shall be obligated to maintain legal responsibility and liability for all actions of its contractors, as the case may be; and
 - (ii) the provisions of the agreements with the contractors are consistent with the conditions of license of the zone developer.
- (5) Upon completing all material agreements and requirements for the development, operation and management of zone to the satisfaction of the Authority and the payment of the licensing fees and other applicable charges etc. as specified by the Authority, the Authority may issue a license to the zones developer on such conditions as may be determined by the Approvals Committee.
- (6) The zones developer's license shall authorize the zone developer to conduct the activities prescribed in the license.

16. **Conditions of license of zone developer.**—(1) The zones developer's license shall remain valid for up to thirty years, which may be renewed or extended by the Approvals Committee on the terms and conditions as deemed appropriate, unless earlier suspended, modified or revoked by the

Approvals Committee in accordance with the terms of the license and applicable Rules / Regulations.

- (2) The zone developer licensed under the applicable documents shall:
 - (a) develop, operate and manage the zone, or any part of it, for which the license has been granted.
 - (b) comply with all the conditions and obligations imposed on the zones and zone developers under the applicable documents;
 - (c) not sell, allocate, lease zone or sub lease the zone's land to any person other than a zone developer, zone contractor, zone operator, zone enterprise, zone resident as authorized by the Approvals Committee in writing;
 - (d) develop and implement effective environmental standards as approved by the Approvals Committee;
 - (e) ensure equal treatment and avoidance of discrimination in the delivery of services to zone enterprises;
 - (f) monitor and supervise activities in the zone for compliance with the applicable documents; and
 - (g) notify the Authority immediately upon becoming aware of any violation or non-compliance with the applicable documents.
- (3) The zone developers shall coordinate with the Authority to develop, deliver services and maintain facilities used by the zone enterprises including the One Window Facility and related facilities established in the respective zones.

PART-V

LICENSING OF SPECIAL TECHNOLOGY ZONE ENTERPRISES

17. **Zone enterprise eligibility criteria.**—(1) A zone enterprise may submit an application to the Authority for a zone enterprise license through the one window facility. Only those applicants fulfilling the admission criteria for zone enterprise specified in Annexure-IV shall be approved and licensed as a zone enterprise in the manner prescribed.

(2) Subject to fulfillment of criteria set out by the Authority, a license for a zone enterprise may be issued:

- (a) regardless of whether the Applicants are new businesses, expansion of existing businesses or relocation of existing businesses; and
- (b) regardless of whether the zone is the business's primary place of business or otherwise.

(3) The Zone Enterprise should preferably be engaged in the following categories (**ZE Categories**) R&D, operations, development, financing, and investment in Artificial Intelligence and Machine Learning, Big Data Analytics, Quantum Computing, Cloud Computing, Internet of Things (IoT), Robo Advisory, Distributed Ledger Technology (DLT), Natural Language Processing (NLP), Augmented Reality / Virtual Reality (AR / VR), Robotics, Wearables, Mobile Payment, Fintech and Block chain, Biotech and Genomics, Edtech, Science and or Technology Institution, Technology Skill Development Centers, Telemedicine, Biomedical Technology, Internet of Things (IoT), 3D-Printing, Electric Vehicles, Automobiles, Sustainable and Renewable Energy, Green Energy, Agri-Tech, Converging Technologies, ICTS, IT and ITeS, Nanotech, Medical Devices, Pharmaceutical, Creative Industries. Ed-Tech, Semiconductors, Ecommerce, Satellites, Electronics, Smart Phones and Laptops, Fine Chemicals, New Materials, Precise Instruments, Environmental Technologies, Tertiary Industries, other major S&T industrial domains, industries, and sectors, and other existing and upcoming or emerging digital and technology areas as approved and notified by the Authority from time to time.

18. **Equal treatment to foreign zone enterprises.**—(1) The Authority and all other relevant Government entities shall accord to zone enterprises of foreign nationality, a nondiscriminatory treatment, equal to that accorded to Pakistani nationals in similar circumstances, in accordance with the Constitution of Islamic Republic of Pakistan and other applicable laws.

- (2) All foreign Zone Enterprises shall -
 - (a) be entitled to freely exercise any business activity inside the zone;
 - (b) not be subject to more than minimum capital requirements (if any) as prescribed for local enterprises;
 - (c) not be subject to any foreign ownership limits or domestic-ownership requirements.

19. **Safeguards against expropriation.**—No property of any zone developer or zone enterprise shall be expropriated save in accordance with the applicable laws.

PART-VI**ONE WINDOW FACILITY**

20. **One window facility.**—(1) The Authority shall formulate written and electronic standard procedures for the seamless management and operations of zones through the one window facility pursuant to regulations.

(2) The Authority shall require all relevant Government entities to deploy or make available such number of staff as may be required for the performance of the functions of the One Window Facility.

(3) Each zone developer shall provide sufficient space at its STZ for the one window facility, at no cost to the Authority, and strictly comply with the requirements of the Authority with respect to the one window facility.

(4) The one window facility shall offer the following services:

- (a) facilitating and processing of applications for approval of STZ, zone developer and zone enterprise;
- (b) facilitating and processing of applications for licensing of zone developer and zone enterprise;
- (c) coordinate between, administer requirements and facilitate the zone developers, zone enterprises and Government entities;
- (d) respond to, attend and resolve complaints of zone developers and zone enterprises and other persons in relation to STZs;
- (e) processing applications for financial support for zone enterprises;
- (f) remove legal, regulatory and operational barriers to business operations in the zones;
- (g) implement and administer functions envisaged under the Licenses, Development Agreements, development plans and master plans; and
- (h) Any other services for the facilitation of activities within the STZs.
- (i) Receive, process and decide matters relating to provision of government services and regulatory permissions on behalf of Government.

(5) All relevant Government entities including Federal, Provincial and Local Governments shall enter into MOUs with the Authority for agreement on standard of service levels (in terms of quality, cost and time) to be achieved and delivered by such Federal, Provincial and Local Governments.

(6) The Authority shall design an electronic system to facilitate the registration process and other administrative matters under the applicable documents.

(7) Any law, for the time being in force, and requiring documents to be created, retained, authenticated, notarised, duplicated, submitted, delivered or evidenced shall be deemed to have been complied with if such documents are available and retrievable in the electronic form in the operating system of the One-Window Facility.

(8) Any permit, license, authorization or approval required under any law to be issued shall be deemed to have been lawfully issued if the same is issued in electronic form.

(9) Any information, documents, data, authentication, or authorization transmitted, received, stored, done or processed in the One-Window Facility electronically may bear such marks, numbers, bar codes or identifiers which shall be deemed to bear electronic signatures and shall be admissible as an evidence in any legal fora and outside Pakistan. An electronic signature shall be valid for any registration or licensing requirement under the Applicable Documents.

(10) An applicant may make all applications for registration and follow-up correspondence through the One Window Facility.

(11) Notwithstanding the aforesaid, the Authority may require an applicant or their representative to appear in person, or to participate in a telephone, video or voice over internet protocol (VOIP) conference.

(12) The Authority may formulate any other alternative procedure pursuant to the Regulations under the One Window Policy of the Federal Government.

21. Cooperation with and by other government entities.— Government entities, including Federal, Provincial and Local governments, shall:

- (a) recognize the rights, concessions and obligations vested in the zone developers and other service providers for STZ, under the Applicable Documents and the Development Agreement;

- (b) allow and provide to the zone developers and zone enterprises reasonable access to areas around designated STZs for the development of all supporting infrastructure; and the zone developers and zone enterprises shall be allowed and provided reasonable access to areas inside the zones; and
- (c) enter into MOUs and MMOUs with the Authority as are necessary, to coordinate the required capacity and timeframe of infrastructure and utility delivery for the purposes of the STZ.

PART-VII

LAND USE RULES, BUILDING CONTROLS, LAND REGISTRY

22. **Master Plans.**—(1) The Approvals Committee shall consider proposed land use plans submitted by applicants for a zone developer as well as any proposed master plans emanating from the Authority itself, and all relevant Governments and Government agencies responsible for zoning and planning shall collaborate with to finalize the master plans and the zoning orders for each zone.

(2) For any land within a designated zone, any master plan and zoning order, including building codes and byelaws, made by the Authority or Approvals Committee shall supersede any previous conflicting land use controls for the same land.

(3) The Authority shall in writing approve or reject land use master plans and zoning criteria developed by zone developers for the zones.

(4) All relevant Government entities responsible for master zoning laws under their remit shall facilitate, cooperate and implement in their respective master plans, the STZ master plans and zoning order approved by the Authority.

23. **Land registry.**—(1) Notwithstanding anything contained in any other law, the Authority shall establish and maintain a registry or record of special technology zones maps, surveys, deeds and leases within one year of its operationalization.

(2) The registry or record established under sub-rule (1) shall include a comprehensive map containing data on all real property in the zones and the registered interests in those properties.

(3) All land revenue authorities and agencies shall recognize the registry and record maintained by the Authority and shall enter the information provided to them in the land revenue record and registers maintained by such authorities and agencies.

(4) The Authority shall enter into MOUs or MMOUs with the government agencies responsible for lands and estates in order to address any inter-governmental technical matters required for the implementation of these Rules.

24. **Regulation of construction activities.**—The Approvals Committee may prescribe or adopt building codes, byelaws, development and construction permits, procedures and criteria for the approval of development and construction works for Special Technology Zones.

PART-VIII

INCENTIVES AND PERFORMANCE INCENTIVES

25. **Incentives in zones.**—(1) All zone developers and zone enterprises shall be entitled to receive the incentives to be granted to them in accordance with sections 21 and 22 of the Ordinance at the time of execution of the relevant agreement with the Authority.

(2) The zone developers and zone enterprises may receive additional incentives on the basis of performance and evaluation in accordance with section 19 of the Ordinance.

PART-IX

FEES, RECOVERY OF FEES AND SANCTIONS

26. **Fees.**—(1) The Authority shall prescribe a schedule of the fees and charges under the regulations that the Authority may charge for any of the authorized activities under the applicable documents, including any fees for registration, authorization and licensing and services provided through the one-window facility.

(2) The Authority shall regularly update the fee schedule as and when necessary to facilitate an effective regulatory system.

(3) The Authority may recover the outstanding dues in the form and manner as may be prescribed by it from time to time under the regulations. All fees, charges, fines or other amounts due from the zone developers, zone enterprises and any other party and payable to the Authority may be recovered as arrears of land revenue under Land Revenue Act, 1967 in accordance with the regulations.

27. **Power of Authority to impose sanctions.**—(1) Pursuant to its functions under section 16 of the Ordinance, the Authority shall develop a mechanism for sanctions against zone developers and zone enterprises for violations in accordance with the regulations.

(2) Sanctions may not be imposed for an action or omission that was beyond the control of any person or that was not reasonably foreseeable by any person.

PART-X

IMPLEMENTATION OF THE RULES BY THE GOVERNMENT

28. **Cooperation agreements between Authority and Government agencies.**—(1) All relevant Government entities shall cooperate with the Authority to, *inter alia*, -

- (a) facilitate the processing of permits, licenses, registrations, and other approvals;
- (b) facilitate the collection, payment, reimbursement of any compensation, taxes, fees, fines or penalties;
- (c) coordinate, monitor, inspect or otherwise enforce any provision of the Ordinance or these Rules or Regulations; and
- (d) ensure the provision of all utilities and infrastructure to operationalize the zones.
- (e) they shall ensure processing of all applications within the timelines stipulated by STZA.

(2) The Approvals Committee or the Authority may take additional measures as deemed necessary with regard to any of the matters provided for under the Applicable Documents, if:

- (a) the relevant Government entities do not enter into a MOU or other agreement adequately addressing the requirements under the Applicable Documents within a reasonable time; or
- (b) the Approvals Committee or the Authority determines that any MOU or other agreement executed with a relevant Government entity has not been fulfilled in whole or in part.

ANNEXURE-I**QUALIFICATION CRITERIA FOR ZONE DEVELOPMENT**

1. STZ shall have minimum size of 5 acres of land or 250,000 square feet of covered contiguous area and may be new, existing or expansion of an existing STZ.
2. The STZ, shall be developed in accordance with the STZ categories for the purpose of economic activity in terms of export-led growth, import substitution, Foreign Direct Investment, job creation, technology development, research and development, technology transfer, high end technology skills development and other performance indicators and strategic objectives of the Authority.
3. STZ will not target any technology or product which is banned in Pakistan.
4. Zone application shall be in conformity with the provisions of the applicable documents.
5. The zone developer will be obliged to take all necessary approvals to start construction activities within six months of signing of development agreement and complete zone development within the time prescribed in the development agreement.
6. The zone developer(s) to be engaged for the particular STZ shall be a body incorporated under the laws of Pakistan.
7. The Memorandum and Articles of Association of the zone developer shall comply with the objectives of the proposed STZ.
8. The title of the land shall be legally or equitably vested in or contractually licensed/leased to the zone developer.
9. The land shall not under any circumstances be used for any purpose other than that prescribed in the license.

ANNEXURE-II**DOCUMENTS REQUIRED WITH ZONE DEVELOPMENT APPLICATION**

1. A business plan for the proposed STZ.

2. Schematic Master Plan with emphasis on availability of utilities, ease of access, infrastructure and support services.
3. A Zone Development Plan may:
 - (a) define the geographic or virtual boundaries;
 - (b) set out the basic infrastructure development requirements;
 - (c) set out the land requirements if any;
 - (d) set out a geotechnical study and topographical survey of the proposed land;
 - (e) include development plan, marketing plan, financing plan and management plan;
 - (f) determine estimated cost of development of STZ, and the sources of funds; and
 - (g) prescribe criteria applicable to the admission of zone enterprises.
4. Feasibility Study may contain the following components:
 - (a) a market-demand assessment;
 - (b) assessment of the market price for land and analysis for land pricing strategy;
 - (c) suitability of the STZ to support the targeted technological sectors and the required infrastructure and amenities;
 - (d) financial model of the costs and revenue streams of the STZ, along with sensitivity analysis;
 - (e) economic impact analysis including estimates for job creation, import substitution, research and development, technological development, export generation, and other benefits in line with Authority's mandate; and
 - (f) an environmental impact assessment
5. Criteria and plan for selection of zone developer, if applicable.
6. Development Agreement as prescribed under Annexure VI.

ANNEXURE-III**APPROVAL CRITERIA FOR ZONE DEVELOPERS**

The following criteria may be used for approval of applicant as a zone developer of a STZ:

- (a) Financial and technical strength of the applicant related to the proposed STZ Category.
- (b) The applicant may preferably furnish at least two (2) successful completion and/or operation certificates for technology and infrastructure projects of similar nature.
- (c) The modes of development of STZ including but not limited to Build Operate Transfer (BOT), Build Operate Own (BOO), Build Own Operate Transfer (BOOT), Engineering Procurement and Construction (EPC), EPC with Financing, Public-Private Partnership Models, Joint Ventures, or any other model acceptable under the laws of Pakistan etc.
- (d) The zone developer, where required, shall provide Master Plan, Development Plan, Marketing Plan, Financial Plan and Management Plan.
- (e) An Initial Feasibility.
- (f) Last 3 years' audited financial statements, if applicable.
- (g) The zone developer shall be a legal entity incorporated under the laws of Pakistan as a special purpose company.
- (h) Any other criteria as may be prescribed by the Approvals Committee from time to time.

ANNEXURE-IV**ADMISSION CRITERIA FOR ZONE ENTERPRISES**

1. The admission criteria for the zone enterprise may comprise of the following:

- (a) The zone enterprise shall be a legal entity as defined in the Rules.
- (b) The entity should have the aim and object of producing IT, technology related goods, products, software, applications, processes, services, education, training and or development of human resources in the technology sectors.

- (c) The entity should have the aim and object of promoting local IT, technology skills development, industrial up-gradation, technology transfer, local content manufacturing based on utilizing domestically manufactured goods and or domestically supplied services.
- (d) The entity shall demonstrate a clear commitment to engaging and hiring, as much as possible, local technical resources, local STEM (Science, Technology, Engineering and Mathematics) talent, and or local R&D personnel in its operations.
- (e) The entity should be committed to patenting its inventions and innovations in process, machines, articles of manufacture, composition of matter as well as any improvements to any of the aforementioned. Entities with patents in their chosen field or domain of operations shall be preferred.
- (f) The foreign zone enterprises may transfer the technology to the local companies.
- (g) Every zone enterprise shall commit to train, at its own cost, youth including fresh University graduates with undergraduate and graduate degrees, students with any education level every year, in the latest cutting-edge technologies to the level that they can be gainfully employed by either themselves or are employed by other national and international companies in Pakistan or abroad.
- (h) Any other criteria as may be prescribed for a particular zone by the Approvals Committee from time to time.

ANNEXURE-V

EVALUATION CRITERIA FOR ZONE DEVELOPER

A. Technical Proposal Evaluation

1. The technical proposal may comply with the criteria and methodology approved with the zone application.
2. The technical proposal may include at a minimum:
 - a. Detailed plans and methodologies for the execution of the whole, or part, of STZ Master Plans. The zone developer may propose changes to the STZ Master Plans;
 - b. Details of the relevant experience of the zone developer; and
 - c. Profiles for the proposed management team.

3. The evaluation criteria may include the following factors:
 - a. The quality of the zone developer plans for the STZ;
 - b. The quality and relevance of the experience of the zone developer; and
 - c. Additional factors and sub-factors may be added to the proposed criteria as appropriate.
4. The criteria may be evaluated using a weight-rank methodology or as prescribed by the Authority under Regulations from time to time. In case of weight-rank methodology, each criterion may be assigned a relative weight, then assigned a score during evaluation. The products of the weight and scores will be summed to determine the total score for the proposal. The methodology used may include the following components:
 - a. Criteria and sub-criteria as specified in clause (3) above;
 - b. Weightings for each criteria, including justification for the designation of the relative weightings;
 - c. Standards for how to assign scores for each criteria; and
 - d. Setting of a minimum threshold total score that is required for qualification.
5. The technical proposals that scored as exceeding the minimum threshold may be qualified. The Authority may exercise its discretion on case to case basis where such evaluation criteria may not reflect the requisite technical expertise of the applicant.

B. Financial Proposal Evaluation

1. The financial proposal may include at least the following components:
 - a. The estimated cost of land acquisition or land lease/land use;
 - b. The financing plan, debt and equity, for the development and operation of zone
 - c. Acceptance or proposed modifications to the terms and conditions of the development agreement.

2. The evaluation criteria may include the following factors:
 - a. The least cost for the development of the STZ;
 - b. The adequacy and commitments of financing plan;
 - c. Agreement on the terms of development agreement.
 - d. Additional factors and sub-factors may be added to the proposed criteria as appropriate.
3. The criteria may be evaluated using a weight-rank methodology or as prescribed by the Authority under Regulations from time to time. In case of weight-rank methodology, each criterion may be assigned a relative weight, then assigned a score during evaluation. The products of the weight and scores will be summed to determine the total score or the proposal. The methodology used may include the following components:
 - a. Criteria and sub-criteria as specified under clause (2) above;
 - b. Weightings for each criteria, including justification for the designation of relative weightings; and
 - c. Standards of how to assign scores for each criterion.

ANNEXURE-VI

CONTENTS OF ZONE DEVELOPMENT AGREEMENT

The Zone Development Agreement shall be prepared by the Authority and may include the following contents:

1. Introduction of parties;
2. Preamble of agreement;
3. Project site and related rights encompassing leasehold rights, execution of indenture of lease period, acceptance of project / lease rights, consequences of acceptance and scope of project;
4. Rights, protections and entitlements of the zone developer with respect to the STZ concerned, established or allowed under the applicable documents;

5. Conditions precedent for development, preparation and submission of Master Plan, design and drawings including all Government consents etc.;
6. Financial closure encompassing clearances and approvals, specific formats of lease and sub-lease agreements, extension or termination of agreement if the conditions have not been met, complied with or satisfied and consequences of non-fulfillment of the conditions;
7. Financial considerations for the zone developer including land premium for leasehold rights, annual lease premium, midterm development fee, penalty for failure in achieving the milestones and additional fee for the late payment of any sum, encashment of performance bank guarantees etc.;
8. Milestones that the zone developer is required to achieve in order to have the STZ deemed operational;
9. Project development and operations encompassing obligations of development, construction and development, implementation plan and progress reports, marketing and sub-lease arrangements, operations and maintenance, payments to the Authority, appointment of contractors, general obligations and responsibilities of the zone developer;
10. Restrictions on changes in the zone developer, contractors, insurance, audit and accounts and change in law;
11. Force majeure events, notice of force majeure events, reporting requirements, performance of obligations and termination of the development agreement due to a force majeure event;
12. Representations and warranties from Authority and zone developers;
13. Insurance, indemnities, guarantees and other securities to be given by the zone developer;
14. Safety, security and environment;
15. Event of default and termination encompassing Authority and zone developer's event of default, consequences of developer's default and termination procedure, lenders' step in, termination of force majeure, compensation and divestment requirements;

16. Remedies for non-performance: The Authority may require certain undertakings from the zone developer, and in case of failure to perform may impose certain remedies and financial and nonfinancial sanctions on the zone developer's failure. Similar terms shall be in place for failure of the government signatories to deliver on their commitments;
17. Transfer of rights: The License issued to the zone developer is not transferable to any other party. The zone developer is not allowed to transfer its rights for the development and operation of the STZ in whole or in part to one or more parties other than in accordance with the development agreement;
18. The zone developer, however, can sell and transfer the shares of its company to any person subject to approval of the change of shareholding, directors and management by the Authority however not earlier than three (3) years of successful operations of the zone;
19. Dispute resolutions encompassing governing law, amicable resolution, alternative dispute resolution, arbitration, arbitrators, procedure, place of arbitration, language, enforcement of award, fee and expenses and performance during arbitration. This segment will also encompass the provisions relating to disputes on behalf of the zone enterprises through arbitration;
20. Miscellaneous provisions encompassing third party agreements, proportionate responsibility, several obligations, severability, notices, waiver, amendments, modification, violation of terms, independent right, counterparts, no assignment, consequential loss, expenses, no agencies, no third-party beneficiaries, employees of the zone developer and exclusion of implied warranties etc.;
21. All undertakings of the zone developer regarding the development and operations of the STZ, with the zone development plan and business concept of proposed STZ model;
22. All authorities conferred on the zone developer with respect to the STZ concerned, including specifically any provisions pertaining to the zone developer's authority to:
 - a. admit enterprises into the STZ in accordance with the zone admission criteria and allot land to them in accordance with agreed eligibility criteria and procedures;

- b. act as a liaison and facilitating agency between the Authority and zone enterprises as required by STZA;
 - c. all financial obligations of the zone developer, including any obligation to make payment for the allocation of land and the provision of services by public authorities; and
 - d. clear provisions regarding the responsibility of maintenance of infrastructure and utility services;
23. Rights protections and entitlement of zone enterprises in the STZ concerned established or allowed under the applicable documents together with a prescribed procedure for the invocation of such rights, protections and entitlements by the zone developer.

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FEROZE KHAN,
Deputy Secretary (RA).