

REINVENTING CITIES AS CATALYST FOR GROWTH

A COLLECTION OF WORK AT PIDE

Edited by: NADEEM UL HAQUE & LUBNA HASAN

> Pakistan Institute of Development Economics

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Pakistan Institute of Development Economics Quaid-i-Azam University Campus P. O. Box 1091, Islamabad 44000, Pakistan

E-mail: publications@pide.org.pk *Website:* http://www.pide.org.pk *Fax:* +92-51-9248065

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PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS ISLAMABAD

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INTRODUCTION

Cities worldwide are the powerhouses of growth, commerce, innovation, productivity, and magnets for talent. They are the cradles of knowledge, entrepreneurship, science, and culture. While the world focuses on their cities to benefit from their positive externalities and minimise the negative impact (congestion, crime, and pollution), we, in Pakistan, have relegated cities and their governance issues to obscurity.

Research on cities and their management is scarce. Pakistan Institute of Development Economics took the lead in bringing this all-important research area to the mainstream back in 2006. This book is a compilation of recent cutting-edge research conducted at PIDE.

The first chapter, "Contextualising Pakistani Cities," by Nadeem Ul Haque, sets the stage for a deeper understanding of Cities' role in the contemporary world. He poignantly states that cities have been at the heart of development throughout history. They drive growth by enabling the exchange of goods, services, and ideas in a dense and mixeduse environment. He then draws a comparison of the world's megacities - the magnets of growth – with the debilitating state of Pakistani cities. He argues that the Pakistani cities – a remnant of our colonial past – are the polar opposite of contemporary cities. Unlike a modern city, which is dense, walkable, with mixed-use and high-rise city centres, Pakistani cities are horizontal sprawl with sub-urban two-story housing, car dependence, absence of commercial and public spaces, and limited opportunities for entrepreneurship and the poor. The prime land in city centres is occupied by housing for the government, which takes precedence over commerce. The city administration lacks professionalism and is a continuation of the colonial past. Obsessed with maintaining the status quo, they rely on archaic zoning and building regulations that are exclusionary to the poor and detrimental to dense, walkable, mixed-use city centres. He emphatically argues that for cities to lead the growth process, city administrators must adopt a city-markets-governance framework.

The second chapter, "**Cities in Human Life**," by Durr-e-Nayab, takes a historical view of the role of cities in shaping human life. She posits that cities, since antiquity, have been the centre of knowledge, learning, creativity, innovation, institutions, and government. High levels of human capital provide a potent force in cities, attracting and inspiring innovators. Cities are, thus, centres of growth because of the density, higher productivity, knowledge spillovers, and proximity of complementary economic activities, thus leading to economies of agglomeration and scale by offering larger markets. The paper investigates relevant literature on issues like cities' evolution, definition, primacy and size, meta-geography, and future. Nayab believes that cities of the past have been successful either as cultural incubators or as technological innovators. Now, a new culture is expected to grow in urban areas through the synthesis of art and technology, further emphasising the role of cities.

In the third chapter, "**The Flawed Urban Policy**", Nadeem ul Haque questions the myth of 'rural Pakistan' and argues for a shift toward growth-enhancing city-centric policy.

He contends that Pakistan is an urban country whose policy narrative refuses to accept this reality. The paucity of research on cities' functionality, patterns, zoning, optimum size, architecture, globalisation, governance, urban sprawl, and the absence of an urban policy has stifled the growth potential of cities. Pakistani cities are dysfunctional, with suburban development and no downtown - dense areas of mixed-use (residential, office, commercial, and entertainment) within an almost walkable district. There is a shortage of essential spaces like offices, schools, restaurants, and libraries, which are being operated in residential buildings. The geographic spread of cities makes the provision of public transport an expensive affair, with the resulting dependence on cars. This car-centric approach makes road expansion (flyovers, underpasses, etc.) a big-ticket item in the development budget. He puts urban renewal at the heart of Pakistan's growth revival. Relax the zoning laws and building controls in favour of dense, high-rise downtowns, encourage construction and real estate development, and let the 'tower-cranes,' the hallmark of metropolitan cities, dominate the skyline.

With the global consensus on devolution for improved and efficient provision of goods and services at the local level, the cities are under increased pressure to manage funds to perform these tasks. In the fourth chapter, "Increasing Revenue for Metropolitan Corporation Islamabad", Nadeem ul Haque proposes a plan for generating a revenue stream for Islamabad. He explains the expectations a city government must fulfill, i.e., to provide jobs and growth, a healthy and safe environment, opportunities for all, and civic participation. For this, cities rely on options that encompass a) property taxes, b) utility payments, c) user charges, d) value creation through urban regeneration and land value capture, e) proactive use of its assets (sports and community centres) and being more cognizant of their wealth. He argues that most of the national wealth is situated in cities in terms of real estate, creativity, entrepreneurship, and markets. Every city has assets that are potential sources of revenue but are poorly managed. Of this, land is the most precious asset held by a city, which is often given over to suboptimal uses, including houses for officials on prime land, golf clubs and polo grounds, railway, and metro stations. Urban regeneration through creative destruction and rezoning can be used to capture this wealth. Based on these principles, he proposes a revenue plan for the Metropolitan Corporation of Islamabad, with an estimated revenue stream from each source.

The fifth chapter, "A Traverse of Illegalities in the Private Housing Societies in Islamabad", by Lubna Hasan, Aqeel Chaudhry, and Hanzla Jalil, investigates a phenomenon that is peculiar to Pakistan – the private housing societies that dominate the urban space of the country. The study takes Islamabad, widely believed to be a well-planned capital city, as the case study. It finds that vast tracks of land in three out of five zones of the city are under the possession of illegal private housing societies. The Capital Development Authority (CDA), despite its mandate, had failed to regulate private developers. Most government departments have used the cooperative society law to develop land sporadically and in a haphazard fashion for decades. These developments take years to materialise, defraud investors, and allow the powerful in each agency and country to benefit. Housing society and land development remain a scam in Pakistan mainly because regulators and administrators benefit from this approach with free plots to the powerful. In turn, the gifting of plots leads to the capture of regulation and other agencies of governance.

In chapter six, "Wasting Public Wealth—The Antecedents and Practice of Public Land Management in Pakistan", Shahid Mehmood discusses how the inefficient use of public lands is ripping Provincial and Federal governments of potential sources of revenues. Governments sit on a goldmine of assets – public land. Its efficient management can bring ample advantages to its holders. Pakistan, like most other countries in the world, has a sizeable portion of public land. Both the Federal and the Provincial governments hold vast amounts of this valuable asset. However, there is no concise estimate of its size, no central data repository, and no balance sheet reflecting its value. Evidence indicates that it has been poorly managed, implying significant forgone revenue to the government. Laws governing the management of these lands evolved out of British laws and invariably have remained the same. There exists enormous wealth in the country, especially in our cities, in the form of government-owned land ('public land'). Yet, Pakistan's policymakers and successive governments have been exceptionally incompetent at managing this wealth. Unless the manner of management of these lands changes drastically, the status quo is set to prevail.

In the seventh chapter, "Construction without Real Estate Development," Nadeem ul Haque and Nadeem Khurshid argue for a sea change in how real estate is looked upon in Pakistan. They posit that real estate investment has been an essential source of wealth generation throughout human history. Real estate development, through every stage of its value chain, creates wealth as well as specialised spaces that allow humans to be more productive. However, in Pakistan, real estate investment is considered unproductive without any evidence to support this conclusion. In our cities, undeveloped plots rather than finished real estate is the investment of choice, all because of poor city planning. Our city planning has created a plot market because it does not facilitate construction. People invest in plots, a graveyard of capital, when there is no real estate or secure investment alternative. The real estate sector comprises the construction industry and real estate development, both work in tandem. It is a value chain that operates from land to development to the services that flow from constructed space, of which housing is only one. They make a case for the stigma from any part of the value chain to be removed, allow the entire industry to transact freely, and encourage it to supply complex mixed-use buildings that will provide flats, offices, retail spaces, and other needs-based on market demand instead of the whims of city planners. City planners and policymakers must recognise that value and products are created in vibrant city spaces. We need complex multiple-use spaces, which are in demand by both investors and consumers, to be allowed to achieve the national productivity level required by our economy.

In chapter eight "**Rethinking Mobility (Urban Transport Policy) in Pakistan**," Nadeem ul Haque and Muhannad Rizwan ask for a revisit of Pakistan's urban mobility policy. In line with Bertaud's argument that a city is a labour market, they argue that for a city to function efficiently as a labour market, it must provide opportunities, draw talent, and manage resulting congestion with effective mobility options. Urban transport is experiencing a paradigm shift in how mobility problems and their solutions are defined and evaluated. The contemporary approach is for compact and connected urban growth that increases livable density by creating mixed-use land development where people can live, work, study, shop, and have fun without excessive travel and synchronise this with citywide public transport. This integrated planning allows for more efficient use of resources, greater prosperity, and social inclusion at lower costs. In Pakistan, however, with its car-dependent suburban style urbanisation, urban transport policy primarily hinges on building more roads and signal-free corridors (flyovers and underpasses), seldom focusing on other modes. With roads taking up most of the budget, city administrations rarely spend on buses, which are a primary mode of transport connecting various city neighborhoods. The contemporary approach to urban mobility treats streets as public spaces that connect people to neighborhoods and facilities. They allow mobility and access to street vending, art, and other community services. It is grounded on sustainable and inclusive urban transport modes, viz walking, cycling, paratransit¹, buses, trucks, cars, motorbikes, and urban railways, which are all part of the system. Pakistan's Urban transport policy must follow suit and move away from a car-centric approach. The chapter provides a blueprint of how that transition can be made.

In chapter nine, "Mobility, Cars, and Cities", Hafeez ur Rahman Hadi discusses the importance of having a car policy for Pakistani cities. Car ownership in Pakistan has been on the rise lately. Cities often try to provide a robust infrastructure of roads to ensure a smooth traffic flow, disregarding non-motorised or public transport. When new roads are built, they seamlessly facilitate cars, and people find it easy to own a car for traveling to homes, schools, offices, and city centres. This policy tilt towards cars not only takes up a significant chunk of the city's valuable (often meager) resources in road construction, but it also leaves little space for other more affordable, inclusive, and sustainable modes of transportation (walking, biking, public transport). The world's cities are quickly realising their 'planning mistakes' of expanding the spaces for cars while shrinking public spaces; they are now reversing the phenomenon by recognising streets and roads as public spaces (Toderian, 2020). The study also looks at how other cities have created a balance between car ownership, road infrastructure, parking provision, parking charges, public transport, and are increasingly making walkable streets. Finally, it provides a prescription for how Pakistani cities can employ parking fees and congestion charges, amongst other measures, as a tool for revenue generation, moving old fleets of cars out of the cities, and increasing the use of public transport.

Chapter ten, "**Islamabad Master Plan**", questions the relevance of master plans in shaping contemporary cities. It posits that the Islamabad Master Plan, as envisioned by C. A. Doxiades, has arrested the city's growth. Its restrictive zoning regime has encouraged sprawl against high-density mixed-use development, causing inefficient use of land, increased travel time and costs, pollution, and destruction of arable lands. It has stifled commerce and left no room for the poor in the capital city. Masterplans are a thing of the past, and the world has moved on from these archaic restrictive constructs. Masterplans are time and data-intensive. Being static and mostly non-inclusive, their stringent requirements leave little space for markets to develop. Successful cities have flexible zoning codes to adjust to the changing physical requirements of a city. Real estate prices increase where height restrictions are excessive. Rezoning helps increase the supply of land to keep prices in check. Policy needs to recognise cities as engines of growth. Islamabad's zoning paradigm needs to change in favour of density, high-rise mixed-use development, walkability, and public and community spaces. Government ownership of city-centre land

¹ A transportation service that supplements larger public transit systems by providing individualised rides without fixed routes or timetables.

needs to be reduced, and the city should be given adequate ownership of its land and resources. Commerce is to be given priority in city centres. City management should be professional and accountable. Decision-making must be an open, consultative process.

Chapter eleven, "Lahore's Urban Dilemma," pans out the problematic zoning and building codes that are inducing a horizontal sprawl in Lahore. It identifies that rules are complex, self-contradictory, and subject to multiple interpretations. Building and zoning rules are conflated. Setbacks and heights are arbitrarily related to plot size and road width. The landuse rules and zoning regulations continue to favour outdated concepts, such as commercial roads based on car access over denser, cramped areas, such as Misri Shah and Baghbanpura. The planners prefer suburban areas as opposed to where the people are densely cramped. Lahore needs to stop sprawling to suit a car lifestyle that pollutes the environment and leads to a scrapped, congested lifestyle. Zoning should merely differentiate between the city centre and the suburbs. Like most jurisdictions in the world, it is time that LDA gives up height restrictions as these restrictions lead to box-like building structures with no room for green spaces. The building regulations must specify FARs only with Sky exposure guidelines. No detailed building setbacks are required. Focus should instead be on building intensity, i.e., the percent of the plot that can be covered. This, too, should be area by area, not building by building. The city urgently needs a Mobility policy to accompany building and zoning regulations. Cars should not be linked with housing and business.

PIDE's Reform Agenda for Cities

To sum up, while most of the world's GDP is produced in the cities, Pakistani cities work below their potential and remain chaotic, congested, and haphazard, lacking essential amenities and workspaces. The body of work at PIDE has identified what ails our cities and proposes reforms to spur growth. These are summarised below.

Issues

- Cities in Pakistan are trapped in the colonial construct of masterplans. The world has moved on from restrictive master planning. Master plans are time and data-intensive. They rely on present data to make future projections, which are often faulty. Being Static and mostly non-inclusive, they become irrelevant fast and leave ample room for maneuvering by vested interests. Their strict requirements leave little space for markets to develop.
- Cities over-regulated. City zoning has been very restrictive, favouring singlefamily houses with little scope for commercial and civic activities.
- Building regulations are stringent. Real estate prices go up where height restrictions are excessive. The strict regulations regarding Floor Area Ratio (FAR) and setbacks make housing unaffordable for low-income groups.
- Waste swaths of public land are under-utilised. These Subsidised land for elite clubs, golf grounds, and government housing in the centre of the cities deprive city dwellers and its administration of the opportunity to create wealth through income-earning opportunities.
- Urban transport policy primarily hinges on building more roads and signal-free corridors (flyovers and underpasses) to suit the suburban lifestyle, seldom focusing on other, more sustainable modes of mobility.

• Our cities are fragmented. Multitudes of administrative units (cantonments, Development agencies) make comprehensive planning daunting.

Reforms

- Policy, research, and thinking need to move away from a spaceless approach to development by integrating the role of cities as engines of growth.
- The zoning paradigm needs to move away from its current emphasis on upperclass housing to one that recognises the diversity of the functions of a city. It must favour density, high-rise mixed-use, and walkability, especially in downtown areas. In addition, it must favour public and community space while allowing for commerce, culture, education, and other needed city activities. Zoning needs to be based on clear, transparent processes based on open citizen consultations. This act would stem sprawl, save precious agricultural land, generate environmental benefits, and promote more inclusivity. Such changes would also lead to a construction boom that, in turn, would create employment, attract investment, and hasten sustained growth.
- Building regulations must be loosened to allow complex high-rise construction.
- Cities need to be equipped with adequate ownership of their land and resources through decentralisation. Cities often sit on a gold mine of assets that include not just real estate and public utilities but can also create wealth through the socio-economic uplift of its people and regeneration of decaying urban areas. These assets can be materialised through better city management.
- City centres need to be developed for dense mixed-use. Government ownership of city-centre land needs to be reduced since it is retarding downtown development. Commerce is to be given priority in city centres.
- Revisit urban mobility policy to treat streets as public spaces that connect people to neighborhoods and facilities and allow mobility and access to street vending, art, and other community services. Revise urban transport policy in favour of more inclusive modes of urban transport viz walking, cycling, paratransit, buses, trucks, cars, motorbikes, and urban railways being part of the system.
- Monetise housing benefits for public sector officials, who currently enjoy luxury housing and office space that take up large areas of city centres. Monetisation could free up valuable land for high-value commercial and mixed-use development.
- City management should be professional, consultative, and accountable. Cities must be able to hire out of their budgets without federal hiring restrictions such as the Unified/National Pay Scales and mandatory positions for the federal civil service. Moreover, decision-making must be based on open consultative processes.

Chapter 1

Contextualising Pakistani Cities

NADEEM UL HAQUE

Cities Are at The Heart of Development

Recent research shows many reasons why city development is at the heart of progress, growth, and development.

History and civilisation evolved in cities. All major scientific, social, political, economic, and technological innovations have happened in human agglomerations known as cities. Great civilisations and empires have been developed around cities. It is no accident that the dominant empire of any time had the most important, creative, and productive city of the time.

The most advanced cities have been places of learning and idea development. Cities such as London, Edinburgh, Paris, Los Angeles, and New York have been birthplaces of invention, creativity and most important of all, enlightenment, and reformation. Historically, these cities have been for commerce and merchants and have evolved as mixed-use commercial cities.

The bulk of the output in any country is produced in cities. Markets are based in cities and in bigger denser cities these markets can be highly specialised clusters of information exchange. Innovation and entrepreneurship are often incubated in such cities. Economic activity, innovation, and entrepreneurship tend to cluster and feed off each other, favouring density.

The difference between poor and rich countries often lies in the productivity of their cities.

Cities allow space for everyone and all activities. All classes live in cities. Often the poor and middle-class live in cities while the rich estates move to open suburban environments. Cities offer community and networking infrastructure - libraries, community centres, sporting and conference facilities, and theatres - to all, especially the poor and the middle class.

Creative cities enhance individual productivity. In the post-industrial information age, creativity creates value. Creative cities are multi-ethnic, open to immigration, culturally rich, dense, full of learning and innovation, allowing of eccentricity, and offer many diverse learning experiences. In well- organised societies, productivity increases and energies converge to produce innovation and fresh ideas.

City centres are mixed-use and densely populated where private space as well as private transportation are at a premium. Increasingly, cities are using congestion taxes for cars and putting more emphasis on public transport to make cities more people friendly. The young, the poor, and the middle class, along with their creative activities, co-exist and interact with businesses in busy 24-hour downtowns. These city centres are the heart of a city and define a city. All development around a city is then relative to this city centre. City centres are magnets for ideas and migration. In fact, globalisation is really the network of ideas generated in city centres.

Sprawls that put cars first are less productive, more energy intensive, and wasteful.

City regulation allows change and development. Cities are dense human settlements, and it is no wonder that they accentuate all conflicts. Successful countries and city administrations develop institutions for managing these conflicts, bearing in mind the needs of development and growth. Where conflicts are not properly managed, decline sets in.

Building regulations must allow for creative destruction and renewal must be allowed. One important tension that needs to be managed is that between preservation of legacies and histories and that of accommodating the new and modern. Preservation is costly but necessary. However, without creative destruction, city development may be arrested. Preservation must be cleverly executed, preserving the spirit of the past and not seeking to keep obsolescent culture and functions alive.

Incumbents have the first mover advantage in any city occupying the best land and the use of the main amenities of cities like clubs and parks. Unless city management is looking toward development, these incumbents will use the preservation argument to preserve more than is necessary and most of the preservation will be self-serving.

Real estate prices go up where height restrictions are excessive, and the building process is discouraging construction.

Rezoning helps development and increases the supply of urban amenities and housing in order to keep prices in check. Mayor Koch of New York talked of the NIMBY ("not in my backyard") mentality. Most of us would like a nice spacious mansion set in the middle of nice green meadows with all urban amenities within easy reach. Yet no one wants a busy highway or a shopping mall close to their backyard. But as a city grows, space has to be made for urban conveniences such as highways, hotels, offices and shopping malls. Often, estates and even palaces have to give way to the development of the city. City management must be able to deal with the NIMBY mantra. Palaces, estates, hunting grounds, and leisure parks of the rich have given ground to the needs of the city. There are examples of the supremely entitled, namely kings and dukes and barons, who have seen the importance of yielding such private spaces to the development of more productive cities.

While the emerging global consensus is that city development is at the heart of the growth process, Pakistan policy and research remains largely oblivious to it, given the highly donor dependent policy process which eschews domestic thought and debate. The result is that Pakistani cities are the opposite of what conventional policy advice would suggest. Their key characteristics are:

- Sprawl is actively encouraged by policy. All Pakistani cities appear to have no downtowns or city centres—dense areas of mixed-use development, concentrating residential, office, commercial and entertainment within an almost walkable district. Many cities are becoming urban sprawls at the expense of valuable agricultural land for which, at various times, expensive irrigation has been put in place.
- Sprawl development favours roads and housing estates for the rich over other activities. There is an excess demand for most forms of city activities—education, entertainment, offices, retail, warehousing and even low income and middle-class housing. All these activities lack purpose-oriented space and are forced to be conducted in the only kind of city space that planners have been allowing for the last few years—single family homes.
- High rise, even for flats, is severely discouraged and penalised. The result is that housing for low-income groups, young people starting families, and the middle class, is in an extremely short supply. In addition, there is no cohesive, mindful construction activity in any city, even though this sector could sharply expand employment and growth.
- City zoning has been very unfriendly to commercial construction, public spaces, and commercial and community activity. Zoning, heavily manipulated by influential groups with vested interests, favours single family housing, leaving little space for other activities. Commercialisation—anything other than single family homes—is arbitrary, cumbersome, ill- planned and expensive. As a result, zoning and real estate development appears to be a rent- seeking game.
- Government rather than commerce dominates city functioning. There is a large presence of government, especially the army, in all cities. Most prime land is government-owned, making the availability of prime land for commercial and mixed-use development very difficult. For example, the Mall Road in Lahore, the main thoroughfare, is completely owned by the government almost all the way from the Provincial Assembly chambers to the Airport.

Why are Cities So Over-regulated?

The answer lies in the architecture of their governance. Cities have become a major vehicle of rent-seeking and privilege preservation. Zoning and the arbitrary use of public land has become a major vehicle for rent distribution. Laws and institutions— based on open transparent processes and clear property rights—have not been created to deal with this problem. In Pakistan, centralised administration, opaque processes, and inadequate city administrations have heightened rent-seeking activity, stifling economic growth in cities while accelerating speculation. Some issues are:

• City management is an almost part-time activity of the centralised civil service. Professional and autonomous city management cannot be structured and implemented without a civil service reform. The current structure does not allow for community participation and catastrophically places cities in the hands of junior civil servants who are in temporary positions, waiting to transition to a higher position, in a monolithic federal bureaucracy. Spurred by donors, city management is viewed as the provision of physical infrastructure, such as sanitation and roads. Social, cultural, and learning activities are an important part of a city.

- Pakistani cities offer little in the way of entertainment, community, or leisure space. There are practically no libraries, community centres, theatres, or sporting facilities (except for those for the élite).
- Most cities are not administratively cohesive. Cantonments, federal and provincial governments, and other administrative structures often operate to undermine city functions and even take over city spaces to the detriment of city development. Federal and provincial governments own vast amounts of inner-city land which is arbitrarily developed without consultation with the city. Examples abound arbitrary offices, leisure clubs, and training academies that the Punjab government and various federal agencies have built up in Lahore without consultation.
- The public service pays and pension system which relies on perks based on urban land seriously impedes city development. City centres are dominated by housing for civil servants, judges, and army officials. Land that should be available for mixed-use, high-rise development is blocked because of this. Reforms that would monetise this perk and make this land available for mixed-use, high-rise construction have an investment potential of 50 percent of GDP over 10 years (Planning Commission / CDA estimate). This suggests that the opportunity cost of the perk system is huge.
- Unlike other countries, because of the perk system, real estate development has become a public sector enterprise business and not a commercial activity. Officials are rewarded for government service by gifts of land and hence like to keep land development as a public sector activity (CDA, DHA).
- The unintended consequence of this form of city development is the serious lack of public, community, entertainment, and commercial spaces. This lack accentuates exclusion, especially of the youth and the poor, not only from the city but also from globalisation and modernity. The only form of public space that zoning has favoured or is unable to curtail is that devoted to religion.

The public service pays and pension system which relies on perks based on urban land seriously impedes city development.

Rebuilding Cities for Growth and Development

Following earlier research done at the Pakistan Institute of Development Economics (PIDE), the Planning Commission Framework for Economic Growth (FEG) highlighted urban reform as central to any strategy for sustainable reform in Pakistan. Cities become engines of growth and development when they are allowed to function as decentralised, coherent administrative units for the advancement of commerce. To achieve this:

- (1) Policy, research, and thinking needs to move away from a spaceless approach to development by integrating the role of cities as engines of growth.
- (2) Fiscal federalism needs to be urgently adopted for city growth and to allow cities adequate ownership of their land and resources. This must mean an adequate definition of city limits with exclusive city ownership of its resources. Federal and provincial governments, and defense agencies should not affect city administration.

- (3) The zoning paradigm needs to move away from its current emphasis on upper class housing to one that recognises the diversity of the functions of a city. It must favour density, high rise mixed-use development, and walkability, especially in downtown areas. In addition, it must favour public and community space while allowing for commerce, culture, education and other needed city activities. Zoning needs to be based on clear transparent processes based on open citizen consultations.
- (4) Building regulations must be loosened to allow complex high-rise construction.
- (5) City centres need to be developed in a dense, mixed-use fashion. Government ownership of city-centre land needs to be reduced if it is retarding downtown development. Commerce is to be given priority in city centres.
- (6) City management should be professional, consultative, and accountable. Cities must be able to hire out of their budgets without federal hiring restrictions such as the Unified/National Pay Scales and mandatory. positions for the federal civil service. Moreover, decision-making must be based on open consultative processes.

Central to this reform process will be a much-needed civil service reform without which cities cannot attain the autonomy, the professionalism, and the control over their land to be able to develop. Unless the system of perks and civil service control of cities and their land development is shaken, serious commercial and construction activity will not start. And without this, there will be no serious effort to start unravelling the current system of exclusion of the poor. In turn, enlightened space and culture to counter the prevailing fundamentalist narrative will not emerge.

FEG and its predecessors at the PIDE have initiated the thinking on a simple reform agenda which will reduce the current high level of rent-seeking in Pakistan's cities and lay the basis for commerce and creativity which will fuel sustainable growth.

The Urban Sprawl

Cities are often a reflection of their zoning codes. Unfortunately, in Pakistan, citizens never have any say in how their cities and towns are designed. The width of our streets, height of our homes, size of building lots, amount of space reserved for pedestrians, and even the reasons that we cannot operate a donut store in our garage are all dictated by zoning regulations.

Bad zoning codes result in sprawl – and sprawl makes societies worse off. According to urbanist Charles Montgomery, sprawls result in bad health, little trust, and low social capital. Moreover, people living in sprawls are less likely to volunteer, vote, and join political parties. Therefore, bad zoning codes result in miserable communities and they are affecting our cities too. But how do our zoning codes and misuse of land result in sprawl?

First of all, our zoning codes discourage mixed-use and high-rise development. There are no apartment buildings with shops and offices near or within the buildings. Most well-designed cities that we appreciate are based on mixed-use.

Our zoning codes also mandate that for new housing, projects developers buy land in hundreds of acres. This results in sprawl primarily because hundreds of acres are usually not available within a city. It also encourages big investors who can afford that much land, thus reducing competition. Additionally, it reduces the availability of fertile agricultural land.

The fact that the government owns large chunks of prime urban land reduces the supply of available land within cities, which in turn also leads to sprawl. There is a huge

opportunity cost of the inner-city land that the government holds to provide its officials with plush housing and unnecessary offices. A Planning Commission study showed that investment could increase by 50 percent of GDP over 10 years – if this land were made available for mixed-use, high-rise development.

Our traffic management focuses on building roads and corridors for cars. The use of cars has been facilitated at the expense of other forms of transport such as bicycles, walking, taxis, and buses. With cars so subsidised, it is not hard to see why the sprawl is spreading.

In most cities, the planning process often has no zoning for the poor. Apartment buildings are seriously discouraged through planning permissions and high fees for commercialisation. For some reason, our planners think of apartments as commercialisation, and so poor housing is taxed heavily.

Rich housing—single family homes with highways leading to them—are encouraged. Planners even forget to cost the infrastructure required for such housing. Pipes, electricity, roads, etc.—eventually all this expense is borne by the poor of the city.

Excessive focus on form over function has incentivised the inefficient use of land to attract customers, and this inefficient use of land has led to sprawl. As consumers, we have to pay more attention to function than aesthetically appealing architectures because empirical evidence shows that though we place more weight on physical features, eventually we might be less happy in physically appealing buildings. A study at Harvard by Elizabeth Dunn had students select their houses for their subsequent school years; there was a forecast among students that they would be happier in beautiful houses than less appealing ones. However, after students settled in these houses, their happiness was determined more by social features and the quality of the relationships that they developed in those houses. Students ended up being happier in architecturally miserable houses because they had better social features. Dunn noted: "Participants overestimated how happy they would be in desirable houses and how miserable they would be in undesirable houses.



Our results suggest that forecasters may have erred by focusing on physical features such as location while virtually ignoring the quality of social life in the houses."

We can try to fix our land use and zoning laws to discourage sprawl and thereby construct more equitable, vibrant, and productive cities.

We need to tweak our zoning codes so we can build high-rise and mixed-use property, to create more spaces for people in highly concentrated areas. We need to think more about building vertically rather than horizontally.

Zoning laws should encourage competition and also mandate socially responsible housing. Large investors who buy the hundreds of kanals mandated are keen to maximise their profits, so their plans price out low-income households. This results in illegal housing and housing schemes deprived of the basic necessities of life. Zoning codes in some developed countries mandate social housing that accommodates people from low-income backgrounds. This helps mitigate sprawl and fosters tolerance, trust, equality and care.

Our zoning codes should encourage urban development with high FARs (Floor Area Ratio). According to a study on urban land and housing markets in Punjab by David Dowall and Peter Ellis, restrictive FARs are constraining urban density in Punjab. The study also notes that low FARs result in high land prices, a reduction in agglomeration benefits, lengthier commutes, limited formal housing (thus pricing out poor), and a disproportionately high impact on low-income groups.

Zoning codes shouldn't incentivise parking. Currently, developers are mandated by law to provide parking spaces – no matter the type of building. Incentivising parking means we are encouraging developers to create commercial and housing projects further away from urban centres and encouraging people to shop further away from home. Both of these lead to sprawl. In addition, according to economist Donald Shoup, "minimum parking requirements subsidise cars, increase traffic congestion and carbon emissions, pollute the air and water, raise housing costs, exclude poor people, degrade urban design, reduce walkability and damage the economy." More land for parking also means less land for housing, shops, libraries, schools, and hospitals.

It is important to understand where we are headed. All major cities like Karachi and Lahore have master plans. Though inhabitants should have the largest say in shaping cities, their input is never incorporated in these master plans. Our zoning codes should address senior citizens and persons with disabilities, as well as matters of public bike sharing, lowincome households, and the fact that real-estate developers should be mandated to give back to society through the construction of schools, libraries, and hospitals.

Whenever we move into a particular housing society, there is only one zoning law available; there have to be alternatives that prevent or repair sprawl. We need to correct our zoning codes by looking at other poorly designed modern cities and not repeat their mistakes.

1 + 1 + 1

Ever wonder why you can't find a flat in most cities of Pakistan? With a young population and a large housing shortage, counted to be in the millions, why are there no flats?

Cities are spreading into large sprawls building 2 storey houses, diligently following the planner's instruction to build 1+1 and no more. And these must be single family homes. Hence 1+1+1. 2 floors and 1 family. The Planner knows best!

When you ask them, they say they are planning an open suburb which to them is the pinnacle of human achievement.

Of course, no suburb is complete without wide avenues, underpasses, and bypasses to facilitate cars. That is the image the Planner has in mind.

They also maintain that we are rural people and like to hug the ground and will not live in flats. Needless to say, our weather too is flat unfriendly. Of course, our culture is one focused on *"Kothis"* in suburbs.

They overlook that people in our old walled cities have for centuries lived in apartments and in buildings that were 5 or 6 stories. So, is that not our culture? Did they not feel the heat in those "pre-air-conditioner" days?

Moreover, our people very proudly acquire flats in London, Dubai and New York at very expensive prices to enjoy the metropolitan lifestyle.

As to culture, our people enjoy everything cosmopolitan, from McDonalds to movies, like all other races. Could it be that the Planner is wrong?

We can all remember the lovely kothas high on a 4 or a 5 story haveli or a building where much community used to take place. Today the Planner has taken that away from us. Why?

My friend Parvez Qureshi points to a huge construction boom that could take place if we could only change the Planner's mind. Could we make him give up 1+1+1? Let him experience some vertigo and let the building go up.

They say they are planning an open suburb which to them is the pinnacle of human achievement.

If restrictions on heights could be relaxed and apartment living encouraged, there could be a building boom in the country. Let us imagine that each housing unit of 500 yards or more in our cities (say a radius of 10 miles from the centre) was to be allowed to go to 6, or in some cases 8 or 10 floors. And these new buildings were allowed to be converted to apartments. Each housing unit could be converted to many flats, allowing millions of new homes to be created. Maybe 1+1+1 could become 6+12 i.e., 6 floors and 12 apartments.

In the conversion, each unit would spend about a couple of crore or more. If millions of such conversions took place across our big cities, we could be looking at an investment potential of Rs. 20 trillion or \$200 billion. That could easily lead to millions of new accommodations. How wrong is the Planner?

With a construction boom of this kind, we would employ a few million additional workers. The boom would last many years and increase our annual growth rate easily by about 1 percent annually. In addition, such activity would have large spinoff effects as other industries would be woken up as a result of derived demand.

Such a boom will also drive urban development, broaden the middle class, and develop a demand for consumer goods, entertainment, and other urban services. That, in turn, will create a boom in the further development of services to the new middle class, such as shopping malls, cinemas, etc.

In this manner, this could be the seed of a virtuous cycle that propels the economy into possible sustainable growth over the long term. We could be looking at high growth

rates in the realm of 7 to 8 percent for the next 10 to 15 years. All we need is a rule change. People will do the rest. It will also be an equalising reform as it will not be only the rich who benefit. Largely the middle class will be a beneficiary.

The planner would point to a lack of sanitation, poor quality construction, congestion, safety, etc. to say that we should not discard 1+1+1. We need to tell him all the positive results we will see alongside the boom. The boom will facilitate the change. Is the Planner scared of working and learning?

The payoff to giving up the suburban 1+1+1 model is so huge. Surprisingly, none of our economic analysts supported and nurtured by our benign aid givers see this.

This is the most important way to wake up our construction industry and with it our economy. The construction industry which has been smothered by the Planner is operating at way below potential.

If only we could change the Planner's mind! But wait, who is the Planner? In most development authorities, he is a grade 19 official at best with little prospects of improvement. His masters are many DMG officials who only fleetingly think of urban development as an issue. And of course, there is the LMC, Cantonment, etc., where I am not sure town planning is even a serious subject.

Alas, Dear Brutus, the fault is in us, in the way we organise ourselves! If we cannot organise our cities, we cannot have this boom. Hence, we will continue to look for aid and money when there is gold lying in the streets.

Where Are the Tower Cranes?

About 17 years ago, I lamented the sorry state of our cities in a series of articles in local newspapers with the title, "where are the Tower cranes?"

As usual, nothing happened. Governments changed and we continued to look for more taxes and more IMF programs.

We have much hope in Imran Khan and wish him success. He has the right slogan. 10 million jobs and 5 million houses. I have some association with this slogan. But then this is not about getting credit.

Let us talk about how to achieve this goal.

Mr. Prime Minister, at your inauguration I had warned you in an article that vested interest will involve you in useless meetings. Please don't engage in this. Fix a big goal and watch the big picture and stop chairing useless meetings.

In meeting this big goal of 5 million houses and 1 million jobs, just say I want to see tower cranes in all major cities and then check every 3 months. It is as simple as that.

Just think! Wherever development is taking place, you see thousands of tower cranes. Why not here?

Our cities are spreading into large sprawls, building two-floor single-family homes. Commissioners and deputy commissioners who run our cities can only see their GORs as cities.

They also maintain that we are rural people and like to hug the ground and will not live in flats.

From their government-awarded mansions, they overlook their servants' quarters where families live in one room and a shared bathroom.

Ask them, why can't we build up? Why can't people live in flats? Why can't we have mixed-use development where flats, shops, schools, offices, gyms, entertainment, and other amenities are in the same neighbourhoods? Why can't we have proper dense city centres with high rises?

Dear Prime Minister don't fall for government provided housing to meet your goal. You neither have the fiscal resources to do that. Nor do you have the government machinery to prevent the massive corruption that will emerge in such a venture.

The best way to achieve your goal is to unleash the private sector. Every home in every city is an investment opportunity. Let each owner build up and provide apartments, both on rent and otherwise, to others. On each plot, instead of one family, let there be 20, 30 or 40 families.

As described in the previous article, 1+1+1, such a construction boom would create millions of additional jobs, kick off activity in many related industries, and create long-term sustainable growth over the long term.

Mr. Prime Minister, this is a simple rule change which requires you to simply say: on all plots, high rise and mixed-use development is allowed with no caveats. No need for a meeting or useless task forces or advisory councils. Just sign it and notify it.

But please note city managers (civil servants) will scare you from this by saying the following:

- They will say it can only happen in rich areas like Gulberg or on big plots only. Please ask why should the middle-class owner in Baghbanpura or Sandha with a 3 marla not benefit?
- They will point to lack of sanitation and public services, the possibility of poorquality construction, costs of congestion, etc. to preserve the current sprawl approach. The provision of public services as well as safety standards is their job and they should do it. It will take a few years to build, and the market will decide where to build. They should be able to see where development is happening and build the required services alongside it.
- They will say not near VIP housing, in order to protect rich people's privacy. With millions of people homeless and unemployment at massive rates, why put the privacy of rich people and governors at a premium? Tell them to go to the suburbs.
- They will point to the need for parking in all buildings.

Don't fall for that. We can and must have a car policy. I will write on that next.

Ask them, why can't we build up? Why can't people live in flats? Why can't we have mixed- use development where flats, shops, schools, offices, gyms, entertainment and other amenities be in neighborhoods? Why can't we have proper dense city centres with high rises?

Let the boom happen, it will facilitate the change. This reform is long overdue. Our city centres too should reach the stars populated by a rising middle class.

Once you put the notification in effect, to monitor performance all you do is to ask in all cities you visit "where are the tower cranes?" If they do not increase exponentially, you know city managers should be fired.

Why Are We Subsidising Car Use?

When I write about going high, everyone responds, "what about parking?" My response, "we don't need parking!" is met with shock.

We are making cities for cars. There was a time people walked or biked in most of our cities. Since then, an obsession with cars has widened roads to huge urban highways that are impossible to cross, and an abundance of flyovers and underpasses for signal-free corridors has made biking and walking impossible. Not to mention that all sidewalks are eliminated and there are no bike lanes. Even worse, bikers and walkers are required to walk or bike up 3 floors in order to cross a road. Just to walk one mile in the city of Lahore, I had to go up 3 of those overhead road crossings. It was a quite an exercise, which would make it impossible for all but the fittest to use this city for walking or biking.

Yet, our quest in Pakistan remains signal-free corridors, wider and wider roads, flyovers, and underpasses to facilitate faster and faster cars. Bear in mind, in a city like Lahore with a population of over 10 million, there are only about 300,000 cars. And all this effort is for them.

Even the public transport that is being built is on platforms to provide more room for cars. The ugly high-rise public transport that impedes walking and biking while destroying the city skyline is the preferred alternative for our leaders.

For decades, I have been writing that we need to follow the rest of the world and rethink cars in cities.

What we need in cities is mobility without traffic congestion that wastes time and pollutes the environment.

The largest item in the development budget of all levels of government is roadbuilding.

Mobility is also for all and not just cars. When cities grow in size and people and their activities crowd into dense neighborhoods, cars hinder mobility rather than enhance it. Space for cars in the form of roads and parking is never enough as density increases.

Large cities have struggled with the growth of people and cars and have reached the conclusion that the answer cannot be continually making more space for cars. Congestion seems to increase even as roads are expanded, and underpasses and overpasses are developed. Efforts to increase traffic flow often come to naught after a while, despite large expenditures on car infrastructure.

Pakistan has some of the largest cities in the world and all of them are struggling to cope with cars even as a huge housing shortage persists. The largest item in the development budget of all levels of government is roadbuilding.

Most large cities have now accepted the idea that for equity in mobility as well as faster mobility within a city, cars have to be limited. The thinking goes something like this.

In a city, the cheapest and healthiest forms of transport are walking and bicycling. The next cheapest form of transport is the elevator as people move in the neighborhood of high-rise buildings.

Linking walking, biking, and elevators to transit systems that connect dense centres of flats, commerce, work, education, and entertainment is now seen to be the approach to a healthy and nurturing city life.

But then what about cars? Cars are a luxury and not a necessity as our planners seem to think. They take a up a huge amount of space that otherwise could be used for human activity. It is estimated that one car takes the space of about 100 pedestrians when you consider the space that must be kept free in the front and the back. In that space, 15–20

bicycles can be operated. A bus with about 80–100 passengers takes about the space of 3 cars.

Most major cities have begun to price the use of cars to curtail their use. This is done as follows:

- Meaningful metered parking charges for the use of appropriately designated parking spaces.
- Fastrack lanes: In dedicated lanes, cars can go faster but at a price. They can even be charged for every mile that they drive within these dedicated fast lanes.
- Congestion charges to enter and operate in a city centre the denser more commercial parts of the city.

Technology allows such charges to be collected very cheaply through mobile phones. Well- planned use of charges rationalises car use while encouraging other forms of transport. Space on roads will easily:

- Be freed up for paths for pedestrians and cyclists.
- Provide more dedicated bus routes without building elevated tracks.
- Provide space for street commerce with kiosks for entrepreneurship by the poor.

With this little tweak in policy, we could have better cities, provide cheaper, more people- friendly metro buses, and provide people with more choices of transport such as walking and bicycling. No need for ugly elevated tracks and flyovers — expensive city dividers.

If done right, this will be a significant source of revenue for cities.

Bikes, Density and Cars

Lord Keynes in a famous statement said that "Practical men who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."

It is not surprising to know that nowhere is this statement more true than in Pakistan. We are really suckers for this so-called "best practice," never even questioning the possibility that new thinking may have overtaken such "best practice."

We are currently designing the most expensive public transport system of metrobuses stretching 20+ miles across the city, without thinking of alternate options and without a proper discussion of its feasibility. In a rush to build these, we have generously committed public funds in a plethora of contracts that represent future guarantees and commitments of the exchequer.

Could there have been other approaches? They were never considered.

Before metro-buses, our leaders were enamoured by underpasses and flyovers to facilitate cars to move across the suburban sprawls that we are developing. Once again, you can see that these are ideas were in vogue in the U.S. and other advanced countries in the 60s. We did this 30 years later still listening to old ideas.

The urban sprawl and the huge road network of wide avenues, flyovers, and underpasses through the generous use of public funds is a subsidy to cars and a tax on the poor. To see how, note that before policy started favouring sprawl and cars, the poor used bikes and walked. Now they cannot. Densifying will begin with a *discontinuation* of the current sprawl model where singlefamily homes spread into the countryside, destroying agriculture and the environment.

Enrique Penelosa, the famous mayor of Bogota, has shown that mobility is an important right for all in a city and that public transport is an important part of it. Our leaders have started to appreciate this lesson. But again, not the whole lesson.

Increasingly, cities are learning that mobility is more than cars and metro-buses. Walking and bicycling are also mobility choices. But this transition will happen if a) cities are allowed to densify and b) the current policy of subsidising cars and taxing bicycling and walking is discontinued.

Densifying will begin with a discontinuation of the current sprawl model where single-family homes spread into the countryside, destroying agriculture and the environment. It means allowing for mixed-use, commercial development of offices, shopping malls, and flat-based living. It means a liberal building code that does not disfavour high rise and commercial development. It means a city development administration friendly to construction.

The current model favours the car as a mode of transport in our cities. The expense of the new metro-bus routes has been raised because of the need to provide space to cars. Otherwise, it was easy to simply ban cars from Ferozepur Road in Lahore and use it only for buses. No big pillars or construction.

With densification, a lot of people can choose walking and bicycles as a mode of transport. But not if we keep the current car-favouring model in place. City administration's 50 year romance with the car has to give.

- Traffic flow should be studied for one- way systems to reduce congestion and also to find space for sidewalks and bicycle lanes.
- Sidewalks and bicycle lanes should be given priority everywhere to induce people to take these healthy alternatives. Motorists crossing over into those areas would be heavily penalised.
- With densification, zoning laws should allow more neighbourhood commerce for increased use of walking and bicycles.
- Technology should be used for fee and fine collection and cameras should be used for enforcement. This could be a reasonable source of revenue for the city.

The sprawl from Kasur to Sialkot is wasteful in every way. The Lahore smog has robbed us of our lovely winter sun and jammed our airports and our streets. Jobs and output are lost, as is agricultural land, while we build in the most energy-intensive manner. Yet, the old mindset remains fixated on cars, leaving little room for people and community.

I have argued for long now that we need a complete paradigm shift in our approach to city management. Along with densification, we need a car policy. Such a policy would be based on pricing the use of the car to discourage use especially in denser, more congested parts of the city. The following principles would be used in making this car policy:

• Congestion fee over the most dense, mixed-use area which should be attracting the most traffic.

• The elimination of free or cheap parking in a big city like Lahore. Instead, a graduated (based on distance from the centre) metered electronic parking system should be developed.

If we change the paradigm, as suggested here, urban renewal will start. The construction industry will get a huge boost and we may even begin to see that symbol of development—the tower crane—in our cities. It will also lead to a more inclusive growth as the poor will find space in our cities in flats. And they will be able to walk and use bicycles as cars are priced right.

More than likely, new services—such as delivery, carpooling, and taxis—will develop, providing much needed employment to that worrisome youth bulge.

The Chief Minister of Punjab agreed with the vision but could not persuade his officials to implement it. Can the media?

Make Way for Cars: No Room for Khokhas

When I grew up, there were small kiosks (*khokhas*) all over Lahore. Vendors on bicycles and on foot used to hang around our houses and schools. As kids, they offered us many delights from spicy concoctions (chooran, Chaat) to puzzles and other toys. Craftsmanship was on offer. A spirit of entrepreneurship was displayed.

This was when the city was compact and most of us walked or biked and, as a result, were somewhat lean. Roads and sidewalks were lined with khokhas. The sidewalk indeed was a public space where community interaction happened; people walked, haggled, and interacted.

Then came our romance with garden-city suburbia. Bureaucrats, both civilian and military, learnt that plotting was profitable and began a horizontal expansion of the city. To them, distance did not matter since their car expense was picked up by the public sector. Besides, downtown development was theirs to stifle so that suburban values would go up. And they got those suburban plots for a song. So, they could pocket huge capital gains. And tax-free too!

Suburban expansion and stifled downtown development eventually fuelled the demand for cars. A rent-seeking domestic industry developed to provide cars with yesterday's technology. But the people were forced to buy them as policy gave them no choice.

But cars are such a necessity in this suburban model of development that anyone who can afford one has to keep one no matter how old or beat up. Or they at least need a motorbike.

As cars grew in number and suburbs spread, more and more money was spent on making roads and broadening them.

This resulted in 3 negatives for Pakistan.

- Valuable agricultural land developed through harnessing rivers at a huge price is being converted to housing colonies.
- The spread of the city has increased our car- dependence. In turn, our car dependence has increased our oil bills and is rapidly increasing our environmental costs.
- Most importantly, the car has displaced the sidewalk and the khokha.

In addition, since all policymakers have free cars with chauffeurs, they have absolutely no incentive to develop public transport. Only a political leader like Shahbaz Sharif forced the issue and developed Pakistan's first post- independence public transport system in Lahore (we used to have public transport in colonial days).

Through three governments, I have tried to put together a policy for khokhas and sidewalks but with little success. The bureaucrats are totally opposed to this. Unless perk/plot/protocol culture is removed, they will remain wedded to cars and plots. After all, they benefit directly from these.

Whenever I go overseas, I am amazed at the opportunities that khokhas offer. Constitution avenue, the heart of Washington DC has khokhas, some of them operated by Pakistanis. Indeed, right next to the White House, there are khokhas. Manhattan is full of them, and Wall Streeters frequent some of these for a quick lunch on a nice, sunny day.

The far eastern cities are littered with khokhas everywhere, and shopping and eating at them is a tourist attraction. They even have dedicated buildings with khokhas in small stalls where poor entrepreneurs work hard to climb up the social ladder.

None of these khokhas are unattractive or filthy. The government has a regulatory and licensing framework that ensures certain quality standards. This makes visiting khokhas attractive and offers the poor opportunities for entrepreneurship.

All governments give us the usual youth and poor incentive schemes based on handouts or loans. Microcredit has mushroomed. But no one has given thought to entrepreneurship opportunities for the poor. Without space to invest, what will these people do with an incentive or a loan?

Cities become inclusive and humane when policies like this are adopted. This is why the Framework of Economic Growth (FEG) of the Planning Commission of 2011 highlighted city development.

However, this reform is quite unlikely to happen unless our city planning paradigm based on plots/perks/protocol is changed. Following the FEG, we must discontinue our suburban garden city approach to city development. But unless the system of rewarding through plots is discontinued, this will not happen. This is one of the reasons that the FEG linked civil service reform with city development.

Politicians see the vision because they know that this is a vote-getter. However, they are unable to push this bureaucracy into making the change. Now do you see why change must begin with the elimination of perks/plots/protocol?

Why Not *Khokhas* Everywhere?

Street-vending through kiosks (khokhas or dhabas) or mobile vendors (chabri wallahs, truck, bicycles or motorcycles) are all legitimate activities which allow the poor opportunities. All societies through history have had these activities. An unemployed person can, with a small amount of money, buy some fruit and serve it on a small platform or a cart.

There used to be a time when we would see these vendors all over Pakistani cities selling all manner of things. There was the guy selling the most awesome wire puzzles that I wish had kept. There was the guy on the bicycle who used to be the only supplier of used Marvel comics and science fiction books.

As teenagers, we used to walk or bike to local khokhas to pick up all manners of goods as they were conveniently located and often cheaper than they were at bigger stores. The street vendors were also willing to do things like give you one cigarette from a pack or one biscuit from a pack as opposed to buying a whole packet.

Then, somewhere in the 80s, when we seriously adopted the suburban DHA model, all roads were widened to make way for cars. Many of my favourite khokhas were taken away. I wondered where the owners had gone till one day, I found one of the vendors in dire straits forced to beg.

Later, our pristine suburban neighbourhoods became very exclusive and the mobile vendor who used to visit us earlier was now diligently stopped by the police, as well as private security. Various forms of hawkers (the guy with the *churun* (a spicy paste or powder), or the vendor carrying the rubbery candy with which he made bicycles or figures, or the kulfi wallah) disappeared. I wonder where they are begging now.

Meanwhile, bureaucrats who ran cities became increasingly wedded to the American suburban model with endless single-family homes and broad avenues for cars. Of course, they kept prime areas for their government-owned housing and government-subsidised leisure clubs, as well as plots for themselves. The poor did not fit into this scheme. The masters of the city with their perks and plots therefore got even more strict with the street vendors. Police were told to vigorously eradicate all forms of poverty—poor housing and street vendors— from the line of sight of speeding cars.

Occasionally, a street vendor shows up on a side street but in a matter of hours you will find some policemen throwing him out. YouTube even has videos of policemen in Karachi upsetting carts of street vendors and destroying their inventory. DHA, the pinnacle of good estate management, will not allow any street vendors.

Meanwhile, we in policy circles began to measure poverty and continually talk of poverty eradication.

Donors forced us to initiate many poverty alleviation projects. We have BISP where we are giving them conditional and unconditional cash transfers. We have skill development agencies in every province and at the federal level and we also have funds to foster skill development. We also have several large microcredit-providing agencies and several banks that these agencies finance.

So, what is it that people do with the few thousand rupees that these programs give them? There are no studies on this question. Mostly people ad lib, "they start their own business." And most frequently, the business is thought to be a sewing machine. One wonders, how many sewing machine businesses can the poor run?

So, the next question is "where can they set up this business?" Here, the consultants have no answer. Weakly they say, "at home?" But the homes of the poor are small and their families large. Do they have space to operate? Besides, would their clientele be the neighbourhood? Or will they spend time peddling their wares? And how, when no such activity is allowed?

I have personally pushed for the liberalisation of street vending business for the last 15 years. I have presented this proposal to prime ministers and chief ministers. They liked the idea until the bureaucrats shot it down. "Why?" you would ask. I can think of no reason other than power and hubris.

City	Street Vendors
Manhattan	50,000
Mexico City	185,000
Seoul	800,000
Manila	50,000
Kuala Lampur	47,000
Bangkok	100,000
Dhaka	100,000

Unlike Pakistan, the rest of the world has a huge number of street vendors in their cities. Scanning some recent research on the subject I found these estimates of the number of street vendors in some major cities in the world:

Street vending is a legitimate entrepreneurial activity for the poor. It also adds to city life as many of us have felt when we go to Manhattan, London, Singapore or Bangkok. It adds vitality and vibrancy to the community, promoting mingling opportunities among the most diverse segments of society. It also extends the range of goods available and promotes price competition, which serves the community with both more goods and services and at lower prices. It also promotes street safety as it puts more 'eyes on the street.'

Many well-known entrepreneurs took their first steps as street vendors to grow large businesses. Vienna Beef, a large company that makes hot dogs, sausages and other food items started out as a street vending company. A heartwarming story from India is making the rounds about a blind man, Bavesh Bhatia, who has developed a multi-million-dollar business starting off as a street vendor.

Is it not time that we allowed street vendors everywhere in our cities? Every street and street corner should be allowed to have a street vendor. Cars must be made to give space to the poor. And there is no reason to associate street vending with poor sanitation and aesthetics. A careful and good policy can be developed to develop street vending cleanly and aesthetically. We can work out a good policy for street vending.

I find it strange that there are street vendors within a stone's throw of the White house, the Congress, and Washington DC landmarks and none on Constitution Avenue Islamabad. If hawkers hang out near Buckingham Palace and the Parliament, why can't there be khokhas next to the Governor's house, Gymkhana, Punjab Club and the Corps Commander house in Lahore?

So, let us not give the poor mere handouts without the space to grow. Street vending is a legitimate right of the poor to claim their share of entrepreneurship. Accept it and allow them to grow.

Where Are the Opportunities for The Poor?

The Prime Minister has announced an EHSAS program for poverty alleviation—an admirable step. But more than government aid, the poor need to be included in cities of opportunity. Handouts, credit, and online opportunities are not a substitute for opportunity.

Think about how many of our poor have climbed into the middle class thanks to the opportunity of migration, which they grasped eagerly despite having to incur huge costs.

Contrary to what Pakistani analysts put out, poverty is always caused by exclusion from opportunity. Give the poor a chance and they will lift themselves out of poverty.

A starting point could be an attempt to look into the apartheid social regime we have created. Could the extreme degree of exclusion of the poor (basically the non-elite) be at the heart of our troubles? Ask yourself the following questions and see if you agree with the answers, and you will see for yourself how the poor are excluded:

Where do the poor live?

The poor are totally excluded from elite space; they are seen only as servants and the only places allocated to them in cities are servant quarters.

Most of the population needs small—one- to two-room—flats. But where can they be put? Zoning laws in our cities do not allow such development except on the outer reaches of cities. Council houses in London exist side by side with expensive housing. It is not so in Pakistan. The rich and the poor cannot mix. We cannot have high rises looking into the residences of the rich.

The rich want conveniently located polo grounds and golf courses, giant parks to jog in, and, of course, nice big lawns for their parties. They want sleek, low-rise cities where their cars can move easily from their estates to their leisure activities — golf and polo. The rich want zoning laws so that there is no high-rise construction or congestion in their park-like setting.

What do the poor do?

The elite policymaker, who is often an industrialist, looks to industrial parks and subsidies for employment of the non-elite; no matter that factory employment lags way behind employment in the services sector.

With technological advancement, giant factories are no longer employing millions of workers.

Large numbers are now employed in construction, shopping malls, hotels, and the leisure industry. But that is anathema to planners and zoners, who are from the elite civil service. All retail, warehousing, leisure, and community enterprises, as well as the nonelite, are regarded as non-essential. These then expand informally on residential property. Limited development of these activities means less employment for the non-elite.

How do the poor work their way out of poverty?

Traditionally, education has been an equaliser. However, in the Pakistani apartheid system, this is not happening. The rich educate their kids overseas, leaving the local education system in a permanent state of disrepair. Many years ago, Majeed, a driver, declared quite openly his intention not to educate his son because Urdu-medium public schools do not offer children upward mobility even after years of education. Only a few months ago, while a 26-year-old driver in Dubai was talking to me, he cursed his over twelve years of Urdu-medium education from Pakistan that qualified him only for menial jobs — a waste.

So, what about entrepreneurship by the poor?

The poor have traditionally helped themselves by running street-hawking businesses and khokhas (kiosks). These were widespread a few years ago. But administrations have

become vigilant and do not allow these in rich areas. And, of course, there can be no zoning for them.

Where is the space for entrepreneurship by the poor? We need wide avenues for the Porsches and the BMWs! We also need large urban tracts for golf courses, polo grounds, and giant parks (the lungs of the city). So, let these people go to shantytowns in the outskirts of our cities.

Does the state not help the poor?

Every now and then, politicians set aside a large amount of funding and give it a donor- inspired name like Income Support Fund or Social Protection. After much bureaucracy, and many land cruisers, consultants, and plush offices, the poor get some minor rationing subsidy. Most often, it is some form of food coupons, cash transfers, a yellow cab scheme, or micro-credit. How strange: give them food and capital but no place for entrepreneurship.

Interestingly enough, the state subsidy to industry is way more than the state has ever spent on the poor. And the subsidy to industry goes directly into the pockets of the rich.

What about enlightened self-interest and noblesse oblige?

In history, enlightened self-interest has led the rich to invest in some social mobility. Philanthropies have set up universities and community infrastructure to level the playing field for the poor. Royalty has always patronised intellect. Unfortunately, in Pakistan, philanthropy means building for the rich - country clubs, polo grounds, LUMS and Aitchison College: places for elite-use that, for the most part, do nothing for the excluded.

As a footnote, the rich do not even visit the campuses of the poor to mentor and interact with the underprivileged. They have no time for these trivialities.

What about leisure and community for the poor?

Leisure and community are only for the rich. City zoning provides fully subsidised space for the elite to play golf, tennis, and polo, and even build schools for the rich, but there is not an inch of space for community and leisure for the poor. No public libraries, no community centres, no publicly provided football fields or even a basketball court for the poor. Even competitive sports as a vehicle for social mobility are completely ruled out as a result.

Who offers the poor hope?

Certainly not the government! Certainly not the donors with their minor employees! The liberal elite made big promises and delivered nothing. The promise of globalisation and liberalisation has rightly lost its lustre in the minds of the poor.

Theatre, cinema, or any form of intellectual activity that will offer an alternative vision has been zoned out. Where should the poor look for a vision? Who offers them hope? Who offers them community? who gives them some opportunity? Who gives them the vision of a just society?

But there is hope for them! Think about it. Their hope is the mosque and the maulvi. Mosques remain totally unregulated, need no zoning permission, and have been actively

encouraged by the state. Not surprisingly, the mosque is the only community centre for the excluded poor, the unregulated maulvi the only visionary. This is the unintended consequence of the greedy, unenlightened behaviour of our elite.

More than handouts, the poor need space in cities. Include them.

Why Does the Myth of Rural Pakistan Persist?

Why do Pakistani official circles still like to maintain that Pakistan is a rural country? In every pronouncement by the government, at the cabinet table and even in donor dialogs, this myth is maintained. Yet, data shows otherwise.

Reza Ali, an indigenous urban researcher, has been studying this use for some time. For decades, he has argued that censuses are underestimating the extent of urbanisation.

His most recent work using satellite imaging estimated that about 70 percent of Pakistan is non- rural. He hesitated to say that 70 percent was urban because, despite showing concentration of population, several areas lacked city functionality.

He found large areas where density was at levels that were, by international definitions, accepted as urban. Yet, he hedged and called them 'urbanising' because he found that, despite density they really were satellites of some urban core.

The new category of 'urbanising' that Ali used is that of newly emerging suburbia. As we all know, there is a push for housing colonies and strip urbanisation along roads because of the repressed demand for housing in cities. This demand for housing and urban space is growing and leading to a rapid development of housing colonies that are spreading cities far and wide.

Moreover, Ali is right: the world has been confused about suburbia for a long time. Only recently has it started waking up to how suburbia is a netherworld between rural areas and cities and is perhaps neither. The negative consequences of suburban development are now being spelt out.

But Ali's research does show that Pakistan is largely an urban country and is urbanising at a rapid rate. Admittedly, it is happening badly because of bureaucratic failure. But that is another story.

Why this pressure in official circles to keep Pakistan an agricultural country? USAID continues to characterise Pakistan as an agricultural country and the economic growth component of its aid is based mainly on agriculture.

When I was in charge of the Planning Commission, I told them many times that Pakistan was now largely urban and that we wanted an urban-based growth policy. The Pakistan Framework of Economic Growth accepted by the NEC and Cabinet was an urbanbased growth strategy. The bureaucracy, EAD and USAID however remain rural-focused. Perhaps John Perkins (Confessions of an Economic Hitman) is right: USAID does not want Pakistan to develop. Maybe USAID wants to keep us as a farming hinterland!

We cannot even have a debate on this subject as Ali's work, despite it being five years old, is still not recognised by donors.

The Department for International Development (DFID) commissioned a study on urban areas by a young assistant professor at one of our prestigious universities. The study cited no work by Ali or any other urban researcher. The researcher told me that donors did not know any Pakistani work (such as that done by PIDE or the Planning Commission) on urban areas and more importantly, they did not even want to recognise such work. Yet, DFID published the report. Then, why should the young researcher know more than what the donor has contracted? Thus, we have the myth of rural Pakistan.

I remember at an ECC meeting, one minister made a very eloquent speech to counter the pro- market, urban voices by saying, in a nice, modulated voice, "Finance Minister, we can continue our conversation on markets and policy, but one issue is settled. We are a rural country, and the poor farmers deserve subsidy."

Of course, if we are a rural country:

- Agriculture incomes must not be taxed.
- Subsidies must be given on inputs such as water, electricity, and fertiliser.
- Farm to market roads (mainly to havelis) must be made.
- Support prices can be kept well above the market.

I was also surprised by the number of bureaucrats and politicians in meetings who professed to be farmers and speak on behalf of agriculture, of course to increase some form of subsidy to agriculture. Recall that the government has, on occasion, given agricultural land as a gift to senior officials, judges, and generals. These people and their children, now in official positions, maintain the myth of rural Pakistan.

I asked some bureaucrats why so many of them are farmers. The answer was that having a DMG job is a considerable advantage to farming. State resources can easily be used to help manage and even increase productivity. Timely and abundant supplies of water, seed, fertiliser, and electricity are available to those with political or bureaucratic muscle.

So, our policy continues to remain distorted because of the nexus of landlords and donors. Interestingly, local intellectuals like Ali remain invisible even when they do great work.

Commercial Property Development Not Allowed

Ever wonder why our cities in Pakistan do not have an abundance of commercial, retail, office and dense, residential (flats) development? The answer, as always, lies in poor uninformed governance.

For too long now our planning paradigm has favoured the kothis. Even now the planner thinks only of elite housing – single-family stand-alone construction — one floor plus one. Unlike the rest of the world — even the old Lahore townhouses have 4 stories and density is allowed for in the shape of adjoined houses – the norm in Pakistan is one plus one. We continue to plan for stand-alone houses with setbacks.

Should you wish to build anything different from a 1+1 kothi, you need to get your plot "commercialised." Even if you want to build a block of flats, you still need to commercialise your plot. What is this commercialisation?

The most important fact that I have learnt about commercialisation, is that it is totally arbitrary, varying from locality to locality. It can be especially difficult in cantonment areas which are now a substantial proportion of our cities.

Commercialisation happens on a plot-by-plot basis. Your neighborhood may be entirely commercial; yet your plot has to be commercialised for you to build on it. And there is no guarantee that your plot will be commercialised even though your neighbor's plot is commercial. The process can be lengthy. On the way, there is a lot of room for extraction of rents and bribes. There is no one window of opportunity here. In cantonments, it can involve the GHQ, corps commanders, etc.

Commercialisation fees are heavy and arbitrary, varying all over the country. I have found them to be as much as Rs. 3-4 million per Marla. In some cases, they are higher than the value of the land. The reason that is given for such high fees is that the city will build infrastructure for the increased density that is proposed in the new commercialised project.

The result of this strange unthinking policy is that our cities have remained stunted and feudal.

The process of commercialisation also gives your neighbor the right of veto, thereby slowing the process further. Why the neighbor should have a right on your property is neither debated nor understood.

When one puts one's mind to it, the implications of this anti-commercialisation policy are large.

The result of this strange, unthinking policy is that our cities have remained stunted and feudal. There is no good commercial space available anywhere. There is a huge excess demand for nonresidential space such as offices, education, community, school, leisure, entertainment, and retail space.

Most importantly, mixed-use space where offices, flats, retail, and community mix is not available at all. Even our old cities had large amounts of mixed-use space. It is in this space that the middle and the poorer classes thrive. Without a change in this policy, these classes will continue to be excluded from our cities.

Without apartment blocks, we will never have manageable and modern cities. In the current kothi paradigm, even if we could house everybody, urban sprawl would kill much of Punjab's agriculture. We simply do not have the land or the management capacity to allow that to happen.

The look of our cities, as well as the mindset they generate, remains feudal and rural. We continue to conduct all our ceremonies – weddings, functions, and entertainment – in a very rural and feudal manner because our cities have not yet developed an urban culture. How can you have an urban culture without an urban mix and density?

Where Are the Libraries?

At a couple of recent conferences in the U.S., I raised the issue of the Pakistani government's lack of sensitivity to developing community goods.

My example was the lack of public libraries in Pakistan. I said that there are no public libraries in our cities. In fact, provocatively, I often say that "Lahore has 5 polo fields (each 10 acres in size) and 3 golf courses (an average size of a golf course is about 200 acres). Yet, there are only 2 public libraries, one left by the colonial masters and one in Bagh-I-Jinnah resident in a converted colonial building!" With the population growing more than tenfold, no libraries or community spaces have been created.

I might also add that the government did provide city centre land and a subsidy to develop golf and polo fields -2 games exceedingly important for community and societal development. More on that some other time!

When I pointed to the lack of public libraries in Pakistan, some very well-known Pakistani intellectuals started saying "Not true! Not true!" Some even contended there are many libraries. The American audience was perplexed and rightly so.

Well, let me give these people a list of libraries in the country of 180+ million people.

My first source: The National Book Foundation this is what we get.

Libraries

- National Library of Pakistan
- Liaquat National Memorial Library
- Khaliq Deena Hall
- Iqbal Cyber Library
- Punjab Public Library Lahore

University Libraries

- Aga Khan University (Karachi, Pakistan)
- Akhter Hameed Khan Resource Centre (Islamabad, Pakistan)
- Bahauddin Zakariya University (Multan, Pakistan)
- COMSATS Institute of Information Technology (Islamabad, Pakistan)
- Goethe Insitute of Karachi (Karachi, Pakistan)
- Government College University (*Lahore, Pakistan*)
- Hamdard University (Karachi, Pakistan)
- Institute for Development Sudies and Practices (*Quetta, Pakistan*)
- Institute of Sindhology (Jamshoro, Pakistan)
- International Islamic University (Islamabad, Pakistan)
- Islamic Research Institute (Islamabad, Pakistan)
- Lahore School of Economics (Lahore, Pakistan)
- Lahore University of Management Sciences (Lahore, Pakistan)
- Liaquat Memorial Library (*Karachi, Pakistan*)
- NGO Resource Centre (Karachi, Pakistan)
- Pakistan Library Network (Karachi, Pakistan)
- Punjab University (Lahore, Pakistan)
- Quaid-i-Azam University (Islamabad, Pakistan)
- Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (Islamabad, Pakistan)
- University of Central Punjab (Lahore, Pakistan)
- University of Peshawar (*Peshawar, Pakistan*)
- University of Verterinary and Animal Sciences (Lahore, Pakistan)

Similar information can be found on:

Pakistan Library Network (http://www.planwel.edu/pln.htm) Libraries in Pakistan (https://www.lib-web.org/asia/pakistan/) Some notes on these lists:

- Most of these are university or official libraries. They are private, only available to members, students, and officials. They are certainly not "walk-in" public libraries.
- Public libraries are significantly unavailable, with the exception of the Punjab Public Library and the National Library of Pakistan.
- Most of the public grew up using the British Council and American Libraries.
- Now that aid bureaucracies have grown to shun such long-term and low-margin community commitments in favour of more lucrative long- term consulting contracts, these libraries have decreased.
- We have said nothing about the quality of the libraries on these lists.

Where does a poor kid read? Books are unaffordable. Maybe Madrassahs!

I wonder whether my well-known Pakistani intellectual friends who yelled "not true! not true!" will now learn about Pakistan.

Before they point to the tiny libraries of DHA and Model Town or Sindh Club and Punjab Club, let me remind them that these are libraries meant for the elite associated with these organisations. Moreover, book collections and spaces allocated to housing them are more often than not less than adequate!

What is needed are public libraries to introduce youth to global knowledge.

Begging To Preserve 'Dead Capital?'

Budget time is approaching! The usual demands of the government will hit newspapers!

It surprises me that after 64 years of poor economic management, failed policies of bankers and bureaucrats, and failed budgets, we continue to expect wonders from our budget.

I say forget the budget! It is only a speech full of promises that are forgotten the day after the speech has been delivered. In our history, no budget has been adhered to for more than a few weeks. The budget document has no sanctity.

But the economy is in a deep recession—per capita income is by all estimates going to decline. Poverty is on the rise. When per capita incomes go down, poverty will increase! There is going to be pain among the dispossessed.

What should we do? Well, the policymakers—bankers and bureaucrats—are going to do what they do best: beg some more and follow the master's (donor's) advice.

But as for the rest of us, we should think some more and raise our voices for change. Those who have the privilege (not the skill) of making policy, keep intact the system of rent seeking, privilege, and corruption.

The rest of us, who are ashamed of our continual begging, must look to alternatives. Surely a nation of 200 million with a nuclear bomb can have a little more self-respect and be turned off by our policymakers panting for aid in every corner of the world. They even beg from tiny U.A.E. and Qatar! History and economics (skills considered useless in government) show that we can use our 'dead capital' to generate growth, revenues and jobs at home. 'Dead capital' can be defined as potentially valuable assets that are currently not being used productively. Some examples:

- Governor houses (I can count about ten around the country) are now occupying city centre space tax-free and at huge budgetary costs. We can convert the governor's mansions to high-end hotels and make some money while using their extensive grounds for commercial development. I can envisage at least 1 billion dollars and 3000 jobs if we were to allow better utilisation of these properties.
- City centre government property should be immediately privatised and made available for big time, mixed- use development ranging from hotels to shopping malls to apartment blocks. Areas such as mayo gardens and the 3 GORs in Lahore (government housing), parts of F 6/3, and the whole sector above the Marriott in Islamabad could be developed into expensive, revenue-yielding, high-class commercial developments. To this, we should add the land that army VIPs are enjoying, such as their various houses and messes in the middle of the city. Many of the provincial cities too have considerable land that the government is occupying for non-commercial purposes such as housing bureaucrats, both civilian and military. My crude estimate is that sales of these properties could fetch upwards of 4 billion dollars and 8000 jobs.
- Then, there are large tracts occupied by government training institutions. NDC, Staff College, Naval War College, NIPA, and the Civil Service Academy in Lahore all come to mind. Why can they not be moved to Quetta or Kohat and this land freed once again for serious development? I can easily see this generate about half a billion dollars and 2000 jobs.
- Then, of course, there are the stadiums which occupy huge tracts and are not used for entertainment. Instead, their walls are being used for shops. Neither a stadium, nor a shopping mall, this is a most egregious waste of resources. If we were to merely demolish fortress stadium in Lahore and make a multipurpose facility to include hotels, shopping malls, and a convention centre, the exchequer could gain a few hundred million dollars and 3000 jobs could be created. Better utilisation of our other stadiums as well as the convention centre in Islamabad could generate revenues of about 50 million dollars annually and 2000 jobs.
- A large part of city centre land is given to the elite for their entertainment at subsidised rates. This includes polo grounds, golf courses, and clubs such as Sindh Club and the Punjab Club. If the peasant's land can be acquired for DHA, why not take over these rich-man facilities for serious commercial development that relieves our debt burden? This could be a large bonanza, yielding many jobs. We could even build libraries and community centres on this land.
- Creative destruction could yield a huge bonanza too. Take Gulberg Market, Liberty in Lahore, or a Jinnah Super Market in Islamabad! If we merely find a way to turn these relics of another time into modern assets, dead capital can be converted into gold. For example, Liberty is a huge area which could house a beautiful, modern, multi-level shopping mall, as well as hotels, apartments,

offices, and parking. I can easily see about a hundred million dollars increase in our GDP over 2 to 3 years plus the creation of 5000 jobs from this project alone. The use of this concept in other places could mean more output, revenue, and jobs.

- Strangely enough, we still have anachronisms like the CSD on the Mall Road of Lahore in an age when we have hypermarkets coming into town.
- Still more creative destruction! Our cities look dated and decrepit because our silly bureaucracy does not allow renewal. Housing stock normally has an average age of 20 to 30 years. Zoning also needs renewal each generation. Yesterday's suburb or housing could be today's commercial hub, leading to large valuation gains. As I have been arguing for many years, our zoning laws are antiquated and anti-development. Allowing our housing stock to be renewed from low-slung kothis to high-rise flats, and facilitating commerce in all our cities from Karachi to Kohat could be a big bonanza. I think this could lead to an acceleration of growth of about 2 percent per annum for about 20 years.

There is more, but I am limited in space. With so much dead capital lying around, why do we beg with dishonor? My calculations suggest, with these simple changes, GDP could double in about 15 years or less! Not to mention the growth of construction, hospitality, retail, and ancillary industries. Of course, our rich and famous would be a little uncomfortable!

Let us be clear: to keep the party going for our rich and famous, including our policy makers, bankers, and bureaucrats, we are forgoing billions of dollars and hundreds of thousands of jobs. Poverty persists because of their failed policies which do not address dead capital.

Indeed, not only are we forgoing earnings, we are shamelessly begging for more debt! Will someone educate our policymakers, bankers, and bureaucrats? Or could it be that we do need some learning and research in policymaking?

The media could give this demand for reform the headline instead of announcements of the alms that we get!

The Opportunity of Dead Capital

Economics has become a science of the loudmouth with numbers. Economists come on TV to show off that they have numbers and predictions. They will invent all kinds of estimates and terms that no one has heard of to prove how erudite they are. But never will they submit themselves to peer review which is the international yardstick of quality work.

Whenever I hear them speak, I worry that this is not the economics I learnt and I worked with about 10 Nobel laureates. These speakers and commentators always talk macro numbers — fiscal and BOP — and always discuss simple accounting numbers with great aplomb. For example, "we must increase revenues because the government is losing money." Never, "why is government losing money like there is no tomorrow?" Then someone will yell "we have money to repay and import bills that must be met, so look for aid or borrowing." Why did we borrow so much? Why are our import bills what they are? Why is the government borrowing at a faster rate than the economy is growing? These questions are never asked by our economists and therefore never debated.
Adam Smith, the father of economics authored the "Wealth of Nations" to initiate the worldwide study of economics. Since then, understanding the forces of growth, development, and income distribution have been the most important areas of study in economics. Individual behaviour — consumption, savings and investment decisions — are studied to understand how they can be tweaked for increased welfare. At the heart of economics is the quest for increasing human welfare through expanding opportunity for self-actualisation through innovation, entrepreneurship, and risk-taking.

Is all government expenditure for public good?

Seldom will you hear our economists talk of the Smithian Grand Quest of growth, development, and welfare. Led by international donors, their quest is to malign Pakistan as a nation of tax cheats and a den of corruption. Revenues must be increased without telling us what, if anything, the government will do for us. They remain unaware that a large majority of Pakistanis are paying income tax on a withholding basis on many transactions. It is well known that this tax is never returned.

The mantra is that the government needs revenue, and it must be increased. My fellow economists think that all revenues collected by the government will be utilised productively for the welfare of the country. They never review the waste in the government: the numerous houses made for officials; the real estate developments made to provide plots to favourites; the wasteful and needless road-widening for the cars of the rich; the expansion of Sui Gas pipelines even though we have run out of gas; whimsical projects that MNAs are allowed to direct for vanity reasons; wasteful expenditures on the PM or CM directives that are unproductive or too expensive; and poorly thought out subsidies to the rich or political favourites.

The government is full of waste, and no one wants to discuss this issue. Instead, we are all ready to give it more money through a bad tax policy. The government has no money or time for clever research to promote economic transactions. The government has lost more than 3 trillion rupees in energy over the last 10 years. Without thinking, this government is signing sovereign guarantees or planning to build more and more energy. As a result, both the circular debt and energy cost are increasing to impose a huge cost on the economy. Yet, my fellow economists think that a wasteful, inefficient, and thoughtless government's mistakes must be covered by increased, oppressive, and senseless taxation.

Where is growth and development?

The biggest issue I take with my fellow economists is that they never focus on growth and productivity. At most, there will be the usual plea for industrialisation and export promotion, for both of which the only instrument seems to be more subsidies in one form or another. For over five decades, these economists have pushed the flawed strategy of promoting the government-coddled industry and exports. Despite a lackluster performance and a considerable subsidy, as well as many tax concessions and much tariff protection, industry grows sporadically and exports as a percentage of GDP remain virtually static. Yet the mantra is maintained.

Economics in Pakistan has indeed become a set of mantras. They even go to the extent of saying, "we know what is to be done. We have all the solutions." Basically, what they are saying is that no new research is required. The old mantras of more taxation for

more subsidy to industry and exports is enough. Mind you, this has been firmly drilled into us through a series of large advocacy programs organised by very expensive donor funding. Why do donors fund advocacy? Why do we allow expensive propaganda against ourselves? I will never understand.

For the last 50 years or so, we have been running on these mantras with committees, task forces, and many, many donor consultants. Yet, our long-run growth seems to be declining, as is our productivity. Few new industrial sectors have opened up while the old industry remains largely uncompetitive and cartelised, if the competition commission is to be believed. The economy has grown thanks to the orphan sector that economists don't talk of — service or domestic commerce.

Einstein said that doing the same thing again and again and expecting different results is insanity. Back then, there was no donor funding!

But now failed policies are repeated without much rethinking and it is not insanity. We merely call it "bad implementation."

Our economists also have little to say about the mess that is the public sector. Another mantra prevails here: "just privatise." No matter that our previous thoughtless privatisations were not as successful as we thought — badly priced, facing accusations of insider transactions, and some still not fully paid for. Is the purpose of privatisation merely to rid the government of a bad asset? Why would someone buy a failing asset? Can government monopolies be privatised? Is a private monopoly better than a public monopoly? Should privatisation not improve the market and consumer welfare? Mantras don't consider these possibilities.

Think City-Markets-Governance

How would I like economists to think differently? In my book, "Looking Back: How Pakistan Became an Asian Tiger in 2050," I have outlined a different approach. We must look at the economy as a complex system in which humans interact individually or in groups to learn, innovate, and transact for their collective and individual welfare. Spatially, much of this interaction happens in cities where markets, institutions, and the mass of people are located. Much of this activity is guided by laws and regulations that define markets, both physical and virtual. Economic growth is driven by technology that people in cities strive to develop to increase the exchange of goods and services in the marketplace. Discovery through exchange lies at the heart of the human enterprise.

Conceptualising the economy properly in this fashion immediately suggests that, at the heart of the economy is the city, its markets, and how they are governed. My fellow economists must ask themselves; do we have this nexus of city-market- governance configured for the requirements of the 21st century?

The answer is immediately obvious. We do not.

The Pakistani state can probably best be described as an attempt at the preservation of the colonial structures for continued 'control and extraction,' now for the brown elite instead of the empire. Much of the legal system, the judicial system, and the executive and regulatory agencies continue to function as inherited. If any innovation was made in these, it was to introduce politicisation and corruption. The shortfalls of this system are often measured in the Ease of Doing Business indicators of the World Bank. Sadly, these measures distract from the main point: the need to modernise the state — reform it into the 21st century. How can you expect the city and the market that is organised by a state that is not only stuck in past practices but has also been distorted for personal gain, to provide for the needs of progress and discovery? Our cities lack modernity and hotly contested spaces for various mafias, one of which is officialdom that enriches itself through controlling city land. Similarly, the colonial state so used to 'control and extraction' gives huge advantages to vested interests such as large industry and powerful landlords. Antiquated legal laws and judicial systems make transactions and businesses extremely complicated, at the cost of growth and welfare.

Is it possible to expect this state to deliver the kind of institutions, laws, and governance system that the 21st century requires? If not, how do we expect good things like exports and taxes to increase?

The colonial state chokes investment

This state imposes a huge regulatory burden on the economy which does not seem to concern my friends. We estimated in the 'Framework for Economic Growth' that I developed in the Planning Commission that this regulatory burden may be as high as 70 percent of GDP. It is clear that the economy is labouring under the yoke of an obsolete, unreformed, and distorted colonial governance structure. Yet, this issue is not of central importance to the economist at large.

Frequently, commentator economists lament the lack of investment in the economy — the investment- GDP ratio remains at 15 percent of GDP whereas it is over 30 percent in India and 40 percent in China. Because these numbers are pronounced upon without understanding the structure of the economy, analysts seldom ask "where is the room for investment?" Dig deeper and you will find that the colonial enterprise is holding back investment in more ways than one.

As shown in "Looking Back: How Pakistan Became an Asian Tiger in 2050," the state controls over 70 percent of the market. With that large a footprint, market competition, which is the premier driver of investment, is crowded out by the state. In addition, crony capitalism, which has captured the colonial state, is able to erect barriers to entry in the form of SROs (selective tax exemptions), protective tariffs, as well as exceptional access to inputs. In such an environment, investors correctly find limited opportunity.

As if this were not enough, the colonial state lacks specialised skills to manage the requirements of modern public goods provision. Complex areas like energy and water management, city design and development, and market regulation are clearly of a lager era and far beyond the competence of the 'control and extraction' civil service. The accumulated losses resulting from the poor management of the economy has led to repeated fiscal and balance of payments crises. IMF adjustment programs have frequently been requested but have had little success in managing a policy coherence for sustainable growth. This policy uncertainty, which once again arises from the lack of professional management of the economy, is a deterrent to investment.

Sprawls Without Commerce and Investment Space

Physically too, space for investment has been severely restricted by the colonial hangover state. Modern city development was never a part of colonial enterprise. They wanted people to continue living in old cities while the masters enjoyed airy suburbs.

Natives had no need for serious enterprise. They would have small shops, limited schooling, and limited space for modern activities. They needed to be controlled and the only enterprise necessary was extraction for the welfare of empire.

The bureaucracy and the army took over the role of the colonial state, immediately occupied the colonial habitations, and proceeded to keep the colonial traditions alive. At first, they tried to keep everyone where they were in order to maintain the divide between the brown sahib and the natives. With the relentless population pressure, they had to reluctantly give ground. They protected their colonial habitats, which by then had become the centre of cities and were interfering with commercial development as well as with city mobility plans.

Tight controls on buildings were kept, preventing the development of organised density, commerce, leisure, and even education. For decades, city demand for space for commerce, storage and warehousing, offices, education, leisure, mobility, and many other functions increased. All these developments were forced into the informal sector through encroachments or violations of poorly conceptualised colonial zoning. Even today, we are going through a cycle of litigation and demolishing encroachments which arose because of poor city zoning that sought to prevent the natural growth of cities.

The poor, commerce, and other constituencies counted for little in the colonial model. But the growing elite, of which the bureaucracy, army and the judiciary were now a part, had to be accommodated. Responding to this demand and the availability of the car, the colonial state allowed for suburban development beyond the areas they had inherited from colonialism. As a result, cities have expanded to giant unmanageable sprawls with the centres being occupied by elite mansions and clubs instead of mixed-use, high-rise development as in other cities of the world.

Choked up Engines of Growth

Early development advice suited the colonial bureaucracies for it prioritised industrial growth which policymakers conveniently put outside the city in industrial estates. They also derived further power since the development policy advice of the time emphasised the planning of industrial development through licenses, subsidies, cheap credit, protection, etc. — all of which were dispensed by the colonial bureaucracy.

The country has remained beset with this early development model, refusing to see fresh developments in economics. Our PhD economists remain rooted in the past of the planning models, vacillating between prioritising between agriculture and industry and looking for exports. Domestic commerce, services, and construction were deliberately repressed in an effort to develop what were thought to be leading sectors — industry and agriculture.

In 1996, the Nobel Prize was awarded to Robert Lucas and in 2018, to his student Paul Romer. Both pointed to the engine of growth being the city, a place where people converge to exchange and share ideas, goods, money, services, space, and activities. Many thinkers have pointed to the importance of the city in history as a crucible of innovation, entrepreneurship, knowledge, and creativity. It has also been shown empirically that cities are engines of growth that are dense and walkable, with mixed-use, high-rise city centres. Unfortunately, our cities are sprawls with estates for colonial officials and polo grounds in the middle. And sadly, this research has not reached our policy economists who sit on task forces.

Construction always leads development. Even today, markets are continuously watching leading indicators, many of which are based on construction activity. Go to any city in the world and you will see tower cranes everywhere, many of them. A rapidly growing economy like China has sites that look like forests of tower cranes. Yet, most Pakistani cities have hardly seen a tower crane. Look around you and you will see no tower cranes.

As analysed above, in Pakistan, the continuation of the colonial enterprise has preserved colonial estates in the centre of the city while also maintaining the colonial bias against enterprise in the middle of the city. To preserve this model, the colonial bureaucracy which controls the city has archaic zoning and building laws that are biased against density, walkability, mixed-use and high-rise development. Is it any wonder that the construction industry is not a growth industry in this environment? Can we expect to accelerate our growth without the strong growth of construction that is based on real city development and not this colonial sprawl development?

Unlocking Dead Capital

There is an opportunity for real and sustained growth acceleration and for huge improvements in welfare if Prime Minister Imran Khan takes up the challenge of changing the city paradigm. He must uproot the colonial centres that are located in busy downtowns and allow high-rise, mixed-use construction.

In most cities, city centre land for urban regeneration is hard to get. The colonial enterprise has kept this precious capital inert for their private use and held back city development, along with employment and growth possibilities. It is time to make this dead capital work for us.

There is tremendous opportunity that is possible. The key challenge is going to be how to do it right for maximum public benefit. As an example, consider Lahore, which has more than 10,000 acres of prime commercial land held by the public sector in various areas. We must use this land for maximum value creation and employment gains. My tentative calculations show the following possibilities for only the 5 GORs which represent about 4000 acres.

If we want to progress, we must truly end vestiges of colonialism and move into the 21st century.

- We can make about 35 buildings of high-rise mixed-use buildings like Centaurus leaving more than half empty for greenery. Each will cost say about \$500 million.
- Total investment: \$17.5 billion.
- Employment in construction: 5000 per building and similar indirect employment.
- Total employment bang will be about 350,000–500,000 during construction.
- Each building will employ similar amounts or more when completed.
- At an average height of 35 floors, this will be 225 million square feet of construction for all uses.

It should not be made a speculative play for trading. It should not be hijacked by qabza mafias. This land represents a huge part of the city's wealth.

My suggestion would be for all cities to allow City Wealth Funds to own this land and professionally manage these funds. Professional managers can develop projects and sell these as public-private partnerships on a build, own, operate, and transfer basis. This could be a way for cities to earn maximum revenue over a longer period of time. The time-bound nature of these contracts would force quick construction and returns.

Sadly, the Framework of Economic Growth (FEG) of the Planning Commission did present this approach to developing growth acceleration to the Cabinet and Parliament in 2011 and 2012. Although the FEG was approved, it was never implemented due to the opposition of the colonial bureaucracy, which wished to preserve its estates. It will require a strong government to do this and good process to make this happen professionally, protected from politics.

Policy Recommendations

- Revise current urban planning and zoning strategies. Emphasise more density, vertical growth, mixed-use (residential and commercial) buildings, and more walking space. This would stem sprawl, save precious agricultural land, generate environmental benefits, and promote more inclusivity. Such changes would also lead to a construction boom that in turn would create employment, attract investment, and hasten sustained growth.
- Eliminate city management biases against social, cultural, and learning activities and leisure space.
- Monetise housing benefits for public sector officials, who currently enjoy luxury housing and sprawled office space that take up large areas of city centres. Monetisation could free up valuable land for high-value commercial and mixed-use development.
- Undertake civil service reform. Currently, a small group of federal administrators regulates cities and controls much of its prime land. Professional city managers are needed to manage cities for growth.

Chapter 2

The City in Human Life

DURR-E-NAYAB²

Life in cities has long been considered the natural goal of human development. Referring to man as a political animal, Aristotle believed that it is in man's nature to live in a polis or city, and 'civilisation' (derived from Latin civitas, a city) is the natural state for the human animal. But cities are an enigma. Overcrowding, soaring land prices, intense competition, traffic congestion, poor housing, poor sanitation, mounting social problems, deteriorating environment and rising crimes should push people and businesses away from urban centres. "The theory of production contains nothing to hold a city together", wrote Robert Lucas in 1988, stressing, "If we postulate only the usual list of economic forces, cities should fly apart" and that, "A city is simply a collection of factors of production capital, people, and land—and land is always far cheaper outside cities than inside. Why don't capital and people move outside, combining themselves with cheaper land and thereby increasing profits?". Nevertheless, in reality an increasing number of people live in or near cities and most economic activity takes place in them, making Lucas argue that high levels of human capital and knowledge spillovers provide a potent force for agglomeration, for attracting and inspiring innovators who then becomes engines of growth.

Cities are the hubs that facilitate, maintain and encourage interactions among persons in a country and in different parts of the world. They are the epicentre of information, knowledge, learning, creativity, technology, innovation, institutions and government. All these qualities of cities make Scott and Storper believe that cities are the major drivers of the process of development in the contemporary world, and an essential condition of durable development- they are "the locomotives of national economies" (2003).

Given the interest the city generates among social scientists³, the present paper looks into literature, mainly from the economic perspective, and sees how cities have evolved,

² Author's Note: I would like to thank Dr Nadeem Ul Haque for rubbing off his interest in the city to others at PIDE. His encouragement for the completion of this paper is greatly appreciated. Usual disclaimer applies.

³ The foundational diversity of cities reflected in literature is remarkable. Traits attributed to cities present a series of images based on diverse ideas, concepts and frameworks resulting from all the different lenses they are seen with. Some of these images are: *the ethnic city* [Lamphere (1992); Portes and Stepick (1993)]; *the divided city* [Williams (1992), Keith and Cross 1993); *the gendered city* [Wright (1991)]; *the contested city* [Banck (1994); Holston (1989)]; *the de-industrialised city* [Pappas (1994); Newman (1992)]; *the global city* [Sassen (1996, 1991)]; *the dual city* [Minigione (1993)]; *the informational city* [Castells (1989)]; *the modernist city* [Holston and Appadurai (1996); Low (1995)]; *the colonial city* [King (1995)]; *the post-modern city* [Giddens (1990), Harvey (1990)]; *the fortress city* [Davis (1990); Fainstein (1994)]; *the sacred city* [Elebow (1989); Parish (1994)]; *the traditional city* [Bestor (1989); Ram (1995); Jankowiak (1993)]; *the creative city* [Florida (2004)]; *the innovative city* [Simmie (2001)], and the list goes on and on with city types such as the *mythical city*, the *poetic city*, the *underground city*, the *late night city*, the *cyber city* and the *working city*. It is this diversity that captures our attention towards the city

and affected human life, over time. It then deals with the definition of "urban" as debated in the literature, followed by issues related to city size and primacy. The paper also examines the literature on the role of cities as engines of growth, including issues related to city management and "meta- geography." Finally, it looks at what the future holds for the city.

Cities through Time

Long before the first cities took shape in Mexico, China, or Europe, the fundamental patterns of urban life had evolved in the Middle East. Toward the end of the last Ice Age, livestock domestication and agriculture started to spread, and with them a more sedentary way of life. Small villages developed as centres of trade and artisan activities. What might be referred to as "proto-cities" appear to have developed most rapidly in a wide region spread across the Syrian steppes, in Jericho, Iran, Egypt, and Turkey [Gottmann (1974) and Braudel (1995)].

The region stretching from the west coast of Palestine to the Nile Valley in Egypt to the Tigris and Euphrates rivers constitutes what is known as the "Fertile Crescent". In the earliest period of recorded history, the farther one moves from this region, observed the German historian Werner Keller, "the deeper grows the darkness and signs of civilisation and culture decrease. It is as if the people on the other continents were like children awaiting their awakening..." [quoted in Kotkin (2005)].

The alluvial basin between the Tigris and Euphrates rivers, known to the Greeks as Mesopotamia and what is now modern Iraq, proved an ideal environment for rapid urbanism. The presence of abundant wildlife, fish and grains in the area afforded the Neolithic farmer with enough surpluses on which the beginnings of urban civilisation depended. Early city builders faced many critical challenges.

Building stone and timber were scarce, and rain sporadic. As a result, settlers in this region were forced to develop complex systems to irrigate their land. Such endeavors required a moral and social order to regulate society, which became a major step away from the familial and clan relationships that had characterised traditional life for millennia [Gottmann (1974) and Braudel (1995)]. The earliest cities became centres for controlling and carrying out these functions. These urban agglomerations, the earliest of which can be traced as far back as 5000 BC, were very small, and even by the third millennium, the strong "metropolis" of Ur had only around 150 acres of land accommodating not more than 24,000 people.

The priestly class became the primary organisers of this new urban order, and the temple dominated what could be called the "inner city" of early Sumerian urban civilisation. Within this inner city, temples rose alongside the palaces of rulers and homes of the elite [Crane (1984)]. The construction of these temples encouraged the commercial growth of early cities. Along with slaves, ordinary workers and skilled artisans participated in the construction of these grand structures. This is where, by roughly 3500 BC, the first recognisable systems of writing emerged for both religious and commercial purposes.

The temple also served as the first urban "shopping centre," offering a variety of goods ranging from oils to asphalt, mats, and stones. The temple had its own factories that manufactured garments and utensils [Kotkin (2005)]. One dynasty followed the other, but the centrality of the religious function remained intact for millennia. The hierarchy of gods

or ways of worshipping shifted over time but the temple maintained its significance in this early urban life. The shrines of Ur, for instance, were repeatedly restored by those who conquered the city.

This pattern continued well past the Sumerians and all the societies that emerged from the region, from the Babylonians and Assyrians to the Persians, all of whom envisioned their cities as essentially sacred places [Braudel (1995)]. Babylon, the greatest of the Mesopotamian cities, was called Babi-ilani, or "the Gate of the Gods," the place from where the divinities were believed to have come to earth [Kotkin (2005)].

A shift, however, took place with the Egyptian civilisation. In Egypt, control lay with the pharaoh, who claimed to be not just the ruler but a god himself. Civil servants managed the irrigation and surplus economy for an individual who was god and king at the same time [Gottmann (1961)]. The strong bond between civic identity and priesthood, which was so important in the evolution of Mesopotamian cities, gradually diminished in ancient Egypt.

Egypt's civilisation produced several significant cities, but even great cities like Memphis or Thebes never acquired the independent identity and economic dynamism associated with the Sumerian urban centres. Egypt's quest for universal order, in contrast to fragmented Mesopotamia, hindered the growth of self- enclosed walled cities [Kotkin (2005)]. The lack of competitive trade also slowed the development of a marketplace economy. Egypt remained a civilisation whose greatest achievement, the Pyramids, were constructed for the dead, not the living. "Everything else in Egypt seemed to have found durable form," observed Lewis Mumford, "except the city" (1961).

The religious focus in urban Mesopotamia was shared by the Indus Valley civilisation. Harappa and Mohenjodaro, constructed around 2500 BC, in the present Pakistani provinces of Sindh and Punjab, also constructed grand religious architecture at their centre. As in Sumer, which had trading relations with the centres of Indus civilisation, theocrats played a pivotal role in running the city. This religious orientation also applied to cities that had little or no direct link with the Fertile Crescent. In China, in around 1700 BC, the Shang dynasty rulers constructed temples in the centre of their urban spaces. Religion was critical to rally around the labour needed to build walls and city foundations. The primacy of the religious role was even more prominent in the earliest cities in the Americas. Although they had no contact with either the Mesopotamian or Chinese urban centres, the first cities built in Mexico and Peru also had religious structures at the heart of their metropolitan centres [Braudel (1995)].

All early cities centreed on temples, religious ceremonies, and regulations, and built huge religious structures that were symbols of cultural advancement and also a foundation for growing urbanism. Increasing urbanism led to developments in architecture, urban designs, building materials, writing systems, writing tools, and mathematics, as we can see in the Incan and Maya civilisations (the latter lasting from 600 BC till after 900 AD).

A similar trend was also found in Europe, which is best narrated in Henri Pirenne's *Medieval Cities*, first published in (1925). He not only traces the history of the rise and fall and rise again of the main European cities but also establishes its links with sociopolitical and, more importantly, economic factors. The central theses emerging from Pirenne's seminal work are as follows.

• The basic cause of the Dark Ages was the loss of trade in Europe associated with the loss of the Mediterranean when Islam became a power and Rome fell after

460 AD. Gradually, from 500 AD to about 900 AD, life in central Europe fell to subsistence levels.

- Two factors led to the redevelopment of trade and access to the Mediterranean:
- Venice, which was never part of "Europe" except by geography. During the Dark Ages, it remained associated with the Byzantine Empire in Constantinople (Istanbul), and continued its association with this eastern Christine empire via the sea.
- Scandinavian adventurers, who established sea trade with the East and Muslims.
- Until about the 11th century there had only been three classes—the clergy, the nobility, and the serfs, who produced subsistence agriculture to support themselves and the other two classes.
- Trade created traders, who gradually emerged as a middle class that needed cities in which to congregate, manufacture, and trade.
- The growth of the middle class and the cities ended up impacting all three classes. The hold of the clergy and nobility weakened, giving way to a more democratic sharing of power with the merchant middle class, and slowly the peasantry was drawn into this system. Serfdom gradually ended with the serfs becoming free peasants [Pirenne (1969)].

Economic historians show that, in Flanders in northern Italy and elsewhere, cities concentrated manufacturing work within their walls from the 10th to the 12th centuries. This trend of agglomeration in urban areas was almost complete by the 13th century. From the 14th century till the latter part of the 17th century, the outward migration of manufacturing activity shifted the production of manufactured goods to the countryside [Gottmann (1961) and Braudel (1995)]. This was a result of the increased burden of costs and regulations brought about by increasing concentration in larger cities. This out-migration, however, did not cause the cities to lose their significance as they continued to finance and manage manufacturing, and control the marketing of these goods from offices in urban centres [Braudel (1995)]. As stressed by Braudel, cities also performed an "incubator" function for the new industrial technology created by the Renaissance (1995).

The Industrial Revolution of the 18th century brought with it a new phase of regrouping manufacturers, with the focus now on large-scale industries in the cities. There is consensus that, since the Industrial Revolution, the concentration and growth of manufacturing plants has been the prime force behind modern urban dynamics [Gottmann (1961) and Braudel (1995)]. The 20th century witnessed the beginning of a massive outward migration of production from the cities—a result of the pressures of increasing costs, congestion, taxation, and regulation, along with legislation enforced to minimise the effects of large-scale concentration in cities and economically help lagging regions, a process leading to the use of terminology such as "pre-industrial", "industrial", and "post-industrial" cities.

Not everyone is happy with what the modern city has evolved into. Mumford (1961) writes about how the urban form has changed throughout human civilisation—from the earliest group habitats to medieval towns to the modern centres of commerce. He was deeply concerned with what he viewed as the dehumanising aspects of the metropolitan trend and thought of it as "a world of professional illusionists and their credulous victims" (1961). He hoped for a rediscovery of urban principles that emphasised humanity's organic relationship with its environment.

Others, however, see things differently [Jacobs (1961, 1968); Sveikauskas (1975); Krugman (1993); Glaeser, *et al.* (1992, 1995, 2001); Hall (1998) and Florida (2004). Hall (1998) argues that great cities are central to civilisation because their very size and complexity make them natural sites for the "innovative milieu." He believes that only the greatest cities have the ability to bring together creative people to overcome cultural inertia. It is through this urban network of innovators that new paradigms take shape that transform civilisations. Hall stresses that, despite the rapid advancements in technology, the cultural centrality of cities will not only continue but intensify (1998). He believes that significant cities of the past have been successful either as cultural incubators (Athens and Florence) or as technological innovators (Manchester, Detroit, and Silicon Valley), but that civilisation is now on the path of a "marriage of art and technology," creating a new culture through this synthesis. Hall argues that this synthesis will take place in large diverse cities attracting many different kinds of skills, bringing cities to the verge of a "coming golden age" (1998).

What is "Urban"? Definitional Issues

The terms "urban-rural dichotomy", "urban-rural continuum", "urban-rural divide", and "urban-rural conflict" are often used in the social sciences but, as maintained by Friedman, "many of the aspects of urban and rural living which have seemed to distinguish the two types of areas may be losing their distinctive characters" (1961: 481). The issues of distinguishing urban from rural have long plagued not just social scientists but people from other fields like marketing and public amenities providers. Meserole, in 1938, best summarises the issue when he says, "One thing, however, is certain, and that is that these terms are the opposite ends of a common scale and that no line of sharp demarcation can be struck through it dividing justly that which is rural from that which is urban. The transit from rural to urban—or from urban to rural, if you prefer—is a shading process. One imperceptibly melds into the other." (p. 233).

If we look at the UN's Demographic Yearbook [UN (2003)], the definition of "urban" varies considerably. Countries differ in the criteria they use for distinguishing urban localities from rural ones —criteria that are usually too simplistic to encompass the actual differences. Most countries define "urban" on the basis of the number of people living there, ranging from a mere 200 in Greenland and Iceland to more than 50,000 in Japan [UN (2003)]. The predominance of agricultural/non-agricultural activity is also a commonly used criterion, along with the presence or absence of municipal corporations. Some countries, however, use fairly elaborate definitions to define urban, including India and Japan,⁴ but even then, the term cannot cover all aspects that differentiate urban from rural. In Pakistan, places with a municipal corporation, town committee, or cantonment are considered "urban".

⁴ India: places with municipal corporations, municipal area committees, town committees, notified area committees, or cantonment boards); places with 5,000 or more inhabitants, a density of not less than 1,000 persons per square mile or 390 per square kilometer, pronounced urban characteristics, and at least three fourths of the adult male population employed in pursuits other than agriculture [UN (2003)]. Japan: City (shi) having 50,000 or more inhabitants with 60 percent or more houses located in the main built-up areas and 60 percent or more of the population (including their dependents) engaged in manufacturing, trade, or other urban businesses. Alternatively, a shi with urban facilities and conditions as defined by the prefectural order is considered urban [UN (2003)].

The definitions above do not, however, take into account overlapping urban and rural characteristics. To quote Meserole, "Thus, mere numerical distinction fails to be useful, and what is needed is an ideology that, when applied, would make data more universally adaptable" (1938: 233). There is thus a need to introduce an intermediate or transitional category of space, accommodating a more graduated set of situations between the concededly urban and the concededly rural places, as it not possible to justly indicate the place at which urbanity ends and rural conditions begin.

Problems in defining urban-rural notwithstanding, the terms provide a useful tool for distinguishing between socioeconomic and political group interests, which tend to congregate in the two different environments—differences based on the number of people, density of settlement, heterogeneity of inhabitants, and their way of life. Table 1 presents some of the widely recognised differences between urban and rural populations, as used by social scientists.

There is renewed interest in the economic role of cities and comparison of cities' performances. Such studies, however, need comparable measures of performance but there are no universal standards defining cities or ways of comparing them across countries. Definitional problems are not confined to international comparisons alone. Administrative units, as discussed earlier, rarely match the actual realities of cities as the built-up area continuously swells over time, exceeding administrative limits. The city is also used by commuters, who travel in from beyond the built-up core, and thus no administrative city corresponds with the economic definition of a city as a space in which people both reside and work. However, given the multidimensional nature of rural-urban differences as presented in Table 1, it is difficult to formulate an all-encompassing definition to differentiate between the two locations.

Differences between Urban and Rural Populations					
Dimensions	Urban	Rural			
1. Economy	Dominated by secondary	Predominantly primary			
	and	industry and activities			
	tertiary activities	supporting it			
2. Occupational Structure	Manufacturing,	Agriculture and other primary			
	construction,	industry occupations			
	administration and				
	services				
	activities				
3. Educational Levels	Higher than national	Lower than national average			
	average				
4. Accessibility to Services	High	Low			
5. Accessibility to Information	High	Low			
6. Demography	Low fertility and mortality	High fertility and mortality			
7. Politics	Greater representation of	Conservative, resistance to			
	liberal and	change			
	radical elements				
8. Ethnicity	Varied	More homogenous			
9. Migration Levels	High and generally in-	Low and generally net out-			
	migration	migration			

Table 2.1

Source: Hugo, et al. (2003).

Coombes and Raybould argue, "in an increasingly complex pattern of settlement, linked with socio-economic polarisation, no single measure can represent all of the distinct aspects of settlement structure that will be of interest to public policy". (2001: 224). They suggest the use of at least three key dimensions of modern human settlement patterns that policymakers must take into account while allocating resources or designing public programs. These are (i) settlement size, ranging from the metropolis to the village, (ii) concentration, ranging from dense to sparse, and (iii) accessibility, ranging from central to remote. These dimensions, Coombs and Raybould stressed, should be recognised and measured individually, and it would be "inappropriate to try to proxy any of the three with either of the other" (2001: 224).

Different methods have been devised to take into account changing settlement patterns. One of these is to define the city limits as a central core on the basis of population concentration, and outlying regions depending on the degree of integration with the core defined by commuting, i.e., 25 percent or more commuting from outlying regions into the central core, or 25 percent or more commuting from the core to the outlying regions. Cromartie and Swanson (1996) created a five-level classification for the US based on population size, population density, levels of urbanisation, commuting patterns, and adjacency. They developed an urban-rural settlement continuum, grouping populations into the following: (i) metro-core, (ii) metro-outlying, (iii) nonmetro-adjacent, (iv) nonmetro-nonadjacent with city, and (v) nonmetrononadjacent without city. Ghelfi and Parker (1995) developed a similar model and classified the 3,141 counties and cities into eight categories based on degree of urban influence.

Along with changes in settlement systems, the ways in which data is captured, stored, and analysed in relation to settlement systems has also changed, which can help define "urban." New technologies have helped develop a new suite of global datasets on urban population and extents. These new databases far surpass past efforts to construct a systematic global database of urban areas by combining census and satellite data and methods of analysis in an integrated geospatial framework.

The first major effort to generate a consistent global geo-referenced population dataset was the Gridded Population of the World (GPW), created at the National Centre for Geographic Information Analysis (NCGIA) in 1995, and updated by the Centre for International Earth Science Information Network (CIESIN) in 2000 [Balk and Yetman (2004) and Deichmann, et al. (2001)]. Other such works include those incorporating satellite data and other ancillary data, which reallocate population toward classifiable features such as roads [United Nations Environment Programme (UNEP) (1996, 2004), and the International Centre for Tropical Agriculture (CIAT) (2003)] and slope, elevation, "night-time lights," and land cover [Dobson, et al. (2000), and Elvidge, et al. (1997)]. The method of "night-time lights" has been used by many recent studies to map global urban population, including Schneider, et al. (2003), and Pozzi, et al. (2003).

Given the effort being expended on determining a precise definition and measure of "urban," by practitioners dealing in fields as varied as the social sciences, businesses, and information technology, an all-encompassing definition of "urban" might very well be in sight.

City Size and Primacy

Any selected country is likely to contain many small cities, a smaller number of medium-sized cities, and a few large cities. This pattern of city size can be observed as quite regular from one country to another. This striking pattern, "one of the most overwhelming empirical regularities in economics" according to Paul Krugman, is described as Zipf's law or by its sister law, the rank-size rule.

Zipf's⁵ law applies to cities in most nations of the world. The rank-size law says that, if one takes all the cities in a country and ranks them from top to bottom by population, the second-largest city will have half the population of the largest city, the third largest will have one third the population of the largest city, and so on. Zipf's law states the same relationship in terms of probability, that is, the likelihood that a city has a size greater than S is proportional to 1/S [Gabaix (1999)].

Graphs of this relationship are also striking. If the vertical axis of a graph shows a city's rank (with the largest city assigned the rank 1, the second largest rank 2, and so on) and the horizontal axis shows the city's population, plotting a set of a country's cities will show a uniform curve sloping downward from left to right. If we take the natural logarithms of both rank and population, the graph will be a straight line that slopes down at almost a 45-degree angle.

To visualise and prove the validity of Zipf's law, we will take the case of Pakistan, by ordering the largest cities by population—number 1 for Karachi, number 2 for Lahore, and so one—and drawing a graph by plotting the log of the rank of cities on the y-axis and the log of the population of cities on the x-axis. The resulting graph, shown in Figure 2.1, shows an almost straight line.





⁵ Named after Harvard linguist George Zipf but actually discovered earlier by German physicist Felix Auerbach and described even earlier by Italian economist Vilfredo Pareto in relation to company revenues. Zipf's law can also be proved using regression analysis. Again, using Pakistan as a test case, we take the rank of the city as the dependent variable and regress it on the city's population. Based on the regression, we derive a slope almost equal to -1, as seen from the equation below:

$$ln (rank) = \alpha + \beta ln (size)$$

= 12.701 - 0.992
[0.022]

In the above equation, standard deviation appears in brackets, and the R^2 is 0.984. The slope of the curve is very close to -1. In terms of distribution, this means that the probability that the size of a city is greater than some S is proportional to 1/S. Thus, the Zipf's law proves valid for Pakistan as well.

The relation of size-distribution of cities with the process of urban growth has long interested economists. Gabaix (1999) established this relation formally by using Gibrat's law, which states that the size distribution of cities is Pareto-distributed and scale free, and the mean and variance of city growth rates do not depend on city size. Gabaix showed that, if city growth is scale-independent and the growth process has a reflective barrier at some level arbitrarily close to zero, the invariant distribution of city sizes is a Pareto distribution with a coefficient arbitrarily close to 1, thus corresponding to Zipf's law as well [Gabaix (1999) and Gabaix and Ioannides (2004)].

Individual city sizes grow with human capital accumulation and knowledge spillovers; the number of cities has also increased with growing urbanisation and national population growth. Black and Henderson (1997) believe that "Despite entry of new metropolitan areas, the relative size distribution of cities is astonishingly stable over time, exhibiting no tendency to collapse (converge to a common city size), spread, go bimodal, and so forth, with the actual distribution fluctuating little between decades..." (p. 254).

Sveikauskas (1975) provides some early evidence on the correlation between productivity and city size and finds a doubling of city size associated with a close to 6 percent increase in labor productivity. Similarly, he finds that doubling the city size leads to a nearly 5 percent increase in wages, even after allowing for the influence of other factors such as education. Other studies, including Shefer (1973), Segal (1976), Nakamura (1985), and Soroka (1984) also find large cities to be more productive than smaller ones. Some difference of opinion notwithstanding, increased city size is generally considered to have a positive effect on economic growth, an idea expressed emphatically by Quigley (1998) when he says, "it remains clear that the increased size of cities and their diversity are strongly associated with increased output, productivity, and growth. Large cities foster specialisation in production and sustain a broader range of final products, increasing the returns of their firms and the well-being of their residents..." (p. 136).

Related to the size distribution of cities is the issue of primacy. Jefferson (1939) introduced the concept of primacy, when he observed that the primate city is usually twice the size of the second largest city, and it best represents the national capacity and sentiment. Jefferson stated that there are many causes for one city to exceed its neighbors in size, but once it did, "This mere fact gives it an impetus to grow that cannot affect any other city, and it draws away from all of them in character as well as in size..... it becomes the primate city" (1939: 227). A primate city is the one that works as the financial, political,

and population centre of a country and is not rivalled in any of these aspects by any other city in that country. Primate cities are often, but not always, the capital cities of a country. An excellent example of a primate city is Paris, which truly represents and serves as the focus of France. Not all countries have primate cities (Australia, Brazil, Germany, India, the People's Republic of China, and Pakistan, for example), but for those that do, the city is typically depended on by the rest of the country for cultural, economic, political, and major transportation needs [Linsky (1965)].

Some examples of countries with primate cities include [UN (2001)]:

- France: Paris, with a population of 9.6 million, is a primate city, with the secondlargest city of Marseilles having only 1.3 million inhabitants.
 - UK: London is the country's primate city (7 million) while the second- largest city, Birmingham, has a population of one million people.
- Mexico: Mexico City (8.6 million) far exceeds Guadalajara (1.6 million).
- Thailand: A huge dichotomy exists between Bangkok (7.5 million) and country's second-largest city, Nanthaburi (481,000).

Cities as Engines of Growth

Jacobs (1984) argues that national prosperity is nothing more than the sum of the economic performance of individual cities in a country. She, like many others, believes that cities have not only played an important role in history, but are also the motor behind national economic development, since trade and commercial activities always occur at the level of a city. Jacobs (1969) introduced an analysis, which contradicted the prevailing opinions on urban development, stating that cities had already existed before humankind, starting with agriculture, that in fact it was cities that had made agriculture possible. Ultimately, Jacobs claims, every form of economic development has a basis in the city. First, cities were trading posts. This trade at the local market level initiated organised agriculture and cattle breeding [Jacobs (1969)]. Giving the example of the Japanese bicycle industry, Jacobs shows how cities can drive economies forward. The import of bicycles from the West drove local entrepreneurs in Japan to open more and more repair workshops. In the end, the Japanese became so adept at repairing imported bicycles that, to distinguish themselves from their local rivals, they started to develop, produce, and export their own bicycles. Cities thus grow by treating, renewing, and exporting imported goods and services, which results in income that can be used to import further items [Jacobs (1969)]. The activities of the city offer the best setting for this innovation because entrepreneurs strive to move ahead of local competition. Jacobs transfers this relation into the formula D + A = nD, where D is the division of labour in a given economic system; A, the new activities of entrepreneurs; and nD, the resulting new forms of labour division. This relation shows how new activities develop from existing ones and thus how a city's economy grows.

The recognition of cities as the centre of production has gained significance since the Industrial Revolution. With the development of new technologies and service industries, the structure of the city has become increasingly diversified and complex, and cities now often reflect the prosperity and poverty, of modern life. The first economic model of a city was developed two centuries ago by Johann Heinrich von Thünen. His model postulated "isolated states" and the link between them: urban markets, rural producers, and transportation. This laid the foundations of what later came to be called the "new economic geography." Von Thünen described an economy in which farmers bringing produce to a market in an urban centre would incur a transport cost proportional to the distance they traveled. He called these "ox cart costs,"⁶ as the oxen pulling grain to the market would eat some portion of that grain during the trip. A farmer whose land was close to the urban centre would benefit from lower ox cart costs but suffer higher land rents. This pattern, later referred to as the land-price gradient, determined what kinds of goods would be produced near the centre and which could still be profitable if grown far from town.

Von Thünen's model has now been much modified and extended by modern urban economists, including Alonso (1964), Mills (1967), Muth (1967), and Krugman (1993), but it was von Thünen who introduced an essential element for the study of cities and economic growth: the idea of proportional transportation costs and their relationship to overall costs of production. He also suggested that, while high land rents in cities and high food prices due to higher transport costs, could act against their growth, there were a number of forces that might still lead industry to become concentrated in cities. Large-scale plants are viable only in big cities because the size of a plant "depends on the demand for its products," which is largest in a city. He noted that only large plants can profitably install efficient, labour-saving technology, leading to far higher productivity per head, and that only large plants worked at a scale sufficient to use the division of labour.

Marshall (1890) had a different perspective on cities—looking at the internal dynamics of cities and industry rather than the cost of farmers bringing products to markets, he offered three main reasons for industry and population becoming concentrated in the cities:

Labour market pooling. Employers are more likely to locate at a place where the probability of finding workers with appropriate skills is high. Likewise, those seeking employment would be attracted to a place where many employers are present needing the skills that they possess.

Human capital and knowledge spillovers. Ideas travel faster when people of the same trade are in each other's vicinity. New ideas are thus absorbed, assimilated and improvised in such conditions.

Input markets. Complementary trades develop to form efficient supply chains, thus, helping to reduce transportation costs of materials.

Marshall thus believed that industries and workers who locate in cities increase a worker's probability of finding a job and decrease the firm's cost of finding suitable labourers. An industry will create backward linkages, giving birth to nearby input suppliers, and the proximity of skilled workers means that knowledge and skills will transfer among them, generating innovation and growth.

Some recent works on similar themes have also reached the conclusion that cities, especially larger ones, provide greater economic efficiency arising from reductions in transaction costs and better matching of worker skills and job requirements. This reduces the search costs of workers with differentiated skills and those of employers with

⁶ Many years later, applying the "ox-cart costs" concept to international trade, Paul Samuelson used the term "iceberg costs," a description of a portion of an iceberg melting steadily away as it is towed—the greater the distance, the smaller the iceberg.

differentiated demands for labour [Helsley and Strange (1990) and Acemoglu (1996)]. Acemoglu (1996) has developed a model of urban growth through "pecuniary" human capital externalities, spillovers that affect productivity directly through the marketplace via their impact on the labour market and the price signals provided by wages. His work supports the idea that locations with large labour markets-i.e., cities-benefit most from such externalities, strengthening the idea that labour market pools, and not just knowledge spillovers, account for the urban concentration of economic activity.

Almost a century after Marshall, Krugman concluded that cities emerge "when manufacturing firms clump together to be near the markets they provide for one another," and that, "other things equal, it will be more desirable to live and produce near a concentration of manufacturing production because it will then be less expensive to buy the goods this central place provides" (1993). Although Krugman's theory connects to Marshall's idea of input linkages, it is closer to von Thünen's emphasis on transportation costs and his recognition of economies of scale in manufacturing.

Krugman developed a model with two sectors: (i) agriculture with constant returns to scale, and (ii) manufacturing with increasing returns, or economies of scale. In his model, farms can be dispersed and of any size since marginal cost does not vary by acreage, while manufacturing tends to be concentrated in large- scale plants at central locations because of economies of scale. According to the model, preferred sites are those with relatively large nearby demand, since producing near a main market minimises transport costs. Smaller markets will be served by central sites. In a cyclic pattern of causation, manufacturers thus tend to locate near large markets, and markets are large where manufacturers are located. Thus, it is economies of scales that lead to agglomerations in cities. As declared by Quigly (1998): "Without scale economies, there is no role for the city at all." The implications of agglomerations have been much discussed among economists, especially urban economists. Table 2 presents a summary of the agglomerative implications of size and diversity in cities.

Factor	Example	Theoretical Argument
1. Scale Economies: in	Within firms larger plant size	Mills (1967), Dixit (1973) Arnott
production	Public goods, parks, sports	and Stiglitz (1979)
in consumption	stadiums	
2. Shared Inputs: in	Repair, accounting, legal,	Krugman (1993)
production in	advertising Theatre,	Rivera-Batiz (1988
consumption	restaurants, high/low	
	culture	
3. Transaction Costs: in	Labour market matching	Helsley and Strange (1990),
production	Shopping districts	Acemoglu (1996),
in consumption		Artle (1959)
4. Statistical Economies:	Unemployment insurance,	David and Rosenbloom (1990)
in production	resale market for assets	Helsley and Strange (1991) Mills
in consumption	Substitute goods	and Hamilton (1984)

Table 2.2

Aggl	lomerative	Implications	s of	Size	and	Diversity in	<i>i</i> Cities

50

Like Krugman, Robert Lucas began to study urban growth by first analysing the reasons that nations differ in their economic growth rates. Lucas's (1988) focus, however, was not on trade and transport costs, but on how humans enhance their productivity through learning, either in school or on the job—human capital. He believed that ideas can benefit others as much or even more than they benefit the inventor of the idea, and that human capital and the stock of accumulated knowledge may be the most important application of the theory of endogenous growth [Lucas (1988)]. Lucas concentrated on the external effects of human capital and the productivity spillovers from one person to another. He believed that with such externalities, growth in human capital could raise society's overall income even more than it raised that of the individual, and that these external effects might account for the striking differences in economic growth rates among nations—an idea that explains the growth of cities equally well. "It seems to me that the 'force' we need to postulate [to] account for the central role of cities in economic life is of exactly the same character as the 'external human capital' I have postulated as a force to account for certain features of aggregate [national] development..." [Lucas (1988)].

Instead of continuing to use only simple capital accumulation models, economists have moved toward models taking into account the stock of knowledge and intellectual/knowledge spillovers as the driving force of cities. According to Glaeser (2001), evidence suggests that the levels of human capital in a country strongly predict its growth rates. "Where are intellectual spillovers more obvious than in dense, urban environments?" asks Glaeser, adding that the "physical closeness of workers of Silicon Valley, Route 128, or Wall Street contributes strongly to the flow of ideas in the microchip or finance industries. Even more interestingly, the urban environment can foster the unexpected combination of seemingly unrelated ideas that may provide the most important forward leaps of knowledge". [Glaeser (2005: 9)].

Cities are thus centres of growth because of the density and proximity of complementary economic activities in urban areas, leading to economies of scale. In addition, cities promote the growth of productivity because they offer a larger market. Larger market size is critical, since fixed costs can be spread out among more consumers. Knowledge spillovers, backward and forward linkages, the labour pool and human capital, and markets for specialised inputs together generate real and pecuniary externalities that make the city the hub of economic activities and an engine of growth.

City Management

Until now we have discussed what might be referred to as the centripetal force of cities. Over time, there has been talk of a parallel stream of centrifugal forces that might draw people out of cities. There could come a time when the benefits of agglomerations are surpassed by the costs of congestion and the city can stop growing [Tolley (1974) and Ades and Glaeser (1994)]. Issues that make the management of cities difficult and that challenge the city as the hub of all economic activity include the cost of living and commuting—urban sprawl, civil amenities, pollution, crime, zoning, and governance. Issues like these caused Mumford to argue that the structure of the modern city was partially responsible for many social problems in Western society (1961). Mumford believed that urban planning should emphasise an organic relationship between people and their living spaces, something that he found missing in modern cites.

Urban Housing and Sprawl

"Cities can be thought of as the absence of physical space between people and firms. As such, they exist to eliminate transportation costs for goods, people and ideas," believe Glaeser and Kahn (2003), but with time, cities are becoming too congested and too expensive to eliminate this physical distance. The rising cost of housing is forcing people to move out of the cities. Linked to housing cost is transport cost, and the Alonso-Muth model describes an equilibrium where prices are higher nearer the city centres to offset the lower costs of commuting [Alonso (1961); Muth (1969)]. According to this model, the costs of urban density can be found by examining housing costs, if we examine a house with a zero commuting cost or the commuting costs of individuals living farthest from the city centre. Glaeser (1998), however, believes that we need to consider the costs of housing and transport simultaneously. There is no doubt that houses in the city cost more, and the nearer they are to the city centre, the costlier they become.

This increasing cost of living and congestion in cities can lead to urban sprawl, as with time, the dominant form of city life becomes increasingly based on automobiles. People, followed by jobs, have begun to leave high- density areas and move into lower-density areas, car cities, enabling employment to decentralise. Contrary to common belief, urban sprawl might well be an indicator of prosperity as well of poverty. Housing in city centres is expensive, so that the poor cannot afford it. At the same time, congestion in big cities might force the rich to move out to suburban areas, something that the poor cannot do either as they cannot afford to own a car. Thus, the resulting "edge cities" have been associated with significant improvements in the quality of life [Sit and Yang (1997); Leaf (2002); Glaeser and Khan (2003) and McGee and Robinson (1995)].

Lower commuting costs can eliminate the link between housing location choices and workplace location. This can lead to multi-centric (instead of uni- centric or even duocentric) business areas, increased productivity because of knowledge spillovers, and lower housing costs on the city's periphery. Urban growth can therefore lead to suburbanisation as well as multiple business centres [Fujita and Ogawa (1982) and Lucas and Rossi-Hansberg (2002)]. This is made possible by the decline in transport and commuting costs brought about by improved automobile technology and public infrastructure investments. In other words, urban growth is associated with sprawl [Anas, Arnott, and Small (1998)].

Crime

The relation between crime and urban size is well established [Case and Katz (1991); Glaeser, Sacerdote, and Scheinkman (1996); and Sah (1991)]. It is premised that cities that are good for legal activities are also good for crime because criminals also benefit from the agglomeration effects. The rate of return to crimes is higher in cities than in rural areas due to the scale of economies in stolen items or the greater market of potential victims [Glaeser (1998)]. The probability of getting caught for a crime is lower in cities—another factor contributing to higher crime rates. Wirth believes that, as the number of potential criminals rises, police work becomes tougher, more so because cities are intrinsically more anonymous and have weaker social networks [cited in Glaeser (1998)].

Physical and Fiscal Zoning

As discussed earlier, it is not easy to delineate city limits but once this has been done, zoning is required for policy planning. Zoning requirements and regulations determine who can afford to live where, who is entitled to do what with his or her property, and which land, and of what size and location, can be used for different purposes such as education, leisure, warehousing, or commerce. Zoning has two parts: zoning text and zoning maps. Text-established zoning regulations govern land use and development, while zoning maps show the locations and boundaries of zones. Baer (1985) refers to these as the exclusionary and inclusionary zoning process, respectively. He believes that they "determine socio-economic residential patterns, access to other services, and the concomitant geographic patterns of prestige, status, and social opportunity" (p: 887). By prescribing minimum lot size and floor areas, etc., this raises the price of housing and excludes low- and moderate-income households [Baer (1985)].

Land is not just subjected to physical zoning but also fiscal zoning. Several issues are linked to fiscal zoning among which one is pointed out by Orfield (1997) when he says, "Through fiscal zoning, cities deliberately develop predominantly expensive homes and commercial industrial properties with low service needs and limit less costly housing and entry to the community by the people who normally buy it. In this way, these communities attempt to limit social need and the demand on tax base that it can engender." Kunstler (1993) points out another issue when he expresses his frustration with the logic behind most fiscal zoning rules. He believes that, "Under this system, a rational person has every reason to put up crappy buildings that will not be highly assessed, or he has every reason to let his property run down, or build nothing at all." Landowners are thus encouraged to hold property off the market and not build—driving up land prices in the meantime—in the hope that they can make a large profit at some point in the future.

Urban Governance and Globalisation

Urban governance and globalisation are comparatively new themes in urban management. UNESCO defines urban governance as "the processes that steer and take into account the various links between stakeholders, local authorities, and citizens. It involves bottom-up and top-down strategies to favour active participation of concerned communities, open negotiation among actors, transparent decision making, and innovative urban management policies [*sic*]" [UNESCO (2005)]. Kaufman, *et al.* (2006) identify six components to measure the state of governance: (i) political stability and lack of violence, crime, and terrorism; (ii) voice and external accountability (a government's preparedness to be externally accountable through citizen feedback, democratic institutions, and a free press); (iii) government effectiveness (quality of policy-making, bureaucracy, and efficiency in public service delivery); (iv) lack of regulatory burden; (v) the rule of law (protection of property rights and judiciary); and (vi) control of corruption. With the recent trend toward decentralisation, city governments are to be judged on their successes/failures on these counts.

Globalisation has led to the concept of a "globalised city". This has two connotations:

- as a place, a city has well defined boundaries but is part of global flows, such as the foreign direct investment that companies bring while locating to a city, or the flow of people who come to work in these companies or visit for the sake of business or tourism; and
- as a sustained achievement of performance where a city is responsible for providing services to its citizens, which are gauged by their quality (like access to telephones, water, pollution control, health, or waste management), quality of available infrastructure, and the degree to which a city involves its citizens in decision making and is responsive to its demands [Kaufman, *et al.* (2006)].

The economic performance of cities can be measured by three indicators of growth and productivity: (i) per capita city product, (ii) average per capita income as an indicator of wealth accumulation, and (iii) the ability to create jobs in the formal sector. Studies, including Leautier and Mehta (2006), show that city gross domestic product (GDP) is three times higher for more globalised cities than less globalised ones. Likewise, average per capita income is five times higher in more globalised cities, and they are more capable of creating jobs in the formal sector. However, such increases are not without a downside as they lead to increased income disparities. Beck (2000) argues that globalisation and localisation are not simply two moments or dimensions of a single phenomenon, but "driving forces and expressions of a new polarisation and stratification of the world population into globalised rich and localised poor" (p. 55).

Need for a Meta-Geography

"Our inability to measure and compare the flows of information between global command centres is a major problem for research on the global urban hierarchy [*sic*]," stated Short and Kim (1999). Now, cities do not just act as national engines of growth—there is a world urban hierarchy and an international division of labour [Friedman and Wolff (1982); Friedman (1986) and Frobel, *et al.* (1980)]. Recent research has allocated cities to hierarchies based on their command-and-control criteria, measuring their attributes and then ranking them in order of magnitude [Fujita (1991); Daniels (1993) and Brotchie (1995)]. Factors leading to this world urban hierarchy include financial services, accountancy, insurance, advertising, and commercial law.

Castells (1996) conceptualises world cities as processes "by which centres of production and consumption of advanced services, and their ancillary local societies, are connected in a global network" (p. 380). According to this thesis, cities accumulate and retain wealth, control, and power because of what flows through them instead of what they statically contain. World cities are thus produced by relations of corporate networking activities and connections based on knowledge complexes and economic reflexivity.

Beaverstock, Smith, and Taylor (2000) list 55 world cities and divide them among three levels, comprising 10 "alpha cities," 10 "beta" cities, and 35 "gamma" cities.⁷ The "alpha" cities are spread evenly across the three globalised regions, i.e., the US, Western Europe and Pacific Asia. The cities included in the "alpha" category are Chicago,

⁷ This hierarchy was based on the image of Earth from space with lights delimiting a global pattern or constellation of cities. "Alpha" cities showed up as the brightest, "beta" cities appeared second brightest, and "gamma" cities were the third brightest

Frankfurt, Hong Kong, London, Los Angeles, Milan, New York, Paris, Singapore, and Tokyo [Beaverstock, *et al.* (2000)]. Using these cities, a world-city network pattern is constructed to show the presence or absence of the largest 46 firms in these cities. Table 3 presents the shared presences of firms in these "alpha" cities. It is not surprising to find that 45 of the 46 firms present in London have a presence in New York as well. Of all the "alpha" cities, London appears to have the most links with other cities in this category.

The table above shows the link these "alpha" cities have through the presence of these firms. What is more significant is what this link symbolises. It is this scenario that makes Petrella (1995) warn of the rise of a "wealthy archipelago of city regions, surrounded by an impoverished lumpenplanet" (p. 21). He believes that, in the not so distant future, the 30 most powerful city regions will replace the G-7, controlling new global governance by 2025. Petrella's ideas might be a little farfetched, but it would not be wrong to emphasise the global pattern emerging from the inter-linkages between these influential cities. Thus, along with improving the economic geography of cities, there is a need to develop a metageography based on these world-city networks.

Number	of firms	with o	ffices ir	n both	cities ir	ıcludin	g 46 la	rgest fi	rms	
	CH	FF	ΗK	LN	LA	ML	NY	PA	SG	ΤK
Chicago (CH)										
Frankfurt (FF)	21									
Hong Kong (HK)	21	30								
London (LN)	23	32	38							
Los Angeles (LA)	21	23	29	33						
Milan (ML)	19	28	29	32	22					
New York (NY)	23	32	38	45	32	32				
Paris (PA)	21	30	32	35	27	28	34			
Singapore (SG)	20	30	34	35	26	29	35	32		
Tokyo (TK)	23	30	34	37	30	29	37	32	32	

Table 2.3

Source: Adapted from Beaverstock, Smith, and Taylor (2000): 127.

The Future of Cities

"Is the city dying?", asks Glaeser (1999: 139). With the myriad problems they face, what does the future hold for cities? Many studies, such as Naisbitt and Toffler [quoted in Glaeser (1999)], hold that, with the advancement in information technology, the need for face-to-face interaction will make cities obsolete. Predicting the future of cities thus depends on the balance between the costs and benefits of urban life.

A vast literature on urban economics explains cities and location choices focusing on transport costs [Alonso (1964); Fujita (1988); Krugman (1991) and Hall (1996)]. However, it is not just the transportation of goods that makes cities important but also the movement of ideas and information. The geographic proximity in cities allows ideas to travel faster, thus reducing the cost of moving ideas. Jacobs (1968) and Lucas (1988) declared cities to be source of the ideas behind economic growth. With the advancement in information technology, this role of cities is becoming increasingly more important. Mills (1992), Sassen (1993), and Gasper and Glaeser (1997) argue that certain levels of contact are too complex to be carried out electronically, that cities will continue to facilitate these contacts, and that personal and electronic modes of contact complement each other, rather than being substitutes. City residents are more likely to use telecommunication devices like telephones or the Internet, and as pointed out by Imagawa (1996) people who are physically close are more likely to call each other. Business travel, which shows the demand for face-to-face interaction, has increased significantly over the years, despite the available communication technologies. There is no negative correlation between telephone density and urbanisation [Glaeser (1998)].

The location decisions of technology industries can help provide us with evidence of whether telecommunication will eliminate agglomerations. Silicon Valley shows that agglomerations strengthen industrial locations but that cutting- edge technology also needs geographic proximity. As declared by Glaeser, "Even if new substitutes for face to face contact are being developed, the rising demand for contact and information may still increase demand for cities [*sic*]" (p. 150). Information spillovers and telecommunication might, thus, end up aiding, rather than eliminating cities.

The rise in returns to skill has been established in the modern labour market, and this rise should increase the value of cities as centres of learning. Taking the example of Silicon Valley again, we see that its strength lay in the quick learning of young specialists in a dense agglomeration. Glaeser (1997) argues that "urban density speeds up that rate of interaction between people and that when people learn through their interactions, human capital accumulation is faster" (p. 148). Cities are thus places where young people go to learn and, with more to learn every day, the role of cities can only become more significant.

As discussed earlier, wages are invariably higher in urban areas, but along with work benefits, cities can also provide non-work benefits, or high substantial non-pecuniary advantages [Krugman (1991)]. These advantages can include greater access to education, infrastructure, services, and opportunities to interact with a larger pool of people, not to mention the urban environment and way of life.

The greatest competitive advantage of cities, both in the past and today, lies in their creative edge. As cultural, technical, and social concepts interacted in the urban marketplace, cities gave birth to writing, the evolution of art, abstract concepts, mathematics, and unique trading practices, thus giving the city a predominant role in the development of world trade and culture. It is a role that the city has played well historically, and according to all indications will continue to do so in the future.

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Chapter 3

Flawed Urban Policy

NADEEM UL HAQUE

INTRODUCTION

History and civilisation move in cities. All major scientific, social, political, economic, and technological innovations have happened in human agglomerations known as cities. Great civilisations and empires have been developed around cities. It is not accidental that the dominant empire of any time had the most important, creative and fascinating cities of the time. The world is urban, and economic growth and urbanisation are inextricably linked. There is a whole new approach to understand growth and development, which tells us that "a city, economically, is like the nucleus of an atom" and there is a need to understand how development can be enhanced through construction and operations of city [Jacobs (1969); Jacobs (1984); Lucas (1988)].

Recognition of cities as the centre of production has gained significance since the Industrial Revolution. With the development of new technologies and service industries, the structure of the city has become increasingly diversified and complex. Cities now often reflect the prosperity of modern life, and the difference between rich and the poor countries often lies in the productivity of their cities.

LITERATURE REVIEW

Policy is "Slave of Some Defunct Economist"

"Cities" still remain a subject that the developing world fails to understand despite the fact that Robert Lucas's Nobel Prize was largely based on it. Without going into the epistemology of development, which too is interesting but perhaps could be the subject of a different paper, let us try to understand development thinking and how it impacts Pakistan.

Development economics is a young subject that has evolved with mounting evidence consisting largely of crises in poor countries and the gnawing persistence of poverty and other deprivation indicators. We can count roughly 5 turning points in development thinking [see, Yusuf (2009)].

• Factor accumulation, Infrastructure Development, and Birth of Foreign Aid. The world was seen as a 2-sector model [Lewis (1954); Todaro (1970)] and a big push [Gerschenkron (1962)], which was required to move away from reliance on agriculture to industry. An aid establishment was created to first provide Capital and investment and then develop policy frameworks based on central planning and import substitution through a new breed of development professionals trained in the west.

- **Basic Needs and Poverty:** After only 2 decades of this model disillusionment set in and the World Bank started articulating a basic needs approach targeted towards the needs of the poor. Disillusionment with growth had set in and poverty was directly being targeted.
- **Structural Adjustment:** In the eighties, the old central planning states and their plethora of market interventions had led to large accumulations of debt, which brought IMF into the forefront of development policy. Macro stabilisation, rightsizing the state and liberalisation were the themes of this era.
- **Institutions and Governance:** Research following Lucas (1988) showed the importance of institutions and governance, not only in determining growth and welfare but also for fostering technology which increasingly has been shown to be the determinant of growth. However, at the policy level this area is still not fully accepted since few donors understand the deeper implications of this.
- **MDGs and the New Microeconomics:** Development is now seen as social safety nets and the achievement of key social indicators (health, education, etc). The goals are national, so is the measurement, and it is considered that the job of policy makers is to deliver these benefits to people where they are.

In this evolution of development economics, the 2-sector model persisted for much of the post war period. Recently the World Bank has woken up to Jobs and urbanisation [The World Bank (2012)] and urbanisation [The World Bank (2012)] as issues that should be addressed but it is still too early to see these being translated into policy. Meanwhile policy now is preoccupied with the MDGs and poverty reduction, most of which translate into benefits and welfare delivery to a rural population.

Where is Pakistan in all this? Pakistan still has not completed its structural adjustment and has just commenced its 17th Fund Program for economic stabilisation. Pakistan's economic growth policy remains stuck in the phase of "factor accumulation, infrastructure development and aid". All governments as well as any discourse on economic development seem to look for more aid to develop more infrastructure, mainly roads. The chimera of industrial development through subsidies and protection is still the goal of policy. Agriculture too is subsidised with many projects for irrigation and farm to market roads taking up development funding.

Several myths prevail in the economic discourse, which shape these policies. It is widely believed that Pakistan is a rural country with 70 percent of the population living in rural areas and engaged in agricultural activities. The proponents of this argument then seek to draw resources, subsidies, welfare and infrastructure toward the rural areas, which more often than not are small towns.⁸

Preoccupied with structural reform based on a fiscal retrenchment (austerity) and meeting the demands of the donor community on MDGs, Pakistan government has not yet even considered developing a growth policy or develop institutions and governance that might be capable of delivering on any aspect of reform or development. Austerity policies

⁸ Population Census has become politically contentious since it determines political constituencies and the distribution of revenues. While a census has to be done every decade according to the constitution, politics always holds it up. The last census was done in 1998.

alongside increasing demands on the government have denuded capacity everywhere. The country now has no funding for research or for social policy interventions. Consequently, thinking of ministers and senior policymakers continues to be "guided by academic scribblers" of the first era of development except for the bouts of austerity mandated by the Fund.⁹

In 2011, the Planning Commission got approval for a Framework for Economic Growth (FEG) from all the highest forums in the country. FEG was prepared with wide consultation and was aligned with latest international research. It identified the key constraints to growth and the reforms that would be required to generate growth in productivity, innovation, and entrepreneurship [Hausmann and Rodrik (2002)]. Growth could be enhanced and accelerated to 8 percent per annum if key institutional changes could be made (see Box 1).

Given the limited capacity in the country, and the preoccupation of policy with austerity and seeking aid, FEG was discarded even though it was approved. As happens with all policy in Pakistan, it was finally officially discarded with a change in government.

Where Are the Tower Cranes?

Research on urban issues is scarce in Pakistan, more so in the context of cities. The process of urbanisation, and to some degree service delivery, are the only areas where researchers have shown some interest, while cities as an entity have eluded their attention. Little research throws light on cities' functionality, patterns, zoning, optimum size, architecture, globalisation, governance, or the developing phenomenon of urban sprawl in Pakistan.¹⁰

FEG had made a claim that Pakistan is more urbanised than the policy narrative is willing to accept. This has now been substantiated by Reza Ali (2013). Using satellite imaging he has identified agglomeration and concluded that 70 percent of Pakistan' population live in areas that are dense enough to be called urban or urbanising.¹¹ In short Pakistan is an urban country where the policy narrative refuses to accept this reality.

Despite the FEG, there is no urban policy in Pakistan and the growth potential of cities is totally stifled. Despite the rapid urbanisation, a combination of dirigiste urban regulation and import substitution policies keeps the construction and real estate development sector completely underdeveloped. This is so obvious and any visitor to one of Pakistan's cities is struck by the question that I raised many years ago "where are the

⁹ Keynes' famous statement is very germane to Pakistan thinking. "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas."

¹⁰ As vice Chancellor of The Pakistan Institute of Development Economics (PIDE), I had initiated a Cities Research Program with a conference in Karachi, entitled, Cities: The Engine of Growth on November. Later as Deputy Chairman of the Planning Commission, we enshrined urban development as one of the 3 centrepieces of the Framework of Economic Growth which though approved by the National Economic Council and the Parliament was never completely understood by most people especially the development practitioners and their masters- the aid establishment.

¹¹ Terms in this area are hard to understand. Often suburbs are classified as rural, peri-urban or urbanising.

tower cranes?" Most cities, where development is taking place rapidly (e.g., Dubai, Shanghai, Taipei Djakarta) the skyline is full of tower cranes. In Lahore, there are apparently 11 tower cranes out of which only 5 are involved in construction while 3 are involved in demolition. In all of Pakistan there are only a handful of projects of sufficient size and height to demand tower cranes.

As argued above there is considerable inertia in development thinking in Pakistan and institutions that does not allow the country to learn from the global knowledge pool (research capacity). In early years of independence, the "garden city" approach to urban planning was adopted - Gulberg and Islamabad are ideal examples of this. This was a lowslung suburban development pattern with an excessive weight given to housing. This approach has continued unabated to date.

This approach has led to Pakistani cities developing as large suburban sprawls.

Without a change in paradigm, construction remains a small family business and the few large construction companies that exist are merely government contractors for large infrastructure development companies. Only a handful of the membership of the Association of Builders and Developers have a balance sheet of over \$ 100 million. Most of them are into land development. Builders of serious quality and size are few and far between. For historical, cultural and geographical reasons, Karachi is somewhat more liberal in terms of its view of construction than the rest of the country. But by international standards activity in Karachi too is less than it should be. Very few construction companies are listed on the stock exchange or have national or regional outreach. Pakistan's youth bulge is much discussed forcing the government to occasionally announce youth packages. Much is made of education and skill training. Interesting enough, skill training is given in anticipation of migration. Demographic data shows that youths (<30) are about 90 million. Roughly 3 million kids will enter the labour market every year. Pakistan must pull out all the stops for increasing growth and developing employment opportunities. FEG made this point emphatically noting that Dubai invested 27 times more per acre than Pakistan in construction because they have a better framework for building. Despite the possibilities of growth and employment, policymakers remain fixated on the 2-sector model (pushing agriculture and manufacturing) and development projects financed by aid - the narrative of the past.

Dysfunctional Cities

Suburbia without Downtowns

The focus on low rise garden city, suburban development has incentivised a sprawl, while also neglecting downtown development. All Pakistani cities appear to have no downtowns or city centres--dense areas of mixed use concentrate residential, office, commercial and entertainment within an almost walkable district. All cities were showing a clear downtown development up until the sixties before the Garden city paradigm took root. This fits in nicely with the development paradigm of pushing for industry through subsidies and developing infrastructure through aid and benefiting the poor through government welfare programs. City planners tell you quite clearly that cities are primarily residential units and have framed rules for such cities (see Table 3.1).

Rules for developing new housing colonies in Lahore.		
Percentage of land for	Till 2010	After 2010
Housing with Single Family Dwelling Units	60	54
Parks	7	7
Commercial including Shopping, Office, Entertainment	2	5
Leisure, Hoteling etc.		
Public Schools, Public Buildings, Libraries etc.	2	5-10
Graveyards	2	2
Roads	25	25
Miscellaneous	2	2
Other Guidelines	Maximum Plot size should be	1000 yards
	Approach road should be 60 fee	et and Internal Road
	should be of 40 feet	
	One 10 marla plot for solid wa	ste management for
	every 1000 plots	
	Grid Station for Wapda (If Wa	pda requires)
	20 percent of plots up to fiv	ve marlas (for low
	income)	
	Location of tube well (if WAS	A requires)

Table 3.1	

Punjab Land Subdivision Rules 2010

Early in the country's history, it was decided that industrial estates would be made outside or on the outskirts of cities regardless of distance from workers houses. Services - retail, entertainment, leisure etc.—were and still are not regarded as productive in the policymaker's paradigm. Hence our cities are designed primarily for housing with minimal space for other activities. The land development guidelines in box 1 show that for shopping, entertainment, office, flats, and hotels only 2 percent land was allowed for until 2010. Now we have 5 percent of development for all these purposes. Till 2010, only 2 percent of the development schemes were aimed at the betterment of citizens' lives through the provision of public goods like schools, community centres, libraries and public spaces, the same amount as is put aside for the dead and their graveyards. There was an awakening in 2010 and now it seems that we have 10-25 percent of the schemes for such purposes.



Fig. 3.1. Islamabad Map

Islamabad, which has been developed as a capital city for the last 50 years illustrates well the planning paradigm. Note the block like garden structure with giant parks and small neighborhood shopping centres. By design the city has no downtown, limited commercial space, and provides mainly for a garden living. The patter of development is linear making daily trips long and hard. The suburban style master plan has mainly provided for the single-family homes. The result is that the spread-out development makes public transport provision almost impossible. Moreover, land and dwelling units are in such short supply that even rich people find it hard to buy a place in Islamabad. Because of these factors, Islamabad planning has effectively excluded poor and the lower middle class who commute from neighboring cities.

The Islamabad pattern of development has been copied everywhere in city development. Most city development has been in the form of housing colonies. Lahore guidelines are shown in Table 1. Defence Housing Authority (DHA), which is one of the largest land development agencies in Pakistan has been following the Islamabad gardencity approach. It is an extensive suburb of Lahore with almost 1/3 of the area of metropolitan Lahore. It is probably about 15 percent of Karachi metropolitan area. But its low-slung suburban model houses only about 150,000 people in Lahore. Interestingly DHA planning paradigm has produced a community that is well supplied in religious institutions but limited community and entertainment space.¹² It has 26 mosques, 1 cinema, 3 clubs, 1 library, and schools.¹³

Limited Space for Urban Activities

The suburban, garden city approach to planning has been fixated on a low-rise, custom-made housing development model. Given the functions that a city should provide, Pakistan's large cities fall short on providing for several functions. An unintended consequence of this city-planning approach has been the persisting excess demands in several areas. It is easy to see the excess demand when you see that the housing stock is being haphazardly and informally being converted to several uses, such as schools, hotels, offices, gyms, restaurants etc. This is not rebuilding of the cities. This is the sacking of the cities. A few points are worth noting in this regard.

- Beaconhouse, the largest private school system in the country, is operating 65 per cent of its schools in residential properties without playgrounds and other purpose-built facilities.
- Despite the leadership announcing plans for private sector led growth, the city planning guidelines for many years have not provided for serious office blocks to be built. Some big houses have taken up residential properties and converted them to purpose built upscale offices. Most businesses still operate out of house

¹² Contrary to Jane Jacobs (1969), the Islamabad/DHA paradigm allows for large parks but with the proviso that you can only visit those for playing or recreation fully clothed. In other words, jogging or playing a game in shorts is not allowed.

¹³ The upshot of this planning paradigm is that city resources are very unequally distributed. According to Hassan (1983, 2012) who noted that how the investments in a city are made mainly in urban areas. Looking at the maps of most of the big cities, one can see that the large housing estates take up most of the prime land. Cantonments, which have now become prime residential estates have come virtually into city centres. Roads, clubs and other amenities, which take up city space are all for the elite.

conversions. In some places like Gulberg Lahore and Blue Area Islamabad, some buildings have been built but the quality, management framework and approaches are not viewed as attractive by businesses.

- The most significant fact is that with a growing and large population with a huge unmet demand for housing, it is surprising to see the single-family home fixation. Even for housing for the poor, Punjab has recently developed a housing development plan that is 25 miles from the centre of Lahore on the basis of ownership of small plots. In this way conversion of irrigated arable land into housing colonies is accelerating. This policy framework encourages peri-urban development.
- Cinemas have actually decreased in every Pakistani city since independence despite the fact that city sizes have grown enormously. Partly Islamisation did not help the cinema industry, but the rules of property development reinforced the trend against cinemas.
- Restaurants are mostly in home conversions.
- Perhaps the biggest deficiency is that of public and community infrastructure. Community centres, libraries, playgrounds are in extreme short supply. Urban development has not really considered the provision of these community and societal requirements in earnest.
- Interestingly, large five-star hotel development took off in the 60s but since then there are only a handful of big hotels that have come up.
- Shopping malls have not been allowed until recently. Even now a city of 14 million people Karachi has only 1 shopping mall of international quality and Lahore with 10 million has none.
- City management focused on suburban development turned away from downtown development. As a result, the old central district where various activities-cinemas, restaurants, offices, businesses—had clustered is no longer an attractive destination.

Cities for Cars

Apart from housing, city management is also obsessed with cars. They are continually widening roads, building flyovers, stifling commerce to clear the way for cars and carving up city space to make sure that cars have a smooth flow. In the Annual development plans, allocations for roads are higher than education and most other heads (see Table 3.2). Despite the fact that the world is beginning to make the use of the car in inner city more expensive for more people and energy-friendly community, planners in Pakistan are doing everything possible to make the city more car friendly.

Planners in Pakistan remain grounded in yesterday's model and are pushing the suburban dream around the car. Flyovers and wide avenues are continuously being developed at the cost of community and business cohesion. Such development has also driven the bicycle out of most large cities. The objective function seems to be to minimise time in the car over long distances even if there is no business at the other end.
	J		
Sector	Punjab	Sindh	Federal
Roads	12.45	9.35	9.17
Education	10.37	7.46	4.17
Urban Development	5.39	5.41	N/A

Allocations from Annual Development Plans 2013 -14

The suburban sprawls make the average travel to work longer and longer. The Lahore Bus Road Transport that has been started has an average trip of 15 kilometers. Islamabad, the wagon routes have an average trip of 22 kilometers. Karachi is considerably higher.

Energy Intensive and Environmentally Unfriendly

The pattern of living that was adopted 60 years ago and remains in place even today has increased the energy bill. Today Pakistan spends 7 per cent of GDP on the import of oil. While Pakistan ranks low on most development indicators (see Table 3.3) in oil imports it ranks number 29. The National conservation strategy had pointed out in 1992 that the emissions from cars were increasing pollution in Pakistan's cities. The sprawl has accelerated since that report as has the policy of protecting domestic assembly of cars with obsolete technology, which to date uses leaded gasoline. It is no wonder that Karachi ranks among the most polluted cities and Lahore and Islamabad are climbing the rankings.

Pakistan is Energy Intensive				
Sector Rank		Source	Year	
Human Development Index	146th/177	United Nations Development	2006 est.	
		Programme's Human		
		Development Report		
Quality-of-life Index	93rd/111	Economist Intelligence Unit	2005 est.	
Literacy Rate	159th/177	List of countries by literacy	2009 est.	
		rate		
Population	7th/221	CIA World Factbook	Total: 193,238,868	
			(July 2013 est.)	
Population Density	58th/241	Economist Intelligence Unit	List of countries and	
Index of Economic	121/177	The Wall Street Journal and	2013 est.	
Freedom				
		the Heritage Foundation		
GDP (Nominal) per Capita	135/182	International Monetary Fund	2006 est.	
GDP (Nominal)	45/181	International Monetary Fund	2006 est.	
GDP (PPP)	28/229	CIA World factbook	2012 est.	
GDP (PPP) per Capita	178/229	CIA World factbook	2012 est.	
Global Competitiveness	124/144	World Economic Forum	2012-2013	
Index				
Ease of Doing Business	107/185	World Bank	2013	
Index				
Oil imports	35/209	CIA World factbook	2009 est.	

Table 3.3

Not only is the sprawled suburbia favoured by policy, there are no energy standards for building. Most houses and buildings are simple concrete structure built with little care for energy conservation. Building materials for energy conservation such as insulation, double glazed windows etc. are expensive and difficult to obtain. The import regime does not particularly encourage these energy efficient inputs.

For a country that is experiencing extensive energy difficulties, it is surprising that there has been no real discussion of the city lifestyle and energy.

Why Should Urban Development Be at The Heart of Pakistan's Growth Policy?

The Framework for Economic Growth (FEG) of the Planning Commission (which the government adopted just as easily it discarded) suggested that urban renewal be at the heart of Pakistan's growth revival. Much research and consultation established that urban renewal was urgently needed for several reasons.

- (1) As pointed out above there is large unmet demand for all urban activities. The market will quickly identify and respond to supply this need. Estimates of Pakistan's informal economy and diaspora investment potential suggest that financing for such investment will be readily available. Such activity will also bring in the foreign investor.
- (2) Construction activity, which will pick up with an urban renewal strategy will not only employ the youth bulge that we are passing through, it will also revive several other industries given its backward and forward linkages. The employment and growth impacts that have been calculated are large. (see Box 3.1).

BOX 3.1: FEG Reform with a High Payoff

Continuing colonial policy, the government gives housing as part of compensation in city centres to officials. This practice has put the government into the real estate business and has starved cities of prime land for development.

The PC developed a reform proposal in keeping with the FEG that was based on modern principles. Compensation should only be monetary and linked to private sector market determined levels. All perks would then be eliminated.

With this reform, the government in Islamabad would be able to make available for serious construction some 864 acres of prime Islamabad property (which is currently housing for the bureaucracy)

The proposal was to assemble the land into large parcels for mixed use complex development. Zoning building laws would be changed to accommodate such construction.

Even with a generous allocation (about 50 percent) for common areas and amenities, about 423 of the 864 acres would be available for complex modern development.

With generous height and use rules, it was estimated by the best experts available that this could result in an investment potential of Rs 6 to 10 trillion. This is equivalent to about USD 60 to 100 billion or 30 to 50 percent of our GDP.

For further details see http://development20.blogspot.com/2013/07/ monetisation-how-valuable-is-your.html

- (3) Evidence has mounted up from many countries that the crucible of growth, development and modernity is the city [Glaeser (2011)]. Good things such as entrepreneurship, innovation, market development, idea development, learning, risk management, skill development all happen in dense cities not suburban sprawls.
- (4) People gather in cities not to live in a rural setting but to take advantage of proximity, which enhances learning and productivity. History shows that people flocked to merchant cities that often operated on rules that facilitated trade.¹⁴
- (5) Even in the west, inner city is being revived, regulation and zoning is being relaxed to allow density, high-rise and mixed use, which is considered to be the cocktail for developing networks and interactions that are necessary for creativity, innovation and entrepreneurship.
- (6) In such cities, cars are not at a premium; walking and bicycling are facilitated. Such cities are environmentally friendly. Wide avenues, flyovers and giant parking lots are not people friendly; they slow down interaction and network development. Hence they are discouraged.
- (7) Public and community spaces improve productivity and behaviour. But these are more than mere sanitation, roads and simple functional buildings. As Fukuyama in 2011 noted, Medellin's violence was curbed through the development of mass transit (metro) system, beautiful and civilized public spaces and buildings. Mistrust in the government declines with this show of public good provision and human interactions are improved.

Urban Development Held Hostage

City zoning needs to be deregulated to allow for the kind of city that is conducive to jobs and growth. FEG argued for density, high rise, mixed use and walkability. To build these cities, we will have to move out of the earlier suburban model and allow some creative destruction of single-family homes. Densification will have to happen in prime areas where outmoded regulations are holding development back.

Our analysis during the preparation of the FEG showed that in the current governance arrangement this reform is going to be hard for many reasons.

First, there is no local government and even the tentative steps that were taken in the past, the federal and provincial systems resisted the reform and finally killed it.

Second, city administration is fragmented. Karachi for example has 5 cantonments and 3 administrative districts with no metropolitan body to coordinate, all of which operate more or less independently. Lahore has one cantonment and 2 overlapping administrative districts. Most big cities have a cantonment comprising of a large part of prime space.

Third, in the absence of local government and a coherent administrative structure, the federal civil service runs cities with little or no local participation. Pakistan has a strong centralised system, the backbone of which is the civil service. The cadre of this civil service fills the local government positions at the beginning of career, moves to the province midcareer and ends the career at senior levels. The entire government structure reports to the senior federal levels who sit on top of the cadre. All hiring is on a unified pay scale and

¹⁴ There is a lot of interest among the international community to push for India-Pakistan trade. It is the contention of the FEG that urban development based on commercial development would generate this trade.

most positions are answerable to the senior federal officials. Most local government reforms happen leaving this system unchanged and hence likely to fail. City government operates at a junior level, too junior to determine an independent course. In any case most of the city supervisors are not local and have no local ownership and often are not in that position long enough to belong there.

Fourth, for historical reasons, a large part of the compensation of government officials—civilian, military, judges and ministers—is in kind, prime housing and gifts of land in new developments. As shown in Box 3, the opportunity cost of these houses is large. Large parts of the cities that are most amenable to real estate development are not coming to market because of this obsolete practice. Without adequate compensation incumbents have no incentive to change the situation. The government is always in the middle of a fiscal contraction to even consider this proposal. With the motive to save billions of rupees, the government is losing investment potential of trillions.

Fifth, the Islamabad/DHA model where land is developed by the public sector and given as reward to officials has inhibited the development of competitive real estate development markets. DHA and CDA remain the largest land development companies in the country. Since all the powerful decision makers get wealthy through this land allotment system, the drive to suburbanise is reinforced at the cost of city centre development.

This analysis outlines the thought process behind the growth framework. Civil service reform is a critical reform, which will not only improve government productivity, it will also unleash the power of cities. As the example of Islamabad illustrates if perks are monetised as part of the civil service reform to better align performance and incentives and if the land that is released is allowed to build density, it will open up huge investment opportunities. This reform will also be very inclusive opening out large number of employment opportunities as well as providing housing for a large number of the middle classes and possibly some of the poor.

Spill Overs of Reform

An important unintended consequence of the barren suburban model that has been in place for decades has been the drying out of culture, public space, and commerce among others. Through cities configured for merchants and aimed at encouraging of networks, learning and arts, have been enlightening and opportunity-providing.

Policy remained focused on the 2-sector model, providing physical infrastructure through foreign aid. What was forgotten were the community and the city space that would encourage innovation, modernity, entrepreneurship and enlightenment. Town squares, community centres, public spaces, corner shops, playgrounds have all been zoned out in the thrust to make room for cars and elite housing.

Youth, who are in a majority are looking for community and mentoring. In the current design of the city, the only community centres that are in abundant supply are the mosques and only mentor is the moulvi in the mosque. While religion is important and certainly kids should go to the mosque, there must be a balance between community public spaces and religious places for a more balanced and rounded development. Thriving commercial cities have through history nurtured productive and creative youth.

The reform that the FEG outlined is therefore beneficial to the country in more than one way. It could be instrumental in balancing out extremism.

CONCLUSION

Pushed by donors, attempts have been made to put in place master plans for major cities. Some like Lahore had been attempted several times, the last one was completed in 2008. Because of the factors outlined above there is little if any ownership. These plans are not liked nor are they even remotely considered for serious implementation.

Similarly, donors have pushed for projects to help city finance and to improve city hardware, roads sanitation etc. Projects come and go but employment, productivity and social indicators do not show much improvement. The contention of this paper and the FEG before it is that we must understand the role of cities and the constraints that are holding back reform.

The government should stop chasing financing and seriously consider reform as a means of releasing the capital that has been shackled by obsolete visions and systems. The reform recommended here will generate investment, employment, opportunity, innovation and revenue. It has the potential of addressing Pakistan's chronic fiscal problem.

Policy has to move out of the sixties and stop thinking hardware and financing. We have seen that developing the software of society—deregulating city space, building coherent visionary city management, modernising and professionalising the civil service—require little capital but put the country on a dynamic new growth path.

Following North (1990) and Romer (1990) we are seeking the key institutional changes that will allow behavioural changes for better outcomes. These are illustrated very simply in the logo of the FEG.



Fig. 3.2. Key Institutional Changes

For change we need a reform programme that will address the following 4 areas.

- (1) Develop quality governance through re-engineering the civil service for professionalism, competition and merit and substantial decentralisation.
- (2) Deregulate markets for more competition, entry, innovation, entrepreneurship and openness. Deregulate cities in keeping with the new thinking outlined here. Building autonomous coherent local governments along with the release of the

land that is currently hostage, which will unleash a virtuous cycle of construction, innovation, community and entrepreneurship.

(3) Move away from suburbia where cars are given priority over people and allow cities for people and community. Such cities will incentivise moderation and enlightenment.

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Chapter 4.

Increasing Revenue for Metropolitan Corporation Islamabad

NADEEM UL HAQUE

INTRODUCTION

Devolution in Pakistan is an evolving subject. Even as we speak fresh local government law is being debated and developed for legislation sometime this year.

Devolution in Pakistan is moving in the direction of the expectations for city management in the rest of the world (see Box 4.1). The debate on local government is sporadic but converging to the placing of responsibility for public service delivery primarily on the local government. Consensus is developing around key social services—school education, basic health care, water and sanitation as well as development and maintenance of key infrastructure for citizen welfare and happiness (e.g., community services, entertainment, libraries, sports etc.)—being primarily in the domain of the local government.

Box 4.1. City Government—Expectations Worldwide

- Sustained economic development: Growth and Jobs
 - Legal and regulatory environment for a healthy investment environment.
 - Neighbourhood commercial and entrepreneurship for all segments of society (shopping malls, flexible space, public space, Poor commerce and living).
- A healthy and safe environment for all
 - Crime and pollution free.
 - Infrastructure for developing and maintaining mental (libraries, community centres, space for intellectual activity and entertainment) and physical health (Sports, gyms, tracks, trails etc.).
- Inclusive neighbourhoods
 - Housing and commerce for all
 - Mixed diverse neighbourhoods.
- Equal opportunity for all
 - Jobs and entrepreneurship opportunities for all strata
 - Schooling health and development opportunities for all.
- Citizen participation for better cities.
 - Visions, programmes, and development owned by all.
 - Governance model that allows citizen participation at all levels.

While the functions and responsibilities of the local government are evolving, there is also an important need to consider their finances to be able to perform this variety of tasks that will be required of them. Here we will review Islamabad's finances in light of emerging demands of local government intensify (Box 4.1). As a new city, Islamabad has relied on sale of land for development for much of its history. With the growing needs of a settled population, it will have to seek a more robust system of finances to meet the needs of the population is in Box 1.

The UN SDGs have made the development of sustainable cities and communities an Important goal for the coming 15 years by noting that:

"Cities are hubs for ideas, commerce, culture, science, productivity, social development and much more. At their best, cities have enabled people to advance socially and economically. With the number of people living within cities projected to rise to 5 billion people by 2030, it's important that efficient urban planning and management practices are in place to deal with the challenges brought by urbanisation."

The UNDP also notes that cities management must develop policies to create jobs and prosperity without straining land and resources. For this they have to be able to deal with urban challenges such as congestion, provision of basic services, developing policies to allow the private sector to supply needed housing, while also developing and maintaining necessary infrastructure. They also recognise cities are always faced with issues of managing waste and pollution to maintain a healthy and sustainable environment.

Thus, urbanisation presents a large number of challenges for all especially as cities grow rapidly as in Pakistan. City management is one of the more complex management tasks in the world as it needs to address many challenges in an ever- changing environment.

To meet this challenge, city financial managers must be innovative in developing revenue streams. This is why we will review the Islamabad financial model learning from the rest of the world. And reviewing Islamabad's advantages to outline several streams that could be unlocked to provide for the needs of a large city that Islamabad has become.

Duality in the Administrative Structure of Islamabad Capital Territory

The local government structure was established in the Federal Capital through Islamabad Capital Territory Local Government Act 2015. The Act led to the development of a Metropolitan Corporation and union councils for the city's governance, to operate concurrent to the Capital Development Authority (CDA). The responsibility for the planning, development and maintenance of the Master Plan for Islamabad stayed with CDA according to the rules set out in the CDA Ordinance 1960 and the ICT Zoning Regulations 1992. This includes land management, state development and building control and regulation while MCI was delegated the responsibility for managing and providing municipal services and infrastructure, regulating markets and promoting cultural, social and economic development activities (see Box 4.2 for details).

As a result of the division of labour that followed the Local Government Act, majority of the productive tax base remained with CDA while the expenditure accruing public services became the responsibility of MCI. The primary revenue streams for the city remained sale of commercial and residential land, building control remains with CDA while some regulation fee and licensing are with MCI. While the legal framework clearly divided some roles, other functions were only partially divided leading to ambiguity in the division of labour, assets and responsibilities. As a result of CDA's historical role, size and resources, it remains the entity responsible for developing schemes, constructing roads and developing the infrastructure for water and sanitation. Once developed, these are handed over to MCI for operational management by charging user fees. However, within the legal framework MCI can also develop schemes and roads but because of lack of resources it is unable to do so.

In addition, while CDA under the 1960 Ordinance was responsible for only a selected number of sectors, the Local Government Act 2015 has expanded the region under the jurisdiction of MCI. This has led to a number of new rural areas being included in the administrative boundaries of MCI where MCI is now responsible for all planning and development of land, infrastructure and public services, increasing the burden on its limited pool of resources.

Box 4.2. MCI Functions

The detail list of MCI's functions as specified by the Local Government Act are as follows:

- (a) Implement rules and bye-laws governing public utilities.
- (b) Approve development schemes for beautification of urban areas.
- (c) Enforce all municipal laws, rules and bye-laws governing its functioning.
- (d) Develop integrated system of water reservoirs, water sources, treatment plants, drainage, liquid and solid waste disposal, sanitation and other municipal services.
- (e) Assist in the provision of relief in natural disasters.
- (f) Execute and manage development plans.
- (g) Provide relief for widows, orphans, poor, persons in distress, children and persons with disabilities.
- (h) Promote technological parks, and cottage, small and medium size enterprises.
- (i) Prevent and remove encroachments.
- (j) Regulate affixing of signboards and advertisements.
- (k) Provide, manage, operate, maintain and improve municipal infrastructure and services, including:
 - Water supply
 - Sewage and its treatment and disposal
 - Storm water drainage
 - Sanitation
 - Solid waste collection
 - Roads and streets
 - Street lighting
 - Playgrounds, open spaces, graveyards
 - Slaughterhouses.
- (l) Prepare financial statements and present them for audit.
- (m) Urban renewal programmes.
- (n) Develop and maintain museums, art galleries, libraries, community and culture centres.
- (o) Conserve historical and cultural sites.
- (p) Undertake landscape, monuments and municipal ornamentation.
- (q) Maintain regional markets and commercial centres;
- (r) Maintain a comprehensive database and information system and provide public access to it on nominal charges.
- (s) Regulate dangerous and offensive articles.
- $(t) \quad Collect \ approved \ taxes, \ fees, \ rates, \ rents, \ tolls, \ charges, \ fines \ and \ penalties.$
- (u) Organise sports, cultural, recreational events, fairs and shows, cattle fairs and cattle markets.
- (v) Regulate markets and issue licenses, permits and grant permissions.
- (w) Manage properties, assets and funds vested in the local government.
- (x) Develop and manage schemes.
- (y) Maintain municipal records and archives.

This duality in the administrative structure of the city means that:

- (1) MCI, which has the mandate of city administration is likely to remain in deficit dependent on financing from either the CDA or the GOP. It will be hard to plan services or to maintain a level of quality service in the city.
- (2) Like in the rest of the country, the division between the CDA and the MCI seems to be that of development and operations. At the city level it has to be seen if this will prevent cohesive and integrated development.
- (3) In Particular, the current arrangement will not allow the management of assets to be optimised for yield to the benefit of the community.

Capital Development Authority Budget

Table 4.1 presents the CDA budget as presented in their budget estimates 2018-19. We should note the following here.

- (1) MCI is shown as a subsidiary of CDA in the budget. Of its Rs 34 billion budget, CDA shows an expenditure item of Rs 6.3 billion for MCI salaries and operational expenditures.
- (2) CDA's expenditures in 2018-19 are expected to be about Rs 34.3 billion, while its revenues are about Rs 23.7. However, last year (2017-18) was estimated to be Rs 37 billion but turned out to be Rs 20 billion mainly because of a shortfall in revenue from auctions. Clearly auctions are not a certain stream of revenue.

		Budget	Revised	Budget	
		Estimate	Estimate	Estimate	
S. No.	Description	2017-18	2017-18	2018-19	Annex
1. Gov	ernment Grants and CDA Receipts				
	Government Grant	2,796.82	2,021.87	10575.42	
(i)	PSDP	599.82	160.89	8378.42	
(ii)	Maintenance Grant	2,197.00	1,860.98	2197	
	CDA's Sources	29,347.50	14,390.29	23768.06	Annex-1
(i)	Self-Financing A/c	26,379.77	10,145.97	19978.06	
(ii)	Revenue Account.	2,967.73	4,244.32	3790	
	Total	32,144.32	16,412.16	34343.48	
2. Expe	nditure				
	Government Grant	2,796.82	2,021.87	10575.42	Annex-II
	PSDP	599.82	160.89	8378.42	Annex-III
	Maintenance Grant	2,197.00	1,860.98	2197	
	CDA's Sources	29,175.07	12,063.80	23565.22	Annex-IV
(i)	Self-Financing A/c	20,588.09	3,868.75	13364.71	Annex-V
(ii)	Revenue Account.	8,586.98	8,195.05	10200.51	Annex-VI
	MCI's Expenditure	5,999.64	5,999.64	6397.78	
(i)	Pay and Allowances.	4,006.21	4,006.21	4286.78	
(ii)	Non-Development Exp.	1,993.43	1,993.43	2111	
	Total	37,971.53	20,085.31	40538.42	
1.	Dev: Expenditure [A (i)+B(i)]	21,187.91	4,029.65	21743.13	
2.	Non Dev. Expenditure [A(ii)+B(ii)]	16,783.62	16,055.66	18795.29	

 Table 4.1

 CDA's Budget Estimates 2018-19 at a Glance

Source: Capital Development Authority Finance Wing (Budget Estimates 2018-19 and Revised Estimates 2017-18).

- (3) The shortfall in CDA expenditures is financed by the GOP—an amount of Rs 10.58 billion. About Rs 2.1 billion is given to CDA to maintain government buildings (Secretariat, Parliament, President in Islamabad). Hopefully this management contract is profitable for CDA. Currently it is shown as a wash indicating that CDA is not paid a management fee.
- (4) The remaining Rs 8.4 billion is financed out of the PSDP for development projects in ICT. The PSDP allocations are for mainly for the development of some infrastructure as well as official housing in ICT.
- (5) There is a deficit of Rs 6.2 billion in the CDA budget which is equal to the requirements of the MCI. GOP finances this deficit to cover the operations of the MCI.
- (6) In 2017-18 the total finances raised by CDA were Rs 23.7 billion. Of this 6 billion were spent on salaries within CDA. MCI has salaries of another Rs 4 billion making the combined salary bill about Rs 10 billion about 42 percent of CDA revenue.
- (7) In the revenue account, CDA's largest source of revenue is property tax and transfer fee from plots. Revenue generated from open auction of commercial plots and balance receipts from previous auctions is expected to be about Rs 10.5 billion in the year 2018-19. It should be noted that in previous years auctions generated only Rs 1.8 billion while the budget estimate was Rs 9.5 billion. The projections on auctions need to be assessed with care as CDA is running out of land as per the master plan (see Appendix).

Financing Sources for Metropolitan Corporation Islamabad

The fourth schedule of ICT Local Government Act 2015 outlines the following sources for local government taxation:

- Taxes and other levies by Union Councils
 - Entertainment tax on dramatical and theatrical shows
 - o Fees for registration and certification of births and marriages
 - \circ Fees on the services provided by the union councils.
 - Rate for the execution or maintenance of any work of public utility like lighting of public places, drainage, conservancy and water supply
 - Community tax for the conservation of public work of general utility
 - Fee for licensing of professions and vocations
 - Any other tax or levy authorised by the Government.
- Taxes and other levies by the Municipal Corporation
 - Water rate
 - Drainage rate
 - Conservancy rate
 - Fee for approval of building plans, erection and re-erection of buildings
 - Fee for change of land use of a land or building
 - Fee for licenses, sanctions and permits
 - Fee on the slaughter of animals
 - Tax on professions, trade, callings and employment

- Market fees
- Tax on sale of animals in cattle market
- o Toll tax on roads, bridges and ferries maintained by MCI
- Fee at fairs and industrial exhibitions
- Fee for specific services rendered by the Metropolitan Corporation
- \circ $\,$ Tax for the construction or maintenance of any work of public utility
- Parking fee
- Water conservancy charge from the owner or occupier of the house
- $\circ~$ Tax on installation of base transceiver station / tower
- Any other tax or levy authorised by the government.

There are two main departments under MCI that collect revenue.

- (1) Revenue Department and
- (2) Directorate of Municipal Administration (DMA).

The Revenue Department is responsible for collecting taxes from three sources; (1) property tax, (2) water charges, and (3) conservancy charges that includes sanitation, sewerage, road maintenance, streetlights etc. These taxes are levied on the basis of covered area multiplied by the established rates that are governed by the category of land, for instance residential, commercial, industrial, government institutions etc.

Last year estimates for revenue are:

- Property tax: Rs 860 million.
- Water and conservancy charges: Rs 250 million.
- Total revenue from these two sources is Rs 1,110 million.

MCI has taken the bold step of revising some of the tax rates in Islamabad after a long time to raise the expectation of revenue. The revised tax rates as of 1st July 2019 is estimated to considerably increase the revenue of MCI. Some additional revenue is also estimated from bottled water plants after the recent order of Supreme Country to levy a tax of Rs 1 per litre on water consumption. The revenue department also plans to install meters to estimate water consumption by companies and levy taxes accordingly—a welcome step in a water-short country.

The Directorate of Municipal Administration (DMA) collects the following:

- Advertising—banners, wall pastings etc.
- Renting out open spaces for commercial use such as weekend markets.
- Trade license and permits for stalls.
- Marriage and birth certificates.
- Parking spaces.

• Four parking spaces, few bus stops and shuttle service in diplomatic enclave have user fees imposed on them, generating a revenue of Rs 20 to 30 million only.

• Annual cattle market.

o Generated a revenue of Rs 70 million this year.

• Telecom towers.

• Total towers are more than 200 but a large number of them are also illegally installed. Around Rs 60 to 70 million have been earned this year from towers.

An Analysis of the Revised MCI Rates

It is important that the rates of property tax rates have been revised upward and the estimate for increased revenue is about an additional Rs 1 billion. However, MCI officials are fully aware that this is an initial step to reform the tax system. There are several issues that need to be addressed in moving from where we are to a tax system more in line with market forces. Some considerations are:

- (1) The levies are not related to the market valuations but purely on basis of square footage of land and covered area.
- (2) Location too seems to not matter in this calculation whereas valuation and use of property clearly depends on location.
- (3) Similarly, the differences been residential and commercial are also not reflective of market conditions.

Given that Islamabad real estate, both in valuation and rentals, is the most expensive in the country and among the most valuable in the world, the expected revenue of Rs 2 billion does suggest that there is room for improvement.

What Can We Learn from the World?

Cities have traditionally been very creative in seeking finance to make their cities grow. Many financial instruments and early property tax ideas arose in the medieval cities seeking to expand trade and merchant profits. Modern cities are experiencing rapid growth and increased demands of modern complex and dense urbanisation. They have developed many important methods for raising funds to meet their needs. These funding approaches also have the advantage of increasing citizen participation. Let us review some of these.

City admin must seek to develop a real estate market which makes real estate liquid and not tied up and subject to prey by local mafias.

- 1. **Property taxes** based on low rates on market valuations. However, because property has nowhere to go the urge to excessively tax it must be resisted. Such excessive taxation could kill the local economy adversely affecting employment and investment. With this in mind the following principles must be borne in mind in making property tax policy and rates.
 - 1.1. With such taxation, it is incumbent on city administrators to seek to make policies that will make valuations grow or at a minimum prevent sharp decline in values.
 - 1.2. Tax rates should be kept low so that the amount of property taxation is not out of sync with resident incomes.
 - 1.3. To find market valuations, city administration must develop a real estate market where transactions, market inventory and valuations are visible. Without this, valuations will have no credibility and will be resisted. City admin must seek to develop a real estate market which makes real estate liquid and not tied up and subject to prey by local mafias.



https://www.cacities.org/Resources-Documents/Education-and-Events-Section/MCXF/2016- Handouts/City-Finances-What-You-Need-To-Know



Fig. 4.2. California City Revenues

https://www.cacities.org/Resources-Documents/Education-and-Events-Section/MCXF/2016- Handouts/City-Finances-What-You-Need-To-Know

1.3.1. City zoning, necessary for alleviating congestion and pollution, can lead to a 'regulatory taking' if not readily changed with evolving conditions and demands of the city. Property-holders and cities will both lose if zoning can be captured by vested interest and valuations and real estate development held back.¹⁵

¹⁵ **Regulatory taking** is a situation in which a government regulation limits the uses of private property to such a degree that the regulation effectively deprives the property owners of economically reasonable use or value of their property to such an extent that it deprives them of utility or value of that property, even though the regulation does not formally divest them of title to it." Wikipedia.

- 1.3.2. It is important to note that property taxes vary in importance from city to city, but they are never the bulk of city taxes. Figures 1 and 2 show the structure of taxes from Toronto and the cities of California. Property tax is 32 percent and 13 percent respectively.
- 1.3.3. So, whereas it is important to optimise city taxes on the basis of the above principles, MCI must develop other more diverse and resilient sources of revenue. However, as we will see MCI can do much more to gradually increase property taxes.
- 2. Utility payments are a major source of revenue for cities: 14 percent in Toronto and 27 percent on average in California cities. These user charges are based on actual metered usage and at reasonable rates. Such charges are equivalent to the use of property and in some sense a good compliment to the property tax.
- 3. User fees for a privilege/benefit of a service/product such as planning permits, development fees, parking permits, user fees, copying fees, recreation classes, etc., are an important source of revenue in major cities. Such fees constitute 4 percent in Toronto and 12 percent in California.
- 4. As Box 4.3 shows cars are an important source of revenue for cities. It shows that in the 25 largest cities in the US, most of which are much smaller than Islamabad collects about \$ 5 billion in revenue from cars. Note there are many avenues for collecting user fees from car as shown in Box 4.3.



- 5. **Creating Value:** History has shown that the real purpose of urban agglomeration is to create value. Value is generated everywhere, even in slums, as people come together to find creative ways to live, trade, produce, entertain, build community, services and mobility. City value generation and growth can be an important source of finance for not only city finances but for the city output and the output of the economy as a whole.
 - Good city management must be mindful of this proposition and be mindful of the values generated by the city and seek ways to tap into them. This requires city planning and administration to be forward-looking to anticipate through research trends and developments in the city. What kind of migration is taking place into or out of the city? What services are in demand? How should real estate and city services be developed to support the organic growth of the city?
 - There are several ways to think of using this proposition to maximise city value not just to city finances, but also to the citizens from the city. Some of these are:
 - 5.1. Urban regeneration/neighbourhood development: Cities such as London, New York, Barcelona, Berlin have used the policy of change and evolution very cleverly. They have used neighbourhood regeneration in line with the emerging patterns of demand to optimise value in cities. They have allowed zoning and building laws to change so that neighbourhoods could densify, gentrify, allow more commerce, build better community to increase the value. In New York Brooklyn and in London East End, which were deteriorating neighbourhoods with crime and declining values are now valuable and rapidly growing neighbourhoods contributing to the city in every way.
- 6. Land Value capture is a policy approach that allows communities and cities to recover and reinvest increases in value that arise from urban development projects. For example, in Washington DC the expansion of the metro has been accompanied with focused encouragement of high rise missed use development at all stops to develop housing and commerce at those stops.
 - 6.1. Such development can happen along developing corridors of commerce and traffic. Tools for making it happen are rezoning, flexible building laws, public private partnerships.
- 7. **Developing assets:** Cities also develop assets for value creation and city development. These in turn develop better city life and at times promote tourism. Cities have used convention centres, exhibitions, sporting events and major architectural landmarks to create evaluable assets that uplift a city as well as create value and attract tourism. In Pakistan Lahore too is making incipient efforts with the walled city and the tourist bus.
 - New York is making a huge expansion in its convention centre with accompanying hotels and commercial infrastructure even though it is one of the most expensive cities in the world.¹⁶ Medellin curtailed its crime wave by

¹⁶http://www.successfulmeetings.com/Strategy/Meeting-Strategies/What-Convention-Centers- Add-to-Cities-Memphis-Miami-Las-Vegas/

building public transport curbing cars and building social infrastructure.¹⁷

8. Wealth of cities: An Important concept in managing cities for wealth creation for all—individuals, cities and the country—is the understanding of the wealth of a city. It has been estimated that most of national wealth is situated in cities in terms of real estate, creativity, entrepreneurship and markets. If not managed properly, this wealth does not grow inhibiting economic and employment growth.

• Cities and nations remain ignorant of their wealth because they are so busy managing their cash-flows. Yet the city has large amounts of assets that are poorly managed for yield. For example, may cities own vast tracts of land given over to suboptimal uses. Houses for officials on very valuable land, airports, railway and metro stations, offices that have over time become very valuable are all examples of wasted assets of a city. Redevelopment, rezoning and relocating are asset management tools to expand the city balance sheet.

• Cites have no idea of their wealth or their balance sheet.

"Consider a city like Boston, which by its own accounting does not appear to be particularly wealthy. The city reported total assets worth \$3.8 billion in 2014, of which \$1.4 billion is in real estate. The city's liabilities of \$4.6 billion exceed its assets, but this valuation largely underestimates the true value of the public assets. Using accounting conventions followed by most cities in the United States, Boston reports assets at book value, valued at historical costs. If it used the International Financial Reporting Standards, which require the use of market value, to assess the city's holdings, the assets' worth would be significantly higher than currently reported. In other words, the city is operating without fully leveraging its hidden wealth."¹⁸

Through better management cities are able to tap into their wealth for much needed infrastructure of development needs.

"A few cities have been very successful in setting up independent and professional holding companies or funds to manage their commercial wealth and help finance infrastructure investments—Copenhagen's City and Port Company and Hamburg's HafenCity, for example. MTR Corporation (originally, Mass Transit Railway Corporation), in Hong Kong SAR, funded and managed not only the vast investment in the city's rail infrastructure but also the large housing estates and shopping complexes incorporated into its stations. In addition, MTR pays a substantial dividend to the city, providing an income for the government that has been deployed to pay off existing debt and develop other assets."¹⁹

9. The Importance of User Fees: Finally, a survey of city fiscal conditions shows that user and other fees are increasingly an Important source of finance (see

 $^{{}^{17}} https://www.telegraph.co.uk/travel/destinations/south-america/colombia/articles/medellin-murder-capital-to-hipster-destination/$

¹⁸ https://www.imf.org/external/pubs/ft/fandd/2018/03/detter.htm ⁵

¹⁹ https://www.imf.org/external/pubs/ft/fandd/2018/03/detter.htm

Figure 4.3). While property taxes were increased in about 20 percent of the cities, user and other fees were increased in more than 40 percent of them and there were many forms of fees that were levied and recovered.



Fig. 4.3. Wealth of Cities

	Decrease	Increase
Fee Levels	1%	41%
Property Tax Rate	10	22
Level of Impact Fees	2	20
Number of Fees	1	20
Other Tax Rate	1	9
Sales Tax Rate	1	6
Tax Base	4	6
# of Other Taxes	1	4
Income Tax Rate	1	1

Table 4.2

City Fiscal Conditions

https://www.nlc.org/sites/default/files/2016-12/City%20Fiscal%20Conditions%202016_1.pdf

Developing A Revenue Plan for Islamabad

Institutional Setting

MCI is a new entity and while CDA is the traditional regulatory cum development agency that nurtured Islamabad from its inception. Now that it is a big capital city almost fully developed with land development declining in importance, perhaps it is time to consider a coherent governance strategy. It is wise to develop such a strategy around budget and financing issues. Islamabad finances as well as public service provision will improve substantially if the is consolidation and rationalisation of the budget, the agencies and public service delivery were carefully evaluated. Since this is beyond the scope of this study, I will leave this here.

Property Taxes

MCI has taken steps to develop a property tax system along with utility fees. The first set of increases are indeed worthy of praise as they seek to break the logjam of vested interests and the traditional approach used to develop the city. Now it is important to gradually develop more market-based rates.

- (a) Property taxes must be related to market valuations which will vary by
 - (i) Location,
 - (ii) Use—e.g., residential, commercial, community, etc.
 - (iii) Possible economic gain such as rent and capital gains.
- (b) When fixing rates due consideration has to be given to incomes and ability of people to sustain the increase. There is no point in forcing a fire-sale of property through poor tax policy.

The property tax system should be a market that allows for swift, transparent and credible transactions. City administration should make a policy goal of establishing a real estate market which is transparent in its inventory for sale, the transactions as they take place and the swift exchange of property. This will help increase valuations and eventually the revenue collected. It is a matter of proper regulation for market development.

There is a lot of room for development here as currently, less than 10 percent of MCI/CDA revenue comes from this source.

Census says that the Number of Pucca houses in Islamabad is about 1.1 million. Assuming the average value to be Rs 1 million (assuming the bulk of these are for poorer houses), the valuation of the real estate stock would be about Rs 1 trillion. Setting property taxes at .5 percent of value the estimated tax could be about 5 billion.

We have no estimates for commercial real estate. Currently we can assume that it can be no less than residential real estate.

Utility Fees

Currently, utility fees are charged on a system that is a derivative of the current system for property tax. The authorities are appropriately trying to design a system based on proper metering and charging on the basis of actual use. This would certainly increase the yield as it is rolled out. Assuming metering will give utility yield of about .05 percent of value, the potential from metering should be about Rs 1 billion.

User Fees

This is an area where considerable progress can be made. Currently, cars, cattle, bazar fees, rights of passage, tolls and other licenses including telephone towers, constitute only about Rs 200 million about 1 percent of the CDA/MCI budget.

Designing and collecting user fees is a matter of design imagination and building a consensus. There are a number of areas where user fees can be collected that are untapped. Take cars for example, a primitive parking method that is based on earlier forms of rent-seeking (outsourced collection) is both leading to sub-optimal collection as well as huge parking loads on streets causing congestion. Today with technology there is no need for outsourcing: cameras and mobile collections can solve the problem.

The design of parking policy begins with clearly designated parking spots for street parking and a clear policy that parking beyond designate spots is not allowed. The principle is that the street is public property and that car- owners are renting it from the collective for a particular period of time.

With street parking, its cost and supply clearly defined, parking lots can become a business. Currently elastic supply of whimsical street parking at little or no cost, makes parking lots unviable. Box 4.4 shows estimates of possible revenues from parking charges, and they can be seen to be non-trivial, possibly 20 billion rupees.

Box 4.4. Possible Revenue from Cars

- 1. Street Parking: Designated spots on streets. No parking beyond these spots.
 - a. If 50,000 such spots at Rs 100 an hour between 7am-10PM 6 days a week
 - b. 50 percent occupancy
 - c. Revenue =Rs 11.7 billion
- 2. Parking lots: 10 in city with 20,000 capacity total at 1000 a day
 - a. With 50 percent occupancy
 - b. Revenue: 3.6 billion
- 3. FasTrack: Fast lanes during rush and other areas to alleviate congestion and rationalise traffic. % arteries in Islamabad average of 100 Rs affecting 20,000 cars a day. Revenue 7.3 billion.

Like all the cities in Pakistan Islamabad is also trying to old school trying to expand rods, build underpasses, overpasses and bypasses at considerable expense to alleviate traffic congestion. As can be seen from the current budget, there is a large investment in road broadening by the federal PSDP. Elsewhere in the world, such investments are considered after other alternatives are considered. The most important form of traffic control has been seen to be paid parking in cities which rationalises use of the car because of costs at destination.

- Perhaps the One alternative that the world uses is *fastrack*—paid fast lanes for users who have a need to go fast to their destinations. These lanes clear congestion as well as for revenue raising. Box 4.5 shows that in Islamabad Rs 7.3 trillion could be raised through *fastrack* implementation. This is not only for revenue measurement, but also for alleviating congestion and preventing further environmental degradation.
- Another important initiative for the development of city, providing residents with employment and livelihood opportunities is shown in Box 4.5. By allowing small roadside commerce not only small entrepreneurship will be facilitated, a possible Rs 1 billion revenue could be collected.

Box 4.5. Possible Revenue from Small Street Commerce

An inclusive approach to city development is to allow street commerce for poor entrepreneurs. Even mature cities like New York, London, Singapore, DC and Paris allow a large amount of street commerce. Not only is this a revenue item, it also makes for better city living and a more cohesive and inclusive community.

If Islamabad allowed this through licensing a well-organised street kiosk system through the city, it could make substantial revenues. For example, of there were 30,000 such kiosks with a daily rent of Rs 100, the revenue would be about 1 billion rupees.

Of course, the employment, social and economic benefits will be huge. In addition, it will be an attraction for the city's diplomatic community.

Asset Ownership and Management

Does Islamabad own assets in its vicinity? Assets such as

- (a) Jinnah Convention Centre,
- (b) Jinnah Sports Stadium,
- (c) China Centre,
- (d) Shakaparian?
- (e) Monal and Neighboring Areas.

Table 4.3

Asset Utilisation

Asset	Daily Use	Revenue
Jinnah Convention Centre	100,000	30,000,000
Jinnah Sports Stadium	100,000	30,000,000
China Centre	50,000	15,000,000
Shakaparian	20,000	6,000,000
Monal and neighboring areas	20,000	6,000,000
Zoo	30,000	9,000,000
PNCA	20,000	6,000,000
Total	340,000	102,000,000

In some cases, the assets are owned by ministries who have no interest in value maximisation. Most of these assets have been created using public funds and are clearly not used for commercial purposes. It is fair to assume that commercial utilisation of these assets should yield at least the more than the current interest rate. Surprisingly, there is no inventory of prime assets in Islamabad. Yet there seems to be an impetus to create more assets without worrying about the yield and utilisation of those assets.²⁰

Add to this the various health centres, hospitals and educational institutes. While these are obviously primarily centres of social welfare, could they if properly managed yield some earnings is a possibility that must be considered.

The main point to be made is that the city has developed assets over time but without a clear focus on using the assets for maximum yield. Such assets must be inventoried, and efforts made to improve their management. It is important to note that assets can be better managed for both yield and improving citizen' lives. In some case city administration will accept a lower yield by policy to improve life in the city.

Increasing Value through Urban Regeneration

Values of land in Islamabad have risen to among the highest in the world. At the same time, there is an extreme shortage of all manner of real estate such as space for shopping, schooling, office, commercial, warehouse, entertainment, hotel, enterprise, and many others. These shortages are indicative of an urgent need to revisit zoning regulations. Islamabad was designed to be a low-density suburban capital city of only officials and diplomats. The subsequent large influx of migration was clearly not anticipated. The old zoning now needs revisiting as it is holding back city development and hence the ability to tax.²¹

The zoning laws of Islamabad have restricted growth in commercial activity and simultaneously discouraged the development of affordable housing schemes. By restricting high rise buildings and mixed use of land it has curtailed economic activity as the private players are unable to afford the cost of land. Excessive layers of red tape further discourage private players from adopting innovative business models for maximum utilisation of their land holding. A land purchased for an approved commercial activity cannot be utilised for any other business without prior permission from the CDA which is granted only if the request seems to be compliant to the Master Plan and zoning regulations.

Restrictive zoning is driving residents out into suburbs in search of affordable housing causing the city boundaries to expand and burden the capacity and resources of

²⁰ The city of Islamabad has a number of assets that could be better utilised for generating higher amounts of revenue. Public buildings and commercial sites such as Jinnah Convention Centre, Pak China Centre, National Art Gallery, Lake View Park and Jinnah Sports Stadium not only have the potential to develop the city into a vibrant, creative and cultural destination but also hold significant untapped potential for revenue generation. Renting out these public spaces to private sector can generate economic activity while also increasing revenue through shared profits.

²¹Building regulations of CDA restrict the development of high-rise buildings. This has not only increased real estate value significantly for the common man but also eliminated an important source of revenue for the local government. Allowing for the development of apartments in high rise buildings and formalising the regulations for transfer of apartment ownership can be an important source of revenue for the local government. As housing prices are quickly becoming unaffordable, the low- and middle-income classes will eagerly opt for the apartment-based living arrangement.

local government. The inflexible zoning laws that have not been updated with the changing needs of the city restricting growth in productivity and potential revenue streams for the local government.

Rezoning could increase value and the tax base of MCI (see Box 4.6). Some examples are:

- Blue Area which is a planned linear hub of commercial activity in the city could be rezoned for expanded broader commercial area through multi-purpose modern high-rise building structures to increase economic activity while also increasing revenue base for MCI.
- Allowing older fully developed sectors to from single family structures to multifamily apartment structures could increase value, availability of much needed housing as well as the revenue base of the city.
- Renew the sectoral markets which use large tracts of land for a suburban village vision and do not provide space for city department stores and warehouses.
- Allow more mixed used walkable space in high-rise neighbourhoods.
- Make flats the unit of living in most areas of the city.
- Allow more neighbourhood commercial activity (offices, shops, entertainment etc.) to develop to alleviate congestion and allow value to develop more evenly.

Much of these initiatives will merely be a process of giving in to emerging trends in the city. Urban regeneration must be an instrument for first improving city life and as result of this improved life bettering city finance.

Box 4.6. Efficient Use of Land

The amount of revenue that a piece of land can generate is contingent upon its efficient use and allocation. A prime example of it is the provided by the contrast between the revenue being generated by the Centaurus mall versus the entire Blue Area. The commercial hub in the centre of the city, known as Blue Area, is estimated to generate a total of Rs 79 million annually through property, water and conservancy charges. In contrast, the three towers of Centaurus mall occupying a much smaller land area is generating Rs 15 million from advertisement, Rs 18 million from property, water and conservancy charges, and Rs 5.6 million annually from 700 apartments. This equates to a total of 38.6 million being generated from the mall of Centaurus alone. The difference between the revenues in line with occupied land area highlight how a strategically planned commercial use of land can generate much higher revenue. Centaurus mall is generating half as much revenue as Blue Area but occupying a much smaller area in comparison to Blue Area.

Land Value Capture

While the metro has been built, the stops of the metro remain as before. At this stage the MCI should facilitate the area around the metro stops to be rezoned for densification into high value and high rise, mixed-use development. This would have many positive advantages including increasing revenues and investment in Islamabad.

Public-Private Partnerships for Creating Assets and Managing Assets

The private sector is ready and eager to engage in creating assets. MCI needs to figure out a clear and transparent legal and regulatory framework to do this in an environment of suspicion.

The current CDA Ordinance 1960 does not allow CDA to enter into a public- private partnership. However, efforts are ongoing to amend the Ordinance and allow CDA to enter into PPP. On the other hand, MCI has the legal option to enter into a PPP and it aim to use it as a tool to enhance revenue. A PPP framework should allow the cost and user fee to be split between public and private partner. Public-private partnership in sectors such as health can improve services while also developing into a revenue stream. MCI has eight to ten dispensaries under its ownership which can be turned into diagnostic centres through partnership with the private sector where a mutually agreed percentage of profit is given to MCI. Similarly, MCI also has an allocated land for educational institute which can be turned into a vocational training institute in partnership with the private sector.

If it can, the private sector will create and manage assets that will yield revenue going forward. Possibilities are:

- Chairlift to Monal and beyond,
- Islamabad eye—a ferris wheel,
- Developing more ridge entertainment like Monal.

Promoting Tourism

Islamabad, being the city that frequently hosts foreign delegations and connects the Country's famous northern destinations to the local tourists from Southern regions, it has a lot of potential to generate revenue from the hospitality and tourism industry. Unfortunately, it has failed to capitalise on it by promoting and developing a vibrant tourist industry that can attract a large inflow of foreign tourists.

The local government can generate extensive amount of revenue from hospitality industry by developing and promoting more tourist attractions in the city. Most tourist destinations around the world charge entry fees from tourist attractions such as museums, historical buildings, cruise or bus tours, underground sea life etc. Not only does Islamabad lack such sites, the already existing locations such as Lok Virsa, Monument, Margalla Hills, Shakarparian and Saidpur Village are also not effectively promoted to attract more international tourists. These destinations are important to display Pakistan's cultural heritage while also promoting revenue generating activity by the private sector.

In capitals around the world, souvenir shops starting from the airport display brochures with information on packages for tourists to explore the city. The New Islamabad Airport provides no such information to attract foreigners coming into the country. Moreover, a city bus service could also be initiated to provide a tour of all the sites in the city. A proposal was also given to establish Cable Car service from Zero Point to Monal Restaurant as a source of revenue for the local government.

With only two large hotels, Serena Hotel and Marriott, and the campaign against guesthouses, the city is not equipped to host a large number of tourists. A higher number of luxury hotels can also generate a lot of revenue for the local government through property tax, water and conservancy charges and bed tax. Unfortunately, an exorbitantly high cost of land discourages most investors highlighting the need to reduce real estate value. Discussion with Chamber of Commerce also revealed that foreign investors seeking to learn about Pakistan's exports and potential for investment do not have a well-established Expo Centre to visit and explore Pakistani products.

Possibilities

This is more a scoping study than a definitive and careful assessment of the revenue potential for Islamabad. What we can see clearly even from this scoping study is:

- (a) The revenue potential is quite large, which puts very rough and crude estimates together. It seems that with proactive management and unified governance structure, Islamabad could collect over Rs 28 billion.
- (b) To make this happen, several new revenue streams will have to be developed. This will require changes at several levels in the vision, organisation, and capacity of CDA.
- (c) The good news is that this revenue model is based on a win-win strategy, where investment, employment, commerce and many other economic outcomes will improve sharply.
- (d) This is the way most modern cities are managed. If and when Pakistan adopts city based local governments, this approach to managing cities and increasing their revenues and outputs must be studied in all cities. Clearly this is the path to the country's development and accelerating economic growth.²²²³
- (e) Like most Pakistani cities Islamabad is stretching into a sprawl where daily commutes are stretching beyond 50 kilometres. Yet the city lacks adequate space for housing, commercial, retail warehousing and many other urban activities. The only way forward is as suggested here to change strategies from the earlier approach of new-city development to what is being suggested here regenerating and densifying developed city space to provide for the needs of a mature city.
- (f) Finally, CDA can no longer rely only auctions of land in new sectors that it has developed. Regeneration and discovering new services, user charges and activities is the way forward.

 $^{^{22}\}mbox{See}$ Framework for Economic Growth which did recommend this approach https://www.theigc.org/wp-content/uploads/2016/08/Planning-Commission-2011-Final-Report.pdf

²³See also https://www.researchgate.net/publication/325755941_Looking_Back_How_Pakistan_ became_an_Asian_Tiger_in_2050

				(Million Rs)
		17/18	18/19	Potential
Property		860	1800	
	Residential			5000
	Commercial			5000
Utilities		250	500	1000
Fees				
	Parking	30	30	3600
	Cattle	70	80	100
	Towers Tele	70	80	100
	Shuttle Diplomatic Area	30	30	40
	Transfer Fees	2200	2300	3000
	Ads Banners etc.	20	20	40
	Other (Markets, Licenses etc.)	30	30	50
	Small Vender Initiative			1000
Fastrac/Tolls		5		8000
Regeneration/				1000
Rezoning				
Asset Utilisation				102
Fresh Asset				100
through PPP				
Land Value				500
Capture				
				28732

Table 4.4

Rough Estimates of Potential Revenues

Annexures

Annex 1

The Master Plan of Islamabad

In the Master Plan approved on 26th October 1960, Islamabad was divided into three areas: (1) Islamabad, (2) National Park and (3) Rawalpindi & Cantonment. A total area of 906 Km² was declared as the capital in 1963 with Rawalpindi and Cantonment excluded from the Master Plan. The 1992 ICT Zoning Regulations, divided Islamabad into 5 zones.

- Zone 1 is to be acquired and developed by CDA.
- Zone 2 and 5, and sector E-11 in Zone 1 are reserved for private housing schemes.
- Zone 3 is national park.
- Zone 4 is for agro-farming, universities and institutions for research and development.

In 2010, certain amendments were made to the ICT Zoning Regulations where Zone 4 was further divided into four sub-zones to also allow for residential and commercial housing schemes, institutions, IT Parks and recreational sites. A new Commission has been set up to review and update the Master Plan.

MAST ISI	Zone-3 ((47734 acres)	No.
(3.723 acres (3.723 acres (3.723 acres (3.723 acres (3.723 acres (3.723 acres) (3.723	1 UP RORE REALIZED	Zone-4 (72,301 acres)
Ra	Anada Su	c39,182 acres) Dan River
	27	

The size of each zone is as follows:

Zone	Acres	Km ²
1	54,958.25	222.4081
2	9,804.92	39.6791
3	50,393.01	203.9333
4	69,814.35	282.5287
5	39,029.45	157.9466

Zone 1

The Islamabad Master Plan allocates 745 acres for each residential sector, with each sector divided into four sub-sectors and planned with a commercial centre in each, including schools, mosques, parks and shops. The sectors where residential areas have developed now includes D and E-sectors, G-sectors and F- sectors shown on the map of Zone 1, excluding the park in F-9. Recent developments have also taken place in D-11 and D-12 and the CDA has also allocated sectors H-14 to H-17 and I-14 to I-17 across G.T road for urban schemes development.



For commercial activity, the main city centre was designated in Zone 1 called the 'Blue Area'. In addition, the markets in each residential sector, shopping centres/ malls and some wholesale and retail businesses have also flourished overtime.

The eastern side of the city was allocated for prominent public buildings including secretariat, PM's House, Parliament etc. This area is mapped as Admin Centre in Zone 1. The H-Sector in largely Zone 1 is allocated for higher education institutes and research centres as well as some public institutions such as Chambers of Commerce and Industry.

The Mauve Area comprises of a strip of medium rise buildings allocated for government offices and ministries and residences for government employees. It runs through the sectors of G-6 to G-13 along the Kashmir Highway.

For the development of services and manufacturing industries, sector I-9, I-10 and some areas in the south of G-sectors were allocated. While I-9 and I-10 is primarily for industrial development, the sectors in the south of G-series are for small scale service-oriented businesses. Heavy manufacturing and pollution causing industries are not allowed in I-9 and I-10.

Within educational institutes, distinction is made between primary and secondary schools, and universities. While primary and secondary schools are developed in each sector, universities are mostly in the H-sectors, with some 20 small campuses spread across the city. The universities in H-sectors include:

- Quaid-i-Azam University, spread over an area of 1500 acres,
- National University of Science and Technology, spread over an area of 745 acres,
- International Islamic University, spread on an area of 745 acres,
- Allama Iqbal Open University, spread over an area of 150 acres,
- COMSAT University, spread over an area of 58 acres.

Zone 2 and 5

Zone 2 and 5, in addition to Sector E-11 in Zone 1 are designated for private housing schemes.





Zone 3

Zone 3 is the designated 'National Park' for Islamabad. It includes the Margalla Hills and some parks that are being maintained by CDA such as the Rawal Lake Park and Shakarparian.



Zone 4

In the ICT Zoning Regulations developed in 1992, Zone 4 was designated for agrofarming activities, universities and R&D institutions. However, with the amendment in zoning regulations that took place in 2010, zone 4 was further divided into 4 sub-zones. The size and land use of each sub-zone is as follows:

Sub-Zone	Area (in acres)	Land-use
А	12,188	Agro-farming, orchard schemes.
		Institutions, villages, and public housing schemes.
В	12,941	Residential and commercial housing schemes (public and private);
		apartments, institutions, and regulated expansion of villages.
С	21,279	Agro-farming, orchard schemes, institutions, and IT Parks
		Public sector housing schemes, village upgradation and regulated
		expansion of villages.
D	23,618	Agro-farming, orchard schemes.
		Reserved forests, nature conservation projects, sports and recreational
		area (with hotels, cultural centres, theatres, playgrounds and parks).
		Golf courses, polo ground, country club, water sports, swimming pool
		and gliding and jogging tracks.





				Development
Zones		Area	Location	Pattern
		55162	Sectoral area up to G. T. Road and H-	CDA's urban
	1	acres	14 to H-17 and I-14 to I-17 across G.T	schemes
	1	(223.3	road	
		sq. km)		
Urban		9723	Bounded by G.T road in north,	Private housing
		acres (39	northeast, north of Kashmir Highway	schemes
	2	sq. km)	and capital limits in the west. And G-	
			15 to G-17, F-15 to F-17, E-15 to E-	
			17, D-16 to D-17, C-17, B-17 & A-17	
		47734	Margalla Hills, other protected ranges,	Preservation and
		acres	forest areas and un-acquired land	conservation areas
	2	(193.2	between Margalla Hills & north of	
	3	sq. km)	Murree Road. Also includes 2 Km	
			radius of Rawal Lake and	
			Shakarparian.	
		72301	South of Rawal Lake and East of	Sports, recreation,
Durol	4	acres	Islamabad Highway. It excludes part	institutions,
Kulai	4	(292.5	of Margalla Hills National Park &	villages, and agro-
		sq. km)	Rawal Lake	farming
		39182	Around Soan River	Private housing
	5	acres		schemes
	5	(158.5		
		sq. km)		

Rural and Urban Division in ICT Zoning Regulations 1992

Possible Areas for New Development

The Zone 4 of Islamabad remains largely under-developed with unregularised housing societies developing in the zone. Proper planning can be done for expanding commercial activity in the zone along with developing regularised housing societies.

Islamabad Water Supply System

The city is supplied water through both surface and ground water resources. The surface water sources include Simly Dam, Khanpur Dam and some other small dams. The ground water is extracted and supplied through 191 tubewells from where water is first transported to filtration plans before supplying to citizens through distribution lines. CDA has also installed 37 filtration plants to provide clean drinking water.

Transport Infrastructure

- Highways 1200' wide.
- Inter-sectoral roads 600' wide.
- Major roads 150' to 200' wide.
- Streets -20' to 70' wide.

- The New Islamabad Airport has been constructed approx. 20 Km away from city centre. A BRT system will be developed soon to connect airport to the city.
- Islamabad is located on the main railway line that connects Peshawar, Lahore and Karachi.
- As per Master Plan, railway station was planned in I-8 and I-11 but was never developed.
- Railway line was also planned to run along Islamabad Highway up to Sector I-8 and along Kashmir Highway but it was never constructed.
- Construction of an urban railway along Islamabad Highway is planned.

Annex 2

Sustainable Cities and Communities (Goal 11)

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- Strengthen efforts to protect and safeguard the world's cultural and natural heritage.
- By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
- By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.
- By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.
- Support positive economic, social and environmental links between urban, periurban and rural areas by strengthening national and regional development planning.
- By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels.
- Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials.

Annex 3

Further details for support of Revenue Enhancement Strategies for CDA/MCI Institutional/Governance

Islamabad Metropolitan Corporation should lead the city governance while raising different business/management subsidiaries within it while having business foresight/planning and models for each entity. CDA be left with doing building control, development control and physical on-site project development. These subsidiaries may include:

- (1) Public mass transit service and transit stations (intra & inter-city).
- (2) Parks, landscape and horticulture.
- (3) Parking management.
- (4) Waste management.
- (5) Water and Wastewater.
- (6) Business Licensing/Permits (even for nighttime activities in public lots, kiosks, mobile businesses etc.).
- (7) City estates/asset management.
- (8) Conference/Public gathering facilities.
- (9) Advertisement.
- (10) Sports.
- (11) Hospitality and Tourism Management.
- (12) Manufacturing Industrial Management.

Database/Inventory Development

MCI/CDA must develop a detailed GIS based inventory of businesses/ revenue slots within their legal/jurisdictional ambit, such as:

- (1) Total floor space commercial/residential/business/institutional etc. (approved/ unapproved).
- (2) Type/number/location of each business in city.
- (3) Education/research.
- (4) Leisure and green spaces.
- (5) Public Gathering/Assembly/Conference facilities.
- (6) Sports facilities.
- (7) Tourism/Ecological Areas.
- (8) Parking Spaces (both public/private).
- (9) Industries along with gross areas under production facilities.
- (10) BRT and Public Transport Facilities (including terminals/transit routes).

Regulation, Tariffs and Licensing Fee Rationalisation

City authorities must consider revision of different tariffs and fee (for licensing, services, utilities and permits) especially of building permits for commercial spaces and suburban housing schemes to promote densification/regeneration within city core.

Building and zoning regulations must also be revised to promote construction activity and enhance revenue.

Research Collaboration with Academia/Universities

City institutions must develop active linkages with universities/academia/ researchers to research different avenues for collaborative city development and also measure to for public disclosure through web portal.

City must also develop a City Monitoring/Control Room to improve its management on priority bases.

Chapter 5

A Traverse of Illegalities in the Private Housing Societies in Islamabad

LUBNA HASAN, AQEEL CHAUDHRY, and HANZLA JALIL

INTRODUCTION

The private housing societies and their legality has gained much traction in popular media and policy circles lately. CDA estimates that of 204 housing societies in Islamabad, 140 are illegal. Our study of the status of other 64 "Authorised" societies suggests that only 22 housing societies have the required documents. This puts legal societies at 10 percent of the total. A special audit report of the Accountant General of Pakistan (2017) presents an even more dismal picture. It suggests that over 90 percent of the land (1.26 million kanals) in Zone 2, 4, and 5, is not under the purview of CDA as societies with NOC make less than 7 percent of the area. Most government departments, both civilian and military, are in the business of building housing societies.

The private sector was encouraged to enter the housing market because CDA could not acquire land and build sectors fast enough to cater to the housing demand in Islamabad (GOP 2019).²⁴ The CDA has not launched any new residential sector in the past twenty years. The last sector was launched in 1989 which has not seen any development since then (ibid).²⁵ Islamabad Capital Territory (Zoning) Regulation, 1992 was promulgated, and Modalities and Procedures were framed for the development of private housing schemes in Zone-2, 4, and 5 of the ICT.

The Modalities and Procedures for Private Housing Societies were revised in 2020, which lay down an extensive development and regulatory regime for the private housing societies. For the registration of the society, a sponsor has to follow 19 major steps/permissions/NOC and a multitude of intermediate steps (29), adding to the excessive regulatory burden for the development of private housing societies.

The Revised Modalities and Procedures (2020) give CDA broad powers to regulate the development of housing societies. The scrutiny of the Layout Plan (LOP), land use planning, Engineering Designs, services and utilities, clearance of land documents, issuance of NOC, and inspection of the quality of work, payment of total development cost within 45 days of approval of LOP, and the requirement of mortgaging 20 percent of saleable plots with CDA in case of non-payment give CDA an overarching framework to monitor housing societies in the Capital. If a sponsor is unable to complete development costs and transfer plots to the owners. Section 5.14 of the Revised Modalities and Procedures (2020) authorises CDA to inspect the scheme anytime during the development work.

²⁴ At present, the total population of Islamabad is 2 million. The housing backlog is about 100,000 units.

²⁵ Except zone 1, where only CDA can acquire land.

The lengthy and cumbersome procedures of CDA push sponsors away from seeking permission. In a report of the Standing Committee on Law and Justice (2016), it was observed that "illegal housing societies mushroomed due to cumbersome and year-long CDA procedures for issuance of LOP/NOC and then cancellation of the same on minor violations while missing bigger ones" (Standing Committee on Law and Justice, 2016: 7).

A special audit of the Housing Societies Directorate of CDA was conducted for the period 2011-16 by the Auditor General of Pakistan (AGP) at the request of the public accounts committee. The audit uncovered serious irregularities and non-compliance in issuing of NOCs, LOPs, performance failures, and weakness of internal control mechanisms, costing the exchequer huge losses (AGP, 2017).

The audit identified:

- (1) Systemic issues that were responsible for anomalies in the private housing societies. NOCs were issued without proof of ownership of land, based on fake and fictitious documents, for areas outside of ICT to name a few.
- (2) Lack of human resources that could monitor activities such as non-cancellation of NOC even after NAB notice, lack of action against non-completion of the project within the stipulated period, non-selling of the mortgaged area to complete development of societies when sponsors fail to do so.
- (3) Weak internal audit system, which could not identify financial irregularities within the department, and lack of checks and balances to fix responsibility for losses to the public against approved but incomplete housing schemes, losses due to fictitious housing schemes, and undue benefits to the sponsors due to non-development of work within the stipulated period.

CDA had issued only 22 NOCs and 24 LOPs in the past 30 years in zones 2, 4, and 5. The housing schemes with NOC cover only 6.8 percent of the total land of these zones. The 1.26 million kanals of land are under the illegal possession of land grabbers and being sold under the garb of housing societies. 99 percent of these illegal societies have not been completed. People were robbed of their hard-earned money to the tune of PKR. 5200 billion. Not a single completion certificate was issued for a housing scheme in the last 25 years. Changes in LOP and lack of progress on site were the main reasons behind it. CDA not only failed to punish the sponsors for changes in approved LOPs, but it could not take charge of schemes even when sponsors did not complete them.

The Housing Directorate of CDA is neither adequately equipped to inspect the area for illegal construction nor has the powers for demolishing the illegal activities. The presence of illegal housing societies "clearly indicates that the Authority intentionally closed its eyes and supported developers for deceiving the general public" (AGP 2017: 25).

Honorable Chief Justice Islamabad High Court in a scathing remark noted that "[T]he writ of the statutory regulatory authorities and public functionaries has eroded, or they have become willingly complacent in bending and ignoring the laws so as to facilitate the enrichment of the privileged and powerful at the cost of transgression of fundamental rights of the weaker citizens" (W.P. No. 3877 of 2019)²⁶. In all this mayhem, it is the ordinary buyer of a plot and the future homeowner that bears the brunt of all that is played in the name of a housing society.

²⁶ These remarks were given while hearing a writ petition filed by a local resident of Bani Gala against transgression of his rights to property and indifference of the concerned authorities.
- The average time taken by CDA for NOC approval is two and half years from a minimum of 74 days to a maximum of 3460 days (9 and half years).
- The average time for development work after the approval of NOC is 12 years, extending to more than two decades in many cases.

Research Context

In March 2021, the National Accountability Bureau (NAB) sent a list of illegal housing societies of Islamabad and Rawalpindi Division to the Federal Investigation Agency (FIA) for action against them. Earlier, in 2020, Chairman NAB Justice (Retd) Javed Iqbal took notice of alleged China-cutting, illegal housing, and cooperative societies in the federal capital, and assigned the task to DG NAB Rawalpindi to investigate it thoroughly. It had come to the notice of NAB that some elements were making billions out of fraudulent activities through sales of plots in different housing and cooperative societies without taking layout plan and NOC from CDA.

All this is happening under the watchful eyes of The Capital Development Authority (CDA), which has the mandate for planning and development of Islamabad, conferred to it through The Capital Development Authority Ordinance, 1960²⁷. Chapter III of the ordinance, "POWERS AND DUTIES OF THE AUTHORITY", empowers the Authority (CDA) with the preparation of "a master plan and a phased master program for the development of the Capital Site" and a similar plan for the rest of the specified areas and submit all such plans to the Federal Government. According to section 12, sub-section 5, "No planning or development scheme shall be prepared by any person or by any local body or agency except with the concurrence of the Authority". CDA has wide-ranging powers to plan (a) Land use, zoning, and land reservation; (b) Public buildings; (c) Industry; (d) Transportation and communications; (e) Tele-communications; (f) Utilisation of water, power, and other natural resources; (g) Community planning, housing, slum clearance; (h) Community facilities including water supply, sewerage drainage, sewage disposal, electricity supply, gas supply, and other public utilities; and (i) Preservation of objects or places of historical or scientific interest or natural beauty.

Given the vast powers that the ordinance lends to CDA, it warrants an investigation as to why fraudulent activities (sale of illegal/fake plots, China cutting,²⁸ and land encroachment) are taking place in the most planned city of Pakistan. We examine the development and regulatory regimes of CDA for the private housing societies development in Islamabad to answer these questions. Other government reports and secondary material is also used to comprehend the ground realities.

Islamabad Zones and Development Regimes

Islamabad does not have a single development regime. It was divided into five zones under the Islamabad Capital Territory (Zoning) Regulation 1992. In Zone 1, only CDA could acquire land and develop it in a phased manner, according to the land use pattern specified in the Masterplan. Private housing schemes were prohibited in this zone except

²⁷ The ordinance henceforth.

²⁸ China cutting refers to the slicing of plots from land reserved for public amenities.

for in E-11. Even natives were not allowed to build houses²⁹. In Zone 2 and 5, the private sector could purchase land and develop housing societies subject to regulations detailed below³⁰. Zone 3 is the Margalla Hills National Park. This zone has the strictest development regime as no change in land use is allowed, neither a housing scheme is permitted. Zone 4 encompasses Islamabad National Park and rural peripheral areas. In this zone, orchard and vegetable farms by private developers are allowed. The minimum size of the orchard must be 20 kanals and a house with a covered area of 2250 sq. ft is permissible. Initially, no private housing schemes were allowed in this zone³¹, however, after an Amendment in ICT (Zoning) Regulation of Zone-4, private housing societies are allowed in sub-zone B and C of zone 4.



Fig. 5.1. Map of Islamabad

Source: AGP (2017).

Development Regime for Private Housing Schemes in Islamabad

The CDA regulates the development of Private Housing or Farm Housing Schemes under the "Revised Modalities & Procedures (2020) framed Under ICT (Zoning)

 $^{^{29}}$ Repair of old homes and expansion was allowed, given that the covered area does not exceed 1000 square feet.

³⁰ The ICT (Zoning) regulations (1992) were updated in 2020.

³¹ repair of existing old houses and their expansion is permitted, given the covered area does not exceed 1000 sq. ft.

Regulation, 1992 (As Amended) for Development of Private Housing/ Farm Housing Schemes in Islamabad Capital territory Zoning Plan", henceforth called Revised Modalities & Procedures (2020). This power is conferred to the CDA under section 51 of the Capital Development Authority Ordinance 1960 (No. XXIII of 1960).

The company sponsoring a housing/farm housing scheme, henceforth called the sponsor, shall meet the following criteria:

- The company must be registered with the SECP. In the case of a cooperative society, it must be registered with Circle Registrar Cooperatives Islamabad³².
- The proposed area for the housing scheme shall not be less than 50 acres (400 Kanals) in Zone-2 and Zone-5, not less than 25 acres in E-11, and according to sub-zone limits in Zone-4.
- The sponsors will also give details of the commercial and parking area.
- The project shall be publicised according to the prescribed modalities and procedures.

Similarly, a housing project can be launched with the above-mentioned conditionalities, barring the land requirement, which is less than that for a housing scheme. The minimum requirement of land ownership is not mentioned. A housing project has an additional requirement that it should be "situated within 500 meters of an existing settlement or regularisation of the existing scheme."

A registered company or a cooperative society can also sponsor a vertical housing project for an area between 20 kanals (minimum) to a maximum of 200 kanals. Public sector projects are exempted from the maximum limit of 200 kanals, however.

Regulatory Regime for Private Housing Schemes in Islamabad

The regulatory framework is extensive and gives vast powers to CDA to regulate development. We describe the steps that a sponsor has to take for developing a housing society below³³.

Submission of Documents

The sponsor of a private housing scheme is required to submit the following documents:

- "Three copies of the site plan showing the location of the scheme at a scale of I:10.000 with reference to its surrounding areas (within a radius of 1/2 km all around) and the land use plan of the zone in which it falls.
- Three copies of the survey plan of the site drawn to a scale of not more than 1:1000 showing Khasra numbers, the spot level, and physical features such as high-tension lines, water channels, etc. The contours with 0.5 meters or 2 feet intervals shall be indicated on the plan.

³² In legal terms, "a company is a legal entity which has a separate legal identity from its members and is ordinarily incorporated to undertake commercial business" <u>https://www.cs.mcgill.ca</u>

³³ Step 4 in "Modalities and Procedures (20202)". The difference in numbering results from our focus on housing schemes alone.

- Three copies of the layout plan drawn to a scale of not more than 1: 1200 showing the sub-division of land into plots, and allocation of land for various uses as per the planning standards laid down by the Government of Pakistan in the "National Reference Manual on Planning and Infrastructure Standards".
- The layout plan should be prepared and signed by a consulting firm registered with PCATP in the town planning category or a PCATP registered Town Planner with a minimum of 5 years of housing scheme design experience.
- Fresh copies of Register Haqdarane-Zameen (Fard) attested by Tehsildar ICT and certified copies of sanctioned mutations (along with khasra gardwari in case of shamlati land) in the name of sponsors.
- Aks shajra/khasra plan, showing clear boundaries of the project, certified by Tehsildar; certifying the true possession of land owned by the sponsors.
- Non Encumbrance Certificate (NEC) from Tehsildar.
- Master Plan Concept Report (Detailed Urban Design, including pedestrian plans, tree canopy cover of minimum 30 percent of all parks with the type of indigenous trees planted, Neighborhood Plans, Rainwater harvesting plan for scheme, Traffic circulation plan, Disaster Risk Reduction & Disaster Risk Management Plans).
- Mutation in favour of owners." (Paragraph 4 of the Revised Modalities & Procedures (2020))³⁴.

Planning Standards for Housing Schemes

The sponsor must follow the planning standards given in the "Modalities and Procedures (2020)". These standards are somewhat flexible, as they can be changed to accommodate different residential densities in different housing schemes in Zone-2 & 5. The land use pattern (percentages), however, must follow a more rigid regime given below:

	Land Use	Area (% of total)
1.	Residential (Row Housing and apartments) Apartments (vertical development/ apartments not	Not more than 55%
	more than 15 percent of scheme area)	
2.	Open/Green Spaces/Parks	Not less than 10%
3.	Roads/Streets	Not less than 23%
4.	Graveyards	Not less than 2%
5.	Commercial	Not more than 5%
6.	A Public building like school, Masjid, dispensary, hospital, community	not less than 5%
	centre, post office, etc.	

Table 5.1

³⁴ Henceforth, only paragraph numbers from "Revised Modalities and Procedures" are mentioned

Some minor adjustments in percentages are allowed, given the site's conditions, special requirements, and the land use plan of the zone in which the scheme falls. More importantly, it is mandatory to keep a minimum of 10 percent area under the residential plots for economy housing. The minimum size of a residential plot is required to be 90 sq. yds to 130 sq. yds. with minimum 30 feet wide streets (para 5 a).

Scrutiny Fee for the Detailed Scheme

• A scrutiny fee is to be paid to the Authority, along with the submission of a detailed scheme³⁵ (para 6).

Clearance of Land Documents

- The land documents of the housing scheme/project are then scrutinised by the revenue officer of the Housing Section of the Authority. The details of land (map of Certified Aks Shajra and khasra numbers) are published in the leading newspapers for inviting public objections. The cost is borne by the sponsors of the project. A revenue officer then scrutinises the public objections and forwards his report after clearing all objections in the ownership and possession as certified by concerned revenue offices (para 7).
- No timeframe is given as to how many days the Authority will take to complete this step.

Clearance of Detailed Layout Plan of the Scheme

- Next, provisional approval for the detailed layout plan is issued to the sponsors for the preparation of detailed engineering design, transfer deed, mortgage deed, and subsequent NOC. It bears a clear stamp that the plan is provisionally approved and cannot be used for marketing purposes.
- Any objection to the layout plan is communicated to the sponsors at this stage. The sponsors are given a period not exceeding 30 days of issuance of communication for rectification, failing which the scheme is not to be processed further till objections are removed/settled.
- After approval of the layout plan, the sponsor shall:
 - (a) Execute an undertaking regarding the acceptance of the conditions relating to planning, designing, and implementation of the scheme.
 - (b) Deposit the entire development cost of the scheme, within 45 days of the clearance of the detailed layout plan, with the Authority. The Authority shall assess the development cost based on the prevailing cost of development.
 - (c) If the sponsors do not wish to deposit the entire development cost of the scheme initially, they have the option to mortgage 20 percent of the saleable area in the detailed layout plan with the Authority as a Guarantee for completing development works/services within the specified period. The sponsor shall execute the mortgage deed and get it registered with the Registrar Islamabad, within 45 days after clearance of the detailed layout plan of the scheme.

³⁵ The scheme is subject to revisions.

(d) The sponsor shall also transfer, free of cost, to the Authority the land reserved for open spaces/parks, graveyard, only 1 percent of the scheme area reserved for public buildings, and land under right-of-way of roads, etc. in the scheme, within 45 days of the clearance of the detailed layout plan of the scheme. Plots under mosques, solid waste collection points, and STP will not be part of the 1 percent public building area for the transfer (8 (iii) d).

Public Notice of Plots Mortgaged with CDA in the Scheme

• After execution of the mortgage deed, a public notice is published in the press regarding the mortgage of plots under the saleable area with the Authority by the sponsors (at the cost of the sponsors) within 5 days (para 9).

Issuance of NOC

- If no objection is received in response to the public notice above, An NOC is issued to the sponsors, conveying the approval of the detailed layout plan, engineering designs, and detailed specifications of the scheme. The sponsors are now allowed to advertise the scheme.
- The sponsors are required to complete at least 25 percent of development works within three years from the date of issuance of the NOC. Failing which, NOC is deemed to be withdrawn (para 10 (iii)).

Revision in the already approved layout plan after issuance of NOC is permissible during the submission of the revised/extension layout plan of any scheme given the consent of all stakeholders/allottees is documented with the authority. Public notice is to be published in two daily national newspapers.

Completion Period of the Schemes

The timeframe for the completion of the scheme by sponsors is as under:

	Completion Time for Schemes	
	Total Scheme Area	Completion Time
1	Scheme covering an area up to 100 acres	Three years.
2	Scheme covering an area between 101 acres to 200 acres.	Four years
3	Scheme covering an area between 201 acres to 400 acres.	Five Years
4	Scheme covering an area of more than 400 acres	Six Years

Table 5.2	
ompletion Time for Schen	u

Source: Revised Modalities and Procedures (2020).

If the scheme is not completed in the period specified above, the sponsor is liable to pay the extension charges. No further extension is allowed beyond six years.

Approval of Engineering Design and Detailed Specification of the Services/Utilities

• Once the layout plan of the scheme is approved, the sponsors are required to prepare the engineering design, specification of the services and utilities, and

make a presentation to either (1) a panel of engineering experts nominated by the CDA for their approval or (2) get a third-party validation by the approved consultants within three months.

- If the sponsors do not submit the engineering design within three months, they may be given additional time at a monthly fine at 25 percent of the original scrutiny fee for this purpose. The sponsors are given two weeks to rectify and resubmit the corrected engineering design in case of deficiencies in the designs initially submitted. A fine of Rs. 10,000 per week (or as revised from time to time would be applicable) is imposed if the sponsors fail to submit the revised design in time.
- The designs are required to be prepared by consulting engineers registered with Pakistan Engineering Council.
- Two copies of the approved engineering designs and detailed specifications shall be submitted to the DG (Planning) CDA, for final approval of the CDA.
- The approval of the engineering designs and detailed specifications does not absolve the sponsor's and their consultants from the responsibility of proper design based on sound engineering practices" (The Revised Modalities & Procedures (2020)).

Engineering Design Guidelines

- Engineering Design Guidelines about roads, water supply, sanitary sewer system, storm water drainage, electricity, gas, telephone, and solid waste management are provided in detail in the Revised Modalities & Procedures (2020). Specifically, it requires each scheme to have its independent sewerage treatment system and a septic tank is compulsory for all domestic, commercial, or institutional buildings. Sewer or waste would not be disposed of in Nullah or water streams and treated sewer water would be reused for irrigation.
- Civil works in the scheme would be verified by C.E. Lab or Private building research centres suggested by C.E. Lab of CDA. A monthly progress report about the development of the scheme area, duly signed by consulting Town planning firm registered with PCATP, would be provided as well.

Processing Fee for Engineering Designed/Detailed Specifications

• The sponsor would then deposit a fee for the processing and approval of engineering designs at the rate of Rs 1000 per Kanal (or as revised from time to time by the CDA).

Commencement of Development Works

• After approval of engineering designs and detailed specifications is issued by the CDA, the sponsors must begin with the implementation of the scheme within six months.

Implementation of Scheme by the CDA on Behalf of the Sponsors

• If the sponsors desire, they can request the CDA to take up planning, design, and implementation of the scheme, on payment of departmental charges @ 15 percent of the total cost of the scheme. This rate can be revised by the CDA.

Inspection by the Authorised Officer of the CDA During Execution of the Scheme

• The CDA can inspect the scheme anytime during the entire period of its execution.

Intimation of work Schedule to the CDA by the Sponsors

• The sponsors must submit the detailed work schedule in respect of the implementation of the scheme to the Director (Planning). A monthly progress report is required to be submitted to the Director (Planning) till the completion of the scheme.

Payment of Inspection/Monitoring Fee to the CDA

• The sponsors shall pay to the CDA Rs.500 per Kanal, or as revised from time to time on account of inspection/monitoring expenses during the execution stage of the scheme.

Recording of Inspection Notes by the Officers of the CDA on the Development Works

- The authorised officer/s of CDA shall record their observations on the works in progress regarding the quality and progress of work being undertaken in a scheme and will ensure that their instructions are complied with by the sponsors. A copy of each note shall be handed over to the sponsors for record and another copy, duly signed by the sponsors or their Engineer in charge at the site, shall be kept in the CDA's record.
- In case the sponsors fail to abide by the instructions contained in the Inspection Note, CDA shall take appropriate measures to rectify the situation. This may include getting the work done at the risk and cost of the sponsors by disposing of plots mortgaged with the CDA. In case the development cost exceeds the amount deposited by the sponsors with the CDA or the sale proceeds of the mortgaged plots, the same shall be recoverable by CDA from the sponsors or the allottees of plots in the scheme as arrears of land revenue under CDA Ordinance, 1960.
- The sponsor would obtain test reports regarding the quality of civil works from the CE lab. CDA or other relevant forums/panel of labs recommended by the CE lab as and when required (during the execution of civil works).

Release of Mortgage Plots

- The plots mortgaged with CDA by the sponsors will be released after the Committee appointed by CDA has certified that the development works have been completed as per the approved schedule, specifications, and design.
 - Mortgage land/plots may be redeemed proportionate to development carried out in the scheme area. On every 10 percent of the development of the scheme area, 10 percent of the mortgaged land/plots shall be redeemed.

Default in Completion of Scheme

• The CDA shall assume the control of the scheme in case it is satisfied that the sponsors are incapable of completing the scheme after the expiry of the extended period of completion.

• In the event of CDA assuming control of the scheme, it shall sell the plots mortgaged with it in the scheme privately, through public auction or private contract to accumulate funds for the completion of the remaining development works in the scheme to the extent of the amount received from such sale.

Connection of Services of a Private Scheme with CDA's Services

• The CDA in its discretion may permit the sponsor of a scheme to connect the services within the scheme with the overall network of the services if available in the area. Such connection shall be allowed by CDA subject to payment of charges as may be prescribed from time to time.

Amendments in Layout Plan

- The layout plan may be reviewed at any time before the Authority shall approve the issuance of NOC. In case the revision is proposed after the NOC, it will only be considered within the following framework:
 - (a) the sponsor shall notify the same for the allottees/members through a public notice as per specimen of CDA.
 - (b) the sponsor shall satisfy their reasonable objections that are to be submitted on the prescribed Performa.
 - (c) If the allottee/member is not satisfied with the decision of the sponsor he may file an appeal against the decision to the Member Planning and Design. The decision of Member P&D in this regard will be final.
 - (d) the revision shall conform to the standard planning parameters viz a viz public amenities and green areas etc.

The Regulatory Burden and Permission Regime

The regulatory regime is extensive for the sponsor of the Private Housing society in Islamabad. From registration to completion of the scheme, a sponsor has to follow 19 major steps/permissions/NOC and a multitude of intermediate steps (29), adding to the excessive regulatory burden from the start to the completion of a housing scheme (Figure 5.2).

- The average time taken by CDA for NOC approval is two and half years from a minimum of 74 days to a maximum of 3460 days (9 and half years).
- The average time for development work after the approval of NOC is 12 years³⁶, extending beyond two decades in some cases.

³⁶ This figure refers to the time since the approval of NOC.

Fig. 5.2. Revised Modalities and Procedures for Private Housing Societies in Islamabad

Step 1: Submit Documents
Step 2: Prepare a Detailed Scheme Following the Land Use Patterns
Step 3: Pay Scrutiny Fee for Detailed Scheme
Step 4: Clearance of Land Documents
Step 5: Provisional Approval of Detailed Layout Plan
Step 6: Deposit Development Cost of Scheme or Mortgage 20% saleable area with CDA
Step 7: Publication of public Notice of Plots Mortgaged with CDA
Step 8: Issuance of NOC
Step 9: Approval of Engineering Design
Step 10: Processing Fee for Engineering Design
Step 11: Commencement of Work
Step 12: Intimation of Work Schedule to the CDA
Step 13: Inspection by CDA Officer
Step 14: Payment of Inspection/Monitoring Fee
Step 15: Recording of Inspection Notes by the CDA Officer
Step 16: Inspection of Quality of Works from CE Lab
Step 17: Release of Mortgage Plots
Step 18: Completion of Work on time or Default in Case of Non-completion
Step 19: Connection of Services with CDA

Source: Revised Modalities and Procedures (2020).

	Time to NOC	Time since
Name	(In days)	NOC (In years)
Al-Hamra Avenue	587	13
Anza Zephyr Dale Agro Farms	NA	18
Bahria Enclave-II, Agro Farming Scheme	955	7
Bahria Enclave-II, Phase-II, Housing Scheme	1095	7
Bahria Town (Phase-VII-E)	1009	6
Cabinet Division Employees Co-operative Housing Society	105	17
Engineers Housing Scheme	980	11
Gulberg Greens Farm Housing Scheme	244	9
Gulberg Town	399	10
Islamabad Gardens	74	16
Khayaban-e-Kashmir, Phase-I	748	17
Ministry of Interior Employees Co-operative Housing Society	1920	11
Multi Gardens, Phase-I	460	13
Naval Anchorage	4795	16
OPF Housing Scheme	3460	10
Rahman Enclave Housing Scheme	522	1.5
Zaraj Housing	127	16
CBR Town	826	11
Gulshan-e-Sehat	2545	11
Multi Gardens, Phase-II	922	11
Pakistan Navy Farms, Simly Dam Road, Islamabad	NA	28
Average days/years	915	12

 Table 5.3

 Time Analysis of Approved Housing Societies

Source: CDA.

At the pre-registration stage, the sponsor of society is required to fulfill three steps—namely:

- Register a firm with the SECP, or with Circle Registrar Cooperatives Islamabad in case of a cooperative society.
- Purchase at least 50 acres of land.
- Give details of the commercial and Parking areas.

Of the above three, the process of finding land is the most complex. Most Private housing societies are being developed in rural Islamabad; an area that is not acquired by CDA. The sponsor at times faces a situation where, within the minimum of 50 acres of land required for the society, the owner of a small tract of land refuses to sell his land or invokes his right in "shamilaat" (common land) and goes into litigation, rendering land acquisition for scheme development a lengthy process (Property Naama, 2020).

• The submission of documents consists of 9 sub-steps (Figure 5.3). An important part is to prove ownership of land that it is free of any impediment. The layout plan, to be prepared by a firm registered with PCATP with 5 years of experience, must follow the standard sectoral layout plan of Islamabad in Zone 2.



Fig. 5.3. Steps for Submission of Document

Source: Revised Modalities and Procedures (2020).

- In zone 2 & 5, The sponsor must comply with rigid planning standards. 55 percent of the land is to be kept for residential buildings. Vertical buildings cannot exceed 15 percent of the scheme area. This is problematic since apartment buildings provide cost-effective housing (<u>PV</u> 12).
- Another requirement is to keep 10 percent of the residential area for economy housing.
- The private sector was encouraged to enter the housing market (except zone 1, where only CDA can acquire land) because CDA could not acquire land and build sectors fast enough to cater to housing demand in Islamabad (GOP 2019, <u>PV</u> 16)³⁷. The CDA has not launched any new residential sector in the past twenty years. The last sector was launched in 1989 which has not seen any development since then (GoP, 2019). Limiting vertical buildings to 15 percent of the scheme area is counterproductive to providing affordable housing and may encourage sprawl.

³⁷ At present, the total population of Islamabad is 2 million. The housing backlog is about 100,000 units.



Fig. 5.4. Clearance of Detailed Layout Plan

Source: Revised Modalities and Procedures (2020).

- The Revised Modalities and Procedures (2020) give CDA broad powers to regulate the development of housing societies. The scrutiny of the Layout Plan (LOP), land use planning, Engineering Designs, services and utilities, clearance of land documents, issuance of NOC, and inspection of the quality of work give CDA an overarching framework to monitor housing societies in the Capital.
- The payment of total development cost, as assessed by the CDA, to the Authority within 45 days of approval of LOP, and the requirement of mortgaging 20 percent of saleable plots with CDA in case of non-payment gives CDA considerable power to monitor development work. If a sponsor is unable to complete development work, CDA can take over the housing scheme and sell the mortgaged plots to cover development costs and transfer plots to the owners (ibid).
- Section 4.14 of the Revised Modalities and Procedures (2020) authorises CDA to inspect the scheme anytime during the development work. The sponsor must submit a monthly progress report and the detailed work schedule in respect of the implementation of the scheme to the Director (Planning) till the completion of the scheme.

These conditions specified in the Modalities and Procedures (2020) provide a sufficient channel of communication between the sponsor and CDA. The new technologies

also enable CDA to monitor any development activity on the ground. It is fair to believe that CDA would be cognizant of development activities taking place in the societies or at any place within its jurisdiction.

Private Housing Societies in Islamabad- Selling Dreams or Fake Plots!

An FIA report submitted to the Supreme Court in 2018 revealed that there are 3432 registered and 5492 un-registered/illegal/ghost housing societies in Pakistan. This figure puts a total of 61 percent of societies as illegal (Business Recorder, 2018). More recent estimates suggest that this percentage has gone up to 69 percent. In 2020, of a total of 8767 societies, about 6000 housing societies are not registered with relevant Development Authorities/Institutions, having incomplete or no papers at all. About 4000 cases of corruption are registered against 500 societies, amounting to PKR 300 billion in corruption (Dawn, 2020)³⁸.

Islamabad is considered one of the most planned capitals in the world. However, recent studies have documented that the city is experiencing urban sprawl and haphazard development (Adeel, 2012; Butt *et al.*, 2011; Liu, Din & Jiang, 2020). No longer a planned city, Islamabad, too, is facing the dilemma of illegal private housing societies.

The Extent of Illegality

In May 2015, the National Assembly Standing Committee on Cabinet Secretariat was informed by CDA that more than 100 illegal housing societies were operating in the Capital. The Committee had asked CDA to justify how CDA remained oblivious to the proliferation of such housing societies. The Committee was informed that no development work could take place without the approval of CDA. However, these societies never approached the Authority for approval of the layout plan and NOC (Dawn, 2015).

The Interior Ministry, the parent department of CDA, also quizzed CDA about the unplanned expansion of Islamabad beyond city boundaries. Of the 109 illegal societies, 64 were in zone IV. Housing Societies were prohibited in Zone IV before 2010, but the amendment was made to accommodate an influential property developer (Tribune, 2015). The number has climbed to 140 societies now (CDA).

In the meanwhile, the National Accountability Bureau (NAB), investigating the land grabs in Sindh, decided to conduct a thorough scrutiny of Private Housing Societies in Rawalpindi and Islamabad with the help of CDA and Rawalpindi Development Authority (RDA).

To come out clean, CDA uploaded a list of 140 illegal societies on its website (Annexure 1), affirming that it had come to the notice of CDA that certain housing societies were selling plots without first seeking NOC from CDA and that the public should refrain from investing in fake societies. A list of 64 'authorised' societies was also made available for the public.

³⁸ The report puts the size of the real estate market at PKR. 15-20 trillion (Dawn, 2020). No basis for this estimate is given, however.



Fig. 5.5. Legal Status of Housing Schemes in Islamabad

Source: Data is taken from the CDA website.

Figure 5.5 above presents the dismal state of lawlessness in the capital city. A bulk of Private Housing Societies (69 percent), a number close to the national average of 69 percent, are not within the legal realm.

A pertinent question here is what constitutes a 'legal' housing society. The chief commissioner Islamabad Capital Territory described it as one which is either registered with the Security and Exchange Commission of Pakistan (SECP) or the ICT administration and has the layout plan and NOC approved by CDA.

Does "Authorised" translate to Legal?

CDA has displayed a list of 64 "Authorised" Societies on its website. In section 4, we have discussed the process of getting the approval for a private housing society as laid out in the Revised Modalities and Procedures (2020). In the entire chain of the regulatory regime, approval of the layout Plan and issuance of NOC are two defining stages. A NOC is issued when the sponsor has fulfilled all conditions of the Revised Modalities and Procedures (2020).

Figure 5.6 presents a grim picture. Of all the housing societies operating in Islamabad, only 10 percent have approved NOCs. Of the 64 authorised housing societies that CDA has published on its website, only 22 have approved NOCs, while 24 societies had approved LOP. NOCs of 8 and LOPs of 10 societies were cancelled. The 140 illegal societies have not contacted the Authority for approval of LOP and NOC.

The timeframe for obtaining NOC is not streamlined either. It varies from less than 6 months to more than 10 years (Table 5.4). Table 5.6 below shows that most government departments, both civil and military, are in the business of building housing societies.



Fig. 5.6. Percentage distribution of All Housing Schemes in Islamabad (BY NOC)

Source: Data is taken from the CDA website.

How Housing Sponsors Misuse the System!

Why is it that a city that was once considered the poster child of a planned city has fallen to such disrepute? Why have illegal societies mushroomed in such large numbers within the 906 sq. km. of Islamabad territory? Concerns have been raised time and again that housing societies are looting naïve people of their hard-earned money.

Housing societies are generally characterised into two broad categories - authorised and illegal. A more nuanced look at their status, however, presents a different picture³⁹. Categorising societies by their legal status presents the following picture. Societies that have:

Table 5.	.4
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	Housing Societies by Legui Status	
	Status of Housing Society	Number
1	Valid NOC	22
	Approved LOP. NOC is yet to be obtained	24
2	Canceled NOC due to non-conformity with CDA rules. LOP is intact.	6
4	Canceled LOP	10
5	Both LOP and NOC canceled	2
6	Not approached CDA for LOP/NOC (Illegal) ⁴⁰ .	140
		204

Housing Societies by Legal Status

Source: CDA.

³⁹ See Table 3 for Authorised Societies.

 $^{^{40}}$ These 140 societies are neither registered with SECP nor have they approached CDA for approval of LOP and issuance of NOC.

A bulk of housing societies are either not legal, or do not possess the required permissions from the Authority (LOP, NOC). Why do sponsors fail to comply with the prerequisites of registering their societies? We outline the main factors below:

- The burden of regulation. The lengthy and cumbersome procedures of CDA push sponsors away from seeking permission. In a report of the Standing Committee on Law and Justice (2016), it was observed that "illegal housing societies mushroomed due to cumbersome and year-long CDA procedures for issuance of LOP/NOC and then cancelation of the same on minor violations while missing bigger ones" (Standing Committee on Law and Justice, 2016: 7).
- Deviations from the approved layout plan, land use pattern (Table 1), and detailed Engineering designs as specified by CDA also result in the cancelation of LOP. Modalities and Procedures (2020) layout an incredibly detailed process to be followed after approval of LOP. Any violation of LOP results in its cancelation. A common practice is that sponsors use areas reserved for public spaces for commercial activities or to carve out more plots.
- The LOP requires each society to build a sewerage system and waste treatment plant. Housing societies dispose of sewage waste in the Nullahs, hence pollute the environment. This is also one leading reason for the cancelation of LOP/NOC.
- Societies indulge in over-selling of plots. For example, a society that has 3500 plots, sells twice or thrice the number. When the sponsor approaches CDA for NOC, CDA can access the records of these societies, or gather information from the market, to ascertain how many plots were sold. CDA does not give NOC in such a case.
- Sponsors do not have full possession of the land for which LOP is submitted. At times, sponsors submit a LOP for a much larger piece of land (say, 3000 kanals) than what they have in hand (e.g., 1000 kanals). The sponsor will fail to have their project approved once the Revenue Department investigates the land record and find that the sponsor does not own 3000 kanals of land.
- Land-related litigation. One of the most important reasons for the failure of a housing project to get clearance is that the project may have "empty pockets". Empty pockets can best be explained with the help of the diagram below.



Fig. 5.7. Empty Pockets in Housing Societies

The owner of the empty pocket can get a stay order against the society, knowing that his piece of land is more valuable now. A lengthy court case generally ensues, thus delaying the development work. The norm is to negotiate and reach an out-of-court settlement with the sponsor. These negotiations can take considerable time and delay the process of obtaining the NOC.

- Land encroachment. Land grabbing and encroachment are some of the main reasons for not getting NOC. The OPF Housing Society could not be handed over the plots to the owners for almost two decades since it was involved in litigation due to illegal possession of its land (The Nation, 2019).
- Some sponsors use approved LOP as validation of their housing schemes and force people to sell their land, culminating in yearlong litigation.
- Sponsor is not registered with SECP (Property Naama, 2020).

Where is CDA in this Saga of Illegality?

During the briefing of the National Assembly Standing Committee on Cabinet Secretariat by the CDA, MNA Mehreen Razzaq had quizzed CDA about its lack of knowledge of the massive development of illegal housing societies in Islamabad. Rana Mohammad Hayat Khan, Chairman of the Committee, opined that illicit activities of such magnitude were not possible without the cognizance of CDA. An (anonymous) official of the CDA informed the Dawn correspondent that these illegal societies mushroomed in the past twenty years, and Federal Minister used to attend their inauguration ceremonies. He further stated that the involvement of CDA could not be over-ruled. CDA played the role of a facilitator instead of preventing the establishment of illegal societies. (Dawn, 2015).

"The proceedings before this court and the admitted facts have made it obvious that either the writ of the statutory regulatory authorities and public functionaries has eroded, or they have become willingly complacent in bending and ignoring the laws so as to facilitate the enrichment of the privileged and powerful at the cost of transgression of fundamental rights of the weaker citizens". Honorable Athar Minallah, Chief Justice Islamabad High Court.

Zone wise Distribution of illegal societies		
Zone	Number of Illegal Societies	
Zone 1	20	
Zone 2	7	
Zone 3	7	
Zone 4	77	
Zone 5	29	

Table 5.5

CDA is known for its extensive permission regime and extreme delays in the approvals, which extend to several years in some cases⁴¹.

The CDA has also been lax to use its administrative power to curb the spread of illegal housing societies. CDA has many tools in its bag to enforce its Modalities and Procedures 2020. It has an enforcement wing that is responsible for ensuring the implementation of the LOP.

- CDA can inspect the scheme anytime during the entire period of its execution $(17)^{42}$.
- The sponsor is obliged to submit a monthly progress report about the implementation of the scheme to the Director (Planning) till the completion of the scheme (18.2).
- CDA's officers are required to record their observations on the quality and progress of work and ensure that their instructions are complied with by the sponsor⁴³(20.1).
- CDA may get the work done at the cost of the sponsors by disposing of plots mortgaged with the CDA in case the sponsors fail to abide by the instructions (20.2).
- The sponsors are required to complete at least 25 percent of development works within three years from the date of issuance of the NOC. Failing which, NOC is deemed to be withdrawn (10.3).
- The maximum completion time for a scheme is 6 years (11.1).
- The CDA may assume control of the scheme in case it is satisfied that the sponsors are incapable of completing the scheme after the expiry of the extended period of completion (16).

Yet we see widespread mismanagement of housing societies by the sponsors. Bahria Town Phase VII, Engineer's cooperative, and Khayaban-e-Kashmir, all got their LOP approved in 2005, but have not received NOCs yet due to non-completion of pre-requisites.

Special Audit of Housing Directorate of CDA by Public Accounts Committee

A special audit of Housing Societies Directorate of CDA, for the period 2011-16, was conducted by the Auditor General of Pakistan (AGP)⁴⁴ on the request of the public accounts committee and tasked to assess whether:

• Private housing schemes were given permissions per the ICT (Zoning) Regulation, 1992, and the Modalities and Procedures for development of private housing schemes (Modalities and Procedures, 1992 henceforth) in Zone 2, 4, and 5.

⁴¹ See below for details.

⁴² The number in the bracket refer to the paragraph number in the official document, i.e., Revised Modalities and Procedures (2020)

 $^{^{43}}$ A copy of each note is kept by the sponsors (duly signed by the sponsors or their Engineer) and by CDA recordkeeping (5.17)

⁴⁴ This section draws from the Auditor General Report (2017)

• Monitoring and reporting mechanisms were in place to detect violations by the sponsors of housing schemes.

In particular, whether:

- (1) Layout Plans (LOPs) submitted by the sponsors were as per the Modalities & Procedures, 1992.
- (2) Procedures for site inspection and reporting followed the aforesaid regulations, and
- (3) Delegation of Financial Powers, System of Internal and Financial Controls, Agreements, General Financial Rules, Building Control Regulations, CDA Ordinance 1960, CDA Byelaws 2005 were followed.

The audit uncovered serious irregularities and non-compliance in issuing of NOCs, LOPs, performance failures, and weakness of internal control mechanisms, costing the exchequer huge losses (AGP, 2017).

The audit identified:

- (1) Systemic issues that were responsible for anomalies in the private housing societies.
- (2) Lack of human resources that could monitor such activities performance issues.
- (3) Weak internal audit system, which could not identify financial irregularities within the department, and lack of checks and balances to fix responsibility.

On the first point, the following lapses were noted:

- (i) Issuance of NOC before approval of required Engineering Designs/NOC from Ministry of Defence.
- (ii) Issuance of layout plan for territories that were not part of Islamabad Master Plan
- (iii) Issuance of layout plan without evidence of total ownership of land and noncancelation of NOC afterward.
- (iv) Unauthorised use of land beyond housing scheme boundaries as laid out in LOP.
- (v) Approval of layout plan of Housing Scheme without scrutinising the land documents first.
- (vi) Construction of sewerage treatment plant without obtaining Bank guarantee.
- (vii) On the performance front:
- (viii) Environmental loss due to no action against housing societies.
- (ix) Monetary loss due to non-selling of 30 percent of the mortgaged area of NOC granted societies.
- (x) Issuance of NOC based on fake and fictitious documents and non-cancelation of NOC even after NAB notice.
- (xi) Lack of action against non-completion of the project within the stipulated period, non-obtaining of Bank guarantees, and extending undue benefit to the sponsor.
- (xii) No action against societies claiming their location to be within ICT Zone.
- (xiii) Internal Control Weaknesses
- (xiv) Loss to the public due to 109 illegal housing schemes.

- (xv) Loss to the public in billions of rupees due to non-selling of the mortgaged area and non-charging extension period fee and penalties for changes in the layout plans of approved housing schemes.
- (xvi) Loss to the public against approved but incomplete housing schemes.
- (xvii) Non-recovery of Right of Way (ROW) charges from Housing Societies and non-imposition of ROW charges on illegal societies.
- (xviii) Non-recovery of land conversion fee, the penalty for change in the layout plan, and the start of construction without the approval of building plan
- (xix) Non-recovery of monitoring expenses from the sponsor and undue benefits given to the sponsor due to non-development of work within the stipulated period.
- (xx) Non-recovery of additional surcharge and non-recovery of departmental charges.

Irregularity and Non-Compliance on Part of Directorate Housing Authority

- M/s Multi Professional Cooperative Housing Society (MPCHS) was issued a NOC for the development of the housing society on January 30, 2008, even though Engineering Designs, a pre-requisite for NOC, had not been approved. The audit reports that no record of approval was found, though designs were scrutinised (letter No. 4014, dated October 1st, 2007). This is a grave violation of the Modalities and Procedures (1992)⁴⁵. The said designs were approved ex-post in January 2009. The society did not obtain a NOC from the Ministry of Defence either. The society was incomplete till 2016 and the prescribed extension fee was not paid as well. <u>CDA gave undue favour to the sponsor by providing NOC without the approval of Engineering Designs and NOC from the Ministry of Defence</u>.
- In September 1996, CDA issued a LOP to Director Real Estate, Army Welfare Trust for development in Sector D-18⁴⁶. The area falls outside the Capital territory as CDA's limit ends on the 17th series of sectors. <u>This LOP was issued without</u> <u>due authority and must have helped the sale of plots over 4710 kanals of land. The</u> <u>audit report held that "unauthorised issuance of LOP occurred due to negligence</u> <u>of CDA bylaws."</u>
- CDA approved LOP for Jammu and Kashmir Cooperative Housing Society for development of Khayaban-e-Kashmir phase II Housing Society in March 2011⁴⁷, given that Non-Encumbrance Certificate (NEC), attested by Tehsildar ICT, for land ownership would be furnished within 30 days. However, NEC for 332 kanals out of 992 kanals was not provided by the society. <u>CDA neither canceled the LOP</u> nor demolished the illegal construction. Audit declared it a case of violation of bylaws by CDA and undue favour to the sponsors who did not have full ownership of the land.

⁴⁵ The Modalities and Procedures were later updated in 2020.

⁴⁶ vide letter No.CDA/PLA-PLW-RP-(90)/AWT/94 dated 10th September 1996

⁴⁷ vide letter No.CDA/PLWHS(90)/JKCHS/Phase-II/2010/252.

NOC for Khayaban-e-Kashmir, Phase-I was issued to the Housing Society in May 2004. Society was to be completed by May 2011. A completion certificate was not issued till 2016 due to violation in LOP- five years after the completion time. CDA had written to FIA for registration of FIR in November 2013 but did not cancel the NOC.

Performance Issues

- The Intelligence Bureau Employees Cooperative Housing Society used 63 percent of the total society's land for residential purposes by converting land meant for roads, open spaces, and public buildings, as against a maximum limit of 55 percent. The audit asserted that this irregularity occurred due to the absence of oversight and enforcement mechanisms by CDA.
- Federation of Employees Cooperative Housing Society was issued a NOC in January 2007 for the development of over 376 kanals of land. <u>Society did not deposit the development cost</u>, and the LOP was not canceled until 2010. Society <u>must have sold plots during the three years</u>. Until 2017, no progress was made for <u>obtaining NOC</u>, neither any development work was seen.
- LOPs and NOCs were issued to three housing societies (Services Cooperative Society, Park View City Housing Society, Intelligence Bureau Cooperative Housing Society) without having them mortgage 30 percent of plots with CDA. Revised LOPs were also approved without meeting this condition. Park View City Housing Society even secured its NOC without mortgaging the land. <u>Audit termed it as a case of negligence on part of CDA</u>.
- NOC was given to two societies and LOPs to three societies in sector E-11 sector even though they did not comply with building sewerage treatment plants (STP)⁴⁸. The CDA ought to have canceled the NOCs and sold the mortgaged plots to build the STPs, but nothing was done on both counts. Three societies that were given LOPs did not mortgage 30 percent of the land with CDA. Once all the plots were sold, CDA canceled the LOPs. <u>Audit attributed the loss accrued to the public to lack of oversight mechanism and negligence of CDA management.</u>
- In November 2004, CDA Regional Planning Directorate gave preliminary scrutiny clearance to a private housing scheme namely "Tele Town" in Zone-V, Islamabad" without proof of land ownership. The certificate was used by the land mafia to force villagers into selling their property. The society sold hundreds of plots without seeking LOP and NOC from CDA. The ministry of Parliamentary affairs and Cabinet Secretariat ordered numerous inquiries into the matter. NAB also contacted CDA in 2009 regarding the status of the clearance certificate, but any account of the inquiry report was not found in CDA records. By 2016, at least 3000 fake plots had been sold by the society without any intervention from CDA. The audit report concluded that people were rendered without a home due to negligence and mismanagement by CDA.

⁴⁸ These societies are Multi-Professional Housing Society, National Police Foundation, Medical Housing Society, Services Cooperative Housing Society, and Federal Government Employers Cooperative Housing Society

• CDA gave approval to Roshan Pakistan Private Housing Scheme in July 2004 for land measuring 1,619 kanals. NOC was issued to the corporation in March 2006 to complete the development work in five years, that is by March 2011⁴⁹. The sponsor was responsible for the compact/consolidated/contiguous ownership and possession of 1619 kanals of land as per LOP. Any deviation from LOP was bound to result in the cancelation of NOC. The sponsors did not initiate the development work and the case was referred to NAB in March 2007. NAB's investigation revealed that the sponsors owned just 764 kanals of land. 480 kanals were fictitious and CDA made no effort to verify the land record from the Revenue Officer nor the NOC was canceled by it. An analysis of revenue record, 8 years into the investigation, revealed that the sponsors owned 861 kanals of scattered land, which does not add up to compact/consolidated/contiguous ownership and possession of the land. Sponsors could not acquire enough land to accommodate all members of the society. Despite concerns of the above-mentioned ministries and NAB investigations, and instead of taking control of the society as per Modalities and Procedures 1992(clause 21), NOC to the society was renewed till March 2013. CDA could not sell the land mortgaged with it since it was bogus land. The NOC was finally canceled in May 2017 by CDA. The audit concurred that "CDA was fully involved in the manipulative issuance of layout plan/NOC based on fake and fictitious documented land" (AGP 2017: 17).

Internal Control Weakness

- 109 illegal housing societies were identified by CDA, and public notices were published in newspapers, yet no action was taken against these societies.
- Only 19 NOCs and 24 LOPs were given by CDA in the past 25 years in zones 2, 4, and 5. <u>The total area of these three Zones was 1,352,360 kanals. NOCs were obtained by the housing schemes from CDA for only 91,611 kanals (6.8 percent of the total area) and the remaining 1.26 million kanals (93.2 percent) were illegal (AGP 2017: 21).</u>
- This 1.26 million kanals of illegal land were being sold by land grabbers under the name of different illegal societies.
- 99 percent of these illegal societies were not completed.
- People were looted of their hard-earned money to the tune of PKR. 5200 billion.

"If the Authority is not capable to regulate private housing schemes and to generate revenue but of becoming a safe haven for land encroachers and land mafia then either Authority's staff and offices in use be brought to the minimum level or the Authority may change its Master Plan and accept the actual bitter ground realities as CDA has no hold and powers to implement its rules in areas of Zone-2, 3, 4 and 5. CDA may also define the new territory of Islamabad where it can act as an Authority through proper implementation of its rules and regulations" (AGP 2017: 23).

⁴⁹ Vide office letter No.CDA/PLW-UP (90) RP Corp/2006/720 dated 11th March 2006.

- At the time of audit in 2017, CDA had a strength of 26000 employees. Yet, the two directorates responsible for Private Housing Societies were woefully understaffed. It had two Deputy Directors against 6 sanctioned posts and one town planner against 12 sanctioned posts. "There was no inspector to see the area and illegal construction therein and to report the management promptly on a daily, weekly, or monthly basis. Further, the Directorate is not adequately manned/equipped and has no powers at all for demolishing/stopping the illegal activities" (AGP 2017: 22).
- Member Planning Wing, CDA (Zone-2, 4, and 5) issued only 19 NOCs for the development of private housing schemes between 1993 to 2013. This comes down to one NOC per year for the mentioned period.
- Not a single completion certificate was issued for a housing scheme in the last 25 years. Changes in LOP and lack of progress on site were the main reasons behind it. CDA not only failed to punish the sponsors for changes in approved LOPs, but it could also not take charge of schemes even when sponsors were inept for completing the scheme, despite being given extensions, through the sale of mortgaged land with CDA.
- CDA charges a fee for inspection of development work. However, no record of inspection notes was recovered from CDA. This "clearly indicates that the Authority intentionally closed its eyes and supported developers for deceiving the general public" (AGP 2017: 25).
- CDA had approved 24 LOP for housing societies and revised LOPs were also issued but societies neither mortgaged 30 percent of plots with CDA nor approached it for issuance of NOC. As per Modalities and Procedure 1992, LOP stands cancelled if 30 percent of plots are not mortgaged with CDA within 45 days. The land-use plan (Table 1) was not followed either. Sponsors increased the residential and commercial areas beyond the prescribed limits of 55 percent and 5 percent respectively to 65 percent and 15 percent and reduced areas meant for amenities.

Unending Delays and Citizen's Plight

In all this mayhem, it is the ordinary buyer of a plot and the future homeowner that bears the brunt of all that is played in the name of a housing society. Below we examine some cases of legal societies. It is interesting to note that most government departments, both civilian and military, are in the business of building housing societies. See Table 6 below for a complete list of authorised housing societies.

- <u>The Al-Hamra Avenue</u>: The society received its NOC on March 15, 2008, approximately 1 year, 8 months after the approval of LOP on July 5, 2006. The scheme is sponsored by Shaheen Foundation. The masterplan for the scheme was developed by Habib Rafiq Company. The scheme is being advertised as a developed one. However, as per CDA record, the society applied for a change of name to "Eden Life". The request is pending with the CDA for non-clearance of dues for 13 years.
- <u>Gulberg Greens</u>: Initial NOC for 3863 kanals was issued on May 28, 2012. A revised LOP for land measuring five times the initial land (18661 Kanals) was

approved on 13-07-2018. Consequently, a new NOC was issued on June 26, 2020 - 8 years after the issuance of NOC. Being one of the largest housing societies, its sheer expanse distorts the real estate market by creating uncertainty regarding the time of completion of society. The project is sponsored by the Intelligence Bureau Employees Cooperative Housing Society.

- <u>Cabinet Employees Cooperative Society</u>: Though NOC was approved in 2004, members have not yet been allotted their plots. Development work is slow As of Dec. 29. 2017, 80 percent development was complete. Habib Rafiq, a well-reputed firm, is developing the society. The society has been 17 years in the making. A revised layout plan was submitted to CDA. The new NOC has not been issued yet.
- <u>Ministry of Interior Employees Cooperative Housing Society (MIECHS)</u>: MIECHS was registered in 1984 with the Circle Registrar Cooperative ICT Islamabad. The LOP was approved in 2005 and NOC was issued in 2010. A court order dated 11-11-2017 declared that the NOC is still valid50. Sector G-16/3 and G-16/4 are being developed but according to market sources, the society does not have possession of land in G-16/1 and G-16/2. MIECHS is another case where NOC approval took 5 years, and the society has not developed fully in 11 years. Verily, it does not even have possession of land in its two main sectors.
- <u>Naval Anchorage</u>: It is a project of the Pakistan Navy Officers Housing Scheme initiated in 1989. The LOP was obtained in 2005. A revised LOP was submitted and a NOC was obtained in 2020. It was not able to get a NOC due to non-fulfilment of pre-requisites. The society took about 15 years to take off.
- <u>OPF Housing Scheme</u>: The LOP was approved in 2002. The NOC was granted in 2011, after 9 and half years. The society was mired in litigation due to illegal possession of its land in phase 5, and for almost two decades, plots could not be handed over to the owners (The Nation, 2019). Ministry of Overseas Pakistanis and HRD and the ICT administration conducted a joint operation to retrieve 102 kanals from illegal occupants, who had occupied the land since 1999⁵¹.

Summing Up

CDA was founded for the orderly development of Islamabad. It was bequeathed with overriding powers to manage and develop the city as per the masterplan. However, it has become a monolithic administrator that has failed to solve housing problems for the two million residents of the city. It partnered with the private sector to provide decent housing through the development of private housing societies. But regulatory burden, bureaucratic delays, and malpractices have shunned the initiative. It is notorious for the delay in granting the NOCs. In about 30 years, only 22 NOCs were issued by the authority (Table 5.3).⁵² The average time taken to approve NOC is two and half years, with the maximum being 9 and half years. 90 percent of 204 housing societies do not have a NOC.

⁵⁰ CDA website: <u>https://www.cda.gov.pk/housing/society.asp?varId=8</u>. The nature of the case is not mentioned.

⁵¹ See Annexure 2 for a tweet from Mr. Zulfi Bukhari about the long time (26 years) it took to deliver plots to the rightful owners.

⁵² Time is calculated since the promulgation of zoning regulations, 1992.

140 of these societies are illegal, who have not approached CDA for approvals. CDA does not have control over construction on 90 percent of the land (1.26 million kanals) in Zone 2, 4, and 5. NOCs were obtained by the housing schemes from CDA for 91,611 kanals (6.8 percent of the total area) in these zones. 99 percent of unapproved societies have not completed the development work. Most government departments, both civilian and military, are in the business of real estate.

CDA suffers from systemic issues such as approval of LOPs and NOCs without fulfilling the pre-requisites, approval of LOP for societies not falling within the ICT, or without scrutinisation of land documents, and for a land far more than what was owned by the sponsors.

CDA has serious performance issues. Issuance of NOC based on fake and fictitious documents and non-cancelation of NOC even after NAB notice, lack of action against non-completion of the project within the stipulated period, not selling the 30 percent of the mortgaged area when societies do not complete development work, non-obtaining of Bank guarantees and extending undue benefit to the sponsor, not taking action against societies claiming their location to be within ICT Zone, environmental loss due to no action against housing societies.

Internal control weaknesses have caused losses to the public due to incomplete or fictitious housing schemes, not charging extension period fees and penalties for changes in the layout plans of approved housing schemes, non-recovery of land conversion fee, the penalty for change in the layout plan, and the start of construction without the approval of building plan, non-recovery of monitoring expenses from the sponsor and undue benefits to sponsor due to non-development of work within the stipulated period, and non-recovery of additional surcharge and departmental charges (AGP 2017).

CDA is woefully understaffed in the two directorates responsible for Private Housing Societies. It had two Deputy Directors against 6 sanctioned posts and one town planner against 12 sanctioned posts. There was no inspector to inspect the area for illegal construction and to report to the management on a daily, weekly, or monthly basis. The Directorate is neither adequately equipped nor has powers for demolishing the illegal activities (AGP 2017).

Not a single completion certificate was issued for a housing scheme in the last 25 years. Changes in LOP and lack of progress on site were the main reasons behind it. CDA not only failed to punish the sponsors for changes in approved LOPs, but it could also not take charge of schemes even when sponsors were inept for completing the scheme, despite being given extensions, through the sale of mortgaged land with CDA.

CDA charges a fee for inspection of development work. However, no record of inspection notes was recovered from CDA. This "clearly indicates that the Authority intentionally closed its eyes and supported developers for deceiving the general public" (AGP 2017: 25). CDA had approved 24 LOP for housing societies, and revised LOPs were also issued, but societies neither mortgaged 30 percent of plots with CDA nor approached it for issuance of NOC. As per Modalities and Procedure 1992, LOP stands canceled if 30 percent of plots are not mortgaged with CDA within 45 days. The land-use plan (Table 1) was not followed either and sponsors increased residential and commercial area beyond prescribed 55 percent and 5 percent respectively to 65 percent and 15 percent and reduced area meant for amenities.

The AGP (2017) aptly summed up that "If the Authority is not capable to regulate private housing schemes and to generate revenue but to becoming a safe haven for land encroachers and land mafia then either Authority's staff and offices in use be brought to the minimum level or the <u>Authority may change its Master Plan and accept the actual bitter</u> ground realities as CDA has no hold and powers to implement its rules in areas of Zone-2, 3, 4 and 5. CDA may also define the new territory of Islamabad where it can act as an Authority through proper implementation of its rules and regulations" (AGP 2017: 23).

Policy Recommendation

- (1) Reduce regulatory burden for private housing societies. The Housing Directorate has issued 22 NOCs in 30 years, with an average time of two and half years. 90 percent of housing societies have not contacted CDA for approvals. Reducing the time and cost of obtaining NOC will encourage sponsors to seek permission.
- (2) Land issues are at the heart of non-conforming with the pre-requisites for LOP and NOC. Digitisation of land records will smooth out land-related complications.
- (3) Conduct performance audits of the Directorate Housing CDA. The Directorate takes years to furnish a NOC to the housing societies. The year-long process pushes the sponsors not to seek permission.
- (4) Strengthen the human resource capacity of the Directorate of Housing, CDA. The Directorate has a shortage of qualified persons. Human resource development will reduce delays in processing approvals.
- (5) Enhance monitoring capacity of CDA. Illegal construction takes place partly since CDA does not have the monitoring staff to spot irregularities.
- (6) Establish a system to fix responsibility where deviations take place. As noted by the Senate Standing Committee on Law and Justice and by the Honorable Chief Justice of Islamabad High Court that the regulatory authorities have either become complacent or facilitators of the powerful. The Authority conveniently looks away when influential land developers encroach on the land.
- (7) Like any other walk of life, Information technology has changed the approach to monitor spatial development in any city may it be decisions to give new lands for houses, building new roads, depletion of natural forests, or disturbance of productive land etc. Geographic Information Systems (GIS) has considerably simplified planning with the help of remote sensing land cover and thus land use. The possibility continuous acquisition of satellite coverage has made possible to have a clear view of patterns of land use that are otherwise impossible to see. GIS allows cities to analyse trends and visualising the impact of historic changes thus assisting in future plans. CDA should utilise this tool as it is cost effective and brings results very quickly.
- (8) Sensitise the public about investigating the status of the scheme and investing only in legal societies.
- (9) CDA has made some effort to demolish encroachments and regain public land. However, given the enormity of the task – 1.26 million kanals of land in Zone 2, 4, and 5 under illegal occupation – these efforts appear as mere eyewash.

Courts have hinted toward regularisation of the illegal societies as one possible solution. This regularisation was in the TORs of the Committee for the Review of Masterplan of Islamabad (2020-2040).

(10) Some of the societies whose LOPs, and NOCs were canceled are openly advertising their societies (see Annexure 3). Concerted efforts involving CDA, ICT, and advertising agencies are needed to stop the public campaigns of such societies.

Name	NOC details	Lay Out Plan
Societies with Approved	1 NOC	
Al-Hamra Avenue	Issued on 15-03-2008	Layout Plan approved on 05-07-2006. The sponsors have requested to change the name of scheme from Al-Hamra Avenue to Eden Life. Request is pending due to non-settlement of claims.
Anza Zephyr Dale Agro Farms	01-10-2004 (Completion Period 4 years)	
Bahria Enclave-II, Agro Farming Scheme	Issued on 16-07-2014. NOC for Extended Plan approved on 06-10-2019	Approved on 03-11-2011
Bahria Enclave-II, Phase-II, Housing Scheme	Issued on 01-10-2014 (Completion Period 5 years)	Approved on 01-10-2011
Bahria Town (Phase- VII-E)	Issued on 20-03-2015	Approved on 14-05-2012
CabinetDivisionEmployeesCo-operativeHousingSocietyCo-	Issued on 13-10-2004.	Layout Plan approved on 28-06-2004. Revised Layout Plan submitted.
Engineers Housing Scheme	Issued on 08-11-2010.	Approved on 01-03-2008
Gulberg Greens Farm	Issued on 28-05-2012. Revised NOC	3862.85 Kanals approved on 26-08-
Housing Scheme	issued on 26-06-2020	2011. Extended land measuring 18660.84 approved on 13-07-2018
Gulberg Town	Issued on 22-07-2011	Revised layout plan approved on 18- 06-2010
Islamabad Gardens	Issued on 23-08-2005	Layout Plan approved on 10-06-2005. Completion Plan withdrawn.
Khayaban-e-Kashmir, Phase-I	Issued on 13-05-2004.	Layout Plan approved on 25-04-2002. Action is being taken in the scheme area for removal of unauthorised buildings.
Ministry of Interior Employees Co- operative Housing	No Objection Certificate (NOC) issued on 07-10-2010 is intact as per Court Order dated 11-11-2017 extended on 16- 02 2018. (As initiated has Pierrie	Approved on 23-05-2005.
Society	Wing CDA vide their letter No.	

Table 5.6Authorised Housing Societies in Islamabad

Continued—

LOP/2018/653 dated October 30, 2019)

Revised

CDA/PLW-HS(90)

Table 5.6—(Continued)

14010 010 (0011111		
Multi Gardens, Phase- I	Issued on 30-01-2008	Approved on 27-09-2006
Naval Anchorage	Issued on 28-05-2020	Initially approved on 21-07-2005, Revised LOP approved on 27-02- 2020.
OPF Housing Scheme	8/10/2011	Approved on 17-04-2002
Rahman Enclave	Issued on 31-12-2019	Approved on 23-07-2018
Housing Scheme		1pp10/0d 0h 25 07 2010
Zaraj Housing	NOC issued on 10-11-2005	Initially approved on 05.07.2005
CBR Town	Issued on 28-05-2009	Revised/Extended/Amended/As-Built Layout Plan of Zaraj housing scheme sponsored by M/s Zaraj Group (Pvt) Ltd. Is approved by competent Authority on 13-07-2020 Layout Plan approved on 24-02-2007.
Gulshan-e-Sehat	NOC for Planning issued on 09-12-2010	Revised plan submitted by CBREHS. The land ownership and possession between CBREHS and AGOCHS needs to be resolved for further processing.
	Sponsors of the scheme shall obtain formal NOC from concerned Local Development Agency.	
Multi Gardens, Phase- II	NOC for Planning issued on 16-09-2010. Sponsors of the scheme shall obtain Formal NOC from concerned Local Development Agency.	Approved on 07-05-2008
Pakistan Navy Farms, Simly Dam Road, Islamabad	13-03-1993	
Park View City Housing Scheme	02-05-2014	CDA letter No. dated 11-01-2021, where LOP and NOC for development of the "Park View City" Housing Scheme were canceled in compliance with the IHC judgment passed in WP No. 3877/2019 has been suspended by the Honorable Supreme Court of Pakistan vide order dated 20-10-2022.
Societies with Approved	LOP	
AGOCHS, Phase-II	NOC is yet to be obtained by the sponsors of the scheme	Revised/as built Layout Plan of AGOCHS-II housing scheme sponsored by Accounts Group Officers Cooperative Housing Society is approved by competent Authority on 07-12-2020.
Al-Makkah City	NOC is yet to be obtained by the sponsors of the scheme	Proposed Layout Plan of Al-Makkah City housing scheme sponsored by M/s Brothers Construction YK (Pvt) Ltd. Is provisionally approved on 15-12-2020 for the preparation of detailed engineering designs, transfer deed, mortgage deed, and subsequent NOC. This plan is strictly not to be used for
		marketing purposes.

Army Welfare Trust Not issued.	Approved on 10-09-1996
Bahria Enclave Phase- Not Issued.	Approved on 16-07-2011. Layout plan
L Housing Scheme	has been cancelled on 02-07-2013 due
1 Housing benefic	to corruing out of development works
	to carrying out of development works
	without obtaining NOC from CDA.
	Revised Layout Plan approved on 29-
	12-2020
Bahria Town (Phase- The Sponsors have	ve failed to obtain NOC, Approved on 08-12-2010
III-E & IV) due to non-comp	letion of pre-requisites
Bahria Town, Phase The Sponsors hav	ve failed to obtain NOC, Approved on 22-09-2005
VII due to non-comp	letion of pre-requisites
Engineers Co- Not issued.	Approved on 28-05-2005
opertaive	
Federal Government Not Issued	Approved on 05-05-2013 Revised
Employees Housing	I OP is under submission
Employees Housing	
Fundation (FOEHF)	Ammund on 25 11 2016
FIA Park Enclave Not Issued	Approved on 23-11-2016
Housing Scheme	
Grace Valley Not Issued	Initially approved on 11-07-2012.
	Revised/ Extended Layout Plan
	(approved on July 22nd, 2020)
Islamabad Model Not Issued	Approved on 30-10-2019
Town	
Jinnah Garden, Phase- The Sponsors hav	ve failed to obtain NOC, Approved on 12-01-2008, Cancelled
II due to non-comp	letion of pre-requisites on 27-02-2014 due to failure to comply
	with the conditions associated with the
	approval of Layout Plan
Jinnah Town The Sponsors have	ve failed to obtain NOC, Approved on 26-05-2010
due to non-comp	letion of pre-requisites
Khayaban-e-Kashmir, Not issued.	Approved on 24-11-2005.
Phase (Extension)	11
Margalla View Initially issued of	on 14-06-2002, Revised Revised Layout Plan of the Scheme
Housing Scheme NOC is yet to	be obtained by the has been approved by the competent
sponsors of the s	cheme Authority on 31-12-2020 subject to
sponsors of the s	124ulfilment of terms & conditions
	mantioned in the Levent Disc approval
	latter No. CDA/DLW US(00)/2010
	$\frac{1}{2000} = \frac{1}{2000} = 1$
	A/vol- $1v/04$, dated January 01, 2021
Paradise City Not issued.	Approved on 22-12-
	2006, Cancelled on 07-02-2008.
	Revised LOP over area of 1900 Kanals
	approved on 06-01-2021.
River Garden Not Issued	Initially approved on 04-05-2001,
	Revised/Extended/As Built LOP of
	River Gardens sponsored by
	Renaissance Developers (Pvt) Ltd is
	approved on 02-04-2020 over an area
	measuring 1079.17 Kanals
Services Co-operative Not issued. T	The Society has not Approved on 10-04-2010.
Housing Society completed the r	equisite formalities for
obtaining NOC.	
Supreme Court	Revised LOP approved on 21-06-2021
Employees Housing	11
Scheme	

Continued—

WWF Labour Colony The Sponsors have failed to obtain NOC, Approved ON 11-04-2012 due to non-completion of pre-requisites The Sponsors have failed to obtain NOC, Bahria Garden City Layout Plan approved on 17-10-2011. due to non-completion of pre-requisites Litigation regarding Golf Course. Approval of Revised Plan is pending. Senate Avenue NOC is pending due to litigation/court Approved on 21-02-2009. case Capital Enclave NOC is yet to be obtained by the sponsor Detailed Layout Plan of Capital of the scheme Enclave housing scheme has been approved provisionally for the preparation of detailed engineering designs, transfer deed, mortgage deed, and subsequent NOC by competent Authority on 30-09-2020 Kashmir Gardens Provisional LOP issued on 26-02-2013 Not Issued Farming Scheme Societies with Cancelled NOC Al-Hamra Hills Agro NOC issued on 30-7-2010, has Approved on 10-04-2006 Farming Scheme been cancelled on 03-05-2019 Bahria Town, Phase-Issued on 05-07-2001. In litigation due Layout Plan approved on 08-08-2000. II,III,V & VI to non-development of public buildings Litigation due to non-development of and Park Area Public Buildings and Park Area. National Police Issued on 10-06-2005, Cancelled on 29-Approved on 31-08-2004 Foundation 11-2008 due to failure to comply with the conditions associated with the approval of Layout Plan. Roshan Pakistan (RP) NOC issued on 11-03-2006 has been Approved on 06-07-2004, Revised Corporation Housing cancelled by CDA on 01-05-2017 vide plan submitted for 1405 kanals, Scheme letter # CDA/PLW/HS(90)/RP Corp/93/Vol-II/338 Soan Gardens NOC issued on 09-08-2004 by CDA has Approved on 15-06-1994, CDA has been Cancelled on 11-05-2017 vide sealed certain commercial buildings # CDA/PLW/HS(RP)2(481)89/ letter and issued notices for demolition due Vol-V/354 to violations of approved layout plan Tele Gardens Housing Issued on 30-01-2008 Approved on 18-02-2005 Scheme New Issued on 21-09-2005, Cancelled on 13-Islamabad Approved on 25-05-2005 Garden 06-2007 due to failure to comply with the conditions associated with the approval of Layout Plan. Societies with Cancelled Lavout Plan AGOCHS, Phase-I Sponsors have failed to obtain NOC, due Layout Plan approved on 22-02to non-completion of pre-requisites 2007, Cancelled on 09-11-2017 under the provisions of Clause 5(ii) Chapter IV of ICT Zoning Regulation 1992. Revised Plan of 1248 kanals has been submitted by sponsors. Flood study report and design of STP (Sewerage Treatment Plant) is yet to be submitted by the sponsors. Legal action is being taken against the violations in the scheme area. The land ownership and possession between CBRECHS and AGOCHS needs to be resolved for further processing.

Table 5.6—(Continued)

Continued-

Table 5.6—(*Continued*)

Federation of	Not Issued.	Approved on 05-03-2008, Cancelled
Employees		on 27-12-2010 due to failure to comply
1		with the conditions associated with the
		approval of Layout Plan.
Gulshan-e-Rabia	Not Issued.	Approved on 09-03-2009. Cancelled
		on 31-03-2011
Jinnah Garden, Phase-	The sponsors have failed to obtain NOC,	Approved on 09-04-2011. Cancelled/
Ι	due to non-completion of pre-requisites	Withdrawn on 14-09-2018
Khayaban-e-Kashmir,	The Sponsors have failed to obtain NOC,	Layout Plan approved on 12-01-2008,
Phase-II	due to non-completion of pre-requisites	withdrawal on 09-08-2018. Layout
		Plan Zone-V scheme is intact.
Morgah City		Approved on 25-02-2005. Cancelled/
		Withdrawn on 07-02-2012
National Assembly	The Sponsors have failed to obtain NOC,	Approved on 11-02-2012, Cancelled
Empolyees	due to non-completion of pre-requisites	on 16-01-2014 under the provisions of
Cooperative Housing		Clause 5(ii) Chapter IV of ICT Zoning
Society (NAECHS)		Regulation 1992.
Pakistan Medical	Not Issued.	Rectified Layout plan approved on 18-
Cooperative Housing		05-2012 has been
Scheme		Cancelled/Withdrawn with immediate
		effect on 11-04-2016.
Parliamentarians	The Sponsors have failed to obtain NOC,	Approved on 09-04-2005. Cancelled
Enclave	due to non-completion of pre-requisites	on 02-10-2013
Societies Declared Illega	l or facing NAB inquiry	
Jeddah Town	Issued on 16-06-1994.	Layout Plan approved on 22-02-1994.
		NAB court has appointed DC
		Islamabad as a receiver to take over the
		possession of land of Jeddah Town
		Housing Scheme. CDA is also
		attending hearing in NAB Court
		Islamabad, previous date of hearing
		was 11-03-2019.

Source: Information is fetched from CDA website.

ANNEXURE 1

The list of Illegal/un-authorised housing societies downloaded from Capital Development Authority (cda.gov.pk)

ILLEGAL/ UN-AUTHORISED HOUSING SCHEMES IN ISLAMABAD

In the Interest of General Public and other stakeholders, it is informed that CDA Ordinance, 1960, ICT (Zoning) Regulations, 1992 and the Revised Modalities and Procedures framed thereunder for development of private housing schemes empowers CDA to regulate Planning and Development of Housing/Farm Housing Schemes. Two tier approvals of such schemes are granted by CDA. In the first step Layout Plans (LOP) are approved then on completion of subsequent formalities, the No Objection Certificates (NOC) for development of schemes is issued. the sponsors can start development work and sale of plots after obtaining NOC from CDA.

It has come into the notice of the authority that plots are being sold/marketed, in the name of following illegal housing schemes/agro Farming Schemes (as the sponsors of these Illegal schemes/land subdivisions have not obtained any approval/NOC from CDA) in Islamabad:

•ZONE-I

- (1) Abdullah Town, H-17
- (2) Ammar Town, H-17
- (3) Chinnar Town, H-17
- (4) Gulshan-e-Taleem, H-15
- (5) Jhangio Sayedain Homes, H-15
- (6) Peral Orchard, H-17
- (7) Qamar Garden, H-15
- (8) Sher Zaman Garden, H-17
- (9) Shifa International Housing Society, H-17
- (10) Talha Farms, H-17
- (11) Tayyab Garden H-15
- (12) Zammar Valley, H-17
- (13) Ahmad Town, D-14
- (14) Awan Town, D-14
- (15) Capital Hills Residencia, D-14
- (16) Green Valley Phase-II, E-15
- (17) Green Valley, D-14
- (18) Margalla View Valley, D-14
- (19) Paradise Valley, D-14
- (20) Shehzad Town, E-15

•ZONE-2

- (1) Green City, Sector D-17, E-17
- (2) Gulshan-Rehman Sector C-17,D-17
- (3) Islamabad Co-operative Farming Scheme, Sector D-17
- (4) Jamal Akber Colony, Tarnol phatak
- (5) Pakistan Overseas Housing Scheme, Sector F-16
- (6) Pakistan Town Phase-II G-16, F-16
- (7) Taj Seventeen West, Luxury Apartments & Shops

•ZONE-3

- (1) Al Rayan Society
- (2) Ali Town
- (3) Arcadia City
- (4) Aryan Enclave, Korang road, Banni Galla
- (5) Green Hills
- (6) Green Meadows (North Ridge) Housing Scheme
- (7) Major Makhdom Society

•ZONE-4

- (1) Abdullah Gardens, Kurri Road
- (2) Abu Bakar Town, Islamabad Expressway

- (3) Adil Farms, Simly Dam Road
- (4) Adil Valley, Simly Dam Road
- (5) Al-Huda Town, Lehtrar Road
- (6) Al-Nahal Housing Scheme, Simly Dam Road
- (7) Al-Qamar Town near Margalla Town
- (8) Al-Rahman Villas, Kurri road, near Attock Petroleum
- (9) Al-Rehman City View, Lehtrar Road, near PINSTECH, Nailore
- (10) Al-Syed Avenue, Park Road
- (11) Ali Model Town
- (12) Ameer Khan Enclave, Mallah road, near Bahria Enclave-I
- (13) Arslan Town, Lehtrar Road, adjacent to Alhamra Hills
- (14) Babar Enclave, Mura Noor
- (15) Badar Farms, Simly Dam Road
- (16) Baylee Town, Kurri road, near Attock Petroleum
- (17) Burma Town, Lehtrar Road
- (18) Canterbury Enclave near Park Road
- (19) Capital Gardens, Lehtrar Road
- (20) City Town, Lehtrar Road
- (21) City Views near Nilore Islamabad
- (22) Commonors Sky Gardens (Flyover Valley)
- (23) Danyal Town, Hurno Thanda Pani, Lehtrar Road
- (24) Doctor's Enclave, Simly Dam Road
- (25) Dream Land City, Lehtrar Road Thanda Pani
- (26) Faisal Town, Islamabad Expressway
- (27) Gakkhar Town, Lehtrar Road
- (28) Ghouri Gardens, Lehtrar Road
- (29) Ghouri Town (All Phases in Zone-4), Islamabad Expressway
- (30) Government Officers Co-operative Farming Scheme
- (31) Green Avenue, Park Road
- (32) Green Avenue-II, Kuri Road
- (33) Green Fields, Simly Dam Road
- (34) Green Valley (Phase-I & II), Simly Dam Road
- (35) Green View Villas, Lehtrar Road
- (36) Gulberg Town (Phase-I & II),Lehtrar Road
- (37) Gulf Residencia, Lehtrar Road
- (38) Hameed Town (Mouza Mohrian), Kuri Road
- (39) Hill View Houses, Simly Dam Road
- (40) Ideal Residencia, near Park Enclave, Kurri
- (41) Iqbal Town, Islamabad Expressway
- (42) Islamabad Farms, Simly Dam Road
- (43) Ittefaq Town, Old Kirpa Road, Lehtrar Road
- (44) J&K Farms, Islamabad Highway
- (45) Japan Valley, Kirpa Road, Lehtrar Road
- (46) Kiyani Town, Kirpa Road, Lehtrar Road
- (47) Kohsaar Enclave, Jandala road, near Naval Farms Simly Dam road

- (48) M/s Tricon Agro Farms, Simly Dam Road
- (49) Makkah Town, Hurno Thanda Pani, Lehtrar Road
- (50) Margalla Garden, Lehtrar Road
- (51) Marwa Town, Islamabad Highway
- (52) Media City-I, Kirpa Road, off Lehtrar Road
- (53) Mufti Mehmood Enclave, Lehtrar Road
- (54) Muslim Town, Simly Dam Road
- (55) Muzaffar Abad Town (Pind Bhegewal), Simly Dam Road
- (56) New University Town (near COMSATS) Park Road
- (57) OGDCL Town, near Chattar, Murree Road
- (58) Olive Wood Farms, Simly Dam Road
- (59) Paradise Point Housing Scheme, Lehtrar Road Islamabad
- (60) Park Lane Valley, Park Road
- (61) PTV Colony, Simly Dam Road
- (62) Qurtabal Town, Islamabad Highway
- (63) Rawal Enclave, Kurri Road
- (64) Royal Avenue, Park Road
- (65) Royal City/Royal Villas (near PINSTECH, Nilore), Lehtrar Road
- (66) Royal Homes Residencia, Lehtrar Road
- (67) Saif Garden, Kirpa Road, Lehtrar Road
- (68) Samaa Town, Kirpa Road, Lehtrar Road
- (69) Satti Town, Lehtrar Road
- (70) Shaheen Farms, Simly Dam Road
- (71) Simly Valley (Phase-I & II), Simly Dam Road
- (72) Small Scale Housing Project developed by Mr. Shahzad, sanjania road opposite Beaconhouse newlands, Bani Galla
- (73) Spring Valley, Simly Dam Road
- (74) The Enclave, Bani Gala road
- (75) Usama Town, Hurno Thanda Pani, Nilore Islamabad
- (76) Yaar Muhammad, Bani Gala
- (77) Zahoor Town, Lehtrar Road

•ZONE-5

- (1) Aiza Garden, kahuta road
- (2) Aiza Garden, Mouza Lohi Bher Dakhli Jawa
- (3) Aliya Town, Mouza Lohi Bher Dokhli Jawa
- (4) Askaria Town, Japan Road
- (5) Ayesha Town, Navy road, Rawat
- (6) Azim Town, Kahuta Road
- (7) Bankers City, Dharwala Road
- (8) Canyon Views, Islamabad Highway
- (9) Danyal Town, Hoan Dhamyal, Sihala
- (10) Dhanyal Town, Kahuta Road
- (11) DownTown Residencia, Islamabad Expressway
- (12) Fatima Villa, GT Road

- (13) Fiza Town, Hoan Dhamyal, Sihala
- (14) Ghouri Town, Phases in Zone-5 Japan Road, Islamabad Highway
- (15) Gulshan-e-Danish, GT Road
- (16) Gulshan-e-Rabia, Japan Road
- (17) Gulshan-e-Rehman, Japan Road
- (18) Judicial Employees Housing Scheme, Kirpa Chirah Road
- (19) National Police Foundation, PWD Road, Islamabad Highway
- (20) New Model Town Humak / Roshan Enclave, Mouza Niazian
- (21) Pak PWD, Islamabad Highway
- (22) Parliamentarians Enclave, Japan Road
- (23) Rasheed Town, Japan Road
- (24) Rawat Enclave, main Rawat chowk
- (25) Rawat Housing Scheme, G.T road, Rawat
- (26) River View, Kahuta Road
- (27) Sadozai Town, Kangota Sayedan
- (28) Tele Town, Japan Road
- (29) Television Media Town
 - Agro Farming and Residential Housing Schemes are permissible in **Zone-4** under the provisions of ICT (Zoning) Regulation, 1992 [amended in 2010] and permissions are granted by CDA after completing the codal formalities.
 - Housing schemes namely Muhafiz Gardens, Rawat Enclave, Faisal Town, Grace Land Housing and Air Line Avenue are being marketed as located in Islamabad, whereas neither the subject schemes fall in Islamabad, nor any approval/NOC has been obtained from CDA for launching and marketing of the schemes.
 - Through this notice, General Public is therefore cautioned/warned in their own interest to refrain from making any booking/purchase of plots in these or any any other un-authorised and illegal housing scheme and must consult authority (Tel. 051-9252494 for Zone-2, 5 & E-11 and office of Director Regional Planning, CDA for Zone-3 & 4 at 051-9252605) before making transactions about the legal status of the schemes. CDA Website www.cda.gov.pk may also be visited for having updated status of the schemes.
 - The marketing/advertisement of Housing Projects without NOC from CDA is illegal and unauthorised. The advertisers/marketing agencies are restrained from misleading advertising/marketing of illegal housing schemes. The sponsors are further directed to refrain from marketing and development of Housing Schemes without NOC from CDA.

Director Housing Societies Phone: 051-9252494 Available at: <u>https://www.cda.gov.pk/housing/unauthorised_schemes.asp</u> <u>Accessed on: June 19, 2021.</u>
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Chapter 6

Wasting Public Wealth—The Antecedents and Practice of Public Land Management in Pakistan

SHAHID MEHMOOD

INTRODUCTION

Every government around the globe has various types of assets at its disposal, some naturally occurring while others are man-made. One of the most prized assets in possession of governments is land, lying unused or with some infrastructure built on it. If utilised poorly, this valuable asset could become more of a liability with significant opportunity costs. For example, a railway station, a fallow lying land, dilapidated disused city centre, an unused stadium or a long-disputed property or poor utilisation of rich urban land are all examples of assets that, if professionally managed, would add to employment and growth. Perhaps more importantly, the revenue stream would provide the fiscal means to governments to pursue development work without resorting to predatory taxation, especially in the cities. This (the use of land-based financing to finance urban infrastructure development rather than predatory taxation) was one of the leading recommendations of a G20/Organisation for Economic Cooperation and Development (OECD) Task Force formed in the aftermath of financial crisis of 2008 (Psarakkis, et al. 2020).

This paper wants to draw attention to a very important aspect of economic management in Pakistan: managing public lands! There exists enormous wealth in the country, especially our cities, in the form of government owned land ('public land'). Yet, Pakistan's policymakers and successive governments have been exceptionally incompetent at managing this wealth. Since publicly owned lands are an asset that can work wonders for sustainable development of cities, it is important to study its evolution, use/misuse and laws governing them.

Public Land in Pakistan

Governments around the world tend to hold vast quantities of assets in cities, especially land. The IMF carried out an analysis of public sector balance sheets of its 15 member countries and concluded that their non-financial assets were 121 percent of their GDP. In this percentage, land stood at one-fifth of the total, persistently wasted away through corrupt practices.⁵³

⁵³How to prevent misuse of government-owned lands'

Box 6.1: Pakistan's Complex Land Record System

Pakistan has an exceptionally complex land management system, especially management of public land. There is no public information regarding the number of landholders or their record. An estimate in 2004, however, stated that there were 190 million land records of 50 million landowners. Within this, the record of public lands was in registers of 14,000 patwaris of revenue divisions scattered across Pakistan, each of them carrying 17 registers that contain demarcations and ownership details (Source: Blue Chip Magazine, Vol 1, Issue 3, August 2004). There is no indication that the complexity has lessened since then. Land management, dispute resolution, demarcation, evaluation, and retrieval are the proviso of the Revenue Authorities of a province, with the chain running from Commissioner all the way down to Superdars/lambardars. The officials of the authority have can confiscate or award land to any party as per the decisions made at the AC, DC, or Commissioner level, under the provisions various acts. Moreover, they are charged with collecting revenues on behalf of the government. In crop growing areas, for e-g, superdars collect the estimated revenue on mature crops. The assessment is usually done on the basis of book value rather than market value.

Land is a huge investment attraction in Pakistan, more so than any other sector. But despite its huge attraction for domestic and non-resident Pakistanis, there is no concise estimate of its total market size, and neither are any authentic figures available in terms total investment taking place in land. One estimate, for example, concludes that the market for land in Pakistan is worth \$300 billion to \$400 billion, with 100 industries directly or indirectly related to land related development.⁵⁴ Dowall (2009) claimed that public land in Pakistan's major cities is 20 to 40 percent of the total land. A considerable portion of this land is owned by the Federal and provincial governments, divided among its departments. However, nobody in the public or private sphere has any idea of the total quantum of this public land and its estimated value.

In other words, there is no concise, central estimate of how much land is owned by the federal and the provincial governments. Data on land is patchy, sparse and difficult to obtain. Estimates of figures and their use appear separately in separate publications (official gazettes, for example), audit reports, newspapers, etc. Capital Development Authority (CDA), for example, publishes Islamabad's land data on its website, but does not provide any estimates of public land and its utilisation. The Evacuee Trust Property Board (ETPB), which handles properties left by those who immigrated after partition in 1947, owns 100,000 acres of land (both rural and urban), but this information is not publicly available. The table at left reflects the vast landholding status of some of the departments, information about which is scattered rather than being present at a central repository.

⁵⁴ Pakistan's 2020 real estate prospects and challenges'.

Government Departments and Their Land Holdings				
Organisation	Total area			
Railway	167,690 acres			
ETPB	100,000 acres			
Cantonment	600,000 acres			
Pakistan Steel	18,660 acres			
Auqaf (Punjab)	75,000 acres			

Table 6.1

But as stated above, these lands are underutilised, inefficiently managed and constitute a waste/ lost opportunity courtesy of poor management and corrupt practices. The following table, as well as graphs, amply depicts this fact.

In the province of Khyber Pakhtunkhwa (KP), Auqaf department owes a total of 65,101 kanals of land all over the province. Of this, by end 2020, seventy-one percent (46,655 kanal) was under illegal occupation. From the remaining twenty-seven percent (17,712 kanal) land under Auqaf's possession, the total income in 2021-21 stood at Rs 197 million, implying an income of Rs 11 million/kanal. Going by this calculation, Auqaf department is losing an annual prospective income of Rs 514 million per year against its occupied land.⁵⁵

Organisation	Land utilisation		
Civil Aviation Author	rity Six expensive foreign properties of PIA, bought in places around the world like		
(CAA)	New York, Amsterdam and Mumbai are lying vacant since early 1980s. There		
and PIA	are a total of 31 airports listed by CAA. Of the total flights received in 2018-19		
	(177,214), 90 percent were received only by 8 airports. 5 airports received less		
	than 10 flights during the whole year, with Sui and Sehwan receiving none ⁵⁶		
Pakistan Post (PP)	PP owns 4,172 buildings across the country asides from 49 valuable but empty		
	plots (mostly in urban areas). Of these, 3,252 are residential buildings, mostly for		
	staff. As of 2018, 625 such properties were illegally occupied		
Railway	There are 70,100 residential buildings (besides hundreds of 'service' buildings)		
	owned by Railway in every major city, but not a single penny from them accrues		
	as rent since they are used by Railway officials for free (the officers, meanwhile,		
	charge monthly rent from the attached servant quarters). Their market rental value		
	is in billions of rupees per month. Between 2012 and 2019, around 4,000 acres of		
	its occupied land is claimed to have been retrieved, while more than 2000 acres		
	still remained occupied. ⁵⁷ A large number of railway stations remain unutilised,		
	while a number of railway stations have been abandoned, meaning land remaining		
	unused. It has its own land marketing company, REDAMCO (established in		
	2012), which sells/leases out Railway land. Till now, it has earned Rs. 200 million		
Auqaf (Punjab)	Out of the total possession of land measuring 75,000 acres, 45,000		
	acres remain uncultivated/ unused		

Table 6.2

State of Public Land Utilisation by Various Departments

⁵⁵Presentation to Standing Committee, Auqaf Department, KP Govt.

⁵⁶Source: 'Major traffic flow by airports during the year', CAA.

⁵⁷Source: Railway Year Book 2017-18.



This is land of just one department in KP that remains unutilised due to illegal occupation or other such instances. Overall, there's considerable amount of state land that remains encroached upon. As per the details available, in the last few years, KP government has recovered 4,100 kanals (valued at Rs 60 billion) in 30 districts of the province, indicating that a lot more land remains to be recovered.⁵⁸



⁵⁸'KP govt recovers Rs 60 bn land from encroachers.'

	Box 6.4. Classification of State-Owned Land
State-owned	l land is generally classified into the following categories-
(a) S e si	tate land assigned to individuals for various uses including cultivation, storage tc. on a temporary basis. This type of land can normally be resumed by the tate.
(b) S h p	tate land granted to individuals under various schemes like cattle breeding, orse studs etc. In this category, the ownership belongs to the state, and it is ossessed by the citizens on a temporary basis against a nominal annual rent to e paid by user to the state.
(c) C la	Sovernments used to grant lands to the influential citizens as Jaagir (gift, argesse). The Mughals and then British mostly did it. After independence, agairs were abolished and the government resumed possession of lands
(d) S la tl	tate Land is cultivated directly under the State. Under this arrangement, the and is cultivated by tenants and agreed rent is paid either in cash or in kind to be state.
(e) S u c b	tate land that is temporarily allotted on some payment schedule to the citizens nder various colony schemes so that the citizens could make these lands ultivatable. After these are made usable or cultivatable, then the ownership may e transferred in the name of that citizen.
(f) T c tł	here are many parcels of state land that are under illegal occupation of the itizens and state does not have the will to evict them or does not want to evict nem.
(g) S (h) S c	tate lands that are under some government scheme or are under afforestation; and tate lands that are barren and are not under cultivation or cannot be made ultivatable due to its inhospitable terrain or unsuitable soil.
(i) ⁽ⁱ⁾ tl ti	Shamilat land' is a grant given by the State, out of State land, to the owners of ne village to be used for their common purposes and is usually granted at the me of settlement.
ource: 'A Gu	ide on Land and Property Rights in Pakistan' (2012), UN Habitat.

We find a somewhat similar case in the Punjab, where the provincial government has claimed recovering vast swathes of illegally occupied government land in the last three years (shown in accompanying graph). As per the details, the state government retrieved a total 180,411 acres of illegally occupied land between 2018 and 2021, with an estimated value of Rs 462 billion.⁵⁹

The issue of land grabbing, dubious leases and encroachments on public lands is common, and examples are too numerous to fit into this research effort. Out of 100, 000 acres public land under ETPB, for e-g, 20,000 acres have been under illegal occupation, with occupants including other government departments. In one particular case, it was found that the *Auqaf* department had leased out public property for setting up a petrol pump, whose rent was fixed at a measly Rs 4,000 per month for 30 years.⁶⁰ In Karachi, there are

⁵⁹DAWN, 22nd August 2021, p.4. Complete list of retrieved land by districts is given at Annexure-A.
⁶⁰Civil Petitions No.522-L, 523-L & 588-L of 2013.

an estimated 7,882 residential units that have been built on public land. Out of these, 4,100 units remain occupied without paying any rent since 1970s.⁶¹ In Islamabad, 30 government-owned properties have been used by seminaries without paying any rent since 1966.⁶² On Lahore's Mall Road, which arguably constitutes it's most valuable location, shops established on public land are still rented out for as low as Rs 3,000 per month. Hundreds of acres of public land behind the state bank building on the same road is being used by businesses without paying any worthwhile rent for the use.

Arguably the most noticeable aspect of these lands, more than the fact that some of it has been recovered, is that they had remained (and a considerable portion still remains) under illegal occupation, inflicting a substantial quantum of opportunity cost primarily in the form of forgone monetary rents. The quantum of the probable cost, though, remains un-calculated.

All the above mentioned are closely related to historical evolution of public land management. The following section briefly goes over the genesis of public land issue in Pakistan, the legal underpinnings of this particular issue, and why public lands are such an important concern in terms of public wealth?

Brief History of Evolution of Land Ownership and Its Distribution

The modern-day acquisition of land for public purposes or declaring land as government or 'crown' property, has a history dating back almost 200 years. It began with the 'Bengal Regulation of 1824', enacted by East India Company, meant for acquiring land for its personnel and for building large-scale infrastructure. This regulation was modified/repealed several times (1850, 1863 and 1870), finally replaced by the 'Land Acquisition Act of 1894', which is still the primary acquisition law used by the government in Pakistan.

Before the East India Company, all land belonged to the ruler. But with the advent of the Company followed by direct British administration after 1857, there began a process of granting private ownership/ entitlements of government lands to individuals that continued up till the end of their rule in 1947, a policy standing in contrast to the Mughal policies whereby land giveaways could be later retrieved for reasons ranging from death of landholder to the Emperor's non-approval/dis-likeness. The reasons for land distribution and giveaways under the British administration were diverse, from buying loyalties, establishing denser population centres in the western part of the sub- continent to earning revenue through commercialised agriculture. In the case of revenue generation from agriculture, for example, it was reasoned that the collective ownership model followed before the British did not yield enough revenue and was inefficient/unproductive. Moreover, it was not geared towards commercial production of crops, something that held a lot of promise in terms revenue generation. Thus, the process of giving away highly subsidised land began after the British surveyors carried out surveys and undertook revenue settlements in each district.⁶³

The vast scale of distribution is best illustrated by the table that reflects settlements of 'canal colonies' in what now constitutes Pakistani Punjab.⁶⁴

⁶¹ Federal govt land worth trillions remains illegally occupied in Karachi'.

⁶²'Government houses in Islamabad used as seminaries'.

⁶³ The Punjab Canal Colonies, 1885-1940, 1979', p.1.

⁶⁴ Identity Based Policies and Identity Manipulation: Evidence from Colonial Punjab', p.47.

Colony	Time	District	Land distributed.	
			(in acres)	
Sidhnai	1886-88	Multan	250,000	
Sohag Para	1886-88	Montgomery (Sahiwal)	86,300	
Chenab	1892-1930	Gujranwala, Lyaalpur (Faisalabad), Jhang, Lahore and Shiekhupura	1,824,745	
Chunian	1895-1905	Lahore	102,500	
Jhelum	1902-1906	Shapur, Jhang	540,000	
Lower Bari Doab	1914-1924	Montgomery (Sahiwal), Multan	1,192,000	
Upper Chenab	1915-1919	Gujranwala, Sialkot and Sheikhupura	78,800	
Upper Jhelum	1916-1921	Gujrat	42,300	
Nili Bar	1916-1940	Montgomery (Sahiwal), Multan	1,650,000	

 Table 6.3

 Subsidised Land Distribution in Canal Colonies of the Puniab

The British left, but the distribution of public land never stopped, and continues unabated till this day! At the time of independence, vast swathes of public land (in rural areas and cities) came to be settled by migrants without any authorisation since there were not enough housing units to cope with such a huge surge, with substantial portion of that land being regularised by 1960.⁶⁵ By 1951, the process of establishing canal colonies and land giveaways had resulted in 80 percent of the agricultural land being privately owned, while the sizeable portion of land in cities remained under government ownership ('Crown Land'). Similarly, ownership of specific land like forests remained with the government.⁶⁶

Box 6.5. What is 'Public Purpose'?

Black's Law Dictionary (5th Edition) defines it as "A public purpose or public business has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity and contentment of all the inhabitants or residents within a given political division, as, for example, a State, the sovereign powers of which are exercised to promote such public purpose or public business"

Just as government has continuously been giving away land under the garb of 'public purpose', it has been in a continual process of acquiring more private land under various laws. Thus, the pattern of public land holding does not remain constant. For

⁶⁵Further details in section titled 'Government Footprint'.

⁶⁶ State and private enterprise in Pakistan'.

example, government recently acquired land for construction of Diamer-Bhasha Dam, while the Khyber Pakhtunkhwa (KP) provincial assembly passed a bill in November 2019 under which all mines and minerals of ex-FATA became public property owned by the KP government.⁶⁷ Interestingly, all over Pakistan (especially in Punjab and Sindh), government has been acquiring (at market rates) the same land from private individuals for its projects (roads, power houses, factories, dams, etc.) that were once provisioned to the same families at highly subsidised rates (as in the case of canal colonies)!

In terms of government servants (civil service, armed forces, judiciary), the issue of doling out subsidised land is closely tied to the Constitutional and legal obligation for provision of housing (discussed in detail in following sections), with rules undergoing change over time. Up till 2007, for e.g., a Grade-22 bureaucrat was entitled to get a single plot. But in 2007, the then PM Shaukat Aziz approved an additional plot for Grade-22 officials as a 'gift' upon his/her retirement. Briefly put, plot costing Rs 10 million at market rate is doled out at Rs 0.1 million to government servants.⁶⁸ Up till end 2020, under this policy, a total of 604 additional plots were doled out to judges, bureaucrats, and generals, which the IHC declared illegal on 25th August 2021.

Interestingly, the antecedents of such giveaways remain controversial. For example, in 'The Supreme Court Judges Leave, Pension and Privileges Order 1997', nowhere is there a mention of judges being eligible for subsidised plots. Similarly, the provision of agricultural land to retired generals of army was started in the 1960s when General Ayub Khan was at the helm, with his initial request for land grants to army men dismissed by General Douglas Gracy, Pakistan's first army chief, in 1947.⁶⁹

Recently, with the coming to fore of the scandal involving more than two plots to judges and high-ranking bureaucrats in one of Islamabad's sectors,⁷⁰ it is clear that the rent-seeking for subsidised, extremely valuable plots at throwaway prices remains well-entrenched has attained new highs.

The Constitution and Laws Underpinning Acquisition of Land by the State

Land and land related matters are dealt under several Articles of Pakistani Constitution of 1973, i.e., Article 23, 24, 152, 172 and 173. While the former two (Article 23 and 24) enshrine private property rights, the latter two (172 and 173) deal with owning and disposing of publicly owned properties. Article 172 posits that any property not privately owned will be considered government property (provincial or federal), while Article 173 gives provinces and the federal government the right to grant, sell, mortgage, or dispose of any public property under their ownership. The Constitution of Pakistan, under Article 152, allows the federal government to acquire property situated in a province or ask the province on its behalf to acquire the property for a purpose under which it has the power to make laws through the Parliament. It can also acquire a province' land under mutual consent. As such, there is no defined limit on the extent of the land that can be acquired by the central or the provincial government.

⁶⁷ Bill passed to declare all ex-FATA mines and minerals government property'

⁶⁸ When will I get my plot' (translated from Urdu).

⁶⁹Ayub Kahn was a Brigadier at that time.

⁷⁰For the moment, IHC has declared these allotments as illegal.

An important component of these is a particular sub-clause of Article 24 (3 'e' 'ii') of the Constitution, which has a direct bearing upon the provision of subsidised land. Although the article provides for security of individual property rights, its clause 2 and 3 provide for compulsory acquisitions under public purpose pretext, which includes "providing housing and public facilities and services such as roads, water supply, sewerage, gas and electric power to all or *any specified class of citizens*". Therefore, there exists a legal and Constitutional basis for the public sector's involvement in terms of providing land and housing facilities, primarily under the 'public purpose' aegis (derived from the 1894 Land Acquisition Act) which is based upon the Roman Empire era principle of '*Salus populi suprema lex*', that the interests of the public are supreme and that the private interests are subordinate to the interest of the state!

Further, Under Article 142(c) of the Constitution, provinces have the right of amend the rules contained in Land Acquisition Act of 1894. Accordingly, Punjab government came up with its own Land Acquisition Rules of 1983 that have to be read in conjunction with the 1894 Act. Interestingly, local governments have their own set of rules under respective local government acts, which empower them to acquire property besides the ones that have been conferred upon them by the provincial government. For e-g, the KP Local Government Act 2013 confers the right upon local governments to acquire, manage and develop public land. Additionally, without the consent of local government, the provincial government has no authority to take back or divest away the properties conferred upon the local government.⁷¹ In provinces, it is the respective Board of Revenue (BOR) that is the custodian of public properties. Further, there are 'Development Authorities' that dot the federal and provincial landscape, who oversee land acquisition and land development and matters related to it. For example, there are three housing development authorities (Capital Development Authority or CDA, Federal Government Employee Housing Authority or FGEHA, and Public Housing Authority or PHA) operating simultaneously in Islamabad. Similarly, in Karachi, there are seventeen different agencies that are dealing with land titling and registration matters (with 24 sub-registrars), including matters related to government owned lands.⁷² This only serves to complicate matters related to public land use.

The basic law of acquisition is the 'Land Acquisition Act 1894', complemented by laws like Cantonment Land Administration Rules (CLAR) 1937 and Financial Regulations 1986. There are plethora of other laws as well that deal with the issues of public lands and acquisition of land for public purpose by the central or provincial government. These include 'Colonisation of Government Lands Act 1912', 'Government Grants Act', 'Central Government Lands and Buildings (Recovery of Possession) Ordinance, 1965', 'Cantonment Property Rules 1925', etc. The extensive discussion of all of these is beyond the scope of this study, but in one manner or the other, all of these have been used in courts and relied upon by them to administer verdicts in terms of declaring a certain government acquisition legal or illegal. For eg, Cantonment property rules confer authority upon Cantt executives/ management to acquire land in the name of the central government.

⁷¹Chapter IX, 'Local Government Property', The Khyber Pakhtunkhwa Local Government Act 2013.

⁷² Making spatial change in Pakistani cities growth enhancing', p.15.

Box 6.6. Cantonment Land Use

Under the 'Cantonment Land Rules of 1937', the three branches of the armed forces were permitted to use land allotted to them for departmental purposes, barring use for any commercial purpose. Over time, though, the land in question was leased out or sold for commercial ventures. In 2008, in order to give finality to the matter, the department of Defense moved a summary titled 'Use of A-1 land for commercial and welfare activities by the three armed services and Canteen Stores Department', which was signed into effect by the then care-taker President. Accordingly, the disputed issue of sell-off or commercial use of land before promulgation of the Ordinance was deemed '*fait accompli*', meaning it could not be challenged in any court of law and was now a settled matter. The land in question was bifurcated in 3 categories, namely A, B and C. A and B were marked for commercial activities like shopping malls, cinemas, parks, recreational spots, stadiums, etc., while category 'C' was reserved for agricultural activities only. The rent payable to the government, from commercial activities in category A, was fixed at 25 percent of the total, with the rest to be at the disposal of military authorities in accordance with rules/laws approved by their department.

However, it's not always that the forces pay a certain percentage to the government for use of land falling within Cantonment jurisdiction. In many cases, not a single penny is deposited in the government account. In 2011, for e-g, auditors declared a 2,592 kanal golf course built on government land by the Army as 'illegal'. All earnings from it go to the 'regimental account' rather than federal Govt. treasury.

The main issue that has arisen over time in context of application of this Act is the interpretation of 'public purpose' for which the land is acquired. This aspect assumed added importance in context of the law/act permitting government to buy land on behalf of a private company ('Company' in the Act) since this leaves the door ajar for misusing government discretion to dole out favour to a specific person or party. An innumerable number of cases accusing government of such favours has landed in courts. In general, the Supreme Court (SC) has ruled that 'public interest' means acquisition that in the end benefits a large segment of the population rather than a few.

The data regarding public lands, their utilisation, occupancy, and ownership by various public departments, etc., remains a closely guarded secret. There is no information, for e-g, available upon how much land has been acquired over the years under 'public interest', to whom has it been allotted, for what purpose (commercial, residential) or the income generated from these lands. Some departments/ land development agencies, though, have laws that clearly state provision of public land to public functionaries (at subsidised rates). For e-g, Karachi Development Authority or KDA (Disposal of Land Rules 1971) clearly state provision of public land to Sindh government employees, Central government employees, public and defense personnel as one of its core functions. At best, one has to rely upon various sources (court judgments, audit and research reports, newspaper features) and use proxies in order to gauge numbers in terms of publicly owned lands. For e-g, there is no public information available upon the extent of state-owned land in Sindh and its utilisation. However, one does get an idea that its custodian, the BOR Sindh, makes an expenditure on lands under its ambit under 'Capital Grants' head for

maintaining its 'Long-term Assets' (primarily land). The expense stood at Rs 90 million, 665 thousand in 2013-14 and 2014-15.²¹ Such numbers can be used as a proxy for research purposes.

What Explains Government's Ever-Expanding Footprint in Land Matters?

Subsidised housing schemes where plots are distributed to government officers have a long (albeit controversial) history. They have been criticised for perpetuating rentseeking and corrupt practices, like the acquisition of multiple plots by a single officer. Similarly, retired army officers are awarded hundreds or thousands of acres of agricultural land upon their retirement. But it's not a recent phenomenon; the outsized role of Pakistani state in perpetuating this culture has a history going back to the very beginning of the country.

In 1947, as millions of migrants came to settle in Pakistan, it was the already established forty-six 'Housing Cooperatives' to whom the government turned for addressing housing shortages and leased them state land for that purpose. For e.g., 1,200 acres of public land was leased to Karachi Cooperative Housing Society Union. Successive government leased thousands of acres of state land at easy instalments to cooperatives for building houses in order to overcome the housing shortages. The settlements where the migrants settled without any government authorisation were later regularised in the 1960s.⁷³

Box 6.7. The Pitfalls of Developing Islamabad under 'Public Interest'

Islamabad's original master plan envisioned removal of majority of the villagers from their land, except for a few villages like Said Pur and Noor Pur Shaha in order to preserve the 'tokens of traditional life'. That meant removing majority of 54,000 villagers from their area to develop various sectors of the capital. Officials acknowledged that such forced removals are not pretty but will have to be done in 'larger public interest' ('Government of paper', Matthew Hull, p.170). They were to be compensated as per the average market rates. However, till this day, the issue of evictions to develop sectors has led to a plethora of issues that have resulted in both prolonged legal challenges and recurring physical altercations between settlers and CDA. The challenges range from dispute over the amount of compensation to the legality of official documents pertaining to ownership of a particular land (*khasra*), which have been tampered with frequently (along with other related documents) over time to make matters even more complex.

The terms of land acquisition have given rise to grave issues. Besides reserving plots in developed sectors for settlers from whom the land is acquired, CDA is obligated to reserve a specific quota of jobs for them. Accordingly, a considerable number of people working for government departments in Islamabad have been hired based on this specific quota. But the residents who don't get hired can create issues for the management. For e-g, 90 percent of the fires erupting in Margalla are started by the villagers who fail to get recruited on temporary basis in summer to patrol the forest.

⁷³About Pakistan.

Some observers view this 'subsidised plots and perks phenomenon' as prepartition behaviour that was further consolidated after Pakistan's founding. For example, Qadeer (1996) traces the over-whelming government footprint in provision of housing and related necessities (water, electricity, sewerage, etc.) to the absence of private sector and the need to settle refugees. Initially, some satellite, peri-urban settlements (Paposhnagar, Korangi and Orangi in Karachi, and Sodiwal quarters in Lahore) were developed in various cities under 5-year plans, through which public housing became an institution with the likes of KDA, LDA, CDA and NESPAK type organisations undertaking this initiative at city and national level. KDA, for e-g, evolved out of Karachi Investment Trust (KIT), set up as a body post-independence under the guidance of a Swedish firm (Merz Randall Vetten or MRV), who developed the city's first 'Master Plan', primarily to settle refugees. The initial forays later led to consolidation of public sector's role in developing housing societies and government buildings as the over-all public footprint in economic activities increased. Developing a new capital in Islamabad, for example, required large-scale construction of government buildings and residential quarters/ colonies to house the bureaucracy.

By the end of 60's, there was an implicit recognition that government mandated housing and land policies were not desirable since many goals remained unachieved. For example, at the end of Third Five-year Plan, Planning Commission (1971) acknowledged that "the physical planning and housing policies pursued so far need a thorough re-examination and reorientation". In other words, they suggested revisiting public sector's mammoth footprint in provision of housing and land related issues. But the increasing influence of aid/donor agencies and populist politics further perpetuated public footprint in matters related to land utilisation. Under the Z. A Bhutto government (1971-77), the scheme for subsidised housing was extended to poor households in the form of 3 marla (675 sq. ft) plots in urban areas and 5 marla (1,125 sq. ft) free plots in rural areas for landless peasants, a scheme that continued during 1980s under General Zia's regime, which came up with its own plan in the form of 5 marla and 7 marla plot schemes.

In short, the plot and perks culture is intrinsically linked with government's overwhelming role as a supplier of housing in the housing market. Over time, the plans to develop houses have morphed into a culture of providing subsidised housing to the most influential groups within the country (bureaucrats, armed forces and judiciary). Plots are doled out at one-sixth or one-eighth of the market price, under the guise of specific schemes or exemptions (like 'DC rates'). This phenomenon, by now, is an entrenched behaviour that has been in practice since the late 60s at least, causing considerable loss to the exchequer. A government inquiry (1991), for example, found that in the Punjab, provincial departments and local development authorities doled out 318,952 plots over a forty-year period, earning revenue of Rs 6.9 billion at DC rates, which at market rate were worth Rs 63.9 billion, implying a subsidy equivalent to 9/10th of the market price.⁷⁴ The total subsidy amount (Rs 57 billion) was equivalent to Federal government's total income that year.

⁷⁴ P. 7.

Box 6.8. Potential vs. Realized Income—Punjab and Islamabad

The total public land held by the Punjab government is estimated to be 39 lakh acres. But this is not a confirmed estimate! The provincial government still lacks updated land cadastral that could clearly demarcate state land. Also, there are issues related to encroachments and illegal cultivation, etc. Not surprisingly, these give rise to inefficiencies, reflected in difference between expected and potential income from this asset. The total expected income from these lands was expected to be Rs 1.25 billion in 2019-20. However, the actual earning was even less: Rs 44 crore only.

A recent exercise carried out by the FBR in Islamabad led to devaluation of property prices as per the DC rate determining methodology. The market rate, of course, was substantially higher. Among other things, this meant a potential loss of Rs 30 billion to the exchequer in the form of lesser taxes (like Capital Gains Tax or CGT). Comparison of DC and market rates is presented in the following table.

Location	Jahengi	Tarnol
DC rate	Rs 1.5 million per Marla	Rs 1.2 million per Marla
Market Rate	Rs 5 million per Marla	Rs 5 million per Marla

Source: 'State Land: A negligent area', M. Akram Bhatti and 'Property valuation: Revision in DC rates to cost public kitty Rs 30 billion', Mehtab Haider.

The Avenues/Methods of Public Land Misuse

The Framework for Economic Growth (FEG, 2011) notes that "There is no urban planning, only 'project-based' development". Moreover, "weak and fragmented city administration has resulted in incoherent, non-professional and non-consultative city planning". This fragmented structure, with unclear rules and plethora of agencies each vying for a bigger size of the pie, has resulted in decades of questionable practices and tremendous waste in terms of how this valuable asset is being doled out.

The vast land holdings by the federal and provincial government departments all across Pakistan are badly managed, with little to offer in terms of financial returns to finance development. Instances concerning underutilisation of land and facilities (like buildings), illegal allotments, protracted legal battles, corrupt practices and encroachments on state land are common. Such instances also feed into many economic and social phenomena. For example, one outcome of poor regulations and patchy data is the widespread inequality in land use. In Karachi, only 36 percent of the population lives in formal settlements that consume 77 percent of the total residential land⁷⁵. Similarly, of the total area in Islamabad (906.50 sq. km), around 52 percent (466.20 sq.km) is designated as 'rural area' by the CDA,⁷⁶ which leads to serious official undervaluation of assets like land. This also implies that these areas pay lower taxes than the one designated as urban. This kind of evaluation and characterisation is common in all major cities of Pakistan, mostly using the 'book value' (tied to historic costs) rather than market value according to International Financial Reporting Standards (IFRS).

⁷⁵ The six biggest challenges facing Pakistan's urban future'.

⁷⁶ Source: CDA.

Box 6.9. Karachi Port Trust (KPT): The Fiscal Impact of 99-year Leases

KPT represents a pertinent example of the negative fiscal impact of 99-year leases, plus rent-seeking in the garb of developing land. Three such instances clearly reflect the large-scale practice and abuse of such schemes.

In 1996, it leased 130 acres of state land to its own KPT Cooperative Housing Society at only 10 paisa per square yard, all of it meant for allotting plots to its own employees. In 2007, KPT reached an agreement with Defense Housing Authority (DHA) to officially lease 881 acres of its prime land for 99 years at throwaway prices. The rate was set at a premium of Rs2.5 per square meter and an annual rent of 18 paisa per square meter. The DHA agreed to pay Rs8.913 million as premium and Rs 641, 758 as ground rent. Previously, KPT had accused DHA of encroaching upon this land since 1975-76. In return for the deal, DHA granted KPT 3 percent share in the total area, with KPT having the right to sell the plots aside from its select group of employees getting management membership status. The estimated market price of the 881 acres was Rs 60 billion at that time.

In 2011, KPT leased out prime land measuring 380 acres for duration of 99 years to two housing societies (Khayaban-e-Roomi and KPT Cooperative Housing Society). The total agreed rent was Rs 540 million, when the land's market worth at that time stood at Rs 25.84 billion.

This undervaluation of assets, both public and private, was clearly reflected in a recent exercise undertaken by the Federal Board of Revenue (FBR) in twenty major cities of the country. Pakistan's major commercial and financial hub, Karachi, was divided into 196 areas for valuation, with some areas getting an upward revision by almost a 100 percent while others getting an upward revision by 15 percent only.⁷⁷ Besides Karachi, nineteen other cities were also evaluated for the value of their commercial and residential properties. Despite the revised exercise, FBR admitted that the revised rates had only brought the properties to only 60 percent of their market value.⁷⁸

Misuse of these lands, in terms of financial gains through the differential between subsidised rates and market rates, is quite common. There are several tools at disposal of government officials to optimise on that differential, namely 'DC rates', 'Book Value' of an asset and the '99-year lease' rule (see Box 9). It can also take the form of subsidised plot provision under a welfare enhancing scheme (as in case of martyrs of armed forces). In short, Government departments, over time, have come up with innovative methods in terms of optimising upon existing or bought public land for gaining financial rewards. These instances may involve a single government department that has government land under tutelage, and then reaches an understanding with a private developer in return for some favour.

Within the government departments, the trend of employees forming 'housing societies' is pretty common, who usually end up getting plots at subsidised rates (see box 9 regarding KPT land use). Yet another method of utilising the benefits offered by subsidised land is the coming together of two government departments for developing a new housing society. An example in this regard is the 'Islamabad New City Scheme' that was the joint venture of CDA and National Highway Authority (NHA), which was later scrutinised for corrupt practices that involved some members of Parliament besides officials of the two departments.

⁷⁷S.R.O.120(I)/2019.

⁷⁸FBR revises land valuation upwards for 20 major cities.



Cooperative Housing Societies have existed since 1860 with the application of Cooperatives Act, with the aim of 'improving' the societies formed based on charitable acts, diffusion of knowledge, literature and arts.⁷⁹ With the passage of time, the ambit of its activities grew to include diverse areas such as loans and housing/construction. The Cooperatives Societies Act 1925, a modification of the 1860 Act, for e-g, allows the societies to act as 'Financing Bank' and to 'promote economic interests of its members'. The land and housing activities of cooperatives are based on this particular aim of promoting the economic interests of its members. These have tended to serve as another conduit for public land being used for personal gain rather than larger interest of the populace.⁸⁰ Several such societies have by now morphed into commercial land-dealing entities that make use of a particular government scheme. For e- g, DHA evolved out of Pakistan Defense Officers' Cooperative Housing Society (PDOCHS). The modus operandi is the same: getting state land on lease from provincial or federal government at concessionary rates, which are then sub-leased to members. By 2008-09, housing cooperatives had built 2 million, 274 thousand housing units all across Pakistan.

However, gains from such concessionary leases are not evenly distributed. There are innumerable examples in this regard. Cooperatives were banned in the 1960s given complaints of corrupt practices. The Punjab government put a ban upon Cooperatives in 1997 after a massive scandal involving embezzlement of millions of rupees surfaced. One famous case was the early 2000's 'Cooperative Society Scandal' in KP (then NWFP), which revolved around illegalities in allotment of plots at Hayatabad (Peshawar). The main beneficiaries were a former Chief Minister and DG Peshawar Development Authority (PDA), who managed to eke out several plots under the names of their relatives and servants.

A recent SC document regarding case against housing cooperatives suggests that at present, the number of housing cooperatives have declined to 667. The apex court has ordered investigations into the dealings of 279 of these societies.⁸¹ In 2017, seven cooperative housing societies were banned in Islamabad for being involved in fraudulent practices.

⁷⁹Societies Registration Act 1860'

⁸⁰For an excellent analysis of historical rise of cooperatives in the sub-continent, see 'About Pakistan', by Co-Operative Housing International

⁸¹ 'Probe needed into 279 housing societies' affairs.

'Land swap' is a comparatively unknown, lesser heard method of land acquisition for 'public purpose'. This could be done to facilitate a private concern or used as bait when the issue of displacing people to develop a housing scheme/sector is at hand. It has been in practice since at least late 1950s and continues on till this day. There is, however, no data regarding the swapped lands! In 1962, for example, CDA offered plots in the I-9 and I-10 to villagers as a swap for their land to develop these sectors. For those who wanted to remain tied to agriculture for livelihood, a swap of 0.5 acre in Islamabad for 12.5 fertile acres in South Punjab was offered. Complementing these swaps was the initiation of a policy to recruit lower-level staff from the displaced persons (a policy that continues till this day), as an acknowledgment of their 'cooperation' with CDA.⁸²

CDA is a prime example of how this loot sale in the name of provision of subsidised housing has turned out to be an adverse venture in terms of inequality and lopsided gains for elites. The process of land acquisition that began in 1961 has so far resulted in acquisition of 305 sq-km land through 527 awards for land acquisition, upon which innumerable subsidised housing schemes have been built. In a recent judgment regarding claim of compensation against CDA by affected villagers of Islamabad, whose lands were acquired by CDA for developing subsidised housing societies, the IHC found that there had been wide-scale misuse of powers as plots in the acquired land was provided at throwaway prices to elites (mainly CDA personnel) while about 11,000 villagers had been kept bereft of agreed upon compensation (much lower than the market rates) for decades. Within this land grab, those occupying higher positions (CDA Chairman and Members of CDA Board, etc.) were able to get allotment for more than one plot. Of the total of 30,971 subsidised plots that were doled out at hardly 10 percent of the market value, 23,844 (77 percent) were allotted to CDA officials, board members and employees.

Another method revolves around acquiring land and built-up properties separately,⁸³ without any logic of why that is the case?⁸⁴ Besides the 527 awards for land acquisitions, 158 awards have been announced for built-up properties. The probable reason for this, as per court's observation, was to delay compensation. Moreover, CDA also did not implement the agreed upon mechanism of allotting a specific portion of plots in the housing societies to individuals from whom land is bought. The CDA acknowledged the right of the affectees to 10,739 plots.⁸⁵

Aside from the department's own employees forming a 'housing society' and indulging in extracting subsidised plots, influential private developers can utilise government announced concessional schemes to their advantage in connivance with government departments. Case in point is the granting of thousands of acres of land in Malir to DHA under the *Shuhda* (martyr) scheme. Malir is largest of Karachi's six districts. Land falling under its jurisdiction, administered by MDA, measures 521,000 acres, divided into 43 *dehs* (a *deh* is a revenue unit). In 2005, the Sindh BOR allotted 11,640 acres in Malir to DHA at a concessional rate of Rs 100,000 per acre. Later, in 2011, request for an additional 8,000 acres at the same rate was

⁸²Chapter 4 (The expropriation of land and misappropriation of lists) in 'Government of paper: The materiality of bureaucracy in urban Pakistan'

⁸³Built-up area is the gross area of a property. It's basically 10-15 percent more than the covered area of a house/building.

⁸⁴ Usually these are announced together.

⁸⁵ Owners of land acquired by CDA to get compensation under present market value'.

forwarded. It was accepted, and the leases of farmers that worked in the deh's falling in this allotted land were cancelled.⁸⁶ In 2017, an additional 8,500 acres of land was allotted under this scheme in district Jamshoro at concessional rates of Rs 15,000 per acre.³⁶ The total amount of land in these cases far exceeds the requirements of settling families of martyrs. Interestingly, in the course of a recent case concerning acquisition of land by FGEHF in sector F-14 and F-15 for provision of plots to its employees (heard at Islamabad High Court and Supreme Court), at least two judges declared the provision of subsidised lands and plots to members of armed forces, judiciary, bureaucracy as illegal. Both Justice Athar Minallah (CJ IHC) and Justice Qazi Faez Isa (SC Judge) termed such provisions illegal and ultra vires to the constitutional provisions. However, their view could not muster support of the majority in the Apex Court.

In November 2020, the Special Assistant to PM on Accountability, Mr. Shahzad Akbar, informed the IHC that the Government aims to put a ban upon government departments running housing societies in their names, reflecting an implicit recognition that public sector's involvement in land affairs has been nothing short of a disaster. This would be done through altering Cooperative Society Act of 1925, which constitutes an important basis of public sector land development. However, till date, the recommendation/proposal remains un-implemented.

Box 6.11. Islamabad—The Heavy Cost of Subsidizing the Elite through Public Land

Spread over a vast 352 acre (2,816 kanals), Islamabad Club is located at one the most prime locations in the federal capital. For a land whose value at present runs into billions of Rupees, and that could potentially earn millions of rupees in rent per month, its per month rent being collected by the government at present is an unbelievable Rs 3 per acre!

The case of Islamabad club is a vivid reflection of the public land's misuse that is prevalent across the length and breadth of the country. In 1968, land measuring 224 acres was leased out for a fixed amount of Rs 1 per acre for 50 years. The amount of lease was to be revised every 10 years, an obligation that has rarely been carried out. The total area grew further in 1996 after acquisitions totaling 108 acre. A gold club was added courtesy of Islamabad's Master Plan. At present, the club is paying an annual rent of Rs 14,700 rupees (Rs 1,225 per month) for area excluding the golf course, while for the golf course, the payment to CDA is Rs 12,300 (Rs 1,025 per month).

There are around 7,000 members at present. Private membership fee stood at Rs 500 in 1968, reaching Rs 300,000 in 2004, and now costs Rs 1.5 million. But government officials are entitled to get membership for Rs 300,000 only. It's regulated under the Islamabad Club Ordinance of 1978, with the President being its patron-in-chief, while Secretary Cabinet acts as its administrator.

Recently, the auditors pointed out several anomalies/irregularities in its functioning. Aside from hiring the same architects for renovation and building an illegal hall for a sum of Rs 13.5 million, audit also pointed out that the club's administration is in illegal possession of car parking area (built on a green belt) measuring 32 acres. The estimated market price of the land stands at around Rs 150 billion.

Islamabad Club is not the only example of public land doled out at trifling rents to benefit a few. In 2007, the then President approved leasing out 1,200 kanals of prime public land to Pakistan Golf Federation (PGF) at only Rs 2.41 per sq. yard. All golf courses in Islamabad were gifted out at no or little rent to entertain a select group of elite, all. A similar allocation of 72 acres of most valuable land was made to Pakistan Guns Club at no rent, something that Supreme Court later took up as a Suo Moto case. Incidentally, the apex court's own judges have been availing this subsidized bounty to the full. Recently, it was revealed that some SC judges have availed three government plots in Islamabad's various sectors at spectacularly low prices. Plots valued at Rs 50 million in the market were doled out to few judges at Rs 1.7 million.

Aside from these freebies at throwaway prices, a considerable amount of public land in Islamabad either remains unutilized or occupied illegally, estimated at Rs 400 billion rupees. Additionally, 1,000 acres of forest land that has been encroached upon.

⁸⁶ The DHA city juggernaut rolls on in the name of development'.

CONCLUSION AND RECOMMENDATIONS

The paper argues that achieving good returns from public lands does not require any large-scale or complex legislation, but merely clarifying and limiting the role of plethora of agencies dealing with land management, transfer, and title transfers, and doing away with concepts like 99-year leases and valuing properties at prevalent market rates.

Moreover, this paper emphasises that if we draw up their balance sheets carefully and utilise this wealth professionally, there is excellent possibility of good returns in the future. With simple rezoning or moving assets to better uses, modern methods to utilising assets, large returns can be realised to increase overall economic growth, finance city development and boost employment.

But in Pakistan, this prized asset (public land) has been so badly managed that it has only given rise to adverse rent-seeking and corrupt practices rather than acting as a substantial source of income for national kitty. Subsidised giveaways of land at throwaway prizes have been a norm in Pakistan, rarely challenged and its negative repercussions rarely studied. The inflicted loss through such practices, although unaccounted for, is immense. And all of this boils down to government's overarching, overbearing regulatory control that, as usual, has resulted in significant mismanagement of a very prized asset.

There is no doubt that management of public wealth in Pakistan requires a complete change of course to what we have witnessed historically. Otherwise, these assets would never yield anything near their potential. In this regard, the following general proposals are suggested.

- Put a complete ban on government departments forming housing societies under various legal umbrella's (especially different Cooperatives Acts)
- Immediately discontinue using various methods to extract subsidised land, like DC rates, 99-year leases, etc.
- Establish a central repository of information regarding the total amount of public land and (commercial, residential, or unutilised), departmental use, earnings from them, etc.
- The central repository should contain a complete list of relevant laws in terms of various forms of land acquisition and utilisation.
- Every city should establish its holding company which should be given the management powers over public wealth like land, putting an end to federal and provincial level bureaucratic interference in its management.
- The holding companies of respective cities should come with regeneration plans for cities so that maximum financial benefits could accrue to the public kitty, to help finance city's development goals.
- Government's job with regards to public land, land and housing should be limited to clearing hurdles in the way of faster transactions in the land market, so that an efficient land market could function well. For example, government could improve the legislative and administrative procedure which makes it difficult to conclude a transaction.





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Chapter 7

Construction without Real Estate Development

NADEEM UL HAQUE and NADEEM KHURSHID

Yes! The Construction Industry Can Revive Economic Growth!

Real estate development in Pakistan suffers from a bad reputation, both in policy circles and in the public. Detractors frequently claim that investing in real estate is unproductive and should be discouraged. Officials often put forward unsubstantiated claims that the real estate business is riddled with illegal activity of all sorts. However, when one looks back at Pakistan's foray into real estate development activity from the date of Independence, we find that the state considered itself responsible for providing housing for the millions of refugees who came to Pakistan to become citizens of the newly minted country. From then on, successive regimes have taken or tried to take, some initiative to fulfil the promise to provide adequate housing for the poor masses.

During his tenure, former Prime Minister Imran Khan also promised to provide subsidised housing for the poor, numbering up to 5 million homes. His approach was slightly different as Mr. Khan made a point of recognising the importance of the construction industry as a participant in achieving the goal of providing subsidised housing to the masses. Another important aspect of his agenda was the recognition that the construction of high-rise buildings in big cities is an important part of urban development. However, city administrations did not immediately accept the former Prime Minister's vision and showed limited interest in accommodating the discomforts of construction upheaval, such as 'tower cranes' and other such machinery in their city's midst.⁸⁷

Later, Mr. Khan introduced a stimulus package to shore up the economic upheaval caused by COVID-19's impact on the economy. This included a package for construction activity to lead the stimulus effort. The package recognised construction as an industry and gave it financial incentives. However, there was no mention of the real estate sector as one of the leaders in boosting productive market activity. In addition to urban development, the package focused on the Prime Minister's promise to provide subsidised housing for the poor, as promised in his election campaign.

We have long argued that the construction industry is a leading predictor of economic growth and is a cornerstone for the development and improvement of human life and society. From birth to death, the human life cycle takes place within spaces designed and constructed to promote all aspects of society, from education to government, to recreation, and much more. The more advanced a civilisation, the more complex and specialised the construction activity will be. All through human history, from ancient

⁸⁷One of the authors, Nadeem Ul Haque has been asking for the last 20 years, "where are the tower cranes in Pakistan". It is indeed surprising that there are no tower cranes in a developing economy of 210 million people with some of the largest cities in the world. That in itself is a huge comment on the state of city governance and regulation.

civilisations to modern society, one sees evidence of amazing architectural achievements, proof that humans are builders and indeed, master constructors.

During his term, Mr. Khan emphasised that the construction industry is linked to many other industries. It is important to note that ultimately the construction industry provides fundamental support to the real estate market, with the final product being developed spaces. To only think of construction in connection with providing housing for the poor may not be enough for real estate activity to thrive and to drive the economy as envisaged in Haque and Nayab (2020), Haque (2017), and Framework of Economic Growth (FEG, 2011). This paper discusses in detail what actions could be taken to realise the authors' vision to make our cities engines of growth, by promoting high-value 'tower-crane' construction.

The Curious Case of Construction Without Real Estate!

Between the changeover from the PMLN government to the PTI government, policy took a sharp downturn in real estate activity and transactions in the sector. Stringent documentation requirements paired with high taxes were enforced (Dawn, June 2, 2019). The result was a decline in real estate prices and a severe decrease in the number of transactions. This has created a situation where the liquidity in the economy remains frozen in real estate. The result is dampened economic activity with expected growth in real GDP falling to 2 percent with no growth in the per capita income.

Multiple master plans have been put forward in cities, seeking to develop a lowdensity, low-rise, elitist sprawl-based model that mimics the thoroughly criticised American suburbia, filled with cars and without any civil or commercial amenities whatsoever (see PIDE Policy Viewpoint No 2, 12, 13, and 16, and Haque 2015, 2017, and Haque & Nayab, 2020).

The construction package announced by the PTI government was received with a mix of appreciation and criticism. One question was whether it would lead to a boom in construction. A Twitter poll of about 500 respondents showed that 75 percent voted that there would be no boom. PIDE also held a webinar with several key participants in the construction industry, along with several keen analysts. Once again, there was skepticism. What could be the reason for this negative response to the package? This paper brings forth several factors which stimulate negative thinking and hinder progress in the construction sector.

Housing For the Poor?

Although the construction package was portrayed as a philanthropic model, it did not adequately consider market conditions. People rightly asked about the demand. The question of demand is valid even today. Do we have an acute

shortage of houses with millions homeless? Were this true, one could ask where these homeless people spend their nights: is it on the roads? In public transit stations? In other public spaces? We do not see many people in that situation. It should be clear then, that shelter is available but that it is of poor quality, as, for example, in squatter settlements. Estimates from the Government of Pakistan statistics show that 47-50 percent of Pakistan's urban population lives in squatter settlements, also known as 'Katchi Abadies.' People

working in cities return to their family residences in these fringe rural settlements. The crisis then is of housing quality, not quantity.

Demand for a commodity arises when there is the ability to pay for that commodity. Ownership of a house requires both wealth and the cash flow necessary to retain it. The poor in Pakistan have no money to buy a house. Thus, it is clear that the desire for ownership and wealth is there, but the means to buy a house is not. The conclusion, then, is that there is no demand on the part of the poor as demand implies both the willingness to buy and the means to pay.

Affordability does not mean that the government pays for the goods and the goods are then sold in the market below cost. In most developed countries, housing ownership among the poor is limited. Mostly the poor and transient working-class live in poor- quality rented accommodations.

The belief that government subsidies can enable the poor to become homeowners is a myth. If one supposes that the government can provide subsidised housing to the poor, or even free housing, one must address the following issues:

- Does the government, and society, have the resources to provide housing to all the poor? If not, then a selection process has to be designed to identify the most deserving. This is where corruption, nepotism, political allegiance, and such negative practices inevitably come into play.
- Secondly, if the selected individuals do not have the financial ability to manage their immediate needs such as food, health, education, or other necessities, they will most likely cash in the wealth transfer and return to homelessness. In fact, some of them may find it convenient to game the policy by selling the previous endowment and lining up again for another handout.

Box 7.1. A Wish the Poor Would Disappear

- Master plans for housing schemes, and industrial estates, are made without any space to house the poor who make up the labour required for lower tier jobs in the area. The commonly held belief is that the labour force will come in from neighboring villages and return after completing their shift without accounting for commuting time and cost incurred by them.
- Courts have weighed in by ruling that all encroachments, defined as any deviation from a master plan made years or decades ago, must be eliminated, without giving heed to the change in population and demographics.
- At one point, the Supreme Court of Pakistan forbade evictions of slum dwellers in the country, requiring local governments to devise housing policies for the poor. Since there are no local governments, this has never been done.
- Meanwhile, do-gooders and donors want a debt-ridden and inefficient government to take on all the responsibilities of an advanced welfare state like Sweden, even though Pakistan's economy is not even in the early industrialization phase yet.
- There are more than 4,000 registered "Katchi Abadis," housing approximately 9 million people. Various governments have regularized the "Katchi Abadis" in the past, and while improvement of slum areas remains on the agenda, it is only as housing for the poor, miles outside the city where there are no jobs.
- There are no rental accommodations available for the poor, as tenancy becomes a political issue.
- Every government wants to provide housing and handouts for the poor without the provision of jobs. This takes precedence over growth, employment, and social mobility.

It is for this reason that social housing in many countries is limited and often a failed experiment.

Box 7.2. Housing for the Disadvantaged, and Refugees, has been a Political Slogan since the Beginning

- Refugee claims and settlements-1947.
- Ghulam Muhammad's in 1950s.
- Korangi project in Ayub's era 1958-59.
- Orangi Pilot Project (OPP), Karachi 1980s.
- Khuda ki Basti (KKB), Hyderabad, Karachi and Lahore-Started in 1985.
- Bhutto's PPP used the slogan "Roti, Kapra aur Makan" and ended up regularizing Katchi Abadis and illegal possessions across the country.
- During Zia ul Haq's Martial Law regime, Premier M. K. Junejo initiated 5-7 housing schemes with built houses and left office without completing any.
- PML (N) government in the 90's initiated 'Mera Ghar' apartments in all big cities; it was a good initiative with a better selection of sites and house/apartment models.
- 'Ashiana' in 2013 was another land-intensive model but was halted because of frauds.
- And now, the PTI initiative.

Every government has espoused the goal of housing for the disadvantaged. However, despite offices being set up and allocation of funds, little more than a few thousand houses for a select group were ever delivered. History keeps repeating itself and no government wants to rethink this flawed approach.

Even the Middle-Class Lacks Quality Housing

Data suggests that even middle-class families are still living in inadequate, jointfamily setups. Young, professional nuclear families in our society can't find affordable housing in the cities they work in. With that in mind, one questions the focus on providing housing for the poor without considering the needs of a productive working class as an essential requirement for the progress of the economy. The real estate market, like all markets, has a logic that must be kept in mind when designing policies.

Rental housing available to working professionals is mostly portions of residential bungalows. The rent and utilities can be up to 60 percent of the salary. Availability of rental office space is also limited. Either the quality is below par or the cost is prohibitive. This again brings one to the point where the construction of high-rise mixed-use buildings in city centres is essential to promote business activity as well as provide reasonably priced residential accommodation for working professionals. Unless steps are taken to promote this concept, urban development will not be conducive to an economically vibrant city.

As Figure 7.1 shows, currently, our urban sprawls benefit the top triangle of society, the affluent being the only ones who can afford suburban homes with cars and gardens. If Haque's (2015) and PIDE's (2006) concept of high-rise, mixed-use, apartment dwelling is accepted, then perhaps middle-income professionals will be able to live in a nuclear family setting rather than the current model of forced extended-family living.

If the above-mentioned model were implemented, it would become possible to provide housing for the triangle's base, which is the poorer segment of our population. The issue of rental or ownership needs reformulating. The current mainstream approach in our plan to ensure property ownership by the poor at any cost needs review, and we will turn to that. Clearly, there is no reason to fear market-based provision of rental housing for the poor if it meets their needs while the economy is offering them opportunities for social mobility (Gilbert, 2003).



Fig. 7.1. The Housing Policy Input Pyramid

The Chimera of Mortgages

While donors advise us to copy the West regardless of context, with expatriates thinking that those solutions are easily transferrable, in practice we have tried that path and failed. As an example, consider the haste with which we rushed to develop a REIT (Real Estate Investment Trust) law in 2011. To date, we have had only one REIT, which was to refinance an existing project of a business group with a strong balance sheet.

Despite the underlying rise in real estate value over time, mortgages are risky instruments for the following reasons:

- (1) The value of real estate does not increase as rapidly as generally believed. Even in Pakistan, on a long-term basis, the return on real estate investments is less than that of the stock market.
- (2) Mortgages are long-term instruments as the amount of the loan is often multiples of an individual's annual income. Servicing a mortgage, therefore, would require a steady and growing income over the repayment period. Income growth would be necessary because the family's needs also grow during the period of repayment.

(3) For the mortgage to be financeable, the value of the property must be no more than 3-4 times the annual income of the mortgagee. Creditors will only be confident of repayment if they see that the income supports the mortgage. For mortgage markets to exist, therefore, the ratio of the average value of property to secure increasing incomes must be about 3-4 times.

We must disabuse ourselves of the notion that mortgage markets have no preconditions other than some repossession laws and government guarantees. In reality, mortgage markets require a labour market where good jobs—secure and steady—and growing incomes with risk insurance, are prevalent. In addition, both a supply of real estate and a supply of good jobs must grow in tandem to achieve some kind of balance between the value of homes and incomes.

Society continues to think of acceptable housing as a single unit with clear and exclusive land ownership. They also think that the poor live outside, or on the outskirts of the city. The result is that our cities have developed with single-function, low-rise, low- density buildings. The cities continue to grow horizontally rather than vertically. Currently, sprawl-based models occupy 60 percent of a city's footprint with an average density of 3500 persons/km². Ideally, this number should be more than 50,000/km² in a city's core (Khurshid, 2020).

The latest thinking on the urban development of cities views them as a labour market with commuting distance/time as critical to housing policy decisions. People crowd into cities for jobs. This has led to the creation of shantytowns and shared housing near city centres. People crowd into neighbourhoods like Misri Shah, Krishan Nagar, Baghbaan Pura and Shahdara in Lahore, Sadar in Rawalpindi, and Lyari, Quaidabad and Sohrab Ghot in Karachi, to be near the job market. Each of these settlements has a density of more than 30,000/km². Thus, these middle-income neighbourhoods are ideal in terms of high density but largely lack decent urban services.

Box 7.3. Some Mortgage Arithmetic

- While collateral is important for a mortgage, the creditor wants a steady source of income and does
 not want to undertake the costs of collecting on the collateral and disposing of it. Creditors also like
 to lock in a secure income to avoid the risk of collection or the price fluctuation of real estate. Thus,
 the most important element of a mortgage is the income of the mortgage holder.
- Mortgages are possible with property as collateral, but more importantly a "good job" is essential i.e., secure, steady, with income growth and some form of insurance to cover risk.
- The rule of thumb used by most creditors is that the borrower cannot commit her full income to servicing the mortgage. Taking into account the family's needs, servicing a mortgage, as when paying rent, should require no more than 25-30 percent of a mortgagee's income. Thus, it is safe to assume that mortgages will be available at 3- 4 times a person's secure income. With that in mind, the following table shows the mortgage possibility for various income groups, from poor to rich.

Mortgage Potential by Income					
Monthly Secure Income	20,000	200,000	400,000		
Annual Income	240,000	2,400,000	4,800,000		
Mortgage=3*Annual	720,000	7,200,000	14,400,000		
Mortgage =4*Annual	960,000	9,600,000	19,200,000		

Conclusion

- Given property prices of well over Rs.10 million, only the very rich can get a mortgage, provided they can show good, secure jobs.
- The poor, who have no secure jobs or prospects of increased income, will probably not be able to get a mortgage.

A House is an Apartment in Big Cities

People crowd into dense centres, crammed into tenements in poor living conditions, because of the convenience of city living. If city building regulations and zoning laws are liberalised to allow mixed-use in a vertical setting, these people could spread out into flats and revitalise their neighborhoods.

Globally, people in big cities live in flats/apartments in mixed-use neighborhoods with ease of access that encourages foot traffic eliminating the need for cars. Why is it that the Naya Pakistan Housing authority intended to build suburban housing for the poor far away from the city? Pakistani policy needs to learn from big cities in other countries and accept that large cities cannot be vibrant entities by spreading horizontally and must adopt the vertical growth model.

Cities are More than Housing.

Jacobs (1969, 1984), Bertaud (2018) note that cities are a large urban market. Hence, the reason for flocking to them. The dynamism of a city arises with agglomeration in a dense setting where people shape the city according to their unique needs. This requires flexible zoning that allows people and their ideas to shape and reshape cities over time. This dynamism is what creates jobs and opportunities.

"Planners should focus much less on what people do inside their buildings and living spaces and focus more on improving the public realm and the way people interact while using workplaces, markets, streets, parks, and places of communal interactions."⁸⁸

Cities provide opportunities for education, and creative activities such as art, leisure, retail, warehousing, entertainment, entrepreneurship, and trade. Creativity and innovation add opportunities to the benefits of living in cities. Thus, a city, its labour market, and opportunities need flexible zoning and administration.

As discussed above, city managers (mostly non-technical bureaucrats) have governed our cities for decades with master plans that are rigid, extractive, and biased toward single-family homes. Cities are experiencing a sort of "command urbanism" through the exercise of a plethora of regulations derived from these master plans. The building block of our cities is either a suburban single-family home or an encroachment, thanks to poor city planning. These policies have created a crisis of housing availability and a lack of opportunities for the residents of our cities.

The PTI's housing initiative based its policy on the same thoughtless planning formula as the previous city master plans and sought only to provide housing for the poor. The question one asks is, "Where?" A related question should be, "Will the poor have the opportunity to hold onto their houses?"

Unless governments and advisers recognise that opportunities are more important than gifts, such schemes have a greater chance of failure than success. The best way is to allow cities to develop, especially in the downtown areas, like those in the rest of the world.

⁸⁸ Bertaud 2018

Sprawl, Plots, and Construction

Real estate investment is considered unproductive without any evidence to support this conclusion. This is part of our mercantilist policy approach where the industry is protected and subsidised, and services and construction are repressed (Haque, 2006). Since the popular perception is that buying real estate is unproductive, the imposition of heavy taxes and sanctions is used to dissuade people from investing in real estate. The Imran Khan government did just that by imposing heavy taxes on real estate transactions as it came into power in 2018. Transactions in most areas virtually dried up, withdrawing huge amounts of liquidity from the market, subsequently leading to a significant slowdown in growth. The recognition of the construction sector as an 'industry' by the government was a step in the right direction. However, the present government needs to recognise that the real estate sector is the real industry that drives the construction sector. The product is consumer demand for city spaces that have many shapes, of which housing is only one. As we have shown here, policy and planning have favoured sprawl and suburban housing with cars. As shown in PIDE Viewpoint 12, urban needs such as education, health, offices, retail, warehouses, markets, leisure, hotels, and public and community engagement are extremely undersupplied. Such activities perforce take place in suburban housing conversions that courts and regulators often proclaim illegal.

Box 7.4. Shortage of Needed City Space

The planning paradigm of Pakistani cities is as follows:

- Low rise strip malls along wide roads
- Single family houses
- Priority to cars, leading to ever-widening roads with flyovers and high-speed lanes.

The result has been that single-family homes have become units for economic activity taking on many purposes, including:

- Schools
- Offices
- Leisure space
- Restaurants
- Shops
- Warehouses

Urban planning has failed to recognize the variety of human needs or the growing population in cities. Instead, the preferred approach has been to force people into tight fantasies of planning, divorced from emerging needs, technologies, and changing lifestyles. The result is that neighborhoods' needs and requirements wage a constant battle against the poor planning standards prevalent currently.

Courts have jumped into the game without any idea of what the sociology or economy of a city is. A poor country is therefore wasting real resources with businesses and livelihoods being destroyed and transactions costs rising inordinately as courts and planners try to enforce unrealistic and fantastic standards. This thoughtless planning is detrimental to economic growth.

Haque 2015 Haque and Nayab 2006 PIDE Policy Viewpoint 12

The big win in real estate is allowing the industry to supply complex mixed-use buildings that will provide flats, offices, retail spaces, and other needs based on market demand instead of the whims of city planners. This will mean freeing up the value chain of real estate from land to end users, as shown in Figure 7.2.





Real estate investment has been an important source of wealth generation throughout human history. Indeed, Mr. Jinnah, the architect of our nation, was a perceptive real estate investor and is well known to have invested all his savings in real estate, which was the only investment choice open to the citizens of the colonised Indian subcontinent. Real estate development, through every stage of its value chain, creates wealth as well as specialised spaces that allow humans to be more productive.

In our cities, undeveloped plots rather than finished real estate is the investment of choice, all because of poor city planning, and not individual preferences. Sprawl policy favours a slow suburban development where plots are the commodity available for investment, while waiting decades for development of the said plot. Investors have no choice but to hold plots for years to make a gain. Our city planning, therefore, has created a plot market because it will not allow construction. People invest in plots, a graveyard of capital, when there is no real estate or secure investment alternative. We must allow real estate to be developed to satisfy city needs and let investors be involved in every part of the development of a real estate product.

City planners and policymakers must recognise that value and product are both created in vibrant city spaces. Unless we allow complex multiple-use spaces that are in demand by both investors and consumers, we will not achieve the national productivity numbers required by our economy (Haque & Nayab, 2020, FEG, 2011).

Deregulate! Deregulate! Deregulate!

Our cities are mostly a flowery assemblage of suburbs with wide avenues, flyovers, and underpasses connected to a decaying old district that is not allowed to regenerate. The focus of 90 percent of the city is the affluent population and a large share of the city budget is used to service their needs. Lavish clubhouses, golf courses, race clubs, and colonial mansions occupy prime land in the most productive city cores. Meanwhile, the poor live in informal settlements or crowd into the decaying old sectors of towns that city planning wants to forget.

Box 7.5. A City Definition

The Haque definition of a city must be considered. He claims that cities are made of dense areas with four characteristics of city centres:

- (i) Dense living in high-rise mixed-use localities.
- (ii) Walking and cycling must be the preferred mode of transport.
- (iii) Cars will be expensive to use downtown by imposing parking fees, fast lanes, or congestion charges.
- (iv) The basic living unit will be a flat/apartment in a multiple use setting.

Haque (2015)

As Haque (2015, 2017), Haque & Nayab (2020), and *PIDE Policy Viewpoints* 2, 12 and 13, have pointed out our planning models must change. Our zoning and building regulations must allow for flexibility. The permission regime must change to facilitate work.

If construction is to pick up, we must correct our vision of a city and our current paradigm that favours a sprawl. A wholesale deregulation of the real estate sector to facilitate development, transactions, and investment is required. What is holding back real estate development is too many convoluted government regulations based on excessive requirements of permissions and documentation, and outmoded thinking. There is a clear need to check our mercantilist approach and recognise that all economic activity, including real estate investment and development, is productive⁸⁹. In fact, economic activity begins with purpose-built real estate in cities.

Box 7.6. An Onerous Regulation in Real Estate

- In the absence of an urban land management system, all cities take longer than expected to register and transfer lands. The process normally takes 45-90 days.
- Two supra committees—District Planning & Design Committee (DPDC) to oversee land use change, review, and approval, and the High-Level Design Committee (HLDC) to grant approvals of buildings—are headed by non-technical bureaucrats (Commissioner & DC) and are delaying the approval process by several months.
- There is another intermediate time-consuming requirement for the construction of commercial/business and apartment buildings—that is, the commercialization of plots. The process again takes 3-6 months under a normal process.
- City authorities do not allow mixed-use and business spaces unless they are on prescribed areas (usually located on 'Declared Commercial Roads') and in the manner that suits them.
- City regulators also act as housing developers, competing with the private sector, and reducing their business space.
- Absence of the multiple ownership/condominium law to resolve and secure title issues also creates barriers to the development of high-rise and mid-rise buildings.
- Another legal tool titled "Real Estate Regulatory Act (RERA)" is in the pipeline to control the real estate market.

⁸⁹See McKinsey & Company (2017) to understand causes of low productivity in construction.

CONCLUSION

Construction is indeed a leading sector. It has been such throughout all of human civilisation. People construct cities to conduct business activities with city spaces designed for ease of doing business and thus to be a catalyst for growth. All manner of space is required for the many human needs of commerce, employment, and living. Currently, no one in city authorities fully understands or predicts these needs. This is why city planning, like central planning that had become a fad in the 20th century, is no longer practiced in most modern cities in the old top-down, predetermined fashion. Instead, planners use a light touch to work with the market and reshape cities as they grow (Jacobs, 1984; Bertaud, 2018).

There is also a clear need to check our mercantilist approach and recognise that all economic activity, including real estate investment and development, is productive. Economic activity begins with purpose-built real estate in cities. In Pakistan, the bureaucracy has had control of cities for a long time and has held to the tenet of rigid planning firmly. High-rise construction for flats, shopping malls office spaces, and many other spaces have been severely restricted. Planners have been enamoured of the American suburbia modal without providing the amenities offered there. The result is a car-favoured sprawl where only the rich have room. Employment opportunities are severely restricted and commercial spaces are in short supply. Because apartment living is seriously discouraged, there is no residential space available near employment opportunities. The poor are forced to seek informal establishments at the risk of frequent displacement.

Cities cannot be directed. They must be allowed to grow according to the needs of all their residents. City centres, especially, belong to everyone. Dense construction with high-rise and mixed-use buildings in city centres will allow everyone employment and living choices. The current approach favoured by rigid planning is to provide housing opportunities to the poor on the outskirts of the city, imposing high travel costs on them for commuting to jobs.

The model of giving the poor housing out of the city and offering them cheap mortgages without good jobs and with large travel costs is flawed and may only lead to future difficulties. Such a model can be gamed by developers and the poor will get minimal benefits while the possibilities of budgetary losses, or public land being swindled, are high.

We argue here that an effort to deregulate the city is essential which may involve the following:

- Stop master plans that do not understand the dynamism of evolving city innovations. These master plans are hijacked by lobbies that prevent city innovation.
- Change rigid zoning laws that prevent citizens from accessing facilities needed to lead a productive life. There is no reason to ban commercial life near gated communities or prevent offices from overlooking the residential property. Those with a high value for privacy can move to the suburbs.
- City centres or the cores of large cities like Lahore, Karachi, Faisalabad, Peshawar, etc. must allow the construction of high-rise and mixed-use buildings to have the flexibility to adapt to changing market conditions.
- Generous floor area ratios (FARs) should be allowed so that the market can work. Not everyone will build to maximum height despite market conditions. FAR also

allows flexibility in design. Building height restrictions, currently rigidly enforced, are outdated, constrain the market, are inflexible in design, and are not realistic in today's world.

- Building codes are for areas and not individual properties. There should be no reason to get building-by-building commercialisation and permission.
- The permission regime is too costly. Those entrenched in the system have an advantage and it becomes a builders' game. Let everyone with ownership develop his or her properties.
- The mistrust in the real estate sector is misplaced. There is no reason to look upon the real estate industry with suspicion and increase transaction costs in it. Documentation is not an issue only in real estate but everywhere.
- The real estate sector comprises the construction industry as well as real estate development and both work in tandem. It is a value chain that operates from land to development to the services that flow from constructed space. The stigma from any part of the value chain must be removed, and the entire industry should be allowed to transact freely.

It is important to realise that packages cannot solve the problem of over- regulation, poor policy formulation, and thoughtless planning. The real estate market requires a substantial rethink. City development, regeneration, and innovation need substantial rethinking. Without these, construction packages will not achieve much.

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Chapter 8

Rethinking Mobility (Urban Transport Policy) in Pakistan

NADEEM UL HAQUE and MUHAMMAD_RIZWAN

INTRODUCTION

In essence, a city is an urban labour market (see Bertaud, 2018). For a city to function efficiently as a labour market and also provide for the needs of its residents, universal design is critical. Successful cities represent opportunities that in turn draw talent to the labour pool. The inflow of jobseekers causes congestion, an effect that is manageable with effective mobility options. However, accessibility and mobility themselves are a product of how a city is laid out.

Road/street space also referred to as 'right of way' (ROW), is where most urban transportation activities take place and constitute the majority of public urban space. ROW generally contains 60-90% of a city's public spaces. Since cities in Pakistan rarely have other public spaces, such as parks or libraries, this value would be on the higher side for them at around 90 percent. Thus, transport planning in Pakistan's urban environment is critical from both a mobility perspective and the future shape of a city's public space.

Urban transport planning is experiencing a paradigm shift in how mobility problems and their solutions are defined and evaluated. This involves three types of analyses (See Figure 8.1):

- traffic-based which evaluates the transportation system based on motor vehicle speed and operating costs.
- mobility-oriented which evaluates the system on speed and cost of people and freight.
- accessibility-based which evaluates the system on the ability of both people and businesses to access the desired services and activities (Litman, 2020).

Objectives of Urban Transport Policy

The objective of an urban transport policy is to provide safe, affordable, reliable, comfortable, and sustainable accessibility options to city residents, especially the marginal segment, to access jobs, education, living, and other necessary services. The main objectives of transport policy are:

- Urban transport to be considered a system, and not as separate projects.
- Integrating urban and transport planning to shorten commuting distances.

- Cities to have aggressive targets to switch from private vehicle-based transport to sustainable modes. This will also support climate control measures.
- Budget spending on transport infrastructure to prioritise sustainable modes over inefficient modes.
- Transport agencies to explore new revenue sources for funding and managing infrastructure.
- Design of urban streets to be safe, with universal access that encourages multimodal options.
- Increase contractor skills to deal with urban challenges and deliver quality projects in time.
- Standardisation of urban transport operations like licensing, vehicle fitness testing, automated violation monitoring, ITS, parking management, and congestion pricing, among several other operations.



Fig. 8.1. Transport Policy Progression (Venter, 2017)

Source: Venter (2017).

Urban Transport Development Framework

Cities in Pakistan need to adopt a standard framework for sustainable urban transportation systems.



Fig. 8.2. Urban Transport Development Framework

Details for each element may vary for each city but missing elements from the framework mean the city is lacking in certain requirements to develop a sustainable urban transport system.

Global Practice in Urban Development

The latest global practice, when considering urban transport, is to focus on accessibility and connectivity with strong cross-sector collaboration, rather than looking at traffic flow or mobility in isolation. While transport planning has a critical role in good urban connectivity, it cannot deliver on its own and requires other sectors to play an active role (Rode, P., Heeckt, C., da Cruz, N.F., 2019).

Cities like Singapore, Hong Kong, Jakarta, Delhi, Bogota, Abu Dhabi, and Cairo have shown how to create jobs, support economic development, and deliver a good quality of life to their residents while minimising their carbon footprint. A transformational approach for compact and connected urban growth is to increase liveable density by creating mix-use land development where people can live, work, study, shop and have fun without excessive travel, and combine this with citywide public transport. Cities can benefit from integrated planning and a more efficient use of resources that allows for greater prosperity and social inclusion at lower costs. Cities like Ahmedabad, Addis Ababa, and Dar es Salaam, with large lower- income populations, have found ways to translate

compact and transit-oriented growth effectively into their contexts (Rode, P., Heeckt, C., da Cruz, N.F., 2019).

Urban Development in Pakistan

The current preferred model of city planners in Pakistan is SPRAWL! With the start of economic development, migration to urban centres rose rapidly as expected. However, the urban planners continued to pursue a rural model, refusing to allow old city centres and neighbourhoods to regenerate. The most important elements of their master plans were:

- An insistence on low-rise and single-family homes. This meant favouring suburbs and greenfield development over city and neighbourhood regeneration.
- With sprawl, repeated road widening followed by the creation of more flyovers and underpasses to facilitate cars.

The result was the growth of housing for the affluent, as suburban single-family homes were usually beyond the reach of the lower middle class, let alone the poor⁹⁰. The excluded populations had to huddle into tenements in the older parts of Pakistani cities that lacked many urban services. Moreover, the only choice of transport for them was a family motorcycle if they could afford it. Despite this, space remained at a premium in these cities, and more and more people were forced sought shelter in informal settlements known as *katchi abadis*.

In Pakistan, city planners seem to be uninformed of the needs of the city and the research on urban development and its economics. Haque (2015), Haque (2017), and PIDE (2020) have identified continuing urban shortages of space for schooling, flats, retail, warehouses, offices, etc. Masterplans have consistently ignored these needs. Instead, the sole concern of masterplans has been the development of affluent suburban housing, as if the majority of the Pakistani population has a standard of living that equates to that of the American middle class.

Mobility Options for All in Cities

Streets or Right-of-Way (ROW) are public spaces that connect people to neighbourhoods and facilities. They allow mobility and access to street vending, art, and other community services (shows, meetings, etc.). Common modes of urban transport include walking, cycling, paratransit⁹¹, buses, trucks, cars, motorbikes, and urban railways. Most of Pakistan's urban transport budget, however, is used to improve roads and signal-free corridors (flyover and underpasses) that only facilitate cars and motorbikes, seldom focusing on other modes. City administrations rarely spend on buses, which are a basic mode of transport used to connect various neighbourhoods in a city. The priority of transport modes in Figure 8.3 shows the efficiency to cost ratio. Efficiency in urban transport systems is a priority so cities can be a place of opportunity for everyone.

⁹⁰ It is worth researching why Karachi is an exception with a fair supply of flats. The rest of Pakistan is plagued with a limited supply of flats because of poor regulation.

⁹¹ A transportation service that supplements larger public transit systems by providing individualized rides without fixed routes or timetables.



Fig. 8.3. Transport Modes: Hierarchy vs Cost

(ITDP, 2018).

Walking

Walking is a core segment and the foundation of any public transport system. If a street design does not accommodate pedestrian use, it will promote car usage and will not benefit the majority of the population who do not have cars. Correspondingly, if a mass transit project (BRT or rail line) does not have pedestrian access to metro or bus stations from neighbourhoods, the project cannot be termed successful. Universal "access for people with special needs" is mandatory in all projects – whether they are private buildings or street infrastructure – and in all civilised cities. As such, universal access is the minimum standard of convenience that Pakistan's cities will have to achieve to become connected and accessible for all citizens.

Benefits of promoting walking in cities:

• Universal access/equal opportunity.

- Walking is free.
- Environmentally friendly
- Lowest infrastructure cost
- Economic benefits (due to increased interaction with local area businesses)
- Healthy lifestyle
- The safest mode of transport, if properly segregated from traffic
- Accessibility range (0~1500m, preferable < 500m) keeping weather conditions in mind.

Helpful Measures to Enhance Pedestrian Access in Cities:

- Sufficient width of walkways (min. 5m for boulevards/avenues and 3m for local streets)
- Pedestrian ramps for continuity of pedestrian paths (at junctions or at building access point)
- Raised pedestrian crossings (to give priority to pedestrians)
- Pedestrian safety during street design
- Shaded walkways (encourage walking in cities with hot climate)
- Priority for pedestrians at traffic signals (push button)
- Universal access provision required for the approval of a transport project at any stage.
- Elevators mandatory with pedestrian bridges as a universal access requirement

Cycling, E-Bikes & E-Scooters

Cycling is one of the key elements of a clean and sustainable urban transport system. Considering the socio-economic background of the majority of the population of Pakistani cities, cycling should be our most popular transport mode as it is free to operate, unlike motorised vehicles. However, our transport system shows a complete disconnect from this reality as our cities rely heavily on motorbikes instead of bicycles. While motorbikes may provide low-income segments with a realistic alternative to cars, we never hear city administrators or planners evaluating cycling as an alternative to motorbikes.

Although cycling has its limitations, such as trip lengths and weather, it is worth noting that cities with weather similar to Pakistan, like Abu Dhabi and Dubai for example (with summer temperatures of 45 C°), are building bicycle tracks within city limits to encourage this mode of transport. Abu Dhabi is putting in a 300km track with Dubai already having built around 100km of it. Globally, a significant number of people are using bicycles and shared e-bikes to commute. Since Pakistan shares climate and demographics with the U.A.E., we would benefit from adopting their best practices concerning improving urban mobility.

The experiences of cities around the world show that bicycles have a huge potential in Pakistan's urban environment. If explored properly by city authorities and people, this mode of transport can result in improved accessibility within cities, new opportunities for millions of people, and overall less spending on motorised infrastructure and fuel. Some benefits of cycling are:

- No operating cost
- Environmentally friendly
- Minimum infrastructure cost
- Economic benefits due to fuel savings and less spending on road projects
- Healthy lifestyle
- Safe mode, if properly segregated from traffic
- Accessibility range (200m~5km; speed 10~20kph; can vary due to weather)

To Encourage Cycling in Our Cities, the Following Measures Can Be Effective:

- Properly designed and safe bicycle tracks
- Safe cycle crossings at traffic signals and streets
- Availability of high quality and fairly priced bicycles
- Bicycle parking racks at major facilities and bus stops
- Bicycle racks within office and educational buildings
- Creation of recreational cycling facilities

An E-bike is a bicycle with an electric motor to assist the rider. E-bikes allow city residents to commute longer distances compared to manual cycles. In 2019, the global E-bike market was worth \$18.6 billion, a clear indication that this mode of transportation is in demand and growing.

E-scooters—which also have an electric motor to assist the user but have no seats or pedals. They are useful for commuting short distances while E-bikes – with a seat and pedals – are more appropriate for commuting longer distances. Several cities in Europe and the Middle East are planning to build cycle highways to optimise spending on motorised vehicle infrastructure and reduce fuel consumption with the premise that people can use ebikes to travel between 5 and 20km. While cycling highways may take time to appear in Pakistan's urban environment, e-bikes have great potential in our cities as an alternative to motorbikes. Thus, a small step toward adopting e-bikes or e-scooters may quickly change the shape of urban transport in Pakistan.

Buses

Buses are arguably the most basic component of any public/mass transit facility in a city. In Pakistan's urban environment, buses are the most neglected mode of transportation. In recent years, administrations of various cities have spent billions of rupees to upgrade transport infrastructure, such as roads, highways, and the like, but have repeatedly ignored the need for a citywide bus service. Building a metro line for a midsized city without a connecting bus system is like enrolling in a master's degree program without passing high school. No Pakistani city currently provides standard bus coverage that extends across the city.

Whether as a result of government, administrative, organisational, or system failures, Pakistani cities have failed to understand that an urban mass transit system cannot exist without standard bus coverage across the city. While Karachi previously had a decent bus system, its buses are now almost 40 years old. The number of minibuses there has

decreased from 22,000 to 9,000 in the past 10 years. According to the 2018 World Bank Report, Karachi currently has 8,000 fewer buses than are required to meet demand. This shows the demand and supply gap in the mass transit system, which is currently filled by substandard transport like rickshaws and motorbikes. Worse still, other cities in Pakistan do not have a significant old or new bus fleet, and thus face an even larger public transport shortage than Karachi. Here are some key features of standard buses that can be easily implemented with existing infrastructure:

- Can offer mobility for all.
- Carry 40-180 people in a vehicle.
- Cheapest motorised mobility option
- Need less urban space.
- Less energy consumption (per person)
- Pollute less (per person vs car)
- Safer than private vehicles
- Improve accessibility to jobs.
- Reduce traffic congestion.
- Increase productivity of consumers (by freeing up time spent driving)
- Create new employment opportunities for bus drivers, and maintenance staff.

To promote bus usage in cities:

- Offer direct routes between major destinations.
- Observe published timetable strictly.
- Ensure passenger safety (on and off vehicles)
- Offer attractive fares by generating additional revenue from other sources.
- Build accessible bus stops.
- Integrate with other modes of transportation.
- Create better pedestrian infrastructure to and from bus stops.
- Include on-demand service/arrival information sharing.

Urban Rail Based Transport System

Rail-based transport is the most effective way to build sustainable urban transport systems, especially for densely populated cities. Due to its high capacity, an urban rail network increases the efficiency of a transport system through a major modal shift from other modes to rail capacity. Rail-based urban transport is considered the safest, most reliable, environmentally friendly, and urban-growth-supportive mode of transportation. It helps to reduce congestion in cities, and lower fuel consumption and emissions through a reduction in private vehicle trips. A rail-based transport system creates more jobs than road-based transport systems and ensures human resource supply for business centres. The neighbourhoods benefit as real estate value in the area increases several-fold after the implementation of such projects. Therefore, a feasibility study for rail-based transport must capture the real estate benefits to counter the initial high capital investments that are required. A modern urban railway needs specialised skills for its planning, design, and execution, including that of its structures (viaducts or tunnels), track, rolling stock, rail signalling, and operating system. The following are popular urban railway systems:

Urban Rail Options Comparison					
Tram	Light Rail (LRT)	Heavy/Metro (MRT)			
 Runs at grade. 	• Stays elevated.	• Elevated or			
 Occupies ground 	 Doesn't consume 	underground			
space.	ground space.	• Doesn't consume ground space			
 No structure cost 	 Cost of elevated 	Cost of elevated or			
• Track, train, and rail	structure	underground structure			
system	• Track, train, and rail	• Track, train, and rail			
* Some cities run trams with rubber tires on asphalt streets	system	system			
• Interface with traffic and pedestrian through signals					
• Train (2-5 car units)	• Train (2-5 car units)	• Train (2-5 car units)			
• Capacity: 12,000 pphd	• Capacity: 22,000 pphd	• Capacity: 48,000 pphd			
• Cost \$20-25m per km	• Cost \$30-50m per km	 Cost \$50-70m per km (Elevated) Cost \$150-200m 			
		(Underground)			
• 2-3 years of	• 3-4 years of	• 4-5 years of			
construction	construction	construction			

Table 8.1



Revenue sources for mass transit investment

Mass transit projects are not viable on a fare-only basis; major revenue sources for mass transit are:

• Real estate value capture (cost share from private developers)

- Rental income from retail facilities located inside stations.
- Payment from private developers to pay for stations serving their developments.
- Advertising revenue from space leased out on trains, in stations, and related structures.
- Media (special bookings by entertainment industry)

Fig. 8.4. Real Estate, Commercial, and Marketing Revenues from Mass Transit Project



Bus Based Rapid Transit (BRT): Expectations and Limitations

BRT is already operating in a few Pakistani cities with more cities adding it soon. However, the million-dollar question is whether we have evaluated other alternatives and picked the best solution. Spending Rs.30 billion on a locally funded BRT line serving 5-10 percent of a city's population is not an effective use of resources, if instead, 2,000 normal buses can operate in the same amount, in Karachi or Lahore for example.

There are many types of BRT, such as trams, light rail, and metros. They cater to different requirements in a city. How can we be certain that we need BRT with dedicated corridors for our cities? If we are not certain, why are we willing to spend such immense amounts on a single project that requires more funding than a city's entire transport budget? Although BRT systems indeed tend to increase real estate prices around their routes, the question remains, will they be able to solve an entire city's mobility or accessibility issues. Are we even heading in the right direction if we are entirely ignoring foot traffic and conventional buses? Any professional assessment would answer both these questions in the negative.

BRT may work for mid-sized cities like Islamabad/Rawalpindi or Peshawar, but will not be effective without a connecting basic bus service. It is difficult to fathom how we opted to dedicate Rs. 30 billion for a BRT line in a city like Multan, where a basic bus service would have served the same purpose.

BRT has a limited capacity and consequently cannot be the ultimate solution to provide adequate transit facilities for the majority of the population for cities like Karachi and Lahore. Indeed, BRT is successful in very few cities with populations greater than 10 million. It has failed to serve effectively in a city like Delhi, which has an estimated population of 18.6 million. The experiences of these populous cities have demonstrated that the limited benefits of BRT are outweighed by its immense costs.

Points to consider before BRT installation in Pakistani cities:

- BRT has a limited capacity compared to urban railway systems. Even in major metro rail stations, such as those in Tokyo, Manila, or Dubai, with a training capacity of 1,000 passengers, people often have to wait for a train with space to accommodate them because of a large number of passengers. Thus, BRT with 7-10k pphd capacity in the major corridors of Karachi and Lahore cannot work for these cities in the long-term; it may require further projects and investment or replacement by urban rail eventually.
- BRT may have economic benefits to some extent, but will not relieve traffic congestion in peak hours, as the major mode of transportation will still be private vehicles, which are a hindrance to further development of cities.
- Cities should have standard bus coverage before building a BRT system.
- Cities should facilitate walking and cycling.
- Traffic management in cities must be automated to ensure the maximum performance of existing infrastructure before investing heavily in mass transit.
- If BRT is still necessary, all potential revenue sources, such as real estate rental for commercial activity, and advertising space leasing, must be fully explored to determine BRT feasibility.
- Level-1 BRT including dedicated bus lanes without separation, roadside bus stops with shelters and benches, real-time passenger information, and bus priority at traffic signals should be evaluated first. This will cost less than current expenditure and will serve as a realistic transition if a future rail corridor is needed.

Paratransit (Private Services)

Paratransit services supplement the larger public transit system by privately providing individual rides. Taxis, limo services, and private vans all fall in this category. Due to a lack of a comprehensive public transit in Pakistan, paratransit is filling some of the gap between supply and demand in cities. This is ineffective at the macro level because of affordability and limited supply. While the addition of app-based ride services, such as Careem, has improved the situation, a large proportion of the population does not use these alternatives due to an educational background that does not facilitate the use of the cellular internet.

As standard paratransit is a component of a city's urban transport system, its easy availability is important in limiting private vehicle usage. However, a policy ensure that fares of paratransit are high enough to make usage of public transport preferable due to it being more economical. Thus, for a paratransit system to be successful, it must adhere to a regulatory regime. Indeed, one reason why taxis have never flourished in Pakistani cities is that no regulatory authority monitored their operation. The existence of empirical studies analysing the public sector regulation of paratransit systems in African cities, as well as in Delhi, could prove to be a useful tool for the creation of a regulatory regime in Pakistan.

Private Vehicles

In cities that have no public transport or mixed-land-use, people are forced to use private vehicles. Sprawls, such as those in Pakistan, require cars, motorbikes, and other modes of private transportation. Furthermore, when road use is free and subsidised through regular road-widening, underpasses, and flyovers, demand for such vehicles increases.

Vehicle registration data (PBS-2018)					
Vehicle Registration Data (Pakistan)					
Mode	2018 (m)	2017 (m)	Increase		
Total	26.57	23.87	11.3%		
Motor Bike	19.74 (74%)	17.49 (73.3%)	12.9%		
Cars	3.46 (13%)	3.19 (13.4%)	5.2%		
Rickshaw	0.85	0.76	10.9%		
Bus	0.242	0.239	1.2%		
Trucks	0.28	0.27	2.4%		

Table 8.2

Box 8.1 Cars

- Almost 13% of total vehicles (3.5m) in Pakistan are private cars.
- Most road infrastructure caters to cars.
- Worst fuel consumption and environmental impact per person among all modes of transportation.
- major congestion contributor.
- Spending to improve car flow is short term and encourages more cars in the system.
- Cities like Riyadh, where cars are the only mode of transportation and all city arteries are signal-free, face massive congestion.
- Karachi has seven signal-free corridors, all congested at rush hour, and recently commissioned flyovers congested within a few weeks of opening.
- Limit car usage through congestion pricing, restriction time, and parking management
- City authorities must also consider switching completely from manual to automatic cars in order to improve traffic flow at traffic light junctions.

In Pakistan, only two methods of transportation exist for commuting: private cars, and motorbikes. City planners seem to have forgotten about the rest of our population. Only about 8 percent of households own cars if we assume that there are no multiple-car-owning families. Similarly, 50 percent of all households' own motorbikes if we assume that there is no more than one motorbike per family. This means that around 40 percent of all households are without an adequate method of transportation, specifically because cities are arranged as sprawls for cars.

Substandard Vehicles Cannot Operate in City Environment

There is no concept of substandard vehicles, like rickshaws or Chingqis, in sustainable urban transport due to their poor operating speed (10-30km/h) and unsafe riding

conditions. Low-speed vehicles compromise overall system efficiency by slowing down public buses and private vehicles, as well as increase the overall travel time for commuters. Yet, rickshaw use in Pakistan is increasing at an alarming rate of 10 percent yearly.

Substandard vehicles are unsafe. To ensure public safety, other modes of transport must replace them. Eliminating such informal transport will be a tough task for authorities as thousands of people rely on it for employment and use it on a daily basis for their transportation needs. This transition should be carefully studied and a strategy to replace these substandard vehicles should be properly planned considering ground realities, with viable alternatives for both users and drivers.

Motorbikes

- 74 percent of total vehicle share (20m total bikes)
- Affordable/popular mode for low-income population
- Unsafe mode: major contributor in fatal accidents and the leading vehicle in most traffic violations
- Inconvenient for long distances
- Not a standard transport mode in design guides
- Must be considered a part of Pakistan's environment while designing street parking.
- Major policy change needed to replace short distance trips with trips using healthy NMT transport modes.
- Improved public transport is needed to replace long-distance bike trips.
- Research and effort required to limit motorbike usage on streets.
- E-bikes can be an effective means of reducing motorbike usage.

Freight Transport

The needs of a city and its people grow with time accompanied by changing logistical needs. Efficient movement of goods – through freight transport – is essential to meet a city's need for growth, as is the right of residents to access jobs and services via urban transport. Cities require professional management to ensure that both these needs are met simultaneously, without conflicting with each other. Often these industrial areas become part of a city's dynamic growth and expansion. Managing the growth proactively ensures that industrial growth does not negatively affect the commercial and residential profile of a city.

Karachi, a city with one of South Asia's busiest seaports, still fails to manage heavy vehicles without impacting urban movement. Mega construction projects mean many construction vehicles in cities like Karachi, a factor not accounted for in urban transport planning. For example, hundreds of big trailers simultaneously enter Karachi via a singleentry point after 10 PM, creating chaos, heavily impacting city traffic, and restricting residents' mobility. Such occurrences create serious environmental and traffic safety issues in urban areas. Some key elements of managing freight transport in urban areas are:

- Assess current and future freight needs through surveys, data collection, and engagement with real stakeholders.
- Introduce logistic spaces to serve urban growth.

- Integrate freight movement with transport and land-use planning.
- Strictly implement limited operation timings for heavy vehicles
- Upgrade to green vehicles for environmental benefits and reduced fuel consumption

Urban Transport Planning

The planning process should begin with an understanding of the socio-demographic, land- use, and economic contexts within which a transport system operates. Urban transport planning is a process of transforming a vision into reality by identifying the future needs of a city through data collection and technical analysis, with an eye on financial constraints, before creating a plan that projects a city's needs over time. Pakistan's urban population is expected to double by 2050 (PC 2014, PBS 2017). City governments need to have a realistic plan to fulfil future mobility needs so that cities can be both liveable, as well as engines of growth. For that, cities need to create their novel resources and tap potential revenue sources in line with global best practices.

In Pakistan, urban transport has been in crisis for the past two decades. An increase in the number of private vehicles, mainly due to easily accessible leasing facilities paired with population growth, is dominating the usage of public space as there has been no significant improvement in a mass transit system. The owners of a few existing public transport companies lack interest due to low returns. Recently, political leadership discovered a very expensive option – the metro bus. This differs from basic public transport in that it uses elevated concrete platforms and dedicated lanes to leave room for private cars on the ground.

Transport and Land Use

Transport planning must be an integral part of urban planning rather than being a consequential requirement. Integrated planning is needed to minimise urban travel distances. Trip characteristics by the urban population are a function of land use. Urban planning must encourage short distance trips which can be served by healthy and sustainable modes like walking and cycling. All trips within a neighbourhood can't be served locally and a need for some long-distance trip would be there which would be relatively manageable by public transport if they are limited in numbers. This needed to be dealt with from the early planning stage.

The land use pattern of the city has a major role in the travel distances of commuters. A resident of North Nazimabad Karachi (major residential centre) has to travel 20km to reach FTC, Shara-e-Faisal (major business centre), or 25km to reach I.I Chandigarh Road (major business centre). The main reason of increasing trip length is the confinement of work-related activities in downtown or CBD due to building regulations as new developments in Suburb lacks the business and workspaces.

Our current sprawl system to build huge residential plot schemes 20-40 km away from the city centre with no significant other work, business, health, education, and other urban spaces is depending on car-based transport which is in-effective, unsustainable and causing a huge burden on public expenditures as either expensive metros or further car expressways to connect these suburb developments with the city centre, while city centre has no space to accommodate the additional cars. Transport alone cannot viably manage the encouraging long trips and it adds huge expenditure to the transport development budget. Urban planning is required to support a sustainable transport system at both pre-development and post-development stages. To achieve that goal, Land use regulations for cities in Pakistan need to be extensively reviewed and updated to meet the need of liveable cities.

At the Pre-development stage, the urban planning to target Integrated communities or sustainable districts, so maximum trips happening in developments are served within developments and limit the impact on urban transport infrastructure.

At the Post-development stage, (For existing urban areas and downtown) urban planning process to continue evaluating the land use pattern and identify shortages in specific facilities causing the significant number of long-distance trips. Mitigate the shortage of specific urban land use by adding the required urban facilities and revision in regulations where needed.

Switch from Congestion Responsive Actions to Demand Forecasting

Urban authorities in Pakistan upgrade road infrastructure wherever they see congestion. This is not urban transport planning but a reaction to car-based congestion. Urban transport planning and investments should not be made on guesswork and personal preferences but through a macro planning process commonly known as '4-stage Travel Demand Forecast' modelling. Planning tools help identify current and future transport needs and provide a quantitative analysis of current and alternate future scenarios. No city in Pakistan is actively using macro models for transport planning.



Fig. 8.5. Four-stage 'Travel Demand Forecast Modelling'

Public Transport Share in Big Cities

Globally, densely populated cities rely heavily on multiple public transport modes, which include walking, cycling, and buses. As a country with limited resources, we should

not depend on the luxury of a private-vehicle-dominated transport system. After building expressways that cover most of the city,

Riyadh and Dubai have realised that this approach is neither effective nor sustainable. They are now investing heavily in urban rail, as they are unable to manage mobility and traffic congestion issues with vehicular growth and luxurious expressways. This should serve as an example to Pakistan. Although Pakistan cannot spend \$10bn in one city to develop a rail network system like Cairo or Delhi have, spending Rs.30-70 billion on a single BRT line which will barely serve 5 percent of a city's population is not smart planning.

It is obvious from the above table that in all densely populated and developed cities globally, sustainable mode trips are a major contributor to commuting.

Mode's Distribution % (Global Values)				
	(Public Transport/	Population		
City	Walking/Cycle) Share	(millions)		
Hong Kong	90%	7.5		
Tokyo	89%	37		
Mumbai	85%	28		
Dehli	81%	26.5		
Shanghai	80%	34		
Paris	80%	12.5		
Istanbul	80%	15		
Beijing	79%	24		
Singapore	67%	6		
London	63%	14		
New York	55%	24		
Dubai	25%	4		
Riyadh	10%	7.5		
Karachi	30%	24		

Source: citymayors.com & www.wikipedia.org/wiki/modelshare

Similar mode share targets are needed in Pakistan to achieve a high share of sustainable mode trips (walking, cycling, and public transport). If our cities do not implement a target of 70-80 percent sustainable mode share, the transport planning and investment decision-making process is flawed, and not working towards sustainable development.

Environment and Transport

Transport, as a sector, is the largest and fastest-growing emitter of greenhouse gases (GHG). While the exact figure of the factor contribution of transport to total emissions is unavailable for Pakistan, transport globally accounts for 20-30 percent of GHG for developed countries; this figure may be higher for third world countries because of older vehicles. Thus, the transport sector must take a proactive approach to mitigating and adapting to climate change.

Some Pakistani cities have set an interim target of reducing emissions by 50 percent in 10 years, reaching net-zero carbon dioxide emissions in 20-30 years.

During the recent COVID-19 lockdown, the usage of motorised vehicles was on the lower side in cities, resulting in improved air quality and a reduction in emissions that were obvious even to the naked eye. The air quality index showed a significant reduction in emissions for all major cities, including Karachi, Lahore, and Islamabad.



Fig. 8.6. GHG Emissions of Individual Mode and Space Footprint (ITDP, 2018)

This highlights how the excessive use of private vehicles adversely affects the environment, and urgent action is needed to stop further contributions to global warming and climate change.

Shifting to electric vehicles is a major strategy for reducing GHG emissions but will prove to be ineffective if electricity itself is generated from fossil fuels. Thus, action is required from the transport and energy industries both. The transport sector's actions to minimise its environmental impact involves a reduction in private vehicle usage and a switch to non-motorised modes, as well as a reduction in trip lengths through improved access to services and public connectivity. Figure 20 shows the environmental and economic benefits if bicycle trips increase on a global scale, from 7 percent to 23 percent by 2050.



Fig. 8.7. Environmental Cost Benefits of Walking, Cycling, and Buses (ITDP, 2018)

Limit Private Vehicle (Car) Usage in Cities

As established previously, private vehicles (cars) are the most inefficient mode of transport and a major contributor to congestion and emissions within cities. Many cities have adopted different ways to limit car usage, including better public transport, time-restricted usage of some streets (full time or certain timing), congestion charging, parking pricing, and others. Here is how we can apply two of these techniques effectively in Pakistan's urban environment:

Congestion Pricing / E-toll

Land is the most valuable commodity in an urban context. Private vehicles that occupy precious public space and use up billions in infrastructure for personal use must pay a surcharge. The results of imposing a surcharge on private vehicles to enter congested areas/ routes are as follows:

• Congestion decreased to a manageable level.

- Alternate routes are used if available, reducing congestion.
- Encourages people to explore alternate sustainable modes such as mass transit, if provided
- Generates revenue for infrastructure maintenance.

The congestion charge in London is £11.50/day for driving a vehicle within the restricted zone between 07:00 and 18:00, Monday to Friday. Dubai charges AED4 for crossing a charged point once; there are five toll points along Sheikh Zayed Road alone.

Paid Parking

Parking pricing and management is essential to ensure effective urban space usage in cities. To achieve this, many cities are reducing the minimum parking space requirement within buildings and providing alternate healthy transportation options to discourage car usage. Furthermore, commercial users, such as container food outlets or kiosks, pay to occupy expensive urban land generating revenue for infrastructure maintenance. It is quite surprising then that the Blue Area in Islamabad has free on-street parking in such a congested and expensive area. The following parking regulations must be adopted to improve parking management and to increase revenue from parking:

- No free parking in cities/downtowns
- Parking in urbanised area *only at designated* points; no parking on main thoroughfares
- Hourly charging, rather than full day, to be encouraged to maximise parking revenue and discourage long term parking in commercial areas.
- Parking fee to be equivalent to adjacent property rental value.

Transit Oriented Development (Tod)

Pakistan's cities have built some mass transit facilities, but city agencies have not yet explored TOD. TOD is mix-use vertical growth within a 400-500m radius of public transport stations. It follows the vision of creating compact, connected, and accessible cities in which most facilities are within the proximity of a public transport station. TOD also provides residents with the opportunity to live a car-free and lower-stress urban life. By using integrated urban planning, it brings people, activities, residences, and public spaces closer. It does so while giving the highest priority to walking and cycling, as well as providing a transit facility nearby for residents to connect with the rest of the city.

TOD encourages healthy commuting, public transport usage, and supports sustainable urban growth. TOD is a leading alternative to 'sprawl' to mitigate growing environmental challenges and energy consumption that occur due to excessive car usage. With current and upcoming mass transit facilities in Karachi, Lahore, Islamabad, Peshawar and Multan, this is a great opportunity for city agencies to shift from suburban sprawl growth to TOD and fully capitalise on the potential of expensive mass transit facilities. For example, Agha Shahi 9th Avenue in Islamabad is a perfect location with seven BRT stations, for TOD. TOD is not exclusive to metro rail or BRT stations. A reliable high-frequency bus service between neighborhoods can also be a starting point for TOD.



Fig. 8.8. TOD around bus stations and bus stops (ITDP, 2017)

Challenges in Local Urban Transport Planning

To address urban transport issues, understanding the problems of the local system is necessary. Our cities face many barriers to improving urban transport standards:

- Nonexistent or ineffective local government system. Provincial government departments, CM, or commissioner offices do not have the technical expertise to address urban issues. Qualified professionals are required to address complex planning issues and provide solutions.
- Even with local governments (2002-2009), cities only managed to upgrade the road network, but no significant work was done to improve livability or transport system development.
- Lack of transport professionals with global experience in the public sector. Urban and transport planning needs committed professionals with diverse experience in urban affairs to create the needed plans. Unfortunately, the public service structure does not allow professionals to enter public sector service to become a part of the decision-making process. Additionally, local governments have budgetary constraints and cannot hire experts with internationally acknowledged experience.
- Lack of available data to help with making plans.
- Lack of interest from the private sector as there is no incentive to get involved in professional transport planning.

Transport Planning Process

Actions to achieve an efficient and sustainable transport system:

- Independent and professional decision-making process at the city level fully supported by all government tiers.
- Qualifications of public sector team leading the development process must match credentials of consultants on the project to understand and monitor the progress of ongoing projects.
- Legal cover for the city transport agency to generate possible revenues. Financial reliance on central government negatively affects city management and services.
- A central organisation under the city umbrella to manage all components of urban transport, for example, planning, design, execution, and operations.
- Mandatory integration of urban planning with transport planning and public hearings during the planning stage with feedback from public/other stakeholders
- Performance evaluation measures to be clear, simplified, and available to the public. A timely update on progress to be shared with the public, such as:
 - No. of bus routes or buses added in the city.
 - No. of major streets transformed for pedestrian traffic.
 - % of people switching from cars to public transport
 - Emission levels reduction as per targets or % of previous value

URBAN TRANSPORT DESIGN AND CONSTRUCTION

Transport design translates urban transportation plans into detailed engineering deliverables that can be read in terms of drawings by a contractor uses to execute the project.

Transport Design—Learning from Global Experience

Transport design is a specialised field that uses vision, policy, and planning together to configure the specifics of a project's details. Good design can help projects successfully achieve overall goals; similarly, bad design can ruin all the efforts made at policy or planning stages. Transport design captures the existing physical conditions and expected system users. To be effective, transport design must follow engineering standards and propose a design configuration that meets the project scope, is safe, sustainable, environmentally friendly, economically feasible, realistic, and resilient.

Transport design must be a holistic process that considers all modes of transportation. If urban transport design ignores critical elements, like walkability, bus stops, or cycling tracks, and instead exclusively follows the highway design strategy of free-flowing cars at high speeds, it will create a flawed system that does not meet the needs of every segment of a city's population. Design should cover complete ROW; considering only vehicular movement and ignoring the fulfilment of remaining street facilities by leaving them to contractors, or budget availability at the end of construction, is a mistake. However, this method is in common use in our urban environment.

A balanced design will consider full ROW and allocate appropriate space to each mode of transportation as per the urban transport master plan. Good design distinguishes vehicular space, pedestrian or cycling space, transit space, and parking space, if any, without ambiguity. Bad design does not demarcate space for each function clearly, causing confusion and overlap of usage.

Transport projects plan roadways that have specific functions. For example, urban roadways are normally classified into four types:

- Expressway or freeway (controlled access, complete free flow, long-distance
- motorised vehicles)
- Arteries or Boulevards (partial controlled access, signalised, mid-distance multimodal)
- Collectors or Avenue (limited access control, signalised, short distance, multi-modal)
- Local streets (building/plot access, uncontrolled, multi-modal)

Details for the design of each category may vary based on the context, such as suburban, urban, or urban core.

Below are the standard sections for each type of street. Note that these sections are referenced from the Abu Dhabi Urban Street Design Manual, which accounts for vehicles that are much larger than those in Pakistan. Therefore, slight adjustments may be required for each category, as per the local context. Abu Dhabi's urban street design standards are most relevant to Pakistan's urban environment, as they support narrow lane widths and tight turning radiuses, which are precisely what Pakistan needs to discourage cars and encourage pedestrians and cycling on streets.



Fig. 8.9. Typical Urban Boulevard Section

(*Note:* Travel Lane can be reduced to 3m for smaller cars and service road may be increased for maneuvering. Also, the pedestrian realm can be split into a cycle track and a walkway.)



Fig. 8.10. Typical Urban Avenue Section

(Note: Travel Lane can be reduced to 3m for smaller cars. Also, the cycle track can be 3m wide).



Fig. 8.11. Typical Urban Street or Access Street

(Note: Travel Lane can be reduced to 2.8m for smaller cars and two-way streets).



Fig. 8.12. Balanced (Multi-modal) Street Design vs Car-oriented Design

Signalised Junctions are not a Curse for Urban Streets

A junction is a point where multiple streets merge or cross each other, with traffic moving in many directions. Junction design is arguably the most critical element in urban street design. Most junctions in urban areas are equipped with traffic signals to meter traffic for safety. A city without safe and efficiently signaled junctions cannot have sustainable urban transport management.

In the past 15 years, Karachi has built seven signal-free corridors, with Lahore, Multan, and Peshawar following suit. The preference of decision makers/designers to remove traffic signals from junctions purports to eliminate congestion at junctions and make it easier for cars to travel freely. In reality, the removal of traffic lights from junctions comes at the cost of killing pedestrian movement and handicapping public transport operations. This is a mistake in all aspects of urban transport planning (vision, policy, and design).

In principle, grade separation should be strictly discouraged in the urban context to curb car growth. The limited resources should be spent on sustainable transport modes, like buses, walking, and cycling. The performance of signalised junctions can be optimised by implementing demand-responsive timing, green wave progression, and automated violation monitoring. These measures are simple and effectively used globally but not utilised in Pakistan.

Utilities in Transport Design and Construction

Urban areas need utilities such as electricity, telecom, water, sewerage, drainage, gas, and irrigation. These are generally installed under the streets. As such, any roadworks usually affects these services and require the transport management agency to coordinate construction activity with utility agencies to manage the project without affecting the functioning of these services.

There are many examples in Pakistani cities where projects are delayed for significant periods because of a lack of coordination between utility providers and transport construction project planners. Since these projects were executed without consideration of their impact on utility services, they later had to be put on hold until alternative planning was put in place. This causes time delays, cost overruns, and induces variation in the scope of projects leading to contractual issues between the parties involved.

Utility agencies must collaborate closely with urban planners and city governments to share information and updates related to their existing and plans. This is necessary to avoid delays in transport infrastructure projects.

Construction in Urban Transport

A well-planned and designed project cannot become a reality if it is not executed as per design. The biggest barrier in the construction of urban transport infrastructures is the competency of the contractors available in Pakistan.

The difference between urban and rural construction is their interface with urban life. Cities like Singapore, Dubai, or Kuala Lumpur have frequent large construction projects ongoing regularly, but these do not affect the lives of their residents adversely. Pakistani city governments and urban contractors must quickly adopt such best practices to ensure the safety, health, and accessibility of the neighborhoods impacted by their construction activities. These requirements must be clearly stated in a project's contract documents.

The urban transport construction sector is not very specialised in Pakistan and still practices obsolete construction methodologies and techniques. One can forecast that if strict pre- qualification criteria are adopted for construction projects, many bidders will not qualify, leading to a dearth of qualified contractors. Lack of work in the market, procurement transparency issues, and uncertainty in construction projects also discourage contractors from upgrading or acquiring the skills and resources necessary to deliver key projects in time.

Collaboration with Global Design and Construction Firms

When one acknowledges that our agencies, designers, and contractors do not have the skills to deliver growth-oriented urban infrastructure, the natural approach for addressing this issue is to collaborate with global firms that have expertise in planning and delivering urban infrastructure in well-planned cities.

We have done a few projects/studies with funding from international lending agencies, including Japanese and Chinese funded projects. The results can be reviewed to analyse the effects of collaboration with global firms. All these projects involve international design and contracting firms in some capacity although the firms are not among global top tier companies. Unfortunately, well-known firms like Bechtel, AECOM, Jacobs, Parsons, ACS, Hochtief, Samsung, and many others, are strangers to the local infrastructure fraternity. Some Chinese conglomerates have entered the local market through CPEC projects; their impact on both the market and skill enhancement of professionals and firms working with them will be clear with time.

Out of 20 leading global infrastructure firms, only two have offices in Pakistan on a minor scale. In contrast, all major infrastructure giants have established offices in India, where they are working on key local projects while also working on international projects remotely. This allows young local professionals to gain international experience within their own country, and thus acts as a major contributor to the local industry's quality and capacity development. Thus, collaboration with global construction firms will not only improve the urban infrastructure in Pakistan but will also have a positive effect on the economic development of cities.

URBAN TRANSPORT OPERATIONS

Successful urban transport operation is the key to the success of an accessible and growth- oriented city. Transport operation is critical to ensure the maximum performance of investments in infrastructure. Operations in transport vary from data collection, information processing, surveillance, communication systems, monitoring, controlling, and several other activities.

Lack of successful operations will lead a city to failure and destabilisation. Transport operations are generalised as traffic management. However, traffic management is a part of the whole transport operations department. The following are some elements of transport operations and management. Automated traffic violation monitoring.

Traffic Monitoring and Violations Tracking

- Surveillance and monitoring on streets and junctions
- Automated violation monitoring by smart cameras, information processed by the system and directed to the offender.
- Traffic violation fines set very high as a deterrent to offenders. The red light violation fine in the UAE is AED 2,000 and the vehicle is impounded for a month. The offender can pay an additional AED 3,000 for the immediate release of the vehicle.
- Demerit points on violations, with cancellation of driving license on reaching a predetermined cutoff demerit point level.
- Automated traffic police system to implement and manage the system professionally.

Driving License Procedure

- A written and physical driving test must be passed before the issuance of a driving license. This must be strictly implemented without nepotism and favours. For example, in Dubai, a new driving license applicant pays AED10,000 and waits from 6 to 12 months for a driving test after the initial application.
- The above is even more critical for public transport and freight drivers.

Unfortunately, a significant number of drivers do not hold a valid license, with even license holders unaware of driving rules and laws.

Vehicle Fitness Testing and Certification

- All vehicles (including bikes, buses, trucks, and paratransit) on streets must pass an annual fitness test.
- Annual testing must be mandatory for vehicles older than 3 years. Testing to be fully automated with no human intervention in evaluation
- Smart cameras will be able to detect expired registration from the number plate and assign fines.

These regulations will result in safer vehicles and better traffic, especially involving heavy vehicles.

Intelligent Transportation System (ITS)

Intelligent Transportation System (ITS) is an application that aims to provide innovative services relating to different modes of transport and traffic management. It enables users to be better informed and to make safer, more coordinated, and 'smart' use of transport networks. ITS focuses on the following:

- Enhanced public travel safety.
- Enhanced operational capacity of the roadway network.
- Monitor, control and mitigate traffic congestion.
- Inter-agency coordination
- Roadway Weather Information Systems (RWIS)
- Provides current traveller information at critical decision points.

- Provides alternate route information during dynamic rerouting.
- Capable of acting as guide signage for events
- Designed for innovation.
- Tiered Open architecture.
- Modular approach
- Intuitive, robust and configurable
- Advanced tools for decision support



Fig. 8.13. Intelligent Transport System (ITS 2020, Dubai)

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Chapter 9

Mobility, Cars, and Cities

HAFEEZ-UR RAHMAN HADI

Pakistani Cities Need a Car Policy!

The cities are the people, their activities, and the mobility people exercise. These cities, in themselves, provide the engines of growth for the countries. The cities need to allow freedom and facilitate mobility, and not restrict. Equitable service delivery and access to the city services ensure a robust economic activity and city growth; and, contrary, clique access to these facilities hinders the growth. Mobility in Pakistan is one such exercise that has been usurped by the car-owners in the garb of gentrification, road infrastructure development, and converting public spaces into parking spaces.

In past decades, the rate of car ownership in Pakistan has been on the rise. To facilitate the car owners, cities often try to provide a robust infrastructure of roads so that the smooth flow of traffic can be ensured, disregarding the non-motorised or public transport mobility. The road infrastructure, therefore, makes the largest part of the development budget in Pakistan (ADP, 2019-20). The problem in doing this is the aggravation of demand for new cars. When new roads are built, they seamlessly facilitate cars and travellers find it easy to own a car for mobility to homes, schools, offices, and city centres.

This paper looks at the rising car ownership in Pakistan, and how the need for road infrastructure for cars is facilitated by city authorities. We maintain that a large portion of a city or provincial finance is routed to road infrastructure. The next step will be to look at how other cities of the world have created a balance between car ownership, road infrastructure, parking provision, parking charges, and public transport; and are increasingly making walkable streets. Then the study will provide a prescription towards how Islamabad - Rawalpindi - Lahore - Karachi and other cities can employ parking charges, amongst other measures, as a tool for revenue generation and move old fleets of cars out of the cities—increase the use of public transport.

The world cities are fast realising their 'planning mistakes' of expanding the spaces for cars while shrinking public spaces; and are now on reversing the phenomenon by realising streets and roads as public spaces (Toderian, 2020).

Urban Mobility and Car Ownership

People move to urban areas in pursuit of employability, better lifestyle choices, health facilities, improved service delivery, proximity to amenities, and much more. Urban spaces are built on the single principle of keeping many aspects of life in a finite amount of space—agglomeration.

When a small piece of land is used for multiple types of land utility, it results in people living and working together. In an agglomerated city, if the city is unable to manage and exercise the planning then it results in congestion—that chokes the service delivery mechanism—and interest groups benefiting from skewed and stunted policymaking.

The secret for any city to thrive is to maintain the balance between vital functions of its economy by providing maximum utilisation of space by fine service delivery of every function of a city from transportation, sewerage, cleaning services, utilities, etc. The battle to create a balance keeps the city authorities on their toes because of high rural to urban migration.

Pakistan has now one of the fastest rural to urban migration and, resultantly, Pakistan now has some of the largest cities in the world. While the world is adjusting to high-rise buildings and constructing residential towers, Pakistan has done the opposite and chose to horizontally expand the cities resulting in huge urban sprawl. As these cities have become populated, the usual urban problems—traffic congestion, poor city livability, and health issues—have arisen. City authorities of Pakistan have limited capacity to cope up with the growing metropolises and their urban issues (Haque et al., 2020).



People need mobility and cities must facilitate it with infrastructure that is inclusive and accessible for its residents. However, cities in Pakistan have chosen to make mobility a seamless experience for car-owners and a daunting task for those who do not own cars.

Haque (2015, 2019 and 2020) has raised the important issue of car ownership, blatant increase in poorly planned road-infrastructure as part of urban mobility. Sadly, the lack of forum of discussion for such topics has led to invading view that 'cities are brick and mortar.' City authorities develop more roads to facilitate the smooth flow of traffic, but it creates induced demand which results in more cars on roads. then city authorities build more road and then more cars and this circle continues (Haque et al., 2020)

High Costs of Mobility

As cities grow, the cost of moving around the city increases with distance. People need transportation modes to be accessible. As the cities in Pakistan lack public transportation, the facilitation to pedestrians and bicycle riders is not only poor but dangerous, people resort to cars. Historically, this lack became a stimulus of owning a car that leads to more cars on the road that in return facilitates the housing in sprawl.

So, in this paper, we will review the possibilities of developing a comprehensive car policy in the cities of Pakistan to rationalize urban mobility with equal opportunity, and lower environmental and human stress. The rising number of car-ownership, its contribution to traffic and pollution calls for a policy that outlines the effective usage of cars. A forward-looking car policy must be devised to address the issues of urban planning and cities' governance. In this regard, the Pakistan Institute of Development Economics is proposing the car policy to make ailing cities liveable.

Since ride-hailing services are fast becoming the default mode of transportation from the middle- class jobholders, there is a rising portion of income that is spent on mobility within the city. The average monthly cost of a job holder in Pakistan using the ride-hailing services reaches 12,000 to 15,000 without any freedom since these are demand-based rides and do not offer stops in- between.

Cars and Cities

People agglomerate in cities to find jobs and seek economic and social mobility, similarly, firms tend to be offices in the city centres to be close to the market or amenities. As cities grow, the cost of moving around increases with distance. People need transportation modes, accessible; and lack of public transportation, poor facilitation to pedestrians, and bicycle riders, they resort to cars. The increased car ownership excused with urban spread-out has discouraged the development of public transport systems, fewer bicycle, and car lanes.

While the developing countries are facing an exponential increase in car ownership in face of bad public transport, the developed countries are programming to make the cars 'thingsof-past' by providing better alternatives—public transportation with better connectivity, bicycle lanes, and street space for pedestrians. In the face of congestion adversity and high environmental costs; cities are rethinking the usage of streets, cars, and cities themselves.

The cities in Pakistan are facilitating the car owners, and that makes the cities exclusive. These cars occupy public spaces, and all development is engendered and shaped by car affording owners and impede city experience through congestion. Unsurprisingly, the diluting clique of car.

Congestion Costs Vs. Agglomeration Benefits

In urban literature, there's abundant evidence that agglomeration benefits outdo the congestion costs. The evidence exceedingly suggests that countries with poor urban governance have far more congestion costs than the cities with better urban governance. Cities have developed mechanisms that not only avert the congestion in cities through speed-lanes, higher parking fees, congestion taxes, restricted cars in city centres; but also, have made them long-term sources of their revenues, as discussed later part. The cities of London, Stockholm, Singapore among others generate positive cash-flows through their car policies within the city.

These congestion costs can further be minimised by exercising due pricing. Baert and Raynaert (2018) estimated that for a 1 percent increase in the agglomeration benefits, the positive effect is 0.073 percent in productivity—and varying increase in economic activity, while in a 1 percent increase in congestion the losses incurred are 0.01 percent suggesting the huge comparable advantage of agglomeration.

Fig. 9.2. Agglomeration Benefits Vs. Congestion Costs

Congestion Costs Vs. Agglomeration Benefits

		Congestion	Agglomeration	
1	Pricing	Reduced by Congestion Pricing	Low Transportation Costs	
2	Environment	High Costs; but can be reduced by	Net Low Emissions Overall Low	
		redesigning Public Spaces and Roads	Environment Degradation	
3	City Life	The vibrancy, City Experience	Confined to City Centres	
4	Cars	Caused by Cars. Cars can be reduced by	Public Transportation with Low	
		80% with alternative available	Costs	
5	Transportation	Low Walkability and Cycling, Poor	Closely Knitted—low-cost	
	-	Public	infrastructure	
		Transport		
6	Opportunity Cost	2/10 of the Agglomeration Benefits	5 Times higher Benefits and Can	
			be improved	
7	Crowdedness	Efficient Use of Transportation	Evenly Crowded-High Density	
8	Streets	Covered with Cars and Parking Spaces	High Economic Activity, Innovation,	
		Need to discourage car ownership for	Entrepreneurship, High Social	
		Low Traffic, More Space	Mobility	
	Parking	Due Pricing as per Driving Costs	Cars only for luxury-comes with	
9		-same revenue with lesser cars	a price	
10	Examples	Beijing is increasing Car Ownership and	London, Stockholm, Oslo,	
		often chokes with Traffic. Countries	Copenhagen	
		with poor public transport are paying		
		high congestion costs		



Streets Are Shared Public Spaces

The street experience is fast becoming the focus of urban governance; from city centres to off- street parking requirements, the cities are realising the foregone value of land utilised by the cars. Urban governance practitioners and academics (Ben Toderian, Donald Shoup, Nadeem Ul Haque) have been asserting for decades that streets must be at the centre of city experience. Streets are shared public spaces and part of city land that must be priced commercially and indiscriminate. Therefore, streets must be used to generate social and economic activity rather than succumbing to parking and car-traffic.



Fig. 9.3. Comparative Space Occupation by Modes of Transportation

Fig. 9.4. The recipe to City Choking



The literature on car ownership has started posing an essential question in the urban planning of a tradeoff between individual prosperity collective betterment.

Ben Toderian (2020) and Janette Sadik Khan (2016) have extensively worked on designing streets for the public. They argued that streets in cities are public spaces, thus must be accessed by everyone, unlike the skewed availability for car-owners.

These car-free areas generate more economic activity. A recent study in Barcelona (2020) suggested that there is 9.7 percent more retail activity in streets with public spaces and walkability rather than car-owning roads.

In terms of space, 10 percent of car owners occupy more than 80 percent of streets and roads. Therefore, the urban governors need to reassess their priorities particularly in developing countries with less city experience and higher car-ownership. It is established that social activity by redesigning streets for public use increases the vibrance. As New Urbanisms suggests, the streets are the essential elements in devising environment-friendly cities with considerably fewer emissions.



Fig. 9.5. Spatial Growth Strategies for Karachi 2010-2030. The Pale Yellow is the Expansion Plan (Source: Proposed in KITP)

What are Cars for?

Since the cars are so central to our urban planning, therefore one may ask the basic underlying question: What are cars for? The cars provide freedom of movement, and beyond necessity; car ownership is a luxury that car-owners experience as opposed to those using the public or other shared modes of transportation.

Cars are luxuries and desired worldwide, but good cities reduce their demands.

-Brent Toderian.

This leads to the following question: Does paying to own the car provides the owner with exclusive rights of freedom and luxury? Cities must realise the real costs of luxury and freedom must not be the price of the car, but the owners must pay for road depreciation, pollution the cars use, usage of space for parking and opportunity cost of that land usage, etc. If a person's luxury is costing the society a bad environment, impedes mobility, and lessens the city experience then that owner must be charged for this opportunity cost that he is causing to collective betterment for individual prosperity.

The Associated Problems

The car ownership in Pakistan has several associated issues and challenges including traffic congestion, high pollution costs, health deterioration, and higher costs of mobility. It is counter- intuitive to the idea that urban sprawl should decrease traffic congestion because of the spread of urban communities and societies. However, since this urban sprawl simultaneously encourages the car-ownership; this leads to higher congestion costs without agglomeration benefits.

Traffic Congestion in Cities—Example of Lahore

In Lahore, the largest city in Punjab of Pakistan, the car ownership in some sectors of DHA, Askari, Bahria Town exceeds 2.1 cars per household. This high number of solodriver cars in the city and country at large are a source of congestion in city spaces. The traffic in peak hours is so congested that on Noor Jahan Road—Liberty Roundabout to Hussain Chowk—a car can take up to half an hour for what is an average 1-minute drive on the empty road.

This congestion further leads to more accidents and health injuries, not disregarding the fact that noise pollution and excessive fuel costs are other externalities. During the daytime, the Zahoor Elahi Road and many other roads with schools are choked with traffic because there is no transportation system by the schools or government to pick-and-drop the students from their homes.

Lack of such facilities should lie at the core of the city's mission to facilitate students but is rather absent in the case of Lahore and other cities. The lack of school buses in cities has made the morning and noon times a choke-period for cities. The kids must be the last recipient of the pollution, yet they suffer in the congestion equally.

High Contribution to Pollution

According to Dawar Hameed Butt, an environmentalist, the AQI index, before the COVID-19 hit the citied, had reached the dangerous levels of 500 points. During the COVID-19 lockdown, the lack of traffic had brought the AQI to 70 points. This staggering difference shows that the high contribution of cars in air pollution and smog that is fast becoming the routine problem in the city.

Multiple Cars Ownership

The cars in Pakistan are expensive, however, owning and maintaining the ownership is fairly cheap and evasive. The process of registration in Pakistan is highly rigged therefore even in larger cities there are higher numbers of non-Customs registered cars. Unlike many developed countries, there is no compulsion of having insurance or maintenance standards, therefore, the households keep on owning multiple cars.

The Car Registration Process

The car registration process in Pakistan is highly rigged. The vehicles can undergo overhaul changes to get registered under different chassis numbers. The car owners can delay paying the tokens of cars for decades without the fine. At times of sales, car ownership is often not transferred, hence giving people a chance to not show the cars as assets. The ease of ownership has decreased the dependence on public transport within cities and trains, rail, buses for inter-city transport. This independence has assisted the cityelites to evade the responsibility of demanding inclusive public transport.

HHI Index for Competition in Car Industry of Pakistan

Herfindahl-Hirschman Index or HHI is an index that measures the concentration of market players in any industry. With the high competition and number of market players, it tends to reach 0; while in the case of hegemonisation it approaches its highest 10,000. The industries with HHI above 2000 are considered highly concentrated. The author calculated the HHI in the Car Industry of Pakistan with data of market share from Pak Wheels and PAMA.

HHI in Car Industry in Pakistan

- 1300cc above category: Toyota 4500 HHI
- 1000 cc Category: Suzuki 8500 HHI
- 880 cc Category: 6500 HHI

The Cost of Driving

The true price of car driving is not what the driver pays while purchasing a car or paying for the gas he uses (Khan, 2016; Toderian, 2020). It goes beyond in terms of roadwork, emergency services, damage to the environment, and the use of land in terms of parking and otherwise used by car (Shoup, 2005). The associated costs can be categorised in Foregone Revenue by using land for parking rather than economic activity, pollution costs—inadvertently borne by society. According to Shoup (2005), it takes 1-2 percent of maintaining roads for pedestrians and bicycle lanes than building roads and parking for cars. Similarly, the incremented economic activity revenue generated from the increased economic activity exceeds the parking costs in cities with streets as public spaces more walkability.

Similarly, the researchers associate Higher risks of a medical emergency; deaths, and costs attached to these emergencies with the indirect costs of car ownership in cities. The policies are needed to distinguish the use of a modern car from need to luxury and charge a price on that luxury like other commodities. The lack of walkable spaces in cities supports car ownership. Several studies suggest that the provision of good public transport
and walkable spaces deter car ownership. In a city in the United States, if due to installed public transportation, the city gives up 15,000 cars, the city has \$127,275,000 saved in terms of purchases, gas uses, parking, etc.

How does the World view cars?

The cities worldwide have emphasised working on shared modes of transportation that are inclusive, cater to the agglomerated urban experience, and with the least congestion can mobilise millions of passengers daily. The transportation structure of London, Seoul, Beijing, Tokyo, New York are testaments to these priorities. Rather than owning the car, the residents of developed cities are relying more on public and shared modes of transportation.





The Car-Free Areas

The City of London has started exercising the car-free areas in the restricted zones of London on several days in a week to reduce GHG emissions, increase walkability, and making cities conducive for the public. Global cities are practicing car-free areas for certain

days of the week. These car- free days and areas are seeing considerable improvement in the environment, city experience, and encourage the use of public transportation. The revenues are collected by the city governments and can be allocated to the areas it was generated from, thus contributing to the local welfare.

Parking Rules

Donald Shoup highlighted The High Cost of Free Parking and suggested that the city government must remove the off-street parking with high on-street parking. The associated costs with on- street parking shall deter the drivers to be part of congestion, and the fee shall discourage car- ownership. Many of the cities worldwide have taken his advice and are working on charging parking costs and eliminating off-street parking. The staggering facts of high costs of land dedicated to parking and the maintenance costs outnumber the rationality of efficient usage of land or resources.

The Free Lunch

In developing countries, ownership of a car is a luxury, but it also evades the associated costs. The road services, land that cars use, and pollution are paid by the public. A car normally occupied a space of 330 square feet, which is attributed freely for a car although land otherwise has a price value. This forgone cost is paid by society. In Islamabad every day around 280,000 cars enter through the vast road infrastructure present, if even half of the traffic is charged for parking of paltry Rs. 10 then the city government can daily generate a revenue of Rs. 2.8 million.

Repurposing Roads—Congestion Pricing

The cities are using their roads to streamline the traffic. In the United States, many highways have congestion pricing strategies to make people avoid traffic. If a driver wants to take the express lane, he could be priced for using the lane. This pricing of car-ownership and using the express lane assists in maintaining the services of highways.

Streets And Public Spaces

The cities are realising the importance of public spaces, and therefore the outdoor public spaces are being created. The cars in certain streets are banned or charged highly to provide city- experience to visitors. In the attempt to choose between the Individual prosperity vs Collective betterment, cities are tagging a high price on individual prosperity.

Car Policies in Global Cities

Cities worldwide are fast becoming cognizant of the costs attached to increased carowning and therefore are planning to reduce the car presence in cities. Oslo, Copenhagen, Stockholm, New York, and London are few of many cities levying price over cars in city centres and are using various ways to discourage cars. We took the 15 cities and studied their recent actions to contain car presence, and here are a few reasons why the cities are reducing the car numbers. Pollution is the single most significant concern of these cities to cut down the number of cars within cities. These cities are validating the concerns of new urbanisms as the need for accessible, environment friendly, and centre of maximum social interaction indiscriminately. Therefore, they are making the city-experience as the centre of planning for the urban areas.

By reducing the number of cars, the cities are expected to use 30-75 percent of roads into public spaces within 25 years to enhance physical and social mobility within the city. Cities provide Right to Mobility.

Public Transport is the most rewarding incentive to reduce the number of car owners. Cities like Seoul, London, New York, Copenhagen are heavily investing in their public transport infrastructures to complement their goals. The citizens in these cities are increasingly opting for Bicycle and walking as healthy measures and the burden on health services delivery has decreased.

As per WHO estimates, around 40,000 people die in crashes on US roads, and out of which the owners of vehicles make the largest proportion. The responsible public transportation and less traffic make the cities less vulnerable to such high losses. Therefore, the cities are using alternative measures to reduce the risk of deaths because of traffic and road accidents.

Traffic policies are central to regulate car ownership. City governments can coordinate with provincial and federal governments to come up with comprehensive plans that ensure the autonomy for cities to implement the car policies along with the coherent national policy suitable for the cities.

Revenue Speed Lanes

In the wake of congestion, the cities worldwide are using the speed lanes as a source of revenue and facilitation to the car owners at a cost. Speed lanes facilitate those city inhabitants who want to reach their destination in less time. revenue collected through speed lanes then is routed to road maintenance or other city functions. These measures can be taken in Pakistan as well to reduce congestion, increase revenue, and smooth traffic.

The Mobility in Pakistan

The transportation planners in Pakistan have long seen mobility and urban development as a means to facilitate car mobility—Traffic View of Urban Planning (Venter, 2017). Their planning has barred the accessibility and mobility view for urban citizens. The construction of no-signal corridors, brick-and-mortared bus stations, overhead bridges with intervals of kilometres to cross a road, lack of zebra crossings, no provision of cycling lanes of walking paths have led to the inaccessibility of amenities for citizens.

In Pakistan, transportation planning has been dominated by the 'Traffic-View', and that too has resulted in the chaotic traffic jams and poor access to urban amenities. The cities worldwide are opting for multiple mobility options at once to facilitate the agile movement to-and-from city centres, throughout cities and inter-city.



Fig. 9.7. Inaccessibility through Public Transport Infrastructure

The developing cities, like in Pakistan have a double-edged sword of planning on its citizens: The city planners are very fond of planning and regulating hence the regulations are excessively passed; and then there is a poor implementation of those laws. This leads to the stunted growth of cities and mafias benefit.

According to the Transport Manager at Faizabad Bus Station in Islamabad, Shahid, the government has 'strangled' the independent transport-owners by not allowing the private transport in Islamabad and very restricted the movement of wagons. This is aggravated by non-issuance of route-permits, safety licenses to public transport vehicles, and frequent ticketing of wagons as fines. Despite the interest of transport owners to run operations in Islamabad, the city administration has orchestrated ways to reduce public transport within the city. Therefore, the average time for a citizen to access public transport has increased from 8 minutes to 31 minutes in Islamabad City.

Pakistani Cities and Funding

The world Cities are using the service delivery and provision of accommodating citizens as a source of generating revenues. The collection of council taxes, utility charges, parking fees, and other sources of revenue put the cities in a position to be self-sufficient in terms of planning urban mobility options among other things. However, in Pakistan, the lack of experts in district administrations has resulted in poor management of cities, non-existent sources of revenue, free parking spaces and sub-optimal utilisation of land, and facilitation to the vehicle owners (Yusuf, 2017).

Cars or Substandard Transportation: The Transport Extremes

Since the cities in Pakistan are unable to provide safe, sustainable transport options, the ownership of cars is considered a necessity beyond luxury. However, the citizens unable to afford the car-ownership resort to services provided privately—in case of mobility, sub-standard wagons, rickshaws, Qing Qi, Bike without proper safety guards.

In such instances, any incidence of public transport provision becomes a source of political propagation rather than the provision of 'public good'. The BRTs system developed in Pakistan has become such a nuanced idea where large infrastructures are developed to manifest the tangible notions of 'development' with approximate costs of as large as 10times than the provision of public transport through alternative options of wagons, buses, and railways (Shahid, 2020). Due to the lack of Public Transport, female citizens feel apprehensive of using any public transport limiting female mobility within the city without private vehicles nearly impossible.

The cities in Pakistan need to better respond to the accessibility concerns of the citizens. Meanwhile, the cities need to do it through developing ways to finance its projects rather than entirely depending upon the federal and provincial spilled budgets, since that shall define the accessibility for its citizens.

The Case of Faisalabad

The City Government of Faisalabad, formerly Lyallpur, has recently planned to restrict the movement of cars and vehicles in its City Centre (Clock Tower and 8 Bazaars). Although the policy seems to have accorded accessibility, walkability, and mobility to people without cars, the Traders Union have readily started violating the plan.

A traffic police officer, Adnan, suggested that cars have taken over the historic bazaars around clock-tower. This has not only restricted the mobility of customers and tourists but also provide a greater problem in managing transport in the city. As per plans, if the traffic police officers challenge the parking and movement of cars on streets of bazaars, the trader's union asserts pressure to corner the traffic police officers. A City-Centre where the mobility should be at its highest, traffic-jams, extra deployment of traffic personnel makes it the least desirable spots for the traffic officers.

The Options—Pakistan's Way Forward

Pakistan's government has divested from its responsibilities and city government have long been managed by the generalists rather than the urban planners. This has led to a narrower view of urban planning and not governance. The plethora of legislation, regulation, and laws have halted the natural growth of cities. This, consequently, led to urban sprawl and increased car-ownership among other problems. PIDE has argued that the country needs the framework for growth that transcends the brick-and-mortar model and integrates the nuances of the locality.

Shared Modes of Transportation

The cities eventually run out of car spaces, the available options include the cities to grow— increasing the cost of travel, increasing the value of land, and de-cultivating the city lands. This results in widening roads—the less space for the open space cafes and

public entertainment and walking or lessen the use of cars. To avert such losses and poor urban catastrophe, the citizens need to move towards walking, cycling, and more shared mode of transportation that includes public transport, ride-hailing services, rails, and buses. The ride-hailing and ride-sharing services—can increase per car use from 9 percent to 55 percent of the time.

In the last decade, the ride-hailing services Uber, Careem, Bykea, etc. have captured a large market but remain an elite solution. In shared modes of transportation, public transportation remains a failure, while in the last one year, ride-sharing Airlift and Swvl have stirred the transportation sector and must be encouraged.



Fig. 9.8. Accessible Transport; Better Life

Parking Byelaws

Local Governments Act 2013 of Punjab suggests that the local government has the provision to develop their parking bye- laws. However, there are no comprehensive parking laws followed by any local government throughout Punjab as per 2020.

Lahore Parking Company (LePark) is a subsidiary of Lahore Metropolitan corporation, and despite generating revenue doesn't contain any parking rules, rather focuses on developing the parking spaces for its revenue generation purposes.

The local governments must develop parking and traffic by- laws. These parking prices can be a regular source of local governments and can assist in a) documenting the cars, b) data generation of cars' transport, c) revenue generation for localities that could be spent on local welfare and service delivery.

Parking Rules

The cities provide services to its residents and visitors and in return collect revenues for its services. There are no standing rules for parking in Pakistan.

- (1) The parking rules must be based on discouraging car ownership and encouraging public welfare, and not the other way around. Therefore, the regressive parking charges can be used based on car usage of amenities, roads, and parking spaces.
- (2) The cars must be insured at the registration process.
- (3) A comprehensive parking cost must be evaluated by cities and levied upon the car parkers.
- (4) Encouraging and normalising ride-hailing services can discourage car ownership.
- (5) The local governments need to heavily invest in walking, bicycle lanes, and public transport.
- (6) The provision of the pedestrian-only zone, public transport, and bicycle lanes shall greatly discourage car ownership and traffic congestion.
- (7) The government must ensure the fair play in the car market and competitive prices must be insured comparable to international prices with proper health-related amenities like airbags.
- (8) Enabling the tariff structure of 'Rationalising Automobile Import Policy'.
- (9) Solo Driver cars must be taxed in cities.
- (10) Consolidate EV Policy with the upcoming Auto vehicle Policy.
- (11) The schools can be encouraged to run the school buses to discourage traffic congestions on roads.

Traffic Rules

Within cities, the traffic rules can greatly change the proportion of the carownership. The introduction of car-free days, car-free areas, parking charges, congestion pricing, and introducing speed lanes can lessen the traffic while also encouraging social activity in these public spaces. Pakistan must revise its Provincial Motor Vehicle Ordinances dated back to 1965 to regulate with the modern-day needs and regulations of safety and health.

Public Transport—Nay to BRT and Brick and Mortar

The development model in Pakistan is based on the project approach where the implementers are supposed to construct, built brick and mortar to project the efficiency. This has also been translated into the transportation sector where large public funds were invested in the construction of infrastructure for the Bus Rapid Transits (BRT) in Lahore, Multan, Islamabad, and Peshawar. The discouragement in owning cars shall lead to pressing demand of having public transport thus having more refined experiments in introducing modes of public transport ather than constructing high-cost bus-transit stations.

Streets

Streets are engines of public activity, and the streets in city centres are critical in estimating the capital of cities. Cities worldwide are using streets as a critical starting point to regenerate themselves. Pakistan can use the city streets as public spaces by doing away with free parking at roads and charging the parking fee minimum to the marginal social cost of having cars on these streets.

These streets can be furthered for public use through open space cafes, restaurants, and organising social activities. Making these streets car-free shall make cycling and walkability easier and the public can reclaim streets as accessible city points developed for themselves.

Environmental degradation yields health problems, and by managing the transport this degradation can be greatly controlled. Within cities, not largely industrial, pollution can be reduced by 40 percent just by regulating the emissions coming from the transportation sector.

If you can change the street, you can change the world.

Janette Sadik Khan

Policy Implications

Road's infrastructure is very costly to maintain, and cities are made for economic activity not providing luxuries to the rich stratum of the population. To create a balance, cities need to start charging the car owners the due price (see Haque, 2020).

- (1) We need to alter our city development policies which facilitate urban lifestyle in a distant rural setting and necessitates the use of cars for mobility.
- (2) Enrique Penelosa, Mayor of Bogota, suggested that cities cannot thrive without mobility and public transport is an integral part of that mobility. Cities around the world have learned that walking and bicycling are less costly for the government, environment friendly, and provide more chance of social cohesion.
- (3) Subsidising cars resulted in having little space for bicycling and walking. Roads are widened to facilitate more and more cars. it has to be discontinued if Pakistani cities want to evolve as a self- sustaining centre of growth.
- (4) Designated spaces for parking must be announced with parking charges, as discussed in the write-up about Islamabad can generate a sum of around Rs. 2.8 million per day if it only charges Rs. 10 per car as parking.
- (5) Congestion charges need to be allocated in busy hours to demotivate the movement of cars which will free up the road space for most important things.
- (6) Projects like Metro buses and Orange lanes are very costly for the cities as well for the provinces. Public transport can run well on the same report. All across the world public transport is given a priority lane. It can be done in Pakistan as well. these two benefits can be achieved one being minimising the bifurcation of the city into two sides of the metro lanes and second more accessibility to public transport.

If our city governments become successful in rethinking how they develop a city, our most important city problems would vanish automatically. As discussed widely in earlier publications of PIDE the city-centre needs to be established which needs mixed-use high-rise development. high rise development fulfils the residentials' needs of the inhabitants. being in the city centre lessens the distance travelled from home to office-school etc. and free up road space for public transport.



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Chapter 10

The Islamabad Master Plan

LUBNA HASAN, AQEEL CHAUDHRY, AYAZ AHMED, and HANZLA JALIL



Islamabad slums besides posh locality in F-7/4. Photo Credit: Tanveer Shahzad

Islamabad is currently in the process of reviewing its master plan. Like most cities in the developing world, Islamabad is facing insufficient public utilities, lack of affordable housing, commercial and office space, decaying public infrastructure, illegal and haphazard development and mushrooming slums. What was planned to be 'a city of the future' by its architect C. A. Doxiadis and named 'Islamabad—the Beautiful' by its residents is turning into another case of urban decay (see also PIDE Policy Viewpoints 2, 12 and 13 and Haque and Nayab, 2020).

The Context

In 2017, the Supreme Court of Pakistan took suo motu notice of irregular development in Islamabad and directed the government to find a solution for regularising these constructions. Later, Islamabad High Court in its judgment dated 9th July 2018 directed the government to form a commission to review the Islamabad Master Plan. Consequently, a commission was formed in August 2019 to review the master plan and give its recommendations.⁹² The question arises, would another master plan revive Islamabad? We contextualise this discussion by delving into the history of the city.

⁹² This, by no means, is the first attempt at reviewing the master plan. Previously, two commissions were formed without much success in getting approval of the government. The first commission worked from 1986-92, and the second from 2005-08.

Islamabad—The Capital

Islamabad was made capital of Pakistan in 1960. It was conceptualised as a symbol of unity in an ethnically and geographically divided country, flag bearer of modernity, and the seat of the central government.⁹³ Through Capital Development Authority (CDA) Ordinance 1960, CDA was created and entrusted with the authority to manage and develop the city under MLR 82. In 1992, the CDA promulgated the Zoning Regulation 1992 and divided Islamabad into five zones. In Zone 1, only CDA could acquire land for development. In Zones 2 and 5, private housing societies could take up development activities. Zone 3 was reserved area. Zone 4 was kept for multiple activities including National Park, agro-farming, educational institutions and research and development.⁹⁴

Box 10.1. Constantinos Apostolou Doxiadis (1913-1975)

C. A Doxiadis was a Greek architect/town planner and the lead architect of Islamabad, the new capital of Pakistan. In 1951, he founded the private consultancy firm—Doxiadis Associates - and undertook projects in many developing countries of the world. "A crucial element in Doxiadis's modus operandi was his attempt to shore up business success through the excessive branding and mystification of his personality and work. His theoretical discourse abounded in neologisms and unique technical terms – 'Ekistics', 'ecumenopolis', 'machine', 'shell', 'dynapolis', etc. – which were meant to lend an air of distinctiveness to proposals that often shared more with prevailing architectural fashions than he was ready to admit" (Daechsel 2015). But from all of the projects, he considered Islamabad as his best town planning. Islamabad plan was conceived in 1959 and it took 4 years to complete the plan.

Islamabad was planned as a low-density administrative city. Curiously, a Greek architect C. A. Doxiadis, was hired for the purpose. He operated as a development consultant more than an architect.

The Grid Iron Pattern of the City

Doxiadis planned Islamabad on a grid-iron pattern. The fundamental grid of 2000 x 2000 meters divides the city into 84 sectors, the other is the 'natural' grid created by ravines flowing through the entire site area.

Each sector has five sub-sectors—four residential and one commercial (Markaz), which is encircled by auto routes with pedestrian networks within the sector.⁹⁵ Each of the sector would be low slung and basically comprised of single-family homes on an American suburban model. There was no zoning for the poor. Neither did he plan for a city centre - a Commercial Business District (CBD). The only job market he planned for was the government with its secretariat at one end of town. Even the University was out of town and hence cut off from the city housing and labour market.

⁹³ Some argue the move was meant to consolidate power, away from the commercial interest of the business community in Karachi—the first capital of Pakistan.

⁹⁴ Initially, the Metropolitan Islamabad was divided in three parts: Islamabad; National Park and Rawalpindi. In 1979, Rawalpindi separated away from the Metropolitan.

⁹⁵ All sectors were to have a mix of low-income, middle-income and upper-middle-income houses.

His concept was quite strange, requiring people to remain confined to their sectors seldom feeling the need to go beyond. Within the sector, they could walk to neighbourhood shops and schools. He also did not plan for extension thinking that the originals setting was enough, and that the capital would demand nothing more than the government.

CDA and the courts have tried to remain true to the Doxiadis' conceptualisation, perhaps because they benefit from the expensive suburban setting in the hills. Yet in- migration has happened far faster than envisaged and Islamabad now has more than 2 million inhabitants. Doxiadis' plan has been stretched and tweaked but continues to suffer from its birth defects: no CBD, room for the poor and elongated car dependence.

Oddly enough, a CBD (more popularly known as the Blue Area) was attached to the masterplan to have 8-12 story linearly placed mixed-use buildings. However, this idea could not be materialised due to "lack of design expertise of the CDA. To disguise the incompetence, the CDA officials argued that residences on both sides of the commercial area would have their view of the Margalla Hills destroyed" (Mahsud, 2013). Besides it is difficult to think of a functional CBD with a highway passing through it and requiring a car to move around.



Fig. 10.1. Islamabad Master Plan

Doxiadis' Mess—Islamabad and Its Present Conundrums

The Islamabad Master Plan, being no exception to master plans elsewhere, has resulted in contrived urban development and stifling of economic activities. The land and building regulations are too rigid and have resulted in over-regulating Islamabad, limiting both social and economic potential of the city.

Horizontal vs. Vertical Development: The case for Densification against Sprawl

Islamabad has experienced significant urban sprawl owing to unrestricted growth in housing schemes and roads over large expanse of land, with little concern for urban planning.



- At present, the total population of Islamabad is 2 million.
- Housing backlog is about 100,000 units.
- This gap is expected to increase by 25,000 units per year.
- Currently, the supply is about 3000 houses annually.
- The CDA has not launched any new residential sector in the past twenty years. The last sector was launched in 1989 which has not seen any development since then (GoP, 2019).

Urban Sprawl has its own disadvantages and costs, in terms of increased travel time, transport costs, pollution, destruction of the countryside and arable lands. Reasons for this sprawl are obvious lack of adequate housing, office space, and commerce facilities in the city centre.

The ordinary citizen does not have any say in the decision-making and planning of their own cities. This raises the pertinent question, are cities made for people or vice versa? Why living in a Pakistani metropolitan is so expensive?

Restrictive Zoning Laws—A Barrier to Sustainable Urban Development

Part of the problem lies in restrictive zoning⁹⁶ in Islamabad that encourages sprawl and single-family homes against high-density mixed-use city centres and residential areas—more in line with the Euclidean zoning which favours single- family residential as the most preferable land use. This leads to inefficient use of land which is a premium asset

⁹⁶ Zoning is a planning control tool for regulating the built environment and creating functional real estate markets. It does so by dividing land into sections, permitting land uses on specific sites. It determines the location, size, and use of buildings and decides the density of city blocks (City of New York, 2015). Islamabad had its first zoning regulation in 1992 after the plan recommended by the first commission were not approved. Another amendment in zoning laws came when sub-zoning of Zone IV was approved in 2010.

for any city. Urban regeneration is possible by allowing some flexibility in zoning regulations. The Interim Report on Islamabad Master Plan proposes regeneration of sector G-6 through changes in zoning laws. Incorporating more sectors in this urban renewal will unleash innumerable possibilities for urban development.



Fig. 10.2. Euclidean vs. Mixed-Use Zoning⁹⁷

Box 10.3. In New York City, there are three zoning districts: residential, commercial, and manufacturing. Each of these districts is then further broken down to a range of low, medium, and high-density residential, commercial, and manufacturing districts. Zoning overlays are special purpose zoning districts that are designed to stimulate a particular set of site conditions and outcomes. They are tailored to the specific needs of certain neighbourhoods. For example, a commercial overlay may be allowed on a residential block to provide retail on the ground floor of neighbourhood homes.

Box 10.4. A Federal Commission was formed on third August 2019 for the comprehensive review of the IMP and submit its report accordingly. Given the paucity of time and resources, the commission put forth an interim report that outlined issues faced by the city, gave broad outlines to deal with these issues, and a suggestion to engage consultants for future studies. In short, after about sixty years since the first plan was made for Islamabad, the city is awaiting a plan that will solve its current problems.

Recommendations Of the Federal Commission For Review of Islamabad Master Plan (2019)

The commission was tasked to comprehensively review the Islamabad Master Plan and submit its report.

- Amendments in building bylaws to encourage high-rise buildings in Blue Area, Mauve Area, Class III shopping centres and I&T centre.
- (2) Vertical development in zone 2 and 5 to restrict sprawl.
- (3) A ring road around Islamabad for better connectivity with other cities.
- (4) Widening of existing roads to cater to ever increasing traffic flow.
- (5) Mechanism for regularisation of illegal and unapproved housing schemes.
- (6) Municipal tax to be collected from residents and businesses for rehabilitation of roads, sewerage line, waste collection and disposal, water supply, rainwater harvesting, and other public utilities and amenities.

⁹⁷ http://cnucalifornia.org/straight-line-radius-v-shortest-path-analysis-finding-right-tool-zoning-code/

- (7) Construction of three more mass transit lines to improve connectivity of markaz with regional markets.
- (8) Conversion of designated parking lots in Blue Area into multi story parking areas on BPT/PPP basis.
- (9) Regeneration of G6 sector.

The ghost of Doxiadis and our own flawed urban thinking continues unabated. The recommendations of the commission continue to look after cars, and to restrict the development of high-rise while hanging on the suburban model. They appear to be oblivious to the needs of the homeless and the needs of the growing metropolis of 2 million people.

Box 10.5. Shortage of Needed City Space

The planning paradigm of Pakistani cities is:

- Low rise (4-floor commercial areas) along wide roads
- Single-family houses and
- A priority to cars: very-widening roads with flyovers and high-speed lanes.

The result has been that the Single-Family home has become the unit for the economic activity taking on all activities such as:

- Schools
- Offices
- Leisure space
- Restaurants
- Shops
- Warehouses

Hence, it can be concluded that masterplans for cities within Pakistan have failed to recognize the variety of human needs or the growing population in cities. Instead, the preferred approach has been to force people into tight fantasies of planning divorced from emerging needs, technologies, or changing lifestyles. The result is that neighbourhoods and needs wage a constant battle against the poor planning standards that are set up.

Courts have jumped into the game without any idea of what the sociology or economy of a city is. A developing country like Pakistan is, therefore, wasting real resources with businesses and livelihoods being destroyed and transaction costs inordinately rising as courts and planners try to enforce unrealistic and fantastic standards. This thoughtless planning is detrimental to economic growth.

Master Plans Are a Relic from The Past

All our cities spend resources and time developing masterplans to lock themselves and their cities into a predetermined path of growth and lifestyles. When life does not adjust to these preordained plans for their life, cities and their residents end up in years of strife with encroachments happening involving lawsuits and law enforcement. Cities try to grow and modernise but planners go to the extent of destroying buildings with court injunctions only because they are a couple of feet taller or longer than allowed by stringent regulations. Yet the push for master-planning continues across Pakistan hoping to keep cities frozen for long periods of time from 15-30 years.

Having seen a boom after the second world war, master plans are increasingly seen as a thing of the past. Reasons for this disillusionment are many:

- Master plans are forward-looking, laying the building foundations of a city for the coming twenty years. However, they rely on the present as well as past data to project future demand for infrastructure and public utilities. Little do the planners realise that these projections are often faulty.
- In Pakistan, master-planning seems to be an inside job between planners and builders who know them. Public participation in the planning process is often perfunctory or nonexistent. These plans, therefore, are never owned by the community nor do planners recognise the needs of the people.
- Master plans are often based on unrealistic assumptions about proposed economic potential of the area as well as the requirements of the population.
- Master plans are static in nature, made at one point in time by select few which makes them irrelevant fast and it's the city dwellers who end up having to face all the ills of that planning.
- There is little flexibility built in to evolve the plan and move the city forward. They are often not updated on time, leaving room for vested interests to intervene and change rules in their favour.
- Master plans seem to dictate how markets should develop leaving no room for them to find their own level. It is thanks to master planning that we see shortage in several areas in our cities.

Cities are Markets

As Haque (2015, 2017) and Framework of Economic Growth argue cities are markets that facilitate economic growth, they must be allowed to grow. Markets create order, which manifests itself in the form of cities, based on price signals. When government intervenes to distort these signals through regulation, that order is also distorted (Bertaud, 2018). Jacobs (1969, 1984), Florida (2012) and Glasser (2011) among others have suggested that cities have multiple needs for them to achieve their central role of driving innovation and creativity. As cities adopt to changing socioeconomics, technology, innovation, and talent, none of these are foreseeable to the makers of long-term masterplans. Cities that drive productivity and growth are neither neatly planned nor laid out for suburban living and cars. It is the seeming chaotic nature of these cities that drives their productivity and growth.

For this reason, many cities are moving away from master plans to guidelines and rules that allow the needs of the market and investors to determine what should be built. The city planner only worries about social and community needs, public health and safety and other common issues but not with regulating everything in the city. Directed by needs, investors build flats, shopping malls warehouses, entertainment facilities etc. Plans then worry about the working of the city i.e., guidelines for safety and mobility, infrastructure and social, community and public space. A single mind (of a planner) cannot comprehend the complexities of social interactions among thousands of people.

Developing City Wealth

PIDE Policy Viewpoint 13 and Haque (2020) have pointed to how a modern city finances itself through proactive value creation which benefits citizens' real estate wealth. If city administration adopts this approach rather than rigid master-planning and allows value creation for the benefit of cities, welfare will increase.

Cities often sit on a gold mine of assets that include not just real estate and public utilities but can also create wealth through socioeconomic uplift of its people and regeneration of decaying urban areas. These assets can be materialised through better city management (Detter and Fölster, 2017). Singapore, for example, has built its economic and human capital through this approach (*ibid*). When this approach is adopted, cities seek to regenerate their neighborhoods in line with market needs. Such regeneration plans are in vogue these days and require market friendly thoughtful city planning.

Summing-up

- The World has moved on from restrictive master planning. Master plans are time and data intensive. They rely on present data to make future projections which are often faulty. Being Static and mostly non-inclusive, they become irrelevant fast and leave ample room for maneuvering by vested interests. Their stringent requirements leave little space for markets to develop.
- Islamabad Master Plan (IMP) was a flawed exercise from the very start and failing to revise it every 20 years has increased the damage IMP is doing for the inhabitants of Islamabad.
- Newer methods like neighborhood planning is used across the world and we should also employ them. Many new tools are developed which were not developed when IMP was made. Every year, the population of Islamabad is growing, although it was thought that people will come to Islamabad, serve the government, and then leave the city and new government servants will take their positions. It is clearly not happening as the population has risen to two million. With current rate of development, it would be impossible to sustain Islamabad as a city.
- Islamabad is an over-regulated city. City zoning has been very restrictive, favouring single-family houses with little scope for commercial and civic activities. Successful cities have regulations and zoning codes that are flexible to adjust to changing physical requirement of a city.
- Islamabad is not an affordable city for low-income groups to reside in. Real estate prices go up where height restrictions are excessive and building process is discouraging of construction. Rezoning helps development and increase of supply land to keep prices in check.
- As IMP is in the process of being re-evaluated, we suggest a complete paradigm shift in our approach to city management a shift that should be applied to other cities in Pakistan.

New Paradigm for City Management

• Policy, research and thinking needs to move away from a spaceless approach to development by integrating the role of cities as engines of growth.

- Fiscal federalism needs to be urgently adopted for city growth and to allow cities adequate ownership of their land and resources.
- The zoning paradigm needs to move away from its current emphasis on upper class housing to one that recognises the diversity of the functions of a city. It must favour density, high rise mixed use and walkability especially in downtown areas. In addition, it must favour public and community space while allowing for commerce, culture and education and other needed city activities. Zoning needs to be based on clear transparent processes based on open citizen consultations.⁹⁸
- Building regulations must be loosened to allow complex high-rise construction.
- City centres need to be developed for dense mixed use. Government ownership of city-centre land needs to be reduced if it is retarding downtown development. Commerce is to be given priority in city centres.
- City management should be professional, consultative, and accountable. Cities must be able to hire out of their budgets without federal hiring restrictions such as the Unified/National Pay Scales and mandatory positions for the federal civil service. Moreover, decision-making must be based on open consultative processes.

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Chapter 11

Lahore's Urban Dilemma

NADEEM UL HAQUE, HAFEEZ UR REHMAN HADI, MADEEHA QURESHI, and FAHD ZULFIQAR

Conceptual Issues

The rules currently are too complex, detailed, often self-contradictory, and subject to multiple interpretations. The permissions and procedures written therein can slow down development as envisioned by PM for the welfare of the country.

Building and zoning rules are conflated. Building rules are mainly for safety and curbing environmental externalities. In this regard, setbacks and heights are arbitrarily related to plot size and road width. The land-use rules and zoning regulations continue to favour outdated concepts such as commercial roads based on car access over denser cramped areas, such as Misri Shah and Baghbanpura. The planners also hold Gulberg as a favourite as opposed to where the people are densely cramped.

Zoning needs to be relaxed. Lahore needs to stop sprawling to suit a car lifestyle that subsequently pollutes and leads to a scrapped congested lifestyle. Zoning should merely differentiate between the city centre and suburbs.

Box 10.1. Dividends from De-regulation in Lahore

Being the second-largest city, will Lahore give us about 0.5 million homes in the next three years?

With PM's vision of building 0.5 million homes, we need people to move to flats. Sprawl is already destroying clean air and a decent life. Will this new regulation give us flats in high rises abundance?

There is also an extreme shortage of office space, leisure space, school space, and space for many other usages. Will this new regulation facilitate that?

The economy is in recession, with per capita incomes declining and unemployment crossing 20%; the country needs a construction boom. There is an urgent need to deregulate so that economic activity can quickly pick up.

With a large city like Lahore, the city centre might even be from Model Town to the Walled City and from Cantt to Samanabad. Suburbs are the schemes outside this designated city centre area.

Micro-managing within these areas lacks clear reasoning and provides a basis for the rent-seeking game through permissions. Building by-laws or regulations written therein should concern themselves only with technical performance demands of a building (safetyfire, structure, etc. and environmental function). The city's social, economic, and political requirements, which come under 'city planning and zoning,' need to be separated from building requirements. Area-specific requirements must be accompanied by a detailed plan/map available on the neighbourhood level, and on the internet for transparency. We need principles to back the regulations.

Lahore is a sprawl that has not provided for the needs of its citizens. The need for the hour is to recognise that over-regulated city planning has been responsible for the mess. Due to lack of clear principles, overly interventionist, confusing and conflicting regulations in the most inner-city areas which in turn has favoured sprawl, the residents have low slung messy city stretching from Kasur to Gujranwala where there are massive shortages of space.

LDA to clarify the principles behind zoning and building regulations and let such principles be the guidelines. Such guidelines by LDA must be minimal, short, and clear. The guiding principle of lengthy detailed LDA guidelines, requiring a lot of interpretation, will slow down work; create an insider market and lead to a lot of court intervention.

Fragmentation of Lahore

The issue persists across the cities, and Lahore is prima-facie. LDA only regulates and develops a small part of Lahore. Local government continues to elude us.

Box 11.2. The Crying Need to Integrate the City

- LDA represents only 20% of the city.
- 5 entities regulate Lahore with different rules and without citizen participation and representation.
- LDA is to be congratulated for this effort to follow cabinet instructions. Other entities regulating Lahore have not shown any initiative yet.
- Only the Chief Minister's office can coordinate these entities. We are thankful to Salman Shah Adviser finance for taking up this initiative.
- Coordination between these governing arrangements that make city development difficult will have deep repercussions for city development and eventually, economic growth. We urge the government to take up this issue of city fragmentation that slows our economic growth as a matter of national security.

The CM office can proactively help coordinate building and zoning deregulation across Lahore. This will require negotiating across many jurisdictions. If CM office leads; PIDE and our collaborators will extend assistance.

Cooperation of Agencies

The agencies including LDA, TMA, LMC, PHATA, and DHA consider each other competitors; but to have a constructive Lahore plan, they must be cooperative to establish institutional tools to create high-rise plans for Lahore.

Box 11.3. Shortage of Needed City Space

The planning paradigm of Pakistani cities is:

- Low rise (4-floor commercial areas) along wide roads
- Single-family houses, and
- A priority to cars: very-widening roads with flyovers and high-speed lanes.

The result has been that the Single-Family home has become the unit for the economic activity taking on all activities such as:

 Schools 	Offices
-----------------------------	---------

- Leisure space Restaurants
- Shops Warehouses

Hence it can be concluded that masterplans for cities within Pakistan have failed to recognize the variety of human needs or the growing population in cities. Instead, the preferred approach has been to force people into tight fantasies of planning divorced from emerging needs, technologies, or changing lifestyles. The result is that neighbourhoods, needs, and requirements wage a constant battle against the poor planning standards that are set up.

Courts have jumped into the game without any idea of what the sociology or economy of a city is. A developing country like Pakistan is, therefore, wasting real resources with businesses and livelihoods being destroyed and transaction costs inordinately rising as courts and planners try to enforce unrealistic and fantastic standards. This thoughtless planning is detrimental to economic growth.

Legal Front

The advertent court decisions have impeded the execution of the project, one of getting around these things is to simplify rules with no ambiguity; thus, not giving courts to interpret differently.

The government must consider taking a jibe at pending bills. As discussed in the meeting, the Condominium act and others are in process to be passed. These are to be addressed and moved efficiently as recommended in consultations.

Our Principles for Simplification

We defined four principles for building regulations.

- FAR.
- Building Intensity.
- Sky Exposure and Air Flow Guidelines.
- Car and Mobility.

FARs and Height Restrictions

In the regulations, it was agreed at the discussion that FARs are too tight to meet with what the cabinet has in mind. The recommendation of this group is at least to relax them by at least a factor of 2, i.e., double them.

Like most jurisdictions in the world, it is time that LDA must give up height restrictions. There are many reasons for this, such as:

- Height restrictions lead to box-like building structures as builders seek to use maximum space. There is no room then for diversity and beauty.
- Maximum use of the plot is then utilised leaving no room for green spaces.
- The city has a uniform skyline with a uniform sky exposure plane with areas that are not exposed to the sun. This leads to health and environmental issues.
- Rather than boxes we recommend FARs only with Sky exposure guidelines.99

Building Intensity and Setbacks

The regulation does not explain the need for setbacks. It merely states them quite arbitrarily. If road widening setbacks are to be kept, they should be uniform in an area and not by plot size. Then there should be no boundary walls. Road widening setbacks and all location-related provisions should be a function of land use and zoning controls or regulations and not of building by-laws.

We need to Define Building Intensity Use!

The city must define the percentage of land that is usable for construction with zoning determining setback for the area with released land for use as sidewalk (no walls) and let architects and builders decide.

Sun Exposures and Flow Provision

Sun Exposures and Flow provision of sun exposure angle should be included in the building regulations, and its implementation should be ensured through building approvals for new construction. A building has to be built within the intersections of these angles. Adoption of this approach would eliminate the need to link road width with building rules.

CARS AND MOBILITY

There is no reason to link denser construction by street width. We need density in areas and not according to car use. $^{100}\,$

Box 11.4. Parking Requirement is Anti-Poor and Ill-Conceived

People must have the option to buy a flat without parking. PM and Cabinet's vision is for the poor and middle class to have a house. In opposition to this vision, the parking requirement raises the cost.

- Parking in building costs developers \$5,000 or more per space.
- Underground or structured parking from \$20,000 and 50,000 per space.
- A tighter parking requirement forces all to pay for parking.
- Even poor or middle class who may not want to own a car are forced to pay for space.

-Estimates from Builders

⁹⁹ Please refer to upcoming Section 6 for details.

¹⁰⁰ Please refer to upcoming Section 9 for details.

Previous laws have created a city for cars; given the liberal space, they allow for cars, even in buildings. The law of induced demand is not considered that if you build more roads to tackle congestion, soon people will be inclined to buy more cars.

Box 11.5. City Authorities Must Recognize that a Car is Not the Only Form of Transport. Others Include.

- Walking, Bicycles,
- Elevators in mixed-use,
- Market responses like Rickshaw, Wagons, Uber and Swvl, Motorcycles,
- Carpooling,
- Buses and public transport, Other private arrangements.

In Pakistan, the Planning paradigm ruled out everything else but cars. These different forms of transport should share the street. Yet here only cars are given street space.

We need to liberalise parking within the building because we want to let more poor people purchase flats. In our view, the minimum parking requirement should be 4000 sq. ft for a parking requirement. This will allow some parking and builders to sell it separately from flats, or we need to introduce the city's mobility and parking policy without which we are dedicating cars parking spaces.

Instead, the city needs a car policy beginning with paid street parking in designated zones, congestion, and speed tolls. Safe city cameras will facilitate this policy easily to raise revenue for cities, and rationalise street usage.^{101,102}

URBAN SPRAWL

The proposed rule does little to curb sprawl that is stressing infrastructure, air quality, and city life. The sprawl has been hugely costly (even though the ostrich-like cost of it has been ignored). Most housing schemes have taken decades to develop, many have folded up, leaving fraud and litigation behind, and most have been nothing more than mere single-family homes for the rich. Not to mention the enormous load on city infrastructure that is stretched out far more than would be manageable without adding to fiscal stress in the medium term.

Given the experience with sprawl and poor performance and housing schemes at a huge cost to consumers, LDA should make public an independent evaluation stakeholder of its sprawl policy as well as its excessive inner-city controls.

¹⁰¹ Private housing schemes rules in Pakistan still favour single plot making (low-density development) and have a provision of only 10 percent of housing units to be accommodated in apartment buildings. In contrast, a model for a sustainable development project in Germany (Kronsburg Ecological District, Hannover) provided 90% housing stock in high rise apartment buildings and only 10 percent as single plotting housing units. This policy not only created the options available for everyone (poor and rich), but the results afterward show a significant improvement in the reduction of carbon emissions. It must be noted in Pakistan exactly a reverse case has been promoted of horizontal rather than vertical spread.

¹⁰² This is easily visible when you see the number of such activities housed in single-family homes-a clear indicator of the shortage of dedicated space.

The new guidelines do not commit to stopping the sprawl. Should new housing schemes not be stopped? Builders are heavily invested in sprawl and find it easy to deal with LDA using consumer funds for decades without consequence. Should the situation be allowed to continue?

Previous LDA policies have created a huge shortage of commercial, office, public, leisure, education, and community spaces. A policy of promoting compact development cannot work alone if we are not discouraging policies for sprawl development.

Given that the consumer is bearing the cost of urban sprawl, and hence the utmost priority of contractors remains towards sprawl.

The mission of LDA must not be reductionist; to issue permits and allow sprawl. Therefore, perhaps this is the time to call a halt to more housing schemes.



Fig. 11.1. Urban Sprawl in Lahore

Source: Hammad Gillani and Adeel Ahmad.

ENHANCING MOBILITY

For the last 40 years, city-planners' romance with the car has destroyed a reasonable working bus system that most citizens of Lahore can remember. Roads have been widened, flyovers, and underpasses have been liberally sprinkled across the city. Pedestrians and other forms of mobility have been killed to make room for the car. Subsidising the car as we have done for the last 40 years only taxes these other forms.

Box 11.6. Legal Framework for a Real Estate Market

Regulatory agencies like LDA should give us the legal framework for developing a real estate market.

- Even in 2020, there is no clear property titling arrangement. As a consequence, transacting in real estate remains very costly in time and money. Regulation should develop a credible and low-cost property titling and exchange framework.
- There is no multiple ownership or condominium law.
- The rental framework needs to be strengthened to allow the market to favour all, especially the poor.

As noted above, Lahore needs a car policy beginning with paid street parking in designated zones and congestion and speed tolls. Safe city cameras will facilitate this policy easily to

- Raise revenue for cities, and
- Rationalise street usage.

Even the metro has been poorly designed to favour cars. A complete redefinition of an informed mobility policy will help the residents and city and national budget.¹⁰³

PERMISSIONS

LDA has provided a provision that a developer may go to provide apartment buildings on residential plots (by application), but the procedure is complicated, costly (as to provide NOCs from TEPA for TIA studies and WASA) and thus discouraging. There is no reason for such permissions for individual buildings. This should be across zones that various authorities must make the infrastructure provisions.

In a high-rise building, along with ease-of-doing-business, the cost-of-doing business must also come down that includes the permit fees, registrations, and time-cost of the procedure.

MIX USE BUILDINGS

Why are high-rise buildings classified in different categories such as apartments, commercial buildings, and public buildings? High-rise buildings can be multi-purposed or mixed-use buildings and should collectively serve all purposes so as to reduce ambiguities. Currently, families are congested. Extended families live in one or two-room accommodation thanks to stifling LDA rules. Mixed-use buildings can be a solution to this problem.

This liberalisation should not be as in the past to favour the rich. LDA insisted on only favouring Gulberg as well as only 4 Kanal plots when CM Shahbaz Sharif agreed to a high rise on Nadeem Ul Haque's recommendation. We should not repeat the same mistake. Let all small plot-holders also benefit from liberalisation.

Contrary to the Cabinet's objective of creating pro-poor housing options, the plot size with height suggestion is merely favouring the rich against the poor. We must allow all to go to a certain floor area ratio in large zones. But the reason for defining zones must be clear.

The critical issues anticipated with the culture of high-rise buildings are that of sanitisation and amending the LESCO rules about establishing grid-station. A coordinated approach is a prerequisite to creating any plan concerning the development of Lahore or any part of this city.

In the planning process, it is crucial to loop-in the pollution factor proactively. The cost of pollution will come down with lesser average transportation costs by virtue of high-rise.

¹⁰³ The car subsidy policy has resulted in excessive road expenditure as well as a poorly designed and expensive public transport policy.

Energy efficiency must be the key decisive factor in designing of high-rise buildings, as it can prove to be the most critical cost-effective factor, amongst others, against urban sprawl.

MARKET RESPONSES

Like all planners, our city planners fear that inducing loose controls will create mayhem. For example, allowing height would mean everyone will immediately go to maximum height. They forget that:

- It takes time and money to build.
- Costs rise exponentially as height goes up. Hence not everyone will go up to maximum.
- The market will indicate what should be built in every location and owners and builders will have to take the market risk.
- Regulations must give people enough room to make decisions and not burden them with very stringent regulations. The latter is what killed the Soviet Union; the former leads to growth and employment, the crying need of the time.

MULTIPLE OWNERSHIP

In the wake of the unfortunate collapse of Margalla towers, Islamabad in the 2005 earthquake, there is a rising concern to promote multiple ownership.

Multiple ownership is undeservedly missing and under- supported. To increase the investment in high-rise buildings, the state must facilitate the mechanisms to promote this mode of ownership.

Box 11.7. Legal Framework for Encouraging Commerce through Mix-use Buildings

Urban centres should not be just a place of residence but of trade and economic activity. To promote such commercial synergies through mix-use high rise zones, regulatory authorities, such as LDA, should impose a positive legal framework on such zones:

- That is, a law should be framed that makes all sorts of commercial and industrial activities permissible within high rise zone except those that are negative and harmful,
- What should be negative and restricted by law can be debated and implemented after deliberation with the necessary body of technocrats.

Source: Minutes of PIDE's consultation with LDA at Chief Minister Office.

EMPLOYMENT

If parking is not provided in buildings and street parking is charged, the business of parking will start to create employment. A building boom following deregulation will give a much-needed boost to investment and employment. There will be many multiplier effects of this liberalisation as complementary products and services will create new markets. City regeneration, which has been on hold for decades, will trigger off many supply- side effects that are critically needed. We can already see market responses like Uber, Foodpanda, Swvl developing to serve density. We need to unleash such creativity, which city deregulation will foster. But for that to happen, planners must loosen restrictions to allow the market to work. Let investment happen liberally. This is the crying need of the day.

PRO-POOR DEVELOPMENT

If the supply of flats is increased, low-cost flats will happen. This will alleviate the middle-class housing shortage. The very poor may still not be served. For that policies might need to be developed based on the market.

We need not only housing for the poor but also room for "commerce for the poor" such as street vending and micro-vending spaces.

LDA and agencies like it need to step away from land development and develop a good legal framework and regulation for the development of the market. Work must begin in earnest to develop the laws listed in the box above.

In LDA's attempt to high rise and ensure the provision of housing space for the citizens along with creating employability, following impediments to high-rises were identified:

- (a) Fire safety standards do not allow the high rise on roads less than 40 feet.
- (b) Infrastructure development agencies such as TEPA, WASA, Sui Gas, and Electrification have operational limitations.
- (c) Rescue 1122 is not willing to make part of high-rise buildings.
- (d) Strong criticism from the media and professionals to promote a high rise.

In the light of the above-stated issues, it was proposed in the meeting that:

- Integrated approaches are needed among organisations such as TEPA, WASA, Sui Gas and Electrification to ensure changes that facilitate high rises.
- (2) For the 20 percent area of Lahore, which is amenable to dense high-rise, the supply of services (such as water and electricity) should be ensured.
- (3) Liberalisation and de-regulation are essential for making the landscape of Lahore and other cities more inclusive and eclectic.
- (4) The square feet requirement for the room has to be revisited.
- (5) The contradictions within the regulatory frameworks need to be rectified.

Takeaways

- (1) If we want growth in the country, liberalise FARs and real estate.
- (2) The real dilemma is that in Pakistan, cities are planned for cars, not for people.
- (3) There must be a car policy in Pakistan.
- (4) Mixed-use high-rise should be encouraged.
- (5) Urban regeneration is missing in the LDA documents.
- (6) Infrastructure should not be a bottleneck for the growth of the city; it should be an engine of growth.
- (7) In high-density areas, rules/regulations should be clear and short. In such areas demand clearly shows people want dense and mixed-use living. Let them have it.

(8) There should be no superfluous regulation. Simplification can be achieved if we follow four simple guidelines.

Floor Area Ratios (FARs) not heights. For example, when Floor Area Ratios (FARs) are specified, why have building height requirements? Most architects and informed people recommend only FARs and no height restrictions.

No detailed building setbacks are required. Let us think of building intensity, i.e., percent of plot that can be covered. This too should be area by area not building by building. In high rise areas, Sky Exposure and Air Flow Guidelines are given to ensure sunlight and airflow.

Cars are the city's problem, as is mobility of people. Imposing parking requirements to be borne by builders and buyers is anti-poor. City urgently needs a Mobility policy to accompany building and zoning regulation. Cars should not be linked with housing and business.

Street Vending: An Introduction and Overview

ABBAS MOOSVI

INTRODUCTION

The widespread phenomenon of street vending, particularly in the developing world, is a fascinating one. With gradual industrialisation, countries in the Global South have experienced significant levels of urban migration—people moving out of their rural settings in the search for better economic opportunities in closer proximity to commercial hubs (Recchi, 2020). Lacking formal education, these working-class individuals gravitate towards the informal economy, characterised by spontaneity, low (and in some cases non-existent) levels of regulation, long work hours, and perpetual improvisation. Defined as "the production and selling of goods and services in urban public spaces, which is not officially regulated by the law and is carried out in non-permanent built structures," street vending has risen to prominence in both positive and negative ways—on the one hand, functioning to fill important gaps in the market at affordable rates, and on the other contributing to congestion, pollution, and general 'disorderliness' (Recchi, 2020, p. 4).

The objective of this brief is to outline and explore the street vending trade in terms of its occupants, governance structures, operational dynamics, and determinants of success—proposing policy recommendations and prospects of the informal sector.

Typologies, Demographics, And Prevalence

The majority of street vendors come from poor or lower-middle-class backgrounds, adopting the trade as either a means of survival or to complement their earnings from another, more central occupation. However, a substantial amount of internal inequality may be observed within street vendors—with some earning a considerable amount via petty capitalism and collaboration with established businesses as distributors and marketers (Bromley, 2000).

Despite the commonalities in backgrounds, this group is far from a homogenous one and can be divided into four different categories. First, the 'sideline' class: these are traders focusing their activities around select events and occasions such as independence days and food festivals. They are characterised by their casual, stop-and- start approach to street vending as a way to earn some extra money. Second is the 'nomadic' class: similar to the sideline class, except that they see street selling as their primary source of income and follow temporary markets all around the year. The third is the 'opportunistic' class: responders to momentary spikes in demand for specific goods or services, such as particular fruits during harvest season or facemasks outside a mall during a pandemic. Finally, there is the 'traditional' class: relatively stationary enterprises that focus on a select few items that they specialise in and can be relied upon to deliver on an ongoing basis (Wongtada, 2014). A further distinction may be drawn between small-scale, on-the-go vendors and relatively larger-scale, fixed-in-place ones: indeed, there is a hierarchical dynamic between these two groups, with the former occasionally transitioning into the latter with the accumulation of success and expansion—indicating graduation into a group that has more social capital. In India, for instance, it was discovered that over 250 street vendors were millionaires—having saved, reinvested, and expanded over the years and became formidable players in big supply chains of the country through the formal economy (Joshi, 2021).

Gender dynamics within street vending varies quite a bit, with some countries such as China, Thailand, and Ghana—experiencing a concentration of women as the enterprise owners, whereas in the Islamic world—it is predominantly men that are involved due to religio-cultural factors that render it taboo for women to operate in a public capacity. Lastly, street vending is a lot more likely to be dominated by relatively older individuals than young ones, who are generally more educated and thus tend to opt for the formal sector. According to Wongtada (2014) the context of the Global North, race, and ethnicity also come into play—with the majority of street vendors being immigrants operating within the trade as they work to build their networks and establish themselves in the formal sector.

Differences	Global South	Global North
The informal street	Many street vendors work	A small segment of street
vending size	informally	vendors works informally
Street vendor's profile	Internal rural migrants and	Immigrants
	poor/less educated people	
Role of street vending	Stable and culturally	Temporary occupation or
sector	rooted working activity	the first immigrants
		working activity
Formal economy and	(1) The system of licenses	Conflict between regular
informal street vending	(2) The link between	and informal street
relation	informal workers and	vendors
	the global value chains	
	system	
The different aspects dealt	(1) Urban policies and the	(1) Migrant street vendors'
withy by the literature	street vendors'	activities and the
	strategies of resistance	exclusion mechanisms
	(2) Both individual and	they experience
	collective strategies of	(2) Individual strategies of
	resistance	resistance

Fig. 1. Global Differences in Street Vending

Source: Recchi, 2020, p. 16.

Arguments for and Against Street Vending

Outlined below are the salient benefits and drawbacks of street vending, and more generally, informal trade practices that have been proposed in the literature.

Favour Against Serves a crucial role in catering to demand Contributes to pollution, congestion, for specific commodities at inexpensive disorderliness, and a poor aestheticrates, thus contributing to economic rendering tourist spots less appealing to activity-and that too in flexible ways visitors and leading to traffic accidents and which are able to rapidly adapt to shifting blockages of important junctions and market conditions. congregation points. Offer crucial opportunities to struggling Transactions are generally not recorded in any official capacity, due to the absence of working class communities, usually migrants from rural settings that cannot receipts and documentation-leading to afford setting up formal businesses, trouble gaining refunds or exchanges allowing them a means to provide for their if/when unsatisfactory quality is families. discovered. Their generally mobile nature allows for Addition of middlemen into marketing and goods and services to be purchased at more supply chains that can be seen as locations and times, thus expanding promoting unnecessary consumption consumer choice. and/or being exploited by suppliers. They contribute to the formation of a Frequent public health issues, especially lively, vibrant atmosphere in urban with food items that have been exposed to settings through their commercial various contaminants in the atmosphere activities-serving as occasional guides, during the course of the day-a problem that is made worse by the lack of access to entertainers, crimes witnesses, etc. basic facilities like water and sanitation. Street vending is a trade just like any other, Involvement in activities that are and anyone wishing to get involved should technically illegal and would not be be able to as a general principle and allowed if formal regulations were in fundamental right (to commerce). place—such as the sale of banned items and involvement of child labour. Virtually impossible to tax certain aspects Means of tax revenues for the government: either through explicit means (e.g. of this trade, including income tax and licensing) or implicit ones (when serving sales tax-a general problem with the as distributors for formal businesses, informal sector. expanding their revenues). significant facilitator Due to the tendency for agglomeration, А of the development of participatory democracy street vendor 'markets' tend to generate and class consciousness, when vendors significant amounts of trash that no one in unite under unions/associations to particular takes responsibility for. represent their interests and fight for their

Table 1Pros and cons of Street Vending

Source: Bromley, 2000, pp. 5-11.

rights.

Due to the tendency for agglomeration, street vendor 'markets' tend to generate significant amounts of trash that no one in particular takes responsibility for.

Policy, Law, And Governance

Considering the fact that street vendors occupy such a large segment of the informal market, it is curious that little to no comprehensive initiatives have been taken to streamline their operations and establish formal pathways for their integration into society. Indeed, this is particularly true for developing nations: "in sub-Saharan Africa, street vendors account from 12 to 14 percent of the total urban informal employment, in India 14 percent and in Lima and Peru, street vendors represent 9 percent of the total informal urban workers" (Recchi, 2020). In Karachi, Pakistan, the informal economy employs a whopping 72 percent of the total labour force (Hasan, 2021). There are several reasons for the lack of foresight, including but not limited to a lack of data gathering mechanisms, deeply entrenched colonial-era approaches to city management, the generally fluid nature of the trade, and bureaucratic complexities within lower tiers of government.



Fig. 2. Share of Informal Employment in Urban Employment

Source: Qtd. in WIEGO, 2018.

Police officers that occupy the street-level positions, for instance, face a dilemma: they execute ambiguous policies from above with regards to street vendors or turn a blind eye to and establish covert agreements with the tradesmen in exchange for bribes that they can use to supplement their meagre incomes. A considerable number of these officials do opt for the latter in these instances due to the sheer number of interactions that are necessary—at the street level—to effectively ensure compliance. In Karachi's Saddar market, for instance, it was documented that a total of Rs. 10.5 million was paid in 'bhatta' (protection money) in 1995-96 to individuals who claimed to have the backing of local authorities, particularly the police. It was a sum of money collected from street vendors to allow them to operate (Hasan, 2021). These factors render trade regulation hard to monitor, leaving ample opportunity for street vendors to create wiggle room in collaboration with officials, political figures, and even street

thugs for protection and oversight. On the other hand, this is largely an unreliable strategy for the street vendors, who cannot count on any of these groups to remain loyal due to the plethora of external factors involved. For instance, officials are constantly under pressure from stakeholders such as residents and realtors of gated communities and, more generally, elite members of society that perceive street vendors as contributing to congestion, pollution, nuisances, and an 'unaesthetic' environment.

These powerful interests will often create pressure on government to initiate antiencroachment drives, which involve cracking down on street vendors, confiscating their equipment/property, and even harassing and abusing them as a means of clearing the space they occupy. It serves the interests of a class that wishes to privatise the public realm by creating private beaches, commercial arcades, and territories behind a paywall. The same happened in Empress Market, Karachi, during the anti-encroachment drives of 2018—with the government claiming that the cleared land would be used for luxurious restaurants and high-end museums and art galleries—thus capitulating to the demands of propertied classes and gentrifying the Saddar area (Hasan, 2021). The emergence and expansion of Defense Housing Authority and Bahria Housing Society etc., was also a paradigm shift across Pakistan's major cities, beginning in the 1980s and slowly but surely segregating urban spaces on the basis of class (Haque, 2020). What's more is that these propertied interests, especially when it comes to formal enterprises that vendors are operating in the vicinity of, will frequently take the law into their own hands leveraging its ambiguous nature to fabricate laws and gaslight the traders into thinking they are committing a crime even when they are not.

The strategy generally tends to work, too, since most vendors are migrants from rural areas without formal education, unaware of their rights and so end up capitulating to the intimidation tactics. In this way, it may be observed "how decentralised, privatised and informalised vending management leads to a variegated landscape of street vending... that correlates more to the power, resources and influence of... private property interests than to formal laws" (Devlin, 2011, p. 60). Even where it is virtually impossible to exclude street vendors, such as tourism spots, elite interests apply pressure on authorities to impose certain conditions, including requirements to dress a certain way, sell certain commodities, and/or customise stalls in a specific theme—thus increasing costs of operation and distorting the market (Bromley, 2000). One of the most glaring examples of this in Pakistan was in October 2018, when the government ordered a ban on all kinds of street activity that was disrupting traffic and pedestrian movement—leading to the "demolition of 3,495 shops and the removal of approximately 9,000 hawkers, including 82 women hawkers, from Empress Market" (Hasan, 2021).

Some governance-related initiatives that have been taken to tackle the complexities associated with street vendors are as follows. The most straightforward of these is to get vendors to move elsewhere so that they are not occupying main streets. This has not had much success, however, as customers will generally be reluctant to go out of their ways to seek out goods and services from street vendors—thus leading to dwindling levels of demand and pressures on the latter to eventually return to their original positions. Another intervention has been in the realm of education and training, whereby programmes are set up with the intention of building awareness about health safety, entrepreneurial strategy, and access to credit facilities. However, these programmes are rarely sought out by street vendors, who do not trust government officials enough to believe they have their best interests at heart—leading to low attendance levels. Such schemes' failure has led analysts and policy officials to take a step back and rethink their strategies to focus more on general commercial activity within urban contexts (in which street vendors are a significant stakeholder) rather than exclusively focusing on the informal market (Bromley, 2000).

In Pakistan, a draft bill on the protection of street vendors titled the Street Vending Bill has been prepared by the Pakistan Institute of Development Economics, Centre of Street Economy, and the Social Protection and Poverty Alleviation Division. Although long overdue, this is a step in the right direction—and broadly covers the following facets:

- Discretionary powers of various authorities in relation to street vendors.
- Introduction of the concept of town vending committees, with 50 percent representation from vendors.
 - These committees will include trader associations, NGOs, community-based organisations, local government representatives, and vendor associations.
 - They are to conduct a comprehensive survey on the street vendor community and chart out a framework for identifying vending zones.
 - Awareness building of the rights of street vendors, along with assistance in case of any violations, is a core responsibility of committees.
- Designated areas for street vendors, authorised through vending certificates costing Rs. 500/month.
- Arbitrary intimidation and confiscation of equipment from vendors to be punished with a term of one month, along with a maximum penalty of Rs. 20,000.
- With the assistance of vending committees, local government authorities formulate a policy dedicated to microcredit facilities targeted at street vendors to facilitate their operations.



Fig. 3. Factors Affecting Street Vending

Source: Wongtada, 2014, p. 69.

Determinants of Success and Resistance

Despite the various pressures on street vendors to exit their trade, they have demonstrated an incredible ability to adapt to the situations imposed on them. They have thus come up with flexible individual-level and collective-level strategies to work around the constraints, a laudable feat considering they are compelled to generate plans for the safeguarding of their enterprises while simultaneously ensuring that they are turning profits. Bribing, as already discussed, is one of these strategies. Some others include structuring work shifts around locations and timings that are relatively less monitored and reducing the quantities of goods carried at any given time in order to minimise loss/damage in worst case scenarios. They may also temporarily move to different locations and form networks with other vendors to "support each other, for example by sending messages or adopting communication signals to prevent eviction from city authorities" (Recchi, 2020, p. 15). This sort of collaboration is common in Karachi, Pakistan-where vendors pool resources to purchase certain kinds of services—such as private security and sweepers—that benefit them all and streamline their operations (Hasan, 2021). These collectives may sometimes become formal associations that can engage in the political sphere to demonstrate and protest-raising their voices to demand the right to operate more freely. With agglomerations, these vendors can establish relationships with influential figures such as politicians and non-government organisations for support and legal backing (Recchi, 2020).

Furthermore, it has been documented that the most successful of street vendors possess certain personality traits—such as "the need for achievement, risk taking, innovativeness, autonomy, locus of control, and self-efficacy" (Wongtada, 2014, p. 64). A fair number of them also rely on their social networks—including established friends and family members from the formal sector—for social leverage and even financial support. The latter is crucial, as banks and other formal means of attaining loans are invariably closed to most street vendors due to their lack of education (which prevents them from procuring formal documentation) and inability to offer collateral. Moreover, an ability to overcome adversity has also been consistently observed in the more successful street vendors—these have to do with long working hours, coercion from authority, risk of being mugged, health concerns relating to poor hygiene, competition from other vendors as well as formal businesses, and hostile/derogatory citizens. Therefore, a combination of factors needs to be taken into account by street vendors at any given point in time—constantly adjusting, maneuvering, and innovating as per the demands of the situation. A summary of these factors is illustrated in Figure 3.

Policy Recommendations

This paper has attempted to offer a broad overview of the street vending trade around the globe, particularly in the developing world—where it is only in recent years that governing authorities have begun to grant it appropriate attention from a policy point of view. In order to take these nascent initiatives to a higher level, it is crucial to understand the fundamental building blocks of street vending, the informal sector, and urban management more generally. The following is a proposed set of recommendations that may serve as a launching pad for that purpose.
Any discussions about policy perspectives on street vending and urban informality are futile unless the *don'ts* aren't laid bare—these are initiatives and approaches that governments around the world seem to be pursuing but to no avail.

Firstly, anti-encroachment drives. These efforts to coerce vendors, through intimidation tactics, into clearing the streets have never been practical, and only prompt them to move temporarily—to return a day or two later. The reason for this is that a complex set of supply and demand factors are at play at any given time, with vendors serving as the go-to provider of essential commodities—particularly for working-class communities that rely on the budget options they offer. For instance, it has been documented that the vendors of Empress Market in Karachi are intimately tied to the import and distribution channels of several important commodities, including dried fruit, tea, clothing, and pet birds. Further, customers and other stakeholders that were interviewed on the matter claimed to have lost access to important sources of goods and services for their daily use (Hasan, 2021). Merely getting rid of vendors and confiscating their assets, without considering how the demand for their products is going to be met, invariably leads to frustration on the part of consumers and violence and harassment in public spaces. This disturbing sight only fosters a fearful environment in the city rather than resolving any problems.

Secondly, top-down approaches to 'tackling' street vending. The nature of the informal sector is such that there is a plethora of information, activity, incentives, and stakeholders involved in its ecosystem—which officials are generally unaware of. Arbitrarily deciding upon a 'policy', without involving the actual players in this complex trade will always be a recipe for disaster. For instance, the 2018 anti-encroachment drives at Empress Market, Karachi, triggered a wave of crises—with jobs lost, vendors unable to pay rents for their homes, becoming deeply indebted, falling into depression and misery, and having to resort to begging on the streets to survive. It is estimated that this one initiative alone led to the elimination of approximately Rs. 5.5 billion (Hasan, 2021). These kinds of rigid, illiberal, and one-dimensional approaches ought to be abandoned.

What, then, is to be done?

Cultural Change: All good policy begins with an acknowledgment of empirical reality, in all its complexity. Common perceptions of street vendors, particularly in the developing world, are negative in their nature—whereby traders are seen as dirty, lousy, rowdy, clumsy, suspicious, threatening, etc. This must end, and street vending should be seen for what it is: a crucial peg in the economic system of poor countries and a valuable service to countless people, as well as a driver of culture and tradition. Indeed, many areas in Karachi (and urban areas in Pakistan more generally) are known for the food, products, festivities, etc., that take place there—all of which are intimately connected to the contributions of the flourishing street vending trade (Hasan, 2021). Rather than focused around how to deal with the 'nuisance' of street vending, policy ought to be based on how to foster inclusive spaces that work for all urban stakeholders. On a broader level, urban planning must be rethought to disincentivise excessive car use, replacing it with walking/cycling friendly cities in which people travel via public transport services. This, along with rethinking social taboos such as women engaging in street vending is crucialas it is a means for families to drastically increase their earnings in the developing world, as mothers begin to operate stalls from home alongside attending to their children.

Infrastructure: One of the primary bottlenecks to street vending is a lack of infrastructure, fueled by the tendency for non-inclusive public spaces—particularly for the poor. Vendors lack access to basic infrastructure, in the form of water, hygiene, and sanitation amenities. These lead to time wastage, rising operational costs, and health hazards—especially for those dealing in food items. City authorities ought to invest in high quality, well equipped public bathrooms for the vulnerable. Furthermore, the provision of trade infrastructure, in the form of carts, stalls, tables, shelter, paved surfaces, etc. ought to be made available for budding street vendors. A fee may be levied for purchasing/renting these, thus helping raise revenue for city authorities and streamlining the procurement process for vendors. This has historically even been pursued, albeit unsustainably, as policy in Pakistan-with the Ayub Khan government making available kiosks for vendors and small enterprises to rent out and mayors Naimatullah Khan and Mustafa Kamal demarcating zones for vending and facilitating traders by constructing cabins and shops for their convenience (Hasan, 2021). In more recent times, the Ehsaas Rehribaan initiative of the Pakistan Tehreek e Insaaf government has made inroads into street vending, offering traders carts and even enrolling them in training programmes to upskill them and facilitate the market through the fostering of an enabling environment. (PASS)

Microfinance: Another commonly experienced hurdle for street vendors is a lack of financial resources. Since most of these individuals lack formal education and come from poor backgrounds, they are unable to procure documentation and offer collateral for formal loans from banks. Therefore, they rely on their social networks to kick-start and preserve their enterprises, which is invariably limited in its scope. Government loan schemes that are tailored for street vendors, therefore, ought to be thought up and advanced—an initiative that may assist in documenting the informal market better by allowing for more rigorous data collection, thus adding an element of formality to it and designing context specific policy objectives.



Source: Kumar, 2012.

Committees and Associations: There is a crucial need to approach policy in a collaborative way, involving vendors and their customers: as well as other stakeholders like formal businesses and civil society organisations—reason being that information is always diffuse, multifaceted, and incredibly complex. One way to deal with this is to establish intermediaries, in the form of town vending committees and street vendor associations, between the government and the traders in question. NGOs may step in at this juncture and take on the role of data collection and vendor mapping, identifying hotspots and forming network linkages between the various stakeholders. This approach has shown promise in places like India, where these collectives serve crucial functions such as representing the needs of their members and customers, negotiating terms of operation (establishing timings/locations for trade, adhering to cleanliness standards, etc.), developing networks and relationships with key stakeholders such as the police and local political figures, and fostering a disciplined, organised structure of management for their collectives which allow for a better ability to adapt to changing circumstances and reduce the likelihood of evictions and harassment. As mentioned earlier, Pakistan is also pursuing legal measures (through the Pakistan Street Vending Bill) to facilitate the creation and maintenance of these kinds of committees to educate vendors about their rights, protect them from harassment, and bring various stakeholders together in order to facilitate trade.

Legal Protection: There is a dire need to draw up broad sets of overarching rules and procedures for street vending, which can function in an official capacity to orient the informal market in a manner that is efficient, inclusive, and productive. This need not be in the form of a long laundry list of regulations that are hard to keep track of and can be leveraged by powerful interests to intimidate vendors, but rather a low-resolution set of guiding principles that seek to integrate and harmonise the informal economy with other urban activities (Ehrenfeucht, 2016). India's bill, entitled 'Street Vendors Act 2014' can serve as a general vardstick in this regard. The law makes provisions for town vending committees (outlining their roles/responsibilities and minimum presence per zone), allocates specific zones for street vending, procedures for attaining licenses/certificates along with conditions for their cancellation, penalties for failing to meet the bill's stipulations, and the establishment of a formal authority dedicated to dispute resolution. Although implementation of laws such as these is a challenge, it is important to establish standard operating procedures that are backed by law so that those involved in this trade can seek out this information and attain clarity on their rights. The proposed Pakistan Street Vending Bill mentioned earlier is a much needed start in that direction, but it is certainly true that much more attention needs to be paid in further charting out the complexities and nuances of the trade in a manner that is inclusive of all stakeholders and attempts to integrate rather than dictate from above.

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A Review of Urban Rental Housing Regulations in Pakistan and Lessons from Practices in Developed World

ABID REHMAN

Overview

This knowledge brief aims to initiate discussion on developing vibrant rental markets by reviewing the rental housing regulation in Pakistan and learn the lessons from best practices from the developed world. As such, an effective and comprehensive rental housing policy is missing for mega cities of Pakistan. In the first step, this study analysed the current demand for rental housing along with growth trends in demand in the megacities of Pakistan. In the second part, an overview of the basic framework of regulations, regulatory authorities, and enforcement capabilities is provided. From a policy perspective, it helps to understand the loopholes in the existing regulation that are hurdles to developing vibrant rental markets in urban areas of Pakistan.

Sizing the Rental Housing

The rental market size is huge, as can be seen through the percentages of tenants across the country.

Percentages of Pakistani Households in urban centres					
Province	City	Owner (%)	Rent (%)	Free (%)	Subsidise Rent (%)
Punjab	Faisalabad	76.43	19.68	3.29	0.6
	Lahore	66.49	24.02	8.06	1.43
	Rahim Yar Khan	68.74	20.04	10.74	0.48
	Rawalpindi	55.68	32.76	8.15	3.41
Sindh	Hyderabad	79.51	16.44	2.15	1.9
	Karachi	56.08	33.68	7.26	2.98
	Sukkur	74.72	16.66	5.16	3.45
Khyber Pakhtunkhwa	Abbottabad	68.8	29.35	1.86	0
	Bannu	37.17	51.09	11.74	0
	Kohat	70.04	21.37	3.26	5.33
	Mardan	68.33	18.79	10.83	2.05
	Nowshera	67.74	21.56	10.7	0
	Peshawar	59.46	35.33	3.68	1.53
Baluchistan	Lasbela	40.94	45.78	8.35	4.93
	Quetta	52.38	36.28	3.21	8.13
Federal	Islamabad	45.95	30.22	17.03	6.79

Table 1

Source: PSLM 2019-20.

Growing Demand for Rental Housing

Pakistan has become a growing rental market in urban areas primarily because of two reasons:

- Housing Unaffordability
- Urbanisation Trends





Source: WDI Database.



Fig. 2. Growth of Rental Households in country and Providences

Moreover, if we focus on the mega cities, especially the capital of all provinces and Pakistan, the demand for rental housing has been increasing rapidly (see Figure 3).



Fig. 3. Growth of Rental Households in Mega Urban Cities

Source: PSLM Database.

Review of Rental Laws in Pakistan

The demand for rental housing is increasing at a rapid pace. However, there are regulatory, supply and demand, taxation, and financing constraints that are hurdles to the vibrant rental market. As such, the structure of the rental market is highly rigid, and regulations are the main hurdles to the development of housing in Pakistan. It is also important to mention here that all these regulations were amended in 2014 and 2015, keeping in view security concerns by adding the clause that the information and copy of identity cards of temporary residents should be submitted to the nearby police station. The enforcement of this clause was very effective in coping with terrorism activities.

Table 2 and Table 3 provide content analysis of the following seven rental laws that are applicable in the country.

- West Pakistan Urban Rent Restrictions ordinance (1959)
- The North-West Frontier Province Urban Rent Restrictions ordinance (1959)– The KP and Information of Temporary Resident Act (2014)
- The Baluchistan Urban Rent Restrictions ordinance (1959)– The Baluchistan Information of Temporary Resident Act (2015)
- Sindh Rented Premises ordinance (1979) The Sindh information of temporary residents acts (2015)
- Punjab Rented Premises Act (2009) The Punjab Information of Temporary Resident Act (2015)

- Cantonment Rent Restriction Act (1963)
- Islamabad Rent Restriction Ordinance 2001 (2014 & 2019) Amendments.

The two matrices (Tables 2 & 3) analyse the essential components of tenancy agreements in regulations along with the evaluation of authorities that enforce these regulations and taxation-related matters. It offers a good understanding of the loopholes in the regulatory structure.

The legislation and implementation of rental regulations are the subject matter of provinces, and enforcement of these regulations is the responsibility of district administration through the rent controller. In case of any violation written in the agreement by tenants or landlords, the application is submitted to the rent controller through the lawyer. The rent controller will hear both party lawyers and give his decision in favour of the righteous party. Table 3 explains the rent control and enforcement of the reviewed regulation. The rent control is very high in all the regulations, as inflation is always very high in Pakistan. However, the Rent cannot be increased by more than 10 percent and, in some cases, 5 percent. Which yield low return to investors and less incentive for the landlords. Moreover, the court procedures for the eviction of tenants through district administration are prolonged and uncertain, as regulations are pro-tenants, affecting the supply of rental housing.

Regulations	Written Agreement	Initial Rent Setting	Rent Increase	Length Contract	Tenure Security	Security Deposit	Termination of Tenancy	Maintenance Responsible
West Pakistan Urban Rent Restrictions ordinance (1959)	Yes	Yes	5- 10% in a year	1 year	Yes	Yes	end of contract period	Landlord
The North-West Frontier Province Urban Rent Restrictions ordinance (1959)	Yes	Yes	5-10% in a year	1 year	Yes	Yes	end of contract period	Landlord
The Baluchistan Urban Rent Restrictions ordinance (1959)	Yes	Yes	5-10% in a year	1 year	Yes	Yes	end of contract period	Landlord
Sindh Rented Premises Ordinance 1979	Yes	Yes	10% in a year	1 year	Yes	Yes	end of contract period	Landlord
Punjab Rented Premises Act (2009)	Yes	Yes	10% in a year	1 year	Yes	Yes	end of contract period	Landlord
Cantonment Rent Restriction Act (1963)	Yes	Yes	10% in a year	1 year	Yes	Yes	end of contract period	Tenants
Islamabad Rent Restriction Ordinance 2001	Yes	Yes	25% in 3 years or 10% in a year	1 or 3 years	Yes	Yes	end of contract period	Landlord

Table 2

Overview of the Dusic Components of Tenuncy Agreement in Regulations
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						Burden of
		Rent	Enforcement		Dispute	Property
Regulations	Authority	Control	for Eviction	Subletting	Resolution	Taxes
West Pakistan Urban Rent						
Restrictions ordinance	Rent Controller			Leads to		
(1959)	104	Very High	Very Weak	Eviction	Very Weak	Landlord
The North-West Frontier						
Province Urban Rent						
Restrictions ordinance				Leads to		
(1959)	Rent Controller	Very High	Very Weak	Eviction	Very Weak	Landlord
The Baluchistan Urban						
Rent Restrictions ordinance				Leads to		
(1959)	Rent Controller	Very High	Very Weak	Eviction	Very Weak	Landlord
Sindh Rented Premises				Leads to		
Ordinance 1979	Rent Controller	Very High	Very Weak	Eviction	Very Weak	Landlord
Punjab Rented Premises				Leads to		
Act (2009)	Rent Tribunal	Very High	Very Weak	Eviction	Very Weak	Landlord
Cantonment Rent				Leads to		
Restriction Act (1963)	Rent Controller	Very High	Weak	Eviction	Weak	Landlord
Islamabad Rent Restriction				Leads to		
Ordinance 2001	Rent Controller	Very High	Weak	Eviction	Weak	Landlord

Table 3

Rent Control, Authority, Enforcement, and Taxation

Stumbling Regulatory Blocks to Vibrant Rental Market

Based on the review of regulation, the following loopholes have been found that should be addressed for the development of the rental market.

- Colonial regulations very similar to each other & with no serious reforms since 1959.
- Failing to distinguish between the two major types of tenancy (commercial and residential).
- Fails to balance between the rights and liabilities of both landlord and tenant as regulations are pro-tenants.
- Fails to have a proper mechanism for the enforcement of eviction from tenants and dispute resolution.
- Stringent Rent control, over-regulation, and low enforcement of these acts limit investment return resulting in a decline in the rental housing supply.
- In addition, rent control and over-regulation balloons public expenditures due to getting NOCs by wasting time through lengthy administrative procedures.

Review & Comparative Analysis of Regulations in Developed World

In the developed world, the regulatory frameworks facilitate both parties' tenants and landlords. Moreover, the enforcement mechanism in the developed world is robust that provides the foundation for a vibrant rental market. The summary of the review from the developed world is presented in Table 4.

¹⁰⁴ Rent Controller is basically a Civil Judge but functions as person designate to decide the cases expeditiously and un-hampered by the laws relating to evidence or procedure.

							General
							Perception of
	Initial	Rent	Length of	Termination	Selling	Enforcement	Regulatory
Country	Rent	Increases	Lease	of Lease	Property	Problems	Framework
Denmark	Low	Medium	High	Medium	High	Medium	Significant
England	Low	Low	Low	Medium	Medium	Medium	Limited
Finland	Low	Low	High	Low	Low	Medium	Limited
France	Low	Medium	Medium	Medium	Low	High	Significant
Germany	Medium	Medium	High	Medium	Medium	Medium	Significant
Netherlands	High	High	High	Medium	Medium	Medium	Strong
Norway	Low	Medium	Medium	Low	Medium	High	Limited
Republic of							
Ireland	Low	Low	Medium	Medium	Low	Medium	Significant
Spain	Low	Medium	Medium	Medium	Medium	High	Significant
Sweden	Medium	Medium	High	Medium	Medium	Medium	Significant
Switzerland	Low	Medium	High	Medium	Low	Low	Significant
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Table 4Overview of Regulations in the Developed World

Source: Whitehead et al., (2012).

Table 5

Comparative Analysis of the Degree of Regulations in the Developed World

DEGREE OF REGULATION IN EARLY 1980s	DEGREE OF REGULATION IN LATE 2000s					
Strong	Strong					
Spain						
Finland						
Netherlands	Netherlands					
Denmark						
England						
Medium	Medium					
Sweden	Sweden					
Germany	Germany					
Norway	Switzerland					
Switzerland	Denmark					
	Spain					
	France					
France	Ireland					
Low						
Ireland	Norway					
	Finland					
	A England					

Source: Whitehead et al., (2012).

Way Forward (Lesson to Learn from Developed World)

Pakistan's rental market is yet to mature due to over regulations, strict rental control acts, and more inclination for protecting the right of tenants. The **first step** is to develop and draft a revised tenancy act based on the loopholes identified in the review of the prevailing tenancy acts in Pakistan and the practices of the developed world. So, there is a need to put serious efforts into the development of acts that reduce

regulatory constraints and push the market towards limited regulatory regimes. From the best practices in Table 5, we can have evidence that apart from the Netherlands all the other developed European countries deregulated their rental housing markets. The deregulation trends can be seen in most countries compared to 1980's. This reveals that in order to make the rental markets vibrant, the government footprint through strict regulations should be reduced with the minimisation of administrative procedures and NOCs so that there is an incentive for investors to invest in the rental property. Second, the enforcement of these regulations for eviction from tenants and dispute resolution is very weak, which create many uncertainties in the mind of landlord, and they avoid renting the house to avoid the situation in which tenants grabbed their house. There is a need to empower the landlords through these regulations so they can confidently give their house on Rent without fear of "Qabza". As can see through the practices of developed European countries (Table 4), the enforcement mechanism is either medium or high, which reflect the importance of cumbersome and straightforward enforcement mechanism for the development of vibrant rental markets. Third, the rent increase in megacities (esp., Islamabad, Lahore & Karachi) is very explosive. Based on the practices of developed European countries (Table 4), there should be rent controls by linking the rental increments with the inflation rate. Fourth, while the majority focusing on mega cities (Lahore and Karachi), we are ignoring the situation of rental housing in the intermediate and small cities (See Table 1), such as the (Bannu, Lasblea, Quetta, and Abbottabad). There is a need to focus on research on emerging and intermediate cities for the development of vibrant rental markets. Fifth, all the rental acts and regulations mainly deal with residential tenants and fails to make the distinction between commercial and residential tenants. There is a need to draft new rental acts for commercial tenants as the rent structures, and security is very different. For **future work** on making the rental market vibrant, along with regulatory reforms, there is also a need to address the issues related to digitisation of the rental market and minimising the upfront cost (excluding the middleman) so landlords and tenants have access to the information.

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Pakistan's Urban Policy: Turning Cities into Slums

MURTAZA HAIDER

If you have lived in a middle-class neighbourhood in a large city in Pakistan, you probably grew up deprived of what urban living offers elsewhere: quality education, entertainment, hope, and opportunities. What you know is chaos, congestion, religious zeal, violence, and a stifling sense of entrapment. No won- der millions of Pakistani youth have one goal: "Pakistan se zinda bhaag".

But this need not be the case. Cities in Pakistan could be transformed to become engines of economic growth. However, this would remain a dream as long as urban economic development stays on the backburner of Pakistan's economic policymaking. For the nation's economic fortunes to turn, urban economic development has to be at the forefront of economic policymaking, which in the past has focused exclusively on agriculture and manufacturing, and more recently on remittances.

Pakistan's economists, too, have ignored the subject of urban economic growth. Hundreds, if not thou- sands, of academic papers have been generated that offer a tiny variation on the time-series models that focus on the macroeconomics of Pakistan's debtridden economy. That is why having one of the nation's preeminent economists, Dr Nadeem Ul Haque, focus on urban economies is a rare but welcome event. In a recent PIDE working paper, Dr. Haque makes a strong case for developing cities to their potential to trigger economic growth. He identifies several shortcomings that have prevented urban economies from reaching their potential in Pakistan.

Understanding Pakistan's urban economy in its unique perspective

I would submit that similar shortcomings have been prevalent in North America and Europe, where hundreds of bustling metropolises developed and thrived. It is, therefore, important to understand the unique failures of policy and social order that have kept Pakistan's urban centres in a state of despair.

Urban research is scarce everywhere, not just in Pakistan

Dr Haque laments the paucity of urban research in Pakistan. But this is also true for North America. The celebrated economics departments in North American universities often boast little more than a token urban economist. Departments with two urban-focused academics claim to offer an 'urban' specialisation!



Compare research in macroeconomics, which is being produced with industrial efficiency, to research in urban economics, which is few and far between in the West. Alternatively, compare the number of books published with macroeconomics in their title to those highlighting urban economics on the cover page. Based on the sales volume, the bestselling urban economics title on Amazon.com is ranked 187,207. In comparison, the text on macroeconomics is ranked much higher at 1,431.

The dominance of small builders is a common trait too

Dr Haque highlights that unlike North America, where large builders mass-produce housing, residential development is largely done by individual households or small-sized developers in Pakistan. While it is true that large builders and land developers are uncommon in Pakistan, the housebuilding industry in North America is also dominated by a large number of small builders.

Michael Buzzelli, who is currently a professor of Geography at the Western University, studied the structure of house-building firms in North America. Dr Buzzelli and I were contemporaries and focused on the supply side of housing equation for our doctoral dissertations. Dr Buzzelli's findings are quite revealing. His research showed that the house-building industry "continued to be the preserve of small firms, when over 85 per cent of all builders constructed no more than 25 units each." He further noted that roughly one-third of small builders constructed just one house a year.

The other not so commonly known fact about large homebuilders in North America is that they are considered large not because of their size, but because of the number of housing units they produce under their brand. Essentially, large builders are agglomerates of a large number of small builders and trades who are individually incorporated businesses that collaborate to produce a large number of housing units under the same brand.

What we need is a better definition of the term 'urban'

The other key limitation of urban policy making in Pakistan is how one may define 'urban'. The government uses arbitrary administrative boundaries to define what is urban and what is not. Some researchers have argued that Pakistan is more urban than what the official statistics show.

Dr. Haque quotes research which claims that almost 70 per cent of Pakistan is either urban or urbanising. This is rather exaggerated, and it complicates further the task of reforming urban economies.

He quotes unpublished work from South Asia Institute at Harvard University that shows 39.7 percent of Punjab's population to be urban and an additional 33.2 percent urbanising. Almost 40 percent of Sindh's population is estimated to be urban with an additional 19.4 percent urbanising.

The devil, however, is in the detail!

The report considers an area 'urban' if it has a gross population density of 500 persons per square kilometre. The other criterion for being urban is a minimum population threshold of 100,000 or more in a single place defined by the Census. The minimum gross population density for an urbanising area is set at 250 persons per sq km. I am concerned that the density thresholds have been set too low. Take Lahore for instance, where the population density in central areas, such as Ravi Town was recorded at 25,000 persons per sq km (based on the 1998 Census). The population density in Cantonment was recorded at 5,800 persons per sq km. Even the sparsely populated Wagha Town reported a population density of 1,100 persons per sq km, which is more than twice the population density thresholds defined earlier.

One needs to acknowledge that what surrounds the haphazardly growing urban areas of Pakistan are not urbanising areas, but Ruralopolises. These areas "underline the fusion of rural economic and social systems with metropolitan spatial organisations. Ruralopolises are the sites of urbanisation through implosion."

Lack of local governance structures

Dr Haque rightly identifies the lack of institutions and governance structures that have contributed to the sorry state of Pakistan's urban centres. It is hard to imagine an urban governance structure in the absence of urban or local governments and stable institutions that could enforce plans and prevent their violations. A stronger constitutional cover is needed to protect the local governments from becoming victims of provincial governments, which have repeatedly and deliberately defeated attempts to evolve democratic governance at the municipal level. This also requires abolishing Cantonment Boards that effectively disenfranchise citizens by denying them the right to run and lead their local governments.

More high-density developments are needed Also, his point about the lack of highdensity mixed-use developments in urban Pakistan is spot on. Where are the tower cranes, he asks. He identifies the blind adherence to the Garden City utopia that led to low-density residential neighbourhoods. As a result of that, urban development policies institutionalised urban sprawl in Pakistan. The low-density development contributed to converting excessive conversion of fertile agricultural land to low-density residential land uses. If housing were developed at high-density in mid- to high-rise developments, the land conversion would have taken place at a much slower pace. However, urban governance mechanisms have to be improved before any high-density development can be delivered in Pakistan.

Time for Pakistan's powerful to look beyond their own interests

Urban land is the instrument of wealth creation in Pakistan. This fact is not lost on politicians, armed forces personnel, and even members of the judiciary. Every powerful group in Pakistan has laid claims on land all across Pakistan. Housing schemes have been developed for the benefit of the interest groups who have acquired land at highly subsidised rates, developed housing, and flipped properties for astronomical profits.

On the other hand, plumbers, machine operators, restaurant workers and millions like them lack the institutional backing enjoyed by the others to acquire hundreds of hectares for the benefit of their com- munity.

For equitable economic growth in Pakistan, access to state land for planned development has to happen for all, and not just for the privileged few. Every first Friday of the month is the most important day for financial markets in the United States. The government releases the non-farm payroll statistics for the previous month. The number of jobs created in the past month influences the interest rates and the larger economy. The federal government diligently reports the employment statistics every month in the United States. When was the last time such numbers were reported on a regular interval for Pakistan? Has the economy generated or lost jobs during the tenure of a government in Pakistan is a question of prime importance, yet it is seldom raised by the electorate, and hence never answered.

If job creation were a real concern of the government, it would have focused on creating the right environments for urban centres to become engines of economic growth and provide employment to the mil- lions of youth who have come of age in the past few decades. But it is clear that they do not care enough. At the same time, urban centres lack infrastructure for entertainment. Dr. Haque notes that the Defence Housing Authority in Lahore has 26 mosques, one cinema, and a library. It should therefore come as no surprise that the urban youth have embraced religious fanaticism in a place where entertainment is scarce and religious institutions aplenty.

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Pakistan or 'Plotistan'?

Shahid Mehmood

The recent furore over plot allotments to bureaucrats and judges has again brought to the fore a dark aspect of governance in Pakistan—the practice of gifting away valuable land at subsidised rates. Although the allotment has been cancelled, it is unlikely to stop a malpractice that has already cost Pakistan a huge fortune since its creation.

More important than random outbursts of anger is the need to understand the basis of this uncalled-for generosity. Till now, there has not been much information and research on the antecedents of land giveaways and related matters. That should change with an upcoming PIDE study, co-authored by the institution's vice chancellor Dr Nadeem who coined the term 'Plotistan'. Although the topic is public wealth, land-related issues have received extensive coverage since land is the most sought-after asset in Pakistan. What follows is a recap of the findings.

First, a word about the importance of this issue. From a purely social justice perspective, it is downright abhorrent that in a country where a major portion of the population finds it difficult to buy their own chunk of land for building a shelter, extremely valuable land is gifted to a select group of people at ridiculously low prices. Additionally, if assets like public land are professionally and properly managed, there might not arise the need for extractive taxation and taking recourse to expensive loans for financing development work.

Let's revert to the question of historical antecedents for which we'll have to traverse back to the times of British rule. The Empire had its own priorities and ambitions, and gifting 'crown' land at extremely low rates (or for free) was one major avenue of ensuring that official goals were met. The establishment of canal colonies like Lyallpur (Faisalabad), for example, would not only bring in revenue, but also help win loyalties and establish denser settlements on the western side of British India. The best way to do it, they reasoned, would be to offer land (and private entitlements) at extremely low rates or as an incentive. Policies like the provision of land to martyrs of the armed forces, harken back to that time when military personnel died serving the Empire.

Land giveaways have gone through an evolution of sorts.

In Pakistan's case, land giveaways have gone through an evolution of sorts, from initially being a compulsion under adverse circumstances to setting a constitutional and legal basis (in 1973) for the government to indulge in this untoward largesse. In 1947, as waves of migrants descended upon the new country, the government had no alternative but to allow the use of its land for settlements. Having little or no experience of land management and housing, it turned to various cooperatives, established during the colonial

times to handle these issues. The Karachi Cooperative Housing Society Union, for example, was leased 1,200 acres of public land.

Briefly, the public sector took it upon itself to provide housing, courtesy of donor support ('master plans' for cities like Karachi, Lahore and Islamabad were developed by donors) and the courts that termed housing as a basic right. By the 1970s, though, there was an implicit recognition even within ruling circles that the government needed to back off from this area because the results of its forays were less than encouraging, besides spawning corrupt practices and rent-seeking.

Unfortunately, by that time, the plot culture had become well entrenched in the public sector. Any doubts were laid to rest by the 1973 Constitution. Under sub-clause 3 'e' 'ii' of Article 24, government is mandated to provide housing and related facilities to all or "any specified class of citizens". Legally speaking, the only required qualification is to satisfy the "public interest"! Unfortunately, this legal licence for public-sector indulgence in land and housing only furthered the already entrenched culture of plots and perks.

To date, there has been no aggregate quantification of the loss inflicted by granting land at subsidised rates, except for a few random studies. A study in 1991, for example, estimated that over four decades, Punjab's provincial authorities doled out 318,952 plots at 'DC' (subsidised) rate, earning a meagre Rs6.9 billion in total. The market price, though, stood at Rs63.9bn, meaning an enormous subsidy of Rs57bn, equivalent to the total income of the federal government that year. Just imagine the amount that would turn up if there were ever an estimate of the losses at an all-Pakistan level!

The PIDE research elaborates on the various innovative methods employed to garner these subsidised goodies. Government departments, for example, are dotted with 'housing societies' that consist of its own employees who have been successfully carving up precious land among themselves. Cooperatives, over time, have been another favoured avenue for extraction of this subsidised favour.

This virulent culture of subsidised plots has done Pakistan a huge disservice in more ways than one. In the 21st century, investing in land still remains the biggest obsession in Pakistan, mainly because public regulations have ensured that its scarce in supply and thus pricy. This, to a large extent, explains why other wealth-creating avenues (like the stock exchange) remain a very small part of the economy. Moreover, we observe millions of capable, talented youngsters opting to join the civil service and armed forces rather than aspiring to become entrepreneurs and businessmen. A major reason is the prospective perks and privileges (subsidised plots being a top attraction) that are on offer. Put another way, the plots and perks culture has become a self-inflicted, binding constraint upon Pakistan's wealth-creation ability.

The poor administration of public assets (especially land) has cost the Pakistani exchequer tremendously. Administering lands and dishing out subsidised plots has created innumerable problems for the country, from the ever-expanding, unmanageable cities to rent-seeking and huge wealth inequalities.

It is time then to put an end to this colonial construct and stop Pakistan from turning into 'Plotistan'. For that to happen, the public sector needs to retreat from its more-thanactive role in this area.

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Pakistan Institute of Development Economics

P. O. Box 1091, Islamabad-44000, Pakistan Tel: (92) 51-9248137, Fax: (92) 51-9248065 Email: publications@pide.org.pk