



PIDE SLUDGE SERIES



RESIDENTIAL CONSTRUCTION PERMIT FROM CAPITAL DEVELOPMENT AUTHORITY, ISLAMABAD

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What is Sludge in the Economy?

Sunstein (2020) defines sludge as:

- Excessive or unjustified frictions that makes it difficult for people to get what they want or to do as they wish to do.
- Frictions that make processes difficult to navigate, such as paperwork burdens that cost time and money, and which may end up frustrating people by depriving them of access to goods, opportunities, and services.

Much sludge consists of work not required at all (permissions etc.), duplicative paperwork and wait-time – waiting in a queue or waiting for a public official to decide.

Why Sludge matters?

- Sludge impedes decision making by making it more difficult for people to navigate through their everyday lives.
- It imposes costs upon the economy in terms of waste of resources, and the opportunity costs incurred. This discourages investments, lowers productivity and therefore constrains GDP growth.
- It can be used to seek rents, which again constrains economy activity and GDP growth.
- It imposes psychological costs as well in the form of frustration, humility, and stigma.

Examples of sludge include; seeking permissions absence of which affects no one, waiting for approvals (bureaucratic red tape), waiting in queues to get a task done, doing manually what is possible digitally at little cost to stakeholders, waiting for court in hearings involving cases that lad in courts and securing attestations/verifications and fulfilling legal requirements (agreements on stamp papers, securing persons to sign as witness on agreements, notarize the legal documents)

Objectives of the Sludge Series

- To highlight the sludge involved in different activities.
- Induce the concerned agencies to work for reducing sludge
- To pin down areas where sludge can be reduced by shortening the process or reduced through digitization

Obtaining Residential Construction Permit, CDA

It takes around 9 months to obtain a construction permit

and cost around 3% of the plot value

Obtaining Construction Permit is a

HIGH STRESS

Activity



Capital Development Authority	Time Consumed (Days)	Monetary Cost (PKR)
	Assume: 151 Sq.yd Plot at market value Rs. 6 million	Total Time 274
Overhead Time 60		Opportunity Cost 55,550
Agency Time 180		Bribe 75,000
Process Time 34		Fee and Money Cost 129,960

Stress Level
4

Definitions

Opportunity Cost

Income earned if the time consumed in this activity is put on an alternative use. It is measured by multiplying total processing time with the hourly per capita Gross National Income.

Agency Time

The time consumed by the department/agency concerned in processing an activity.

Overhead Time

Part of the day lost due to being involved in this activity for a fraction of the day.

Chart-1:
Obtaining Residential Construction Permit, CDA

Time Consumed (days)	Cost (PKR)	Stress
Gather Information		
1	1,505	2.5/5
Building Plan		
62	153,976	3/5
Soundness and stability certificate		
3	6,152	3/5
NOC from Sewerage division		
17	4,500	2.5/5
Other documents		
6	15,413	3/5
Submit Application in CDA		
2	1,707	3/5
Clearance at Account Section		
55	2,000	3/5
Building Inspector's Visit / Report submission		
73	1,202	4/5
Collect Certificate		
45	1,556	2.5/5

The entire process of obtaining a construction permit for a house in Islamabad from the CDA consumes around 9 months and makes the individual and his/her family go through a significant level of stress (Value: 3/5)

Cutting Sludge

1. Eliminating unnecessary steps

1. The time and money spent on information gathering can be eliminated (for the literate people) if all the required information is posted on the website in a user-friendly manner – the time spent; in making a trip to the CDA office, waiting for the concerned official, and interacting with the official will be saved – a much lesser time and cost will be spent in gathering the information from the CDA's website, if available.

2. NOC from the sewerage division located in a separate building has to be obtained. This can be dealt with within the CDA. The applicant need not be required to make an application and pursue this.

2. Digitization

Submission of Application and Documents to CDA

1. The option of submitting the application online and uploading the documents should be available.
2. Applications for NOCs required from Civil Aviation Authority and Environmental Protection Agency should be allowed online.
3. The fee payable against the construction permit has to be paid physically at the bank. The option of paying online should be available.
4. Construction permit when granted has to be collected by the applicant from the CDA. This can be shared electronically with the applicant.
5. An attested copy of CNIC should not be required – mention of CNIC number in the application form should be enough. The CDA should have the facility to verify particulars of the applicant directly from the NADRA's database.

**Table-1:
Steps and Time Consumed in Obtaining Residential Construction Permit from CDA**

No	Step	Description	Time (minutes)				Overhead Time (Minutes)	Agency Time		
			Travel	Waiting	Transaction/Process	Total				
1	Gather Information	Visit CDA	45			45	480 (1 day)			
		Meet official to gather information		30	30	60				
		Finish the day	45			45				
2	Prepare Documents	Copy of allotment letter	45	10	5	60	14400 (30 days)			
		Building Plan (6 copies)	Visit-Architect	45					45	
			Brainstorm		30	360			390	
			Finish the day	45					45	
			Visit-2-Architect for plan	45					45	
			Hire-Architect			180			180	
			Finish the day	45					45	
			Design by Architect			14400			14400	
			Visit-3	45					45	
			Collect building plan		20	30			50	
			Finish the day	45					45	
		Attested CNIC Copy	CNIC copy	45	5	10			60	240 (1/2 day)
			Attestation	120	45	5			170	
		Indemnity Bond	Collect stamp paper	10	20	10			40	1680 (3.5 days)
			Print affidavit		10	10			20	
			Witnesses attestation	90	15	480				
			Notarize affidavit		10	10			20	
		Forms signed by architect, engineer, and owner	Visit CDA	45					45	240 (1/2 day)
			Fil the form			30			30	
			Finish the day	45					45	
		Pay order	Visit National Bank	45					45	240 (1/2 day)
			Ask for pay order		60	15				
			Finish the day	45					45	
		Soundness and Stability Certificate	Visit Engineer	45					45	1440 (3 days)
			Get certificate		30	240				
			Finish the day	45						
		NOC from sewerage division	Visit NCI	45						4800 (10 days)
Apply for NOC			60	240						
Finish the day	45									
Visit-2 NCI	45									
Collect NOC (after 7 days)			30	60						
Finish the day	45									
3	Visit-2 CDA	Visit CDA	45			45	640 (1.3 days)			
		Submit Application for construction permit		30	90	120				
		Finish the day	45			45				
4		Visit-3 CDA	45			14400	12000			

	Clearance	NOC from EM1DTE		30	240			
		Finish the day	45					
5	Building Inspector	Visit-5 CDA	45				4800 (10 days)	1440 (3 days)
		Pursue the Application so that it may forwarded to building inspector		30	120			
		Finish the day	45					
6	Building Inspector's visit				60	60		1440 (3 days)
7	Report Submission by Field-Officer						28800 (60 days)	3360 (7 days)
8	Visit-6 CDA	Visit CDA	45			45	14400 (30 days)	7200 (15 days)
		Collect approval certificate		30	45	75		
		Finish the day	45			45		
Total Time (Days)						34	180	60

Color Legend



Full Elimination Possible

Partial Elimination Possible

Digitization Possible

**Table-2:
Monetary and Opportunity Cost in Obtaining Residential Construction Permit from CDA**

No	Step	Description	Cost			Opportunity Cost		
			Travel	Fee	Total			
1	Gather Information	Visit CDA	500		500	151.5		
		Meet official to gather information			0	202.0		
		Finish the day	500		500	151.5		
2	Prepare Documents	Copy of allotment letter	500		500	202.0		
		Building Plan (6 copies)	Visit-Architect	500		500	151.5	
			Brainstorm			0	1313.0	
			Finish the day			0	151.5	
			Visit-2-Architect for plan	500		500	151.5	
			Hire-Architect		100000	100000	606.0	
			Finish the day	500		500	151.5	
			Design by Architect			0	48480	
			Visit-3	500		500	151.5	
			Collect building plan			0	168.3	
			Finish the day	500		500	151.5	
		Attested CNIC Copy	CNIC copy	500	10	510	202.0	
			Attestation			0	572.3	
		Indemnity Bond	Collect stamp paper	500	150	650	134.7	
			Print affidavit		100	100	67.3	
			Witnesses attestation	1000		1000	0.0	
			Notarize affidavit		200	200	67.3	
		Forms signed by architect, engineer, and owner	Visit 2: CDA	500		500	151.5	
			Fill the form			0	101.0	
			Finish the day	500		500	151.5	
		Pay order	Visit National Bank Ask for pay order	500	8500	500 8500	151.5 0.0	
			Fin the day	500		500	151.5	
		Soundness and Stability Certificate	Visit Engineer	500		500	151.5	
			Get certificate		5000	5000	0.0	
			Finish the day	500		500	0.0	
		NOC from sewerage division	Visit NCI Lal masjid	500		500	0.0	
			Apply for NOC			0	0.0	
			Finish the day	500		500	0.0	
			Visit-2 NCI	500		500	0.0	
			Collect NOC (after 7 days)			0	0.0	
				500		500	0.0	
		3	Visit-3 CDA	Visit CDA	500		500	151.5
				Submit Application for construction permit			0	404.0
Finish the day	500				500	151.5		
4	Account Section Clearance for dues payable	Visit-4 CDA	500		500	0.0		
		Pursue Application			0	0.0		
		Finish the day	500		500	0.0		
		Visit-5 CDA	500		500	0.0		
		NOC from EM1DTE			0	0.0		
		500		500	0.0			
5	Building Inspector	Visit-6 CDA	500		500	0.0		
		Pursue the Application so that it may forwarded to building inspector			0	0.0		
		Finish the day	500		500	0.0		
6	Building Inspector's visit			0	202.0			
7	Report Submission by Field-Officer			0	0.0			
8	Visit-7 CDA	Travel to CDA	500		500	151.5		
		Collect approval certificate			0	252.5		
		Finish the day	500		500	151.5		
Total Cost					129960	55550		

**Table-3:
Stress Level In Obtaining Residential Construction Permit From CDA**

No	Step	Description	Stress Level	Stress %	
1	Gather Information	Visit CDA	2	1.2	
		Meet official to gather information	4	3.3	
		Finish the day	2	1.2	
2	Prepare Documents	Copy of allotment letter	2	1.7	
		Building Plan (6 copies)	Visit-Architect	2	1.2
			Brainstorm	5	26.8
			Finish the day	2	1.2
			Visit-2-Architect for plan	2	1.2
			Hire-Architect	5	12.4
			Finish the day	2	1.2
			Design by Architect	1	0.0
			Visit-3	2	1.2
			Collect building plan	5	3.4
			Finish the day	2	1.2
		Attested CNIC Copy	CNIC copy	1	0.8
			Attestation	4	9.4
		Indemnity Bond	Collect stamp paper	2	1.1
			Print affidavit	4	1.1
			Witnesses attestation	5	0.0
			Notarize affidavit	5	1.4
		Forms signed by architect, engineer	Visit CDA	2	1.2
			Fil the form	5	2.1
			Finish the day	2	1.2
		Pay order	Visit National Bank	2	1.2
			Ask for pay order	4	0.0
			Fin the day	2	1.2
		Soundness and Stability Certificate	Visit Engineer	2	1.2
			Get certificate	5	0.0
			Finish the day	2	0.0
		NOC from sewerage division	Visit NCI Lal masjid	2	0.0
			Apply for NOC	5	0.0
			Finish the day	2	0.0
			Visit-2 NCI	2	0.0
			Collect NOC (after 7 days)	4	0.0
		Finish the day	1	0.0	
3	Visit-2 CDA	Visit CDA	2	1.2	
		Application submission at one window	5	8.3	
		Finish the day	2	1.2	
4	Account Section Clearance	Visit-3 CDA	2	0.0	
		Pursue Application	5	0.0	
		Finish the day	2	0.0	
		Visit-4 CDA	2	0.0	
		NOC from EM1DTE to one window	5	0.0	
		Finish the day	2	0.0	
5	Building Inspector	Visit-5 CDA	2	0.0	
		Pursue the Application so that it may forwarded to building inspe	5	0.0	
		Finish the day	2	0.0	
6	Building Inspector visit		5	4.1	
7	Report Submission by Field-Officer		5	0.0	
8	Visit-6 CDA	Travel to CDA	2	1.2	
		Collect approval certificate	3	3.1	
		Finish the day	2	1.2	

Table-3: Steps involved in processing Residential Construction Permit
(as per official claim)

No	Steps	Time (Days)
1	Submitting file at one window along with the pay order for the fee payable.	1
2	Pay order moved to estate management	3
3	Asst director forwards the file to concerned deputy director	3
4	Concerned deputy director forwards the file to steno/typewriter	3
5	Steno typist writes the approval letter	1
6	Steno send the letter to deputy director	1
7	Deputy director sends the letter to asst. director	3
8	Asst. director after making the file and approval sends one copy of file to each revenue, estate, and office	1
9	One file from BCS is forwarded to one window along with approved letter and drawings	1

Notes

The information used in the report has been collected through multiple interactions and in-depth interviews with stakeholders including concerned; government agencies and private entities. Applicants were a key informants and were also interviewed in-depth.

Assumptions

1. Average travel time to any office within Islamabad/Rawalpindi is 45 minutes. Roundtrip takes 90 minutes.
2. The cost for one way trip is Rs.500/-. This is average fares of Uber/Careem.
3. Applicant visiting a government agency to meet an official manages to meet the person during the said visit.
4. Stress level included in the report has been assessed based on (i) effort-level of the applicant for performing a task (ii) time involved in completion of the step and (iii) how crucial the step is for completion of the activity and (iv) the probability that the task may not be allowed/ approved by the authority concerned. The entire foregoing assessment is based on in-depth interview of the applicant

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