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Delinda Yuen and Songsu Choi

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Belinda Yuen and Songsu Choi

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Summary

1. Cities' development matters to Pakistan. It is central to economic growth, job creation and quality of life. This is also one of the core themes in the 2011 Government of Pakistan Framework for Economic Growth (FEG).

2. Two broad strands of analysis—situational analysis and meta-analysis—were used to explore the constraints and enabling conditions for growth-enhancing spatial change in Pakistan's cities. The first aims to provide an overview of prevailing practices in Pakistan's urban planning and development and their consequences, identifying major barriers to stronger growth. The second seeks to learn from best experiences of other cities, especially Asian cities, and to suggest a menu of policy options and priorities that could strengthen Pakistan's much needed implementation of spatial planning and help materialize its cities' creative capital.

3. The analysis revealed that Pakistan's weak city governance and spatial planning system have unfavorably impacted on urban land development. The main problems with the prevailing system are that it is too complex, difficult to understand, provides unclear rules about land and property transactions, and increases delays and uncertainty. At the same time, there is concern that the necessary infrastructure is not being delivered at the right places quickly enough. The common levers for urban development—infrastructure, land market, laws and regulations, property taxation—are weak and frequently found constraining rather than enhancing development.

4. International experience suggests that spatial planning with its regulatory and development functions is an important tool for growth, sustainable development and improved quality of life. If development of Hong Kong SAR, Seoul, Shenzhen and Singapore in recent decades is any indication, it is possible to transform cities from squalid, slum-ridden places to prosperous, better performing creative cities. A key common denominator has been the political will to change. It is not that these cities' policies are inherently more advanced. Rather, they have responded with holistic planning, avoiding sectoral approaches and requiring functional land markets. In contrast, Pakistan's spatial development is very different.

5. Pakistan's cities face major constraints to a balanced spatial structure—high rates of spatial expansion, unplanned growth and a deteriorating urban environment. Its urban planning system is weak. This includes: lack of clear legislative and institutional frameworks; weak planning capacity in skilled personnel, data and mapping; weak implementation and enforcement of urban plan; lack of long-term strategic planning; outdated and cumbersome urban planning procedures and practices. As a consequence, congestion diseconomies and unplanned spatial expansion of urban areas are setting in early, limiting ability of Pakistan's cities to exploit urban agglomeration economies.

6. In response, three key themes to set the planning system in support of developing creative cities are recommended: (i) improving system efficiency to reduce costs associated with delivering desired outcomes; (ii) enhancing system responsiveness to economic factors, and (iii) ensuring appropriate use of land. To bring this into motion, the basic requirements that underpin spatial planning and requiring immediate action are:

- Clarify and strengthen the legal framework (planning legislation) to enable changes in the design and operation of the planning system. This calls for reforming and making the planning system more accessible, improving the planning application process and plan implementation;
- Streamline and promote a well functioning administrative framework by strengthening coordination among development agencies and relevant stakeholders (people and communities) at all levels (horizontal and vertical integration);
- Strengthen spatial planning policy and practice at local government level to deliver specific development objectives in terms of economic, social and environmental benefits, and also include the land market. This entails developing a national spatial planning policy, connecting institutions and infrastructure to guide local planning authorities and decision takers both in plan preparation and as a material consideration in determining applications, and improving land records and the procedures to buy and sell land.

7. Pakistan's cities will not become beautiful, creative, well planned, and well functioning spontaneously. Successful cities change their ways, integrating national and local policies, and striving toward greater efficiency, equity and sustainability. The World Bank 2009 Urban Strategy has pointed out that urbanization is too important to be left to cities alone, advocating a system of cities approach to harness the forces of urbanization and reduce poverty. In terms of urbanization policy, this implies a national strategic vision for urban development and spatial planning at the city level. Since economic globalization and subsequent intensification of inter-city competition, many global as well as aspiring global cities including Barcelona, London, Melbourne, New York, Seoul and Singapore have placed city vision high on the urban policy agenda. The policy conclusion to which this leads is that these cities are strongly supported by effective institutions and implementation when developing their long-term vision.

8. Local government has a critical role. This paper offers several recommendations for strengthening local government's spatial planning practice. Since unplanned urban expansion and chaos are due in part to the absence of a national spatial planning policy and a weak institutional framework, an important first action for Pakistan's cities is to strengthen the basics of an enabling institutional framework for spatial planning including:

- Build on FEG, Vision 2030 and local examples such as Punjab's Vision 2020 to develop strategic, long-term vision for Pakistan's cities, identify priority areas and plan positively and proactively for economic growth, infrastructure provision, social and environmental enhancement;
- Introduce planning legislation and strengthen local and provincial planning regulatory frameworks;
- Reform existing planning system and transition toward a properly functioning land use planning system that takes an integrated, long-term approach to planning land use, transport and infrastructure to ensure coordination of resources and approaches across different levels of government;
- Speed up and scale up ongoing institutional and policy reforms in local government, land and property (land registration and property tax) and governance support to

strengthen planning for implementation. This implies ensuring that plans made are feasible, and mechanisms are in place to realize them;

- Enhance local governments' skills-base and technical capacity for effective land use planning and management (including data collection, mapping, geographic information systems, and qualified planners to undertake planning studies, plan preparation and implementation).

9. At core is the necessity to foster a positive culture of efficient and effective planning. Given that local governments differ in their plans, needs and situation, an immediate next step is to assess individual cities' policy and capacity deficits so as to identify those capacities that do exist, and upon which a more effective spatial planning framework can be built. As policymakers work to renew existing cities and build new cities, they need to recognize that spatial planning is the most fundamental and important issue, and the prevailing system is nowhere ready to support the country's urbanization and creative city development. Today's lack of spatial planning risks exacerbating unsustainable urban development, a declining quality of life and ultimately, undermining the economy.

Introduction

10. Pakistan's cities are expanding fast, often without planning. The Planning Commission's 2011 Framework for Economic Growth (FEG) has underscored the need to reform the country's planning system and mainstream urban management issues in its economic development proposal to transform 'lethargic' cities into creative cities, hubs of commerce and innovation.¹ The creative city impetus reminds cities of the importance of cultural amenities and quality of life in urban areas and how these are connected to economic development and job creation.²

11. Recent transformative development of several Asian cities, e.g. Hong Kong SAR, Shenzhen, Seoul and Singapore indicates the critical role of urban planning in facilitating growth, reinvigorating declining city centers, and increasing economic opportunities.³ Urban planning, also variously referred to as land use planning, metropolitan planning, strategic planning and spatial planning, forms the backbone of the means to manage the city's spaces, places and future growth.⁴ As UN-HABITAT recognized, "Proper urban planning is the key to bridging the urban divide and is an essential tool to make cities inclusive, environmentally friendly, economically vibrant, culturally meaningful and safe for all."⁵ This, however, implies the need to satisfy a number of minimum conditions including a legal basis for urban planning, a political system, and mechanisms that allow and encourage participatory urban planning processes, and the strategic use of urban planning tools for integrating public sector functions, and addressing rapid urbanization and sustainable development.

12. Over the past few decades, with the growing inter-connected problems of globalization, climate change and rapid urbanization, the scope and nature of urban planning are being changed (shifting from planning as a control to planning as an entrepreneurial activity), spawning innovative approaches to spatial planning.⁶ Spatial planning focuses not just on the physical city but also its social and environmental dimensions, facilitating effective urban form and addressing the functionality of urban infrastructure and services in everyday lives. Creating the conditions to properly plan and steer urbanization from its current, unsustainable path toward sustainable and creative urban development is crucial now, and will be ever more so in the decades ahead as Pakistan becomes increasingly urban.

13. Today's lack of land use planning risks exacerbating unsustainable urban development, declining quality of life and ultimately, undermining the economy. Without

¹ Government of Pakistan. 2011a. Pakistan: Framework for Economic Growth. Planning Commission, Islamabad

² Florida, Richard. 2005. *Cities and the Creative Class*. Routledge; Landry, Charles. 2000. *The Creative City*. Earthscan

³ The World Bank . 2009. World Development Report 2009: Reshaping Economic Geography, The World Bank.

⁴ In many countries, the terms land use planning and urban planning, are often used interchangeably to refer to the practice of ordering and regulating land use in an efficient and effective manner with a view to secure physical, social, economic and environmental goals. Recent decades have seen the emergence of various types of planning to more specifically understand and address the pragmatic real world constraints of land use planning. Among these, metropolitan planning is defined as strategic planning for managing change in urban region while strategic planning refers to the preparation of a strategy or framework identifying the broad patterns of growth but not detailed land allocations or zoning, and strategic planning is generally long-term and comprehensive, bringing together social, economic and spatial considerations, and spatial planning is the approach of planning that goes beyond traditional land use planning to address problem of coordination and integration of spatial dimension of sectoral policies through a territorially based strategy. See UN-HABITAT. 2009. Planning Sustainable Cities, Global Report on Human Settlement.

⁵ UN-HABITAT. 2010. Planning Sustainable Cities: UN-Habitat Practices and Perspectives.

⁶ Ibid.

proper planning, Pakistan is in for a future of ‘chaotic’ cities. Cities that develop in an unplanned, uncontrolled manner can be expected to experience an increase in slums and inadequate provision of basic services.⁷ This paper explores the conditions for growth-enhancing spatial change in Pakistan’s cities. Cities’ development matters to Pakistan. Two strands of analysis are developed. First, it reviews the performance and impact of land use planning in Pakistan’s cities while understanding the institutional culture and ‘rules of the game’ of urban development practices. Given limited availability of urban data, much of this analysis is based on Pakistan’s most urbanized province: Punjab, and large cities, primarily Lahore and Karachi. The intent is not for detailed urban specificity but a broad overview of prevailing practices (and their consequences) in Pakistan’s urban planning and development, identifying key constraints to effect creative cities.

14. Second, it uses meta-analysis, learning from the best experiences of other cities, especially Asian cities, and suggesting an agenda of policy options and priorities that could strengthen Pakistan’s prudent implementation of spatial potentials and help materialize its cities’ creative capital. There is clearly no single planning system or universal approach that can be applied in all parts of the world. Much of land use planning practice is context specific, influenced by particular city circumstance including national culture and political economy, requiring consideration of local needs and timely engagement with communities.

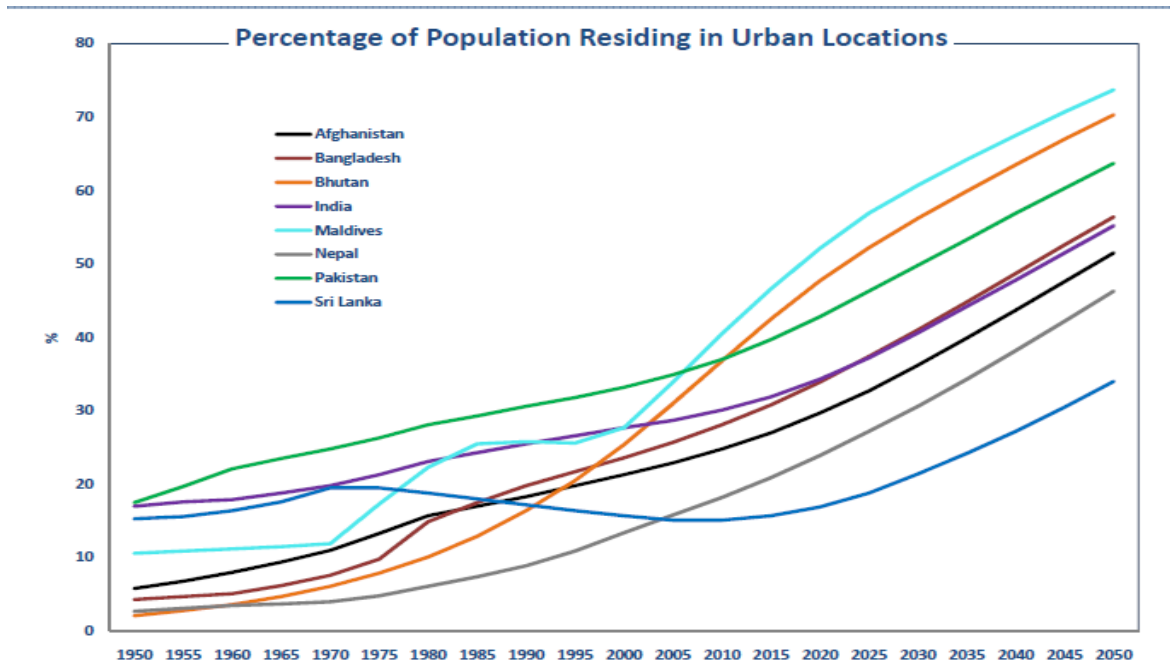
15. Following the introduction the paper examines the critical role cities have in Pakistan’s economy and development performance. It provides an analysis of Pakistan’s current approach to urban development, examining Pakistan’s urban planning and development institutions, legislation and practices with the view to identify critical consequences and constraints hampering balanced urban development. Consequently it offers an agenda of objectives and policy options based on international best practices and key actions to address those constraints and guide spatial change in Pakistan’s cities. Lastly it concludes that successful urban transformation requires political will, a sense of urgency and a commitment for shared action.

⁷ UN-HABITAT. 2008. Urban Planning Best Practices on Creating Harmonious Cities: City Experiences

Why City Development Matters to Pakistan

16. In the regional context of South Asia, Pakistan’s urbanization has been the fastest. It has increased from 17% in 1951 to 32.5% in 1998⁸ (Figure 1). By 2030, cities are likely to house about 50% of Pakistan’s population as compared to 40% for India.⁹

Figure 1 Urban Population Growth, 1950-2050



Source: South Asia Regional Strategy Update 2011, The World Bank.

17. More than half of Pakistan’s urban population is already living in eight urban agglomerations—Karachi, Lahore, Faisalabad, Rawalpindi, Multan, Hyderabad, Gujranwala and Peshawar. These large cities have increased at a rate of around 3% per year during 2000-05, which is projected to continue for the next 8-9 years.¹⁰ By 2015, Karachi’s population is anticipated to exceed 15 million, Lahore 8 million, and Faisalabad 3 million. The number of cities with more than 1 million people is projected to increase from the present 9 to 17.

18. As with global trends in urbanization, cities are key to Pakistan’s economic future. In 2011, economic activity in Pakistan’s cities might have generated up to 78% of GDP, with a per capita income of US\$1,046.¹¹ The macroeconomic impact of Pakistan’s cities is well above those of other developing countries. In 2008, cities contributed to 58% of India’s GDP

⁸ These figures of urban share are based on the administrative criterion of defining an area ‘urban’ as used in the 1998 Population Census (Government of Pakistan), which is the only data source to determine the level of urbanization in Pakistan. How an area is defined as ‘urban’ in the population census has tremendous ramification for the level of urbanization. Some have estimated that the 1998 Census definition might have underestimated the urban population by more than 6%-14%. See Ali, R. 2001. “Urbanization: The changing face of Pakistan.” *Herald*. 13-15 June 2001; and, Arif, G.M., 2003. “Urbanization in Pakistan: An Analysis of 1998 Population and Housing Census.” Pakistan Institute of Development Economics/UNFPA.

⁹ UN Population Division. 2002. World Urbanization Prospects: The 2001 Revision. UNDESA.

¹⁰ UNFPA. 2007. Life in the City—Pakistan in Focus. UNFPA.

¹¹ Government of Pakistan. 2011b. “Task Force Report on Urban Development.” Planning Commission, Islamabad. Notice this high percentage is obtained under the assumption that non-agricultural (mostly non-farm) rural activities should be considered as ‘urban’.

while Latin America's 10 largest cities contributed more than 30% of national GDP, and China's ten largest cities created about 20% of the country's GDP.¹²

19. Karachi is Pakistan's largest city, handling almost 95% of Pakistan's foreign trade, and contributing approximately 20% of Pakistan's GDP and 30% to Pakistan's manufacturing sector. In 2008, Karachi's GDP at Purchasing Power Parity (PPP) was estimated to be \$78 billion (and projected to increase to \$193 billion in 2025 at a real GDP growth rate of 5.5% per year 2008-25) as compared to a reported GDP (PPP) of \$40 billion and \$14 billion for the next two largest cities—Lahore and Faisalabad—respectively.¹³

20. However, Pakistan's large cities are facing many challenges and urban inadequacies such as in employment, environment, housing, infrastructure and transport, eroding their competitiveness.¹⁴ An estimated 35%-50% of urban dwellers live in *katchi abadis* (informal settlements).¹⁵ About 50% of Karachi's population lives in *kathi abadis*, 89% of whom live below poverty line. In absolute numbers, nationally, over 7 million people are living below poverty line and there are an estimated 1.2 million street children in Pakistan's major cities. To compound matters, the relative youth of Pakistan's urban population, a potential demographic dividend, is making the transformation of Pakistan's urban economy ever more urgent in terms of job creation.¹⁶

21. For Pakistan's cities to improve economic performance, they would need to be able to not just raise economic growth but also address the quality of environment and life. A good urban environment is a pre-condition for a good quality of urban life, which is critical for attracting and retaining people and businesses in a city. Globally, the world's leading cities aim to become the best possible performing city that it can so as to provide better quality of life and attract and retain the best possible people.¹⁷

22. When measured against international standards, the current performance of Pakistan's cities is generally poor on the quality of environment and life indicators. Lahore, Pakistan's second largest city, scores a below average 61.1 (mean value of 64.3) in the UN-HABITAT Global Urban Indicator Database of 162 countries and is a 'low developed city' in the Asian Development Bank Cities Data Book for Asia and the Pacific, ranking low on connectivity and high on congestion indices. Karachi, Pakistan's largest city is ranked among the world's ten least livable cities in the Economist Intelligence Unit (EIU) 2010 Livability Survey and the worst Asian city on the EIU-Siemens 2011 Asian Green City Index.

23. What is missing from Pakistan's cities? Ul-Haque postulates that "What is missing was productive, busy, commercial cities that would act as a magnet for rural population and

¹² Overman, H.G. and Venables, A.J. 2005. Cities in the developing world. *CEP Discussion Paper No 695*. The Centre for Economic Performance, London School of Economics and Political Science; McKinsey Global Institute. 2011. "Urban World: Mapping the Economic Power of Cities."

¹³ Hawksworth, J., Hoehn, T. and Tiwari, A. 2009. "Which are the largest city economies in the world and how might this change by 2025?" PricewaterhouseCoopers. UK Economic Outlook November 2009.

¹⁴ Asian Development Bank. 2008. "Poverty Assessment Update: Pakistan"; Government of Pakistan, Planning Commission (2011b) op cit.

¹⁵ Government of Pakistan. 1998. "Census of Pakistan". Population Census Organization.

¹⁶ Government of Pakistan. 2011a. Planning Commission. Islamabad. op cit.

¹⁷ The World Bank. 2009. op cit; Hutton, Tim. 2009. "Who's Your City? How the Creative Economy Is Making Where to Live the Most Important Decision of Your Life-By Richard Florida". *Economic Geography*. Clark University. Vol. 85(3). pp. 335-336, 07.

trade and commerce.”¹⁸ Recent international studies have pointed to the importance of making urbanization work well and the decisive role of effective planning and good governance in building thriving, creative cities.¹⁹ Developing an effective spatial planning framework to create and maintain quality and well-functioning cities should be one of Pakistan’s key priorities.

¹⁸ Ul-Haque, Nadeem. 2007. *Pakistan 25 Years Hence: A Vision*. Pakistan Institute of Development Economics. Page 13.

¹⁹ Zhang, M. 2010 (ed). *Competitiveness and Growth in Brazilian Cities: Local Policies and Actions for Innovation*. The World Bank; Spence, Michael, Annez, Patricia Clarke and Buckley, Robert M. 2009. *Urbanization and Growth*. Commission on Growth and Development. The World Bank.

The Somber Reality of Pakistan’s Cities

24. Pakistan’s weak city governance and spatial planning system have unfavorably impacted urban land development. The common levers for urban development—infrastructure, land market, laws and regulations, property taxation—are weak and frequently found constraining rather than enhancing development.²⁰ There is badly organized property market and a shortage of building land in most cities.

Inadequate Land and Housing Supply

25. Fuelled in part by rapid urbanization and in part by speculation and housing boom, urban land and housing in Pakistan have become increasingly scarce under present land use regulations, causing land prices to rise sharply as does in Lahore.²¹ Lahore has experienced more than 100% increase in nominal land values over the past two decades in many residential and commercial areas (Table 1). Residential land value has tended to rise faster (6.5 times) than commercial land value (4 times) though the increase varies substantially for different localities. Persistently high annual inflation rates (average 8.8%), however, have eroded much of the land value increase in real terms, leading to an overall actual reduction (2%) in land value, of which residential land has increased by 43% while commercial land decreased by 8%. As seen below, despite the high land prices, land supply has not become more price-elastic.

Table 1 Land Value Increase in Lahore, 1991-2011, Selected Sites

Locality	Per marla land value (Rs)		% increase in 20 years	
	1991	2011	Nominal	Real term*
			2011	2011
<i>City sub-division:</i>				
Inside Lahori Gate (C)	135,000	630,000	367	-12
Qila Lakshman Singh (C)	45,000	490,000	456	5
Qila Lakshman Singh (R)	30,000	240,000	1,533	209
Shah Bagh	40,000	190,000	500	13
Jia Musa (C)	25,000	360,000	660	44
Jia Musa (R)	10,000	190,000	3,500	581
<i>Commercial area:</i>				
Akbari Mandi	500,000	1,600,000	220	-39
Anarkali	400,000	1,700,000	325	-20
Hall Road	400,000	1,900,000	375	-10
Jail Road	300,000	1,700,000	467	7
Ferozepur Road (Shama to Kalma Chowk)	250,000	1,200,000	380	-9
Gulberg Main Boulevard	150,000	1,800,000	1,100	127
Cavalry Ground Commercial Center	300,000	1,300,000	333	-18

*Adjusted for average inflation rate at 8.8 per cent for same period (Source: IMF 2010 World Economic Outlook).
Source: Lahore Development Authority .2004. Integrated Master Plan for Lahore 2021, Final Report Volume 1: Existing Scenario, Tables 5.4; 5.5; The Punjab Gazette No. L-7532, Lahore June 28 2011.

²⁰ Dowall, D. and Ellis, P. 2007. “Urban land and housing markets in the Punjab, Pakistan.” IURD Working Paper 2007-04; Planning Commission. 2011b. Government of Pakistan. op cit.

²¹ See Planning Commission. 2011b. op cit; Dowall, D. and Ellis, P. 2007. op cit; Lahore Development Authority .2004. Integrated Master Plan for Lahore 2021. Final Report Volume 1.

26. The increase in residential land value has not been matched by corresponding increase in household incomes. The estimated per capita income in real terms has increased at an average annual growth rate of 1.32% during 1990-00.²² In Lahore, the ratio of price of 1 kanal land area (about 0.05 ha) to median household income has risen eight fold from 5 in 1998 to 40 in 2004.²³ A similar trend has also been observed in the new development areas. In Lahore, Multan, Faisalabad and Rawalpindi, 3 and 5 marla²⁴ land plots (targeted toward low and moderate income households) in new development areas would cost between Rs.300,000 to Rs.720,000 (2.3-5 times income) and Rs.500,000 to Rs.1.2 million (3.8-9 times income) respectively. Pakistan's cities—Karachi and Lahore—have high housing price-to-income and rent-to-income ratios among Asian countries (Table 2).

Table 2 Housing Price- and Rent-to-income Ratios of Selected Asian cities

Country	City	Housing price to income ratio*	Rent to income ratio**
Cambodia	Phnom Penh	8.9	-
Indonesia	Bandung	7.6	-
	Jakarta	14.6	-
Lao PDR	Vientiane	23.2	10.0
Malaysia	Penang	7.2	4.9
Myanmar	Yangon	8.3	15.4
Philippines	Cebu	13.3	-
Thailand	Bangkok	8.8	22.2
	Chiang Mai	6.8	25.0
India	Bangalore	13.8	-
	Chennai	7.7	14.6
Pakistan	Lahore	7.1	23.3
	Karachi	13.7	-

Notes:

* refers to the ratio of median free market price of a dwelling unit to median annual household income;

** refers to per cent ratio of median annual rent of a dwelling unit and median annual household income of renters;

- No data available.

Source: UN-HABITAT. 2007. *Enhancing Safety and Security*. London: Earthscan. Table C.4.

27. Construction costs are high relative to income. They are at least two times higher in Pakistan compared to those in neighboring Bangladesh and India.²⁵ Even though building materials are produced locally, the average construction cost in Lahore has increased by more than three times during 1987-96. For residential construction, the ratio of housing cost (plot and house) to income is some 6-14 times of income.

28. The precipitous increase in land and housing prices has put decent, affordable housing beyond the reach of many urban families.²⁶ An estimated 60% of urban households in Pakistan cannot afford housing at market prices. Examination of housing in Lahore indicates an occupancy index of 3 persons per room (world average is about 1.1 persons per room) while household size has expanded from 5.8 in 1961 to 7.2 in 1998. The majority (62%) of urban housing units are with 1-2 rooms. The average number of earning members per household is 1.67 with the average dependency ratio at 4.16.

²² Ministry of Finance. Pakistan Economic Survey 1999-2000. Government of Pakistan

²³ Dowall, D. and Ellis, P. 2007. op cit.

²⁴ Marla refers to a size of land equal to about 20 square meters.

²⁵ The World Bank. 2003. *Education for All: Building the Schools*. Education Notes. Washington D.C.

²⁶ Lahore Development Authority. 2004. op cit.

29. To aggravate matters, the increase in housing stock has not kept pace with the population growth. Pakistan’s housing deficit has increased from 4.3 million dwelling units in 1998 to an estimated 7.6 million units by 2009 (2.5 million units in urban areas).²⁷ Some 0.7 million new housing units are needed annually to meet population growth. This is more than double the annual addition to housing stock of 0.3 million (0.1 million in urban areas) based on conservative estimates from the 1998 Population Census and 2001 National Housing Policy, which is about sufficient for stock replacement only (depleting at 1% or 0.2 million units a year). That is, the current rate of housing production has no impact on addressing new housing demand, especially from fast expanding urban population and low-income households.

30. Over 70% of annual incremental demand for housing is from low-income families. Yet, Pakistan’s housing finance to GDP ratio is less than 1% compared to the ratios of 50%-70% in developed countries and 7% in India.²⁸ Worse still, the country is highly vulnerable to recurrent floods, which has damaged many houses. For example, the 2010 monsoon floods are estimated to have affected 78 districts, over 100,000 km² and 20 million people, destroying 1.6 million homes, villages and farmland.²⁹

31. A visible manifestation of acute housing shortage is the growth of informal settlements and slum conditions, placing Pakistan high among Asian countries (Table 3). The national housing stock is largely made up of non-permanent dwelling units; only 21% of houses are of modern brick construction (*pucca*). About 40% of dwelling units are semi-*pucca* (semi-permanent) houses, generally without planned sanitation or sewerage system, and 39% are *katcha* (temporary) houses with minimal water supply and either sanitation or drainage services. Conditions vary from city to city.

Table 3 Urban Population Living in Slums: Selected Asian Cities

Countries Ranked by Descending GDP per capita (PPP\$, 2003)	Population Living in Urban Slums (2001)	
	% of Urban Population	No. (million)
Malaysia	2	0.26
Thailand	2	0.25
Sri Lanka	14	0.60
Indonesia	23	20.88
China PRC	38	178
Philippines	44	20.18
Vietnam	47	9.20
India	56	158.42
Lao PDR	66	0.70
Cambodia	72	1.70
Pakistan	74	35.63
Bangladesh	85	30.40

Source: Roberts, B. and Kanaley, T. 2006. (ed) *Urbanization and Sustainability in Asia*. Asian Development Bank.

²⁷ Nenova, Tatiana. 2010. Expanding Housing Finance to the Underserved in South Asia: Market Review and Forward Agenda.

²⁸ Ibid.

²⁹ Asian Development Bank and The World Bank. 2010. “The Pakistan 2010 Floods: Preliminary Damage and Needs Assessment.”

32. Lahore, for instance, has 78.4% of *pucca* housing structures, 17.6% semi-*pucca* and 4% *katcha*.³⁰ Lahore has an estimated housing backlog of 154,000 dwelling units in 2001. Between 1981 and 1998, the population of Lahore increased by 3.46% per year while the housing stock grew at 2.79% per year over the same period. The annual housing production shortfall has resulted in illegal sub-division of peri-urban agricultural land and squatting. In Karachi, the annual housing demand is about 800,000 units. Over the past 5 years, the Karachi Building Control Authority has issued an average of 26,700 building permits per year. The housing gap is being addressed by the creation of new *katchi abadis* that provides about 28,000 plots of land a year, and average annual encroachment of about 1,000 acres. The rest of the demand is met by densification in existing settlements or simply not met at all.

33. At the national level, about 60% of Pakistan’s housing demand-supply gap is met through informal land subdivisions, 25% through *katchi abadis* and 15% through densification of inner cities. There are approximately 308 *katchi abadis* in Lahore, housing an estimated 1.7 million people or 38% of the city’s population. Karachi has an estimated 700-800 *katchi abadis*, housing about 7.6 million people, approximately half of the city’s population. Sindh province within which Karachi is located has some 1,300 *katchi abadis*, occupying 24,300 acres of government land and 1,700 acres of privately owned land (Table 4).

Table 3 Urban Population Living in Slums: Selected Asian Cities

Province	<i>Katchi Abadis</i> (Number)	Government owned land (acres)	Privately owned land (acres)	Total area (acres)
Balochistan	55	2826	0	2826
N W Frontier	65	1509	3434.03	4943
Punjab	902	8875	501.16	9376
Sindh	1300	24,300	1700.38	26,000
Total	2322	37,510	5635.60	43,145

Source: House Building Finance Corporation. 2008. Country Report. Pakistan

34. Even though the government has initiated a program for *Katchi Abadis* improvement and regularization in 2001, there is no similar program for informal settlements created out of agricultural land subdivision. As the 1992 Pakistan National Conservation Strategy reminded, urban planners do not seem to realize that Class I and II agricultural land are scarce and require protection. Many urban settlements in Punjab, Sindh and Peshawar are expanding horizontally, encroaching onto prime agricultural land; this land is generally level and easy to develop.

35. In Lahore where approved development plans have existed since the 1960s, urban growth still continues along a combination of planned and unplanned paths, creating traffic congestion, incompatible uses, environmental problems, illegal encroachments and conversion of land use.³¹ The Integrated Master Plan for Lahore 2021 has acknowledged that there is still no control on peripheral growth and land subdivisions that consume prime agricultural land. New growth is usually accommodated through disorderly expansion of city limits. This will have serious impact on agriculture growth (agriculture share in GDP has declined from 38% in 1969-70 to 22% in 2011), livelihood and food security. In 2008, 51% of

³⁰ Ibid.

³¹ Lahore Development Authority. 2004. op cit.

Pakistan's population (72 million people) was food insecure, an increase of 12 million people since 2005-06.³²

36. It is not just urban expansion that has become uncontrolled. Haphazard, piecemeal development seems the general leitmotif of much of Pakistan's urban and infrastructure provision. The result has been and will continue to be a serious decline in urban livability and ultimately productivity if left unaddressed.³³

Constraints to Stronger Urban Performance

Weak Land Market

37. From the urban development perspective, land and its market play a critical role in shaping development outcomes—in determining the location, density, form and typology of residential, commercial and industrial development and infrastructure.³⁴ Basic microeconomic theory indicates that a well functioning urban land market would generally be efficient (the system governing the land market encourages quick development and transaction of land), equitable (the system governing the land market provides reasonable access to all income groups), environmentally sound (the system governing the land market protects its sustainable use for good of both current and future users) and compatible (the system governing the land market is integrated with other laws and regulations governing land such as planning, taxation and provision of public infrastructure and services).³⁵

38. But, land market is far from being perfectly competitive and effective in many developing countries. Pakistan is no exception. Urban land markets are affected by both demand (e.g. population and economic growth, income) and supply factors (e.g. physical condition, land use and ownership, infrastructure, government laws and regulations), the interaction of which determines urban land prices. If urban land supply is responsive to demand, land prices will tend to reflect the productive value of land. If urban land market is constrained and cannot effectively respond to demand pressure, land prices will tend to be much higher, exceeding their productive value.

39. A poorly functioning land market is problematic, leading to illegal land transfer, land speculation, creation of slums and squatter settlements, inefficient service provision and land administration, inefficient urban development pattern that increases the cost of doing business in the city. Yet, all of these characteristics and the challenges of a poorly functioning land market are common in Pakistan, and not helping its cities to develop or realize their potential.

40. The main problems with prevailing system are that it is too complex, difficult to understand, provides unclear rules about land and property transactions, and increases

³² IFPRI Food Security Portal: Pakistan. <http://www.foodsecurityportal.org/pakistan>. Accessed September 08 2011, 12:06pm.

³³ The Urban Unit. 2007. "Assessment of Urban Land Development and Management Practices in Five Large Cities of Punjab." Draft Final Report. Government of Punjab

³⁴Lall, S.V., Freire, M., Yuen, B., Rajack R. and Helluin, J.-J. (Eds.). 2010. "Land Urban Management. Improving Land Management for Successful Urbanization." Springer.; Deininger, K. 2004. "Land Policies for Growth and Poverty Reduction." The World Bank.; Dale, P.F. and McLaughlin, J.D. 2000. "Land Administration." OUP

³⁵ DiPasquale, D. and Wheaton, W.D. 1995. *Urban Economics and Real Estate Markets*. Prentice-Hall; McDonald, J.F. and McMillen, D. 2006. *Urban Economics and Real Estate: Theory and Practice*. Wiley-Blackwell; Lall, S.V.; Freire, M.; Yuen, B.; Rajack, R.; Helluin, J.-J. (Eds.). 2010. op cit.

delays and uncertainty. Obtaining land for development can be very difficult, uncertain and time consuming, and has become the most important barrier to investment in Pakistan.

41. Urban land in Pakistan is broadly classified into three categories: state land, privately held land and land subject to communal rights under customary law. In cases where the land has no rightful owner, it will be vested in the provincial government if the land is within a province or with the federal government if not.³⁶ Typically 20%-40% of urban land in Pakistan is under state ownership. Ownership level per se is not an issue. Several other Asian cities, e.g. Singapore and Hong Kong SAR, have high (more than 50%) state land ownership and still achieved positive development. Singapore is ranked Asia's greenest city on the 2011 Siemens-EIU Asian Green City Index. The difference is that those other cities have clear land development policies and harness state land for development—for affordable housing, urban renewal and infrastructure development.³⁷ Pakistan does not.

42. The formal development and plots production mechanism in Pakistan have not been effective in meeting the needs of growth. Local authorities lack resources (plans and planning instruments) and incentives to formally allocate land for development. Pakistan's development agencies in large cities (e.g. Karachi Development Authority and Lahore Development Authority) that have control of urban land within their municipal jurisdiction have tended to act like monopolies, restricting development of land. In consequence, there is a large amount of unused state-owned urban land even when there is growing unmet demand for land. Nearly 90% of city land in Karachi is under public ownership, but the authorities are often reluctant or unable to make land available for development. This affects not just Karachi's urban and economic development but also Pakistan's competitiveness and economic growth prospects in the longer term if left unaddressed.

43. Another major challenge is the archaic, fragmented and incomplete statutory law relating to land rights and transactions in Pakistan. By and large, Pakistan's legal framework has not kept pace with the country's economic changes. There is no comprehensive legal and judicial system that governs and enforces land rights even though Pakistan's 1973 Constitution provides that every citizen shall have the right to acquire, hold and dispose of property subject to the Constitution and any reasonable restrictions imposed by law in public interest.³⁸

44. There are multiple regulations and discretionary decisions; Islamic law allows oral, unrecorded declarations of gifts of land while statutory law requires a writ, with the Benami Act legalizing documented but unrecorded transactions. Estimates indicate that there are more than 24 laws governing various land matters at the national and provincial levels, e.g. Defence Housing Authority Lahore Ordinance 1999, Commercial Policy of Punjab 1999, The Punjab Local Government (Commercialization) Rules 2004, Capital Development Authority Ordinance 1960, Cantonment Ordinance 2002, Cantonments Act 1924, Registration Act 1908, Land Acquisition Act 1894, Rent Control Act 1959. Several of the land administration regulations, e.g. land acquisition, registration and rent control, are outdated (rooted in

³⁶ USAID. 2008. "Pakistan's Agenda for Action: Interim report." Business Climate Legal and Institutional Reform.

³⁷ Ng, M.K. and Hui, D. 2010. "Developing Strategically Competitive Cities." in Seetharam, K.E. and Yuen, B. (eds.), *Developing Living Cities: from Analysis to Action*. Singapore: World Scientific, pp.13-46.; Yuen, B. 2005. "Squatters No More: Singapore Social Housing." World Bank 3rd Urban Research Symposium. Brasilia, Brazil.

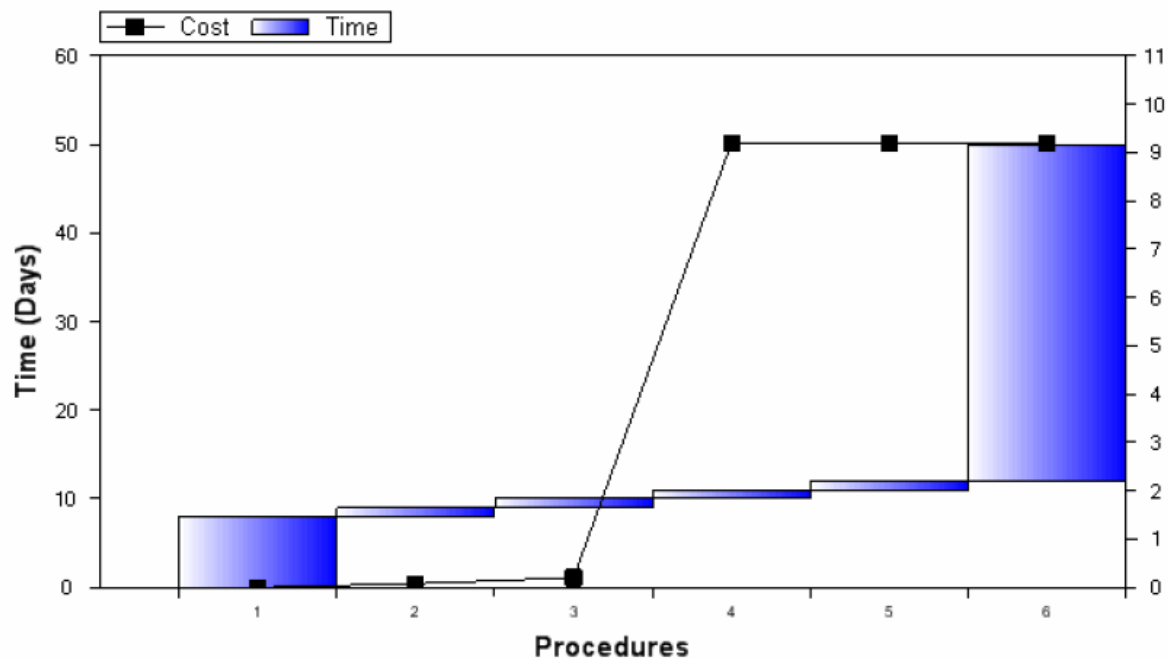
³⁸ Government of Pakistan. 1973. Constitution of the Islamic Republic of Pakistan. (as modified up to 31 Jul 2004). Article 23.

practices established during colonial administration), requiring modernization to enable Pakistan’s spatial planning and effect sustainable development.

45. The regulatory landscape has been complicated by a weak institutional structure characterized by a multiplicity of institutions with each agency responsible for its range of services within its own jurisdiction. In many cases, each with its own set of rules and regulations that have not been updated to address 21st century needs, often involving little institutional coordination, weak accountability and absence of standardized documentation and registry of land rights. The common prevailing practice is for each agency to perform land transactions at own pace and price. It should be mentioned that Pakistan does not have a formal land appraisal system.³⁹

46. In Karachi, for instance, more than 17 different agencies are involved in land titling and registration (24 sub-registrars) with several possibly applicable legal regimes. Pakistan lags behind other comparator countries. It is ranked 107 out of 139 economies in terms of protecting property rights in the 2010-11 Global Competitiveness Index (below India at 61st position and Sri Lanka at 64th position), and 126 out of 183 economies in terms of the ease of registering property, which generally requires 6 procedures, 50 days and a cost of 9.2% of property value (Figure 2).⁴⁰

Figure 2 Steps to Registering Property in Pakistan



Source: The World Bank. 2011. *Doing Business 2011: Pakistan*. Page 31.

³⁹ The Urban Unit. 2007. *op cit*.

⁴⁰ World Economic Forum. 2010. “The World Competitiveness Report 2010-11.”; The World Bank. 2011. “Doing Business 2011: Pakistan.” Washington D.C.

47. The combined effect of regulatory and institutional inefficiencies is poor management of land, leading to numerous loopholes, disjointed practices, and often non-transparent procedures, delays, high costs and differing rates of registration, inaccurate land records, and ineffective land titling and registration systems.⁴¹ The amount of land actually registered countrywide is unreported.

48. Despite formal laws mandating land registration, ownership is rarely registered. Most land transactions are made for cash and without official title documents through power of attorney to avoid transaction costs such as registration, stamp duties and property tax, creating opportunity for many apprehensions and violations as well as land-related disputes. The courts have a large backlog of land-related disputes—more than 40% of all court disputes are land-related; over a million land-related disputes are pending resolution that would take years to resolve.

49. The disincentive for land registration is further accentuated by a lack of enforcement of real estate contracts, absence of efficient dispute resolution procedures, uneven application of property tax, and weak leasing laws. Pakistan has begun to recognize the need for reform. Since 2005, Pakistan has started to computerize land records as part of its e-government initiative on land records management information system. But, major challenges remain including the need to deliver change more quickly and the potential tensions associated with each province having its own legislation model.⁴²

50. Ensuring clear and formal land and property rights is fundamental to the business of developing land and property. Any fuzziness in titles or the right to dispose of property reduces the volume of real estate transactions, and eventually freezes urban land into obsolete land use, contributing to an artificial urban land shortage and reduced investment.

Urban Infrastructure Gap

51. Another significant challenge is the huge and growing urban infrastructure deficits in roads, water, electricity, sewerage, etc. that further increase the cost and risk of real estate development. Infrastructure service coverage is extremely limited, and service quality is poor. Studies have shown that regional economic development has succeeded in several Asian countries, e.g. China, Malaysia, Singapore, largely because infrastructure investments are carefully orchestrated to support the growth of new towns, industrial areas, major transport hubs, etc. Those low- and middle-income countries that use infrastructure inefficiently pay a growth penalty in form of a much smaller benefit from infrastructure investment—over 25% of the growth differential between East Asia and Africa during 1970-90 can be attributed to the difference in effective use of infrastructure resources.⁴³

52. There are several underlying causes to urban infrastructure deficit in Pakistan. The first is lack of finance in most cities to construct infrastructure needed to support

⁴¹ Ali, Z. and Nasir, A. 2010. "Land Administration System in Pakistan: Current Situation and Stakeholders' Perception." Paper presented at FIG Congress 2010. Sydney: Australia, 11-16 April 2010; USAID. 2008. "Pakistan's Agenda for Action: Interim Report." Business Climate Legal and Institutional Reform.; The World Bank. 2005. "Land Records Management and Information Systems Program (LRMIS-P)." Province of Punjab, No. AB1469.

⁴² Qazi, M. U. 2006. "Computerization of Land Records in Pakistan" LEAD International. Islamabad.

⁴³ Hulten, C.R. 1996. "Infrastructure capital and economic growth: How well you use it may be more important than how much you have." *NBER Working Paper 5847*; Rioja, F.K. 2003. "The Penalties of Inefficient Infrastructure." *Review of Development Economics*. 7(1), pp: 127-137.

development—in part due to inadequate resource flows from higher levels of government and in part because of a narrow and poorly administered local tax base. For instance, Lahore needs to spend Rs. 55 billion over the next five years to close its infrastructure gap but its current annual public spending is Rs. 1 billion, less than 10% of the required level.⁴⁴ As the Integrated Master Plan for Lahore 2021 noted, over the years, the Lahore Development Authority has not been able to generate the financial surplus to enable it to carry out large investments in trunk infrastructure. Majority of local government budgets (60%-70%) are spent on recurrent expenditures. International experience suggests various options of fiscal consolidation including through more effective administration of real estate property and transfer taxes and fees, other own-source revenues and land-based financing instruments, e.g. land sales or leases, developer exactions, development impact fees, tax increment financing that uses tax revenues from enhancement in property value.⁴⁵ These sources, however, require strong institutions and are premised on a well-functioning urban land market.

53. Resource aside, there is also the issue of lack of strategic resource management compounded by segregated and unclear institutional framework for service provision, weak accountability of public sector institutions, weak incentives for ensuring sustainability of investment, procedural delays in implementing in-year resource reallocations, lack of transparency in resource management including procurement.⁴⁶ Most infrastructure investments and services are provided by central or provincial government agencies including development authorities, and there is little coordination with local governments. The cumulative effects of which work toward misalignment between local expenditures and national/provincial policy priorities and more significantly, disconnect between development and recurrent expenditures.

54. Of importance is the current way by which urban infrastructure is being planned (or not planned) in Pakistan's cities. Public agencies plan their infrastructure investments based on master plans and program investments (supply-driven models), which may not fully reflect actual demand. Newly urbanizing areas are often not integrated into provincial infrastructure capital plans, as is the case in Punjab.⁴⁷

55. In some cases, e.g. water and sanitation in Faisalabad, there is no access to key information. The Water and Sanitation Agency has no maps showing existing urban infrastructure.⁴⁸ In absence of information and very limited technical personnel/support, infrastructure investments are often carried out in a piecemeal and ad hoc manner rather than large-scale and planned citywide construction and improvement in trunk infrastructure. Mismatch between administrative and de facto urban boundaries, and lack of governance structure to enable transparent processes and coordinated planning between different local jurisdictions are further obstacles to coherent infrastructure development.

⁴⁴ Lahore Development Authority. 2004. *op cit*.

⁴⁵ Peterson, G. 2009. "Unlocking Land Values to Finance Urban Infrastructure." The World Bank.

⁴⁶ The World Bank. 2006. "Program Information Document Concept Stage: Punjab Large Cities." DPL. Report No. AB2261.

⁴⁷ The World Bank. 2007. "Program Document for a Punjab Large Cities Programmatic Development Policy Loan."

⁴⁸ Semiotics Consultants. 2008. "Poverty and Social Impact Analysis Study, Interim Report. P095983; The World Bank. 2006. "Program Information Document Concept Stage: Punjab Large Cities." DPL. Report No. AB2261.

56. But, the successful development of creative city requires infrastructure—both hard infrastructure of the city’s built environment (buildings, roads, sewage, etc) and soft infrastructure embodied in its people (their capacity, creativity, culture, skills and talent).

Outmoded Planning, the Missing Link

57. The planning system has a profound impact on land development, economy and quality of life. At city level, the urban planning system has three main functions: i) support economic development through land use planning and provision of infrastructure; ii) provide sufficient housing and community facilities to meet demand; and iii) give people opportunity to shape their city including to protect and promote important environmental and social goals. In Pakistan, measures are required to help cities perform all three functions effectively.

58. The prevailing system is weak and nowhere ready to address the country’s urbanization. Integrated urban development is not taking place in Pakistan’s cities. Several recent reports have started to recognize this. For instance, the 2011 Task Force on Urban Development Report declared “There is no urban planning, only ‘project-based’ development”.⁴⁹ As the FEG goes on to observe “Weak and fragmented city administration has resulted in incoherent, non professional and non consultative city planning.”⁵⁰ Development plans though prepared are not implemented.

59. As with many other post-colonial countries, the tools of Pakistan’s planning are rooted in mental models of the mid-20th century enacted in and for a very different situation—the 19th century industrial cities in UK with little regard for local cultures and traditions.⁵¹ A number of major constraints have led to urban planning being implemented in a very limited way.

60. *Lack of clear legislative and institutional frameworks.* The body of planning law has not kept pace with the reality of spatial development. There is no comprehensive legislation. There is no planning law at the national or provincial level but a multitude of Acts and Ordinances at the provincial and local government levels under which different tiers of local government would perform various urban planning functions. Since 2001, provincial governments have promulgated the Local Government Ordinance 2001 in their respective provinces to install the devolved local government system within the provincial framework and adhere to federal and provincial laws.⁵² The Local Government Ordinance 2001, however, did not clarify the operational institutional framework. There is generally unclear division of responsibilities in terms of plan making; the roles and responsibilities for preparing and approving planning schemes are often vaguely defined.

61. In Punjab, several different agencies are involved in planning, each with its own operating rules. First, the local government system comprises five city district governments

⁴⁹ Planning Commission. 2011b. op cit.

⁵⁰ Planning Commission. 2011a. op cit. Page 100.

⁵¹ King, A.D. 1990. “Urbanism, Colonialism and the World-Economy: Cultural and Spatial Foundations of the World Urban System.”; Jenkins, P., Smith, H. and Wang, Y.P. 2006. “Planning and Housing in the Rapidly Urbanizing World.” Taylor & Francis.

⁵² Under the SBNP (Sind, Balochistan, North West Frontier and Punjab Provinces of Pakistan) District Government (Model) Rules of Business 2001, local government system means a district government or a city district government and *zila* (district) council; a *tehsil* municipal administration and *tehsil* council; a town municipal administration and town council; and a union administration and union council.

(five large cities), 34 districts and 144 tehsils. Although the Punjab Housing and Town Planning Agency (PHATA) is tasked to establish a comprehensive system of urban planning at provincial and local government levels, in any particular city, a range of legislation applies within the jurisdiction of different agencies, adding to the general public's uncertainty about the rules they will have to follow.

62. Second, despite devolution and the Local (City) Government Ordinance 2001, there remains a strong presence of federal government institutions, e.g. Military Land and Cantonment Boards, Pakistan Railway, that plan independently of City District Government, and follow their own laws, rules and bylaws with no coordination with each other or other governmental planning entities. Third, following the 18th Amendment, development authorities now under the local government have parallel power structure; development authorities are both planners and developers.⁵³

63. In Lahore, the Lahore Development Authority (LDA) has powers similar to Lahore Municipal Corporation (LMC). While LMC continues to follow the Master Plan for Greater Lahore (1966-1985), the LDA, perceiving that the 1966 master plan was an inadequate document for its development purposes, in 1980, has prepared the structure plan (Lahore Urban Development and Traffic Study, 1981-2000), and started following it even though this plan has no legal status. The LMC, which controlled most of the built-up areas of Lahore, never owned and implemented the LDA 1980 structure plan.

64. The inevitable outcome is that the city ends up with two separate urban land use plans followed by two individual organizations with overlapping functions and territory. The present approach lacks appropriate mechanism for coordination, seriously hampering effective plan implementation, planning decisions and direction for urban land. There is no unified, integrated planning system for the city as a whole since cantonments, Defence Housing Authority land, and areas under development authorities are excluded from the scope of the city's master planning. The multiple institutions and their uncoordinated jurisdictions further contribute to unconnected and fragmented planning at city level. There is no vision for inner city and provincial planning approach. Under Section 13 of The Lahore Development Authority Act, 1975 and Section 12 of The Punjab Development of Cities Act, 1976, local government and their agencies are not allowed to make any scheme without approval of the development authority in their jurisdiction, further restricting local government in undertaking holistic and integrated planning for the city.

65. Overlapping, fragmented and uncoordinated planning functions lead to duplication and wastage of resources, or worse, conflicting instead of complementary decisions across jurisdictional boundaries.⁵⁴ As the Karachi Strategic Development Plan 2020 acknowledged, the consequential outcome is the absence of a holistic vision for the city, impeding the formulation and implementation of forward-looking, future-oriented master plan for the city. The planning vacuum increases unplanned and haphazard growth, environmental degradation, inter-organizational conflicts in municipal services provision and problems in disaster and crisis management.⁵⁵

⁵³ Section 6 of The Lahore Development Authority Act, 1975; Section 7 of The Punjab Development of Cities Act, 1976.

⁵⁴ The Urban Unit. 2007. op cit.

⁵⁵ City District Government Karachi. 2007. "Karachi Strategic Development Plan 2020." Karachi

66. *Lack of capacity—skilled personnel, data and mapping—for urban planning:* Even though urban planning and management is the function of local governments, local governments have extremely limited technical capacity to fully meet the challenge. There is a lack of qualified staff, data and maps to effectively carry out planning work.⁵⁶ Plans for informal settlements in Pakistan are generally not available.⁵⁷

67. For instance, the Faisalabad Development Authority had started to prepare a master plan for Faisalabad during 1978-79 but the pace of the project was so slow that within the stipulated two-year timeframe of plan preparation, only surveys were completed.⁵⁸ The project was further delayed by changes in work scope and planning consultants, shortage of resources, especially the limited number of town planners and long approval process. Three decades later, the plan remains unapproved even though it has expired. Even where plans are approved, e.g. Multan master plan, they are frequently not updated or fully implemented due to lack of capacity, rendering them obsolete and ineffective tools of land use development. As the Urban Unit of Punjab noted, the development plans are quickly discredited because they have become outdated and the policies are no longer valid to implement.⁵⁹

68. Many town administrations (especially those set up following the 2001 decentralization program, e.g. Lyari Town Municipal Administration) have no map of their area. While the Lyari town council recognizes the importance of acquiring the maps and initiating proper planning, the priority is with day-to-day crisis management, e.g. water and sewage problems, trade licensing etc. That is, Lyari and other similarly constrained administrations are ‘flying blind’—they simply do not have required local spatial land use and development data and maps. The staff has no expertise in land surveying and mapping.

69. Some large cities such as Karachi have prepared maps through remote sensing (e.g. Karachi Development Plan 2000) with the help of international consultants. But, due to financial and institutional constraints, these maps are also not updated or used effectively for planning processes. Inadequate access to spatial data can result in limited understanding and partial response to driving forces that shape urban development.

70. *Lack of urban plan implementation and enforcement.* In other cases where plans do exist, effective spatial development is still not yet implemented as the legal basis has not been put in place to facilitate the planning process. The plans often lack an organized implementation system and effective monitoring and enforcement process. In Sindh, the town planning departments of city development authorities have prepared five Development Plans for Karachi and 21 plans for different cities since 1923, but none of those plans have legal status or approval of the Sindh government.⁶⁰ As a result, there is no development plan in place to guide city growth, investment prioritization and sequencing in key infrastructure sectors.

⁵⁶ The Urban Unit. 2010. “Assessment of Capacity Building Institutions in Urban Sectors of Punjab.” Government of Punjab

⁵⁷ Max Lock Centre. 2003. “Mapping Urbanization for Urban and Regional Governance: Pakistan Mapping Study.” Final Report. University of Westminster. DFID Research R8130.

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Sindh Programme Office. 2005. “Status paper on urban environment in Sindh.” IUCN

71. The inevitable result of the absence of legal redress (an integral part of any development plan) is that people would develop according to their own whim without regard to the development plan and urban environment. Plan implementation remains a serious challenge. The 1966 Lahore Master Plan prepared under the Municipal Administration Ordinance 1960 highlighted the absence of appropriate legal cover for master plans, and called for rectification, but to no avail.⁶¹ Without effective legal powers for implementation and enforcement, the development plans proved to be of limited practical value.

72. *Lack of long-term strategic planning.* There is no tradition of long-term planning. Attempts at developing long-term visions are not implemented for reasons mentioned above. Until recently, the Planning Commission has prepared 5-year plans that establish the broad policy directions, and allocate a budget for them. In addition, an annual development plan is prepared for each union council, tehsil, district and province, with the primary purpose for fund allocation.

73. What the union council, tehsil, district and province can fund through its own resources is debated in the House of Representatives (union council, tehsil council, district council, provincial assembly respectively) and approved. What cannot be funded is then forwarded to the next tier of government for consideration. The federal government would take charge of large projects such as national highways. It would develop these through its own agencies such as the National Highway Authority and National Housing Authority with little coordination with local government.

74. There are some emerging signs to embrace long-term strategic planning. Vision 2030, covering 2007-30, outlines a strategic framework for Pakistan. Its advocacy is for rapid and sustainable development in a resource-constrained economy by deploying knowledge and technology-driven growth and restructuring the institutions of state and governance. A major review of Vision 2030 is scheduled for 2015.⁶² Vision 2030 represents an important milestone in Pakistan's development framework; it is the first time in 60 years that Pakistan has prepared a roadmap for steering the country toward future. More of such action is needed to revitalize and empower the other administrative levels—provincial and local—key planning institutions to jointly solve short- and long-term problems in a sustainable manner.

75. *Outdated and cumbersome planning practices.* Even though the British concept of structure plan and local plan system has been introduced in some Pakistan cities during the 1980s and 1990s, e.g. Lahore, Peshawar, Faisalabad and Multan, the master plan remains the modus operandi in most cities.⁶³ Many local authorities treat the structure plan like the master plan. But, as global planning practice shows, the two plans are different in concept and approach. The static and rigid nature of traditional master planning is unable to effectively deal with rapid economic and urban growth, prompting many countries to abandon this form of planning.⁶⁴

76. The review of the development master plans of five large cities in Punjab (Faisalabad, Gujranwala, Lahore, Multan and Rawalpindi) found many weaknesses, ultimately failing to

⁶¹ Lahore Development Authority. 2004. op cit.

⁶² Planning Commission. 2007. Vision 2030. Government of Pakistan

⁶³ The Urban Unit. 2007. op cit.

⁶⁴ UN-HABITAT. 2009. op cit.

effectively plan urban growth and development where needed.⁶⁵ The plans are formulated in a largely physical, architectural style. They lack cohesiveness and vision; do not adequately identify the major actions that are needed to promote economic development, improvement in housing, mobility and quality of life; do not fully cover urban and urbanizing areas (rapidly urbanizing areas on the periphery of city district governments are excluded); do not support metropolitan development objectives, and lack implementation mechanisms; and are not linked to prioritized action plans nor to financial strategies needed to realize them. Reliance is on building regulations to control development.

77. The key instruments of planning control in the building regulations include: plot size control, minimum building lines, site coverage, building height control and floor area ratio, which is inclined to be low. While these controls are widely used in many countries, the parameters when used alone are often arbitrary, and set without full consideration of the efficiency of city structure, performance of land and affordability of various socio-economic groups.⁶⁶ Thus, while Karachi and Lahore are among the world's most densely populated cities, their economic densities are relatively low.

78. In Lahore, the floor area ratio is in the range of 1:1.5 to 1:5 (for multi-storey buildings and along major routes) as compared with floor area ratios of 1:11-15 and 1:12-25 in the business districts of New York City, USA and Singapore.⁶⁷ The limited land use zoning provision for commercial activities (5% in Islamabad and 2% in Karachi), and maximum building height control (1.5 times the width of road right of way plus setback if any subject to maximum of 200 feet in Lahore) further restrict the buildable supply, and depress the proper development of city centers.⁶⁸ By contrast, the tallest commercial and residential buildings in New York City and Singapore are more than 50 stories (over 700 feet tall). Admittedly, high-rise development is not necessarily the best development alternative for every city. Even so, development restrictions and floor space control on allowable density contribute to the withdrawal of land from buildable supply and tend to reduce net densities and increase land prices.⁶⁹

79. As with the other rules relating to land ownership and property right, the current procedures for obtaining planning and building approval are unclear, cumbersome and lengthy. One estimate indicates an average of 61 documents required for site development application and planning approval.⁷⁰ Pakistan is ranked 98 out of 183 economies globally for the ease of dealing with construction permits.⁷¹ It would require some 12 procedures, 223 days, and 575.75% of GNI per capita to build a warehouse in Pakistan (Figure 3). In some cases in Lahore, the whole planning approval process could extend over years.⁷² Such lengthy processing erodes development efficiency and urban competitiveness. In Singapore, the top ranked economy in the World Bank 2011 Ease of Doing Business survey, decisions for 90% of

⁶⁵ The Urban Unit. 2007. op cit.

⁶⁶ Bertaud, A. 2010. "Land Markets, Government Interventions and Housing Affordability." Working Paper 18, Wolfensohn Center for Development at Brookings; Elliot, D.L. 2008. "A Better Way to Zone." Island Press.

⁶⁷ Building Regulations, Lahore Development Authority; Bertaud, A., Lefevre, B. and Yuen, B. 2011. GHG Emissions, Urban Mobility and Morphology: A hypothesis." in Hoornweg, D. et al (ed) *Cities and Climate Change: Responding to an Urgent Agenda*. The World Bank.

⁶⁸ Mehdi, M.R., Arsalan, M.H. and Karmi, S.J.H. "A functional analysis of Karachi land use plan."

⁶⁹ Quigley, J.M. and Rosenthal, L.A. 2004. "The Effects of Land-use regulation on the Price of Housing: What do We Know? What can we learn?" Berkeley Program on Housing and Urban Policy.

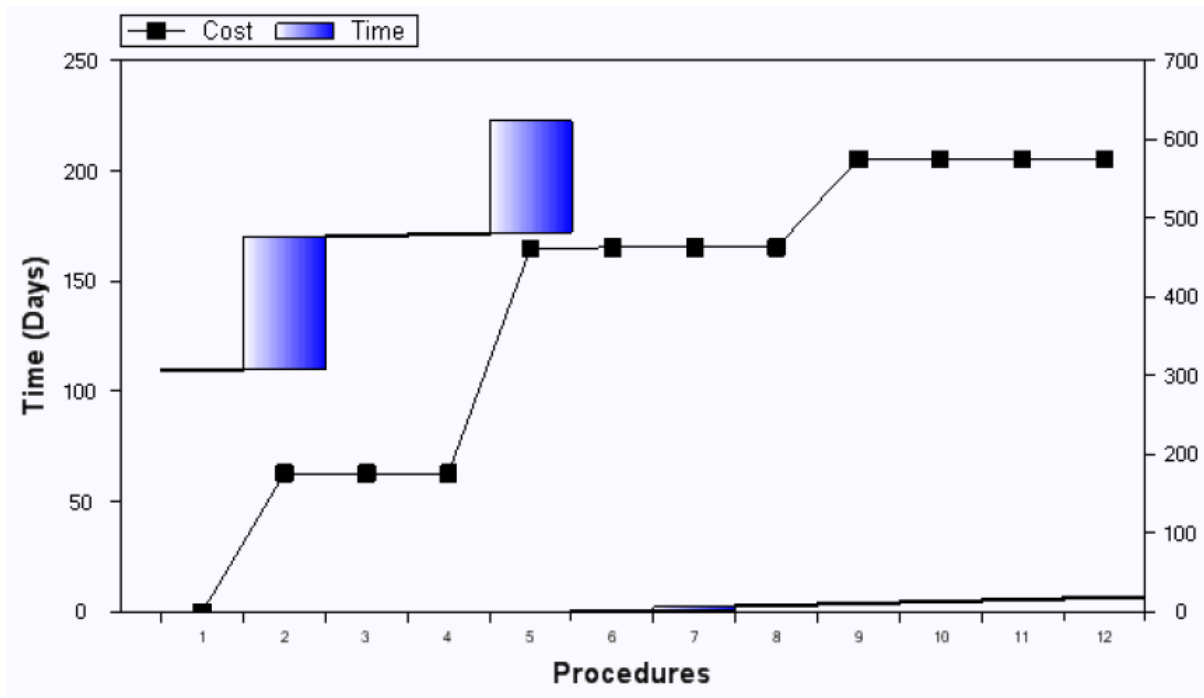
⁷⁰ Dowall, D. and Ellis, P. 2007. op cit.

⁷¹ The World Bank. 2011. op cit.

⁷² Lahore Development Authority. 2004. op cit.

planning applications could generally be given within 4 weeks of application submission, and in some straightforward cases, within a matter of days.⁷³

Figure 3 Time and Cost of Building a Warehouse in Pakistan



Source: The World Bank. 2011. *Doing Business 2011: Pakistan*. Page 20.

80. Coupled with the general shortage of relevant staff in local authority offices, the difficulties associated with the approval procedures have contributed to frequent and widespread violations. The mechanisms to enforce planning and building norms and rules are insufficiently defined. Even though the building regulations require monitoring and inspection on regular basis as well as provide the power to penalize and compound offences, in practice, the rules are blatantly violated without action taken against violators. The violations range from incompatible land use encroachments to excessive construction, illegal change of use including commercialization, minor and major environmental issues. The cumulative consequence is for developers to ignore development plans and start development outside the development plan boundaries, contributing to uncontrolled growth.

81. Urban planning will need to join the mainstream of public sector reform now being structured at the local level and change outdated or cumbersome operating practices.⁷⁴ The new conception of the role for local government needs to recognize and reflect its agenda as the key delivery agent in shaping good places and delivering better local services. That requires leadership and a more joined-up planning culture to achieving development efficiency and effectiveness and importantly, meeting the changing needs of Pakistan's economy.

⁷³ Yuen, B. 2009. "Guiding Spatial Changes: Singapore Urban Planning." in Lall, S. et al (ed) *Urban Land Markets*. Springer.

⁷⁴ Planning Commission. 2011c. "Creating a Place for the Future: Paper supporting the Framework for Economic Growth Pakistan, Entrepreneurship and Innovation." Government of Pakistan.

Closing the Spatial Gaps through Spatial Planning

82. Pakistan's cities will not become beautiful, creative, well planned and well functioning spontaneously. To seize these opportunities and build creative cities as envisaged in the 2011 FEG, the status quo—business as usual—is no longer a viable option. Pakistan's prevailing urban challenges put its cities under pressure to act now in order to enable all parts of the urban portfolio—large, medium and small towns—to deliver their appropriate economic functions. Going forward, it becomes important to amplify the positive returns from the country's urbanization and plan for urban transformation and infrastructure that connect rural and urban areas, support urban mobility and improve quality of life. Government needs to craft the direction.

83. The World Bank 2009 Urban Strategy has pointed out that urbanization is too important to be left to cities alone, advocating a system of cities approach to harness the forces of urbanization and reduce poverty. In terms of urbanization policy, this implies a national strategic vision for urban development to deal with urban change at the macro level and spatial planning at a micro level to promote sectoral coordination and quality environment in urban areas, their surroundings and the countryside. Cities are made up of interconnected systems including infrastructure, transport, communication, environment, energy, water, city services, citizens and business. Although of differing functions, these city systems are not discrete and should be considered individually as well as holistically.

84. International evidence identifies good and effective planning to play a major role in urban development.⁷⁵ Good and effective planning, however, requires appropriate rules and legislative instruments, a simple and clear spatial planning system, and professional execution of planning documents and processes. Meeting the urbanization challenges facing Pakistan's cities will require immediate (now) action to improve these basic instruments and processes so as to lay the institutional groundwork for the provision of basic services and ensure functional land market, namely to:

- Clarify and strengthen the legal (planning) framework—a fair and transparent regulatory framework has a strong bearing on city competitiveness and growth; it is part of good governance, influences investment decisions and maintains investor confidence. The spatial planning system needs to be built on a clear legal basis, providing a framework for plan making, regulating development and decision-making at each jurisdictional level. The existing regulatory framework requires review and rationalization. As the Planning Commission observed, 'No society can progress without the rule of law, which includes providing security, law and order, and a legal and judicial system that enforces contracts and protects property rights. Government must divest itself of discretionary power as society cannot progress without good governance and the rule of law.'⁷⁶ This is a major review exercise, but long overdue.⁷⁷ Pakistan is not alone in this task. In recent decades, many countries, e.g. UK, Singapore, Hong Kong SAR, China, have reviewed and made significant changes to the tools of planning law, policy and procedure to keep pace with the reality of development and enhance the credibility of the spatial planning system and processes.

⁷⁵ UN-HABITAT. 2009. op cit.

⁷⁶ Planning Commission. 2011c. Page 7.

⁷⁷ Dowall, D. and Ellis, P. 2007. op cit.

- Streamline and promote a well functioning administrative framework—a fair and efficient administrative structure along with a fair and transparent legislative framework are important components of the institutional environment within which government, firms and individuals interact with the spatial planning system. The quality of institutions has a strong bearing on land use productivity, ultimately economic performance and the process of wealth creation and distribution. The lack of coordination between different policy sectors and various tiers of decision making can result in substantial unnecessary costs and inefficiencies.⁷⁸ Unpacking and reconstituting an enabling institutional framework requires bold and urgent action in better governance and management of resources. As with the legislative reform, it is a game changing, long overdue action.⁷⁹
- Promote and strengthen spatial planning policy and practice—spatial planning is an integral part of urban governance, and a vital support to balanced supply and demand of land, productivity and economic growth.⁸⁰ The endeavor is to create a shared vision, planning policy and processes for urban development based on understanding of local needs that are more responsive to changing requirements and deliver decisions in a more transparent and timely manner to the advantage of places, their people and economy (Box 1). The processes should not simply be about scrutiny (development control) but also a creative activity of shaping and improving the places in which people live their lives. The fundamental guiding principle is that the cities’ physical space—land—is a limited resource, requiring careful harmonization of public benefits and private interests, short- and long-term planning.

Box 1 Eight Reasons for Sound Spatial Planning

1. To provide vision and consistent direction and a strategic assessment not only of what is desirable but what is possible in various contexts
2. To protect the rights of people. Once people gain access to land, in effect they obtain certain rights and obligations. It is necessary to manage change in such a way that those rights and obligations are respected
3. To protect natural systems. Natural systems have their own operational requirements which must be respected if long-term sustainable human development is to be achieved and if large-scale environment degradation is to be avoided or at least minimized
4. To make efficient use of resources. Resources such as land, water, energy, finance, building materials, skills etc. are in short supply. Those that are available must in all contexts be used wisely to ensure that maximum benefit is obtained from them
5. To achieve a higher quality of service delivery by all spheres of government.
6. To coordinate actions and investments in time and space. This coordination is of two kinds—the coordination of different forms of public authority actions and investments, and a greater coordination between public and private actions
7. To set priorities. To enable significant inroads to be made into meeting the developmental needs of the country in a fair way it is necessary to provide a rational basis for prioritization and to manage and direct resources to where they are needed most
8. To avoid duplication of effort by different departments and spheres of government

Source: South African National Development and Planning Commission. 1999. *Draft Green Paper on Planning and Development*. National Development and Planning Commission. Pretoria.

⁷⁸ OECD. 2001. “Towards a New Role for Spatial Planning.”

⁷⁹ Planning Commission. 2011a. op cit.

⁸⁰ Healey, P. 1999. “Institutional Analysis, Communicative Planning and Shaping Planning.” *Journal of Planning Education and Research*. 19(2): pp.111-121; Nuissl, H. and Heinrichs, D. 2011. “Fresh window hot air—Does the governance discourse have something to offer to spatial planning?” *Journal of Planning Education and Research*. 31:pp.47-59.

85. Against the immense size of Pakistan’s urban agglomerations, the magnitude of their investment requirements and scale of interventions for urban policy reforms, it is recognized that the needs of Pakistan’s cities cannot be addressed by a one-off approach. A framework for implementing appropriately sequenced interventions will be important to delivering more efficient use of land and addressing unnecessary complexity, reducing delays, improving the balance between certainty, flexibility and responsiveness of the planning system. While individual country characteristics are critical, urbanization lessons from other countries could offer some guidance on how to plan for future urban expansion and development. The South Korea urbanization experience indicates an early adoption of urban planning to manage urban change, and how policy priorities change as urbanization advances (Table 5). For Pakistan, which is fast progressing toward intermediate urbanization, institutionalizing urban planning and sequentially improving the fluidity of land market are urgent priorities.

Table 5 South Korea’s Urbanization and Sequencing Policies

Incipient Urbanization (Urban Share of about 25%)	Intermediate Urbanization (Urban Share of 50%)	Advanced Urbanization (Urban Share more than 75%)
Adopting urban planning districts, zoning and building permits	Expanding urban planning districts	Integrating land use management systems in urban and non-urban areas—for preventing chaotic development and ensuring social equity
Establishing land management and ownership	Adopting floor area ratio regulations (1970)	Adopting a regional metropolitan plan system—urban policies focused on urban region
Project bases—land acquisition act, downtown improvement program (redevelopment), land readjustment program (new development)	Land use change permit, regulation of appropriation of agricultural and forest lands (1972)	
Agricultural land reform after Korean independence	Project bases – industrial base development through land acquisition by complete purchase (1980)	
	Long-term planning – national land development plan, urban comprehensive plan	

Source: Korea Research Institute for Human Settlements. 2011. “Urbanization and Urban Policies in Korea.”

Building an Effective Spatial Planning System

86. Strengthening the spatial planning framework is a key action in enhancing Pakistan’s ability to effect creative cities. Spatial planning has a regulatory as well as a development function. As a regulatory mechanism, the government (at local, provincial and/or national levels) has to give approval for development to take place. As a development mechanism, the government has to define and establish development tools for providing infrastructure and basic services, setting directions for urban development and incentives for investment, among others. This suggests a critical and necessary role for the government in effective spatial planning. More importantly, because there are inherent interdependencies among various levels of government, there is a need for clear identification of responsibilities

between the different decentralized government administrations—national, provincial and local levels—to avoid duplication (Table 6).⁸¹ The intent is not to be prescriptive about the division of responsibilities. But, offer some guidance for appropriate coordination across different government roles so as to evolve an integrated, multi-sectoral approach to deliver greater efficiency and better outcomes.

Table 6 Government’s Planning Role at Various Levels of Administration

Scale	Government’s role	Major tasks
National level	Develop framework policies that initiate and guide decision-making process, setting conditions for operation of effective planning at provincial and local levels	Establish effective framework, legislation, coordination with other sectors and between provinces; Monitor implementation of national guidelines and principles at provincial and local levels; Identify bottlenecks in planning and implementation
Provincial level	Has responsibility of supporting local authorities	Prepare and coordinate an overall provincial spatial strategy by looking ahead 15-20 years at the overall development of the province; Provide local authorities with information and assistance on national and provincial priorities, planning and delivering major infrastructure improvements, appraisal of provisionally significant plans and projects
Local level	Has responsibility for developing and implementing local level spatial planning taking into account policies elaborated at national and provincial levels	Prepare regulatory planning instruments; Establish priorities for action; Facilitate preparation of local spatial plans; Coordinate planning with neighborhood (the scale of everyday life), cities, provincial and national authorities; Engage with community using participatory planning techniques; Take proactive measures to encourage development; Monitor and enforce implementation of policies and proposals.

87. Even though national, provincial and local governments have a joint interest in planning, local government through its frontline response to local needs, economy and communities plays a direct, critical role in the place-shaping agenda. This necessarily focuses attention on local level institutional capability and capacity. What types of targeted change are needed? Table 7 provides several suggestions on how to overcome some of the challenges in the present system. Getting urban function right will require changes in the institutions that plan and manage land. The first is encouraging connected planning. This underscores the importance of setting a strategic long-term vision and national spatial planning policy that links different urban policies and legislative obligations. The absence of which is an inclination toward accommodating short-term growth and cities face challenges in coordinating, acquiring, planning and developing land for infrastructure and competing environmental, social and economic development demands. The second is strengthening local level planning capability, which is especially important since it not only involves and

⁸¹ The World Bank. 2009. “Urban Development and Local Government Strategy.”

affects the end users of the built environment but also responds to policies articulated at both national and provincial levels. Central to change is the need to achieve an appropriate balance between certainty and flexibility, improve transparency in the decision-making process, and work in a complementary and consistent way for managing spatial development. In light of the weak state of Pakistan’s urban planning system, early (now and not later) reform action is paramount.

Table 7 Ways to Strengthen Spatial Planning

Key issue	Current situation	Policy Response
The urban planning system – this affects effective spatial development at all scales– neighborhood, municipal, city-region.	<p>Weak urban planning system</p> <ul style="list-style-type: none"> • lack holistic, integrated planning • unconnected, uncoordinated planning and infrastructure development <ul style="list-style-type: none"> • ineffective and inefficient land use planning <ul style="list-style-type: none"> • inadequate human and institutional capacities for land use planning <ul style="list-style-type: none"> • poor plan implementation and 	<p>Promote a spatially integrated and orderly development of urban areas to support economic, social and environmental development</p> <ul style="list-style-type: none"> • over the short term—encourage connected planning: establish policy integration (horizontal integration among sectors and vertical integration between levels of governments/jurisdictions) and consultation mechanisms between planning authorities, transport and other infrastructure sector agencies to implement integrated spatial planning; formulate long-term vision and land development strategy to guide urban development; • medium term: ensure a spatially integrated hierarchy of urban settlements (system of cities) in support of Pakistan’s rapid urbanization and transformation <p>Mainstream and revamp the land use planning system</p> <ul style="list-style-type: none"> • over the short term—improve local government planning capability: resource local planning authorities’ planning function appropriately to remove bottlenecks and wastage (see also capacity); • medium term—facilitate development of appropriate planning tools, plan making process, simplified planning procedures and planning standards for land use planning to improve the quality and efficiency of the planning process; and educate the public to improve compliance <p>Enhance skills-base and institutional capacity for effective land use planning and management</p> <ul style="list-style-type: none"> • over the short term—ensure that critical staff vacancies are filled at all levels to enhance performance; ensure effective inter-agency cooperation especially with infrastructure and service delivery agencies; • medium term—improve skills base of planners with view to help recruitment and retention of high quality staff; improve system of funding and level of financial resources for land use planning and management; equip land use planning institutions adequately at all levels, institutionalize land and building use survey for Pakistan’s large cities; undertake a series of capacity building measures to upgrade land use planning competencies across the country; develop a system of transfer of expertise, data and knowledge exchange among Pakistan’s urban agglomerations; harness the use of ICT e.g. digital database, geographic information system (GIS) in land use planning at all levels; <p>Facilitate and speed up ongoing institutional and legal reforms in support of land use planning</p>

	<p>weak enforcement of building and planning regulations</p> <ul style="list-style-type: none"> • haphazard, unplanned, uncontrolled urban development • poor management of state land 	<ul style="list-style-type: none"> • over the short term—ensure the drafting and passing of a coherent and modernized legal framework for land use planning; prepare essential urban planning schemes and technical manuals for management of urban areas; strengthen plan monitoring, evaluation and enforcement; promote public awareness and participation in land use planning; • medium term—conduct regular research and monitoring of land use planning activities; adopt new and innovative means of promoting development control and enforcement of building and planning regulations <p>Promote integrated urban planning development</p> <ul style="list-style-type: none"> • over the short term—ensure that spatial planning plays a critical role in urban management including institutional and infrastructure development especially in low-income communities; encourage mixed use development and densification in urban areas; • medium term—promote an integrated hierarchy of urban settlements <p>Facilitate completion of ongoing preparation of comprehensive urban development policy development</p> <ul style="list-style-type: none"> • over the short term—establish a consistent state land allocation policy for urban centers that guide development authorities’ interventions to facilitate better urban development.
<p>Legal and institutional frameworks—these are critical for effective functioning of urban land and property markets. They are frequently more complex to solve than technical planning issues.</p>	<p>Complex and weak institutional and regulatory frameworks for urban land development</p> <ul style="list-style-type: none"> • outdated legislation • regulatory uncertainty • fragmented, overlapping administration • cumbersome and lengthy procedures 	<p>Build the requisite institutions and strengthen the regulatory framework to promote properly functioning urban land and property markets</p> <ul style="list-style-type: none"> • over the short term—review existing legislation on urban land and property development and ensure consistency and harmonization; ensure drafting and passing of a coherent and modernized legal framework to guide urban land and property development; streamline and improve institutional framework (to ensure clarity of roles and responsibilities) and procedures for urban land and property development; enforce compliance with rules, regulations and procedures of urban land and property development; • medium term—enhance policy and regulatory frameworks and effective coordination among key government agencies to continually improve the performance of the urban development sector.

88. Over short term, putting in place the planning framework and institutions that guide urban form, make land market fluid and extend basic services in an orderly fashion is crucial to the development of small- and medium-sized cities. For largest cities—Karachi and Lahore—the policy challenges are more complex, requiring coordinated policy and planning efforts (intra and inter with their adjoining jurisdictions). Although some recommendations require legislative revision, a number (those concerning strategic vision, coordination and cooperation, policy integration and promoting public awareness and participation) could be implemented over the short term—next 18 months—so that the benefits they will bring are at the earliest opportunity. It should be noted that several of the actions, e.g. skills and culture

of planning could only be achieved in the medium-term alongside further local government reform on manpower and business processes.

89. Introduce long-term strategic vision and policy integration (horizontal and vertical) so as to eradicate fragmentation and duplication of planning functions and uncoordinated development. The notion of a long-term strategy is generally not well addressed in most urban development. Against the multitude of actors, sectors and their different interests in urban development, cities need a collaborative framework that will enable a consistent shared strategy, namely, a long-term vision that goes beyond short-term objectives and incorporates links between different sectors, e.g. housing, transport and economy. At the national level, this implies a national strategic vision for urban development. Various countries, e.g. Japan (10 years), South Korea (20 years) have long-term national vision for urban development that is reflected in the national spatial planning policy framework. Addressing long-term strategic planning for urban areas within national spatial framework offers a tried and tested approach to enhance synergies between various sectoral policies, reducing duplication within and between different urban areas.

90. Since economic globalization and subsequent intensification of inter-city competition, many global as well as aspiring global cities including Barcelona, London, Melbourne, New York, Seoul and Singapore have placed city vision high on the urban policy agenda (Box 2). New York City uses a 20-year planning horizon with aspirations to build a greener, greater New York by 2030 (PlaNYC 2030) combined with near-term targets to 2013. Similarly, London is seeking to build on its strengths and address its weaknesses over the next 20 years to continue to reinvent in order to become the best big city in the world by 2031 and a world leading low carbon capital by 2025. The vision is accompanied by an implementation plan with key actions and indicators reviewed annually to ensure that it supports delivery of vision within a changing economic environment. The policy conclusion to which this leads is that cities are strongly supported by effective institutions and implementation when developing long-term vision. Local government needs to go beyond short-term timetables of funding and service delivery, and focus on developing a vision for the city that prepares the ground for sustainable long-term performance. Long-term strategic planning offers city governments a means to address all factors (the big picture), coordinate public intervention and bring different government levels, businesses and communities together as partners in development.

Box 2 **Melbourne 2030**

Melbourne, the most livable city in the EIU 2011 livable cities global survey, has developed Melbourne 2030 in 2002 to provide a framework for governments at all levels to respond to and guide Melbourne's growth for the next 30 years and help Melbourne remain as one of the world's most livable cities. Melbourne 2030 focuses on the management of future growth, land use and infrastructure investment, and provides a vital context for other sectoral plans, e.g. housing and transport. Melbourne 2030 has nine strategic directions and a number of policy areas:

- A more compact city that encourages concentration of new development at existing activity centers near current infrastructure;
- Better management of metropolitan growth through an urban growth boundary; growth of networks with regional cities and key towns e.g. regional transport corridors as part of a networked cities model;
- A great place to be e.g. promoting good urban design to make environment more livable and attractive and protecting cultural identity and sense of place;
- A more prosperous city e.g. maintaining access to green wedges and productive natural resources and strengthening central Melbourne's capital city functions;
- A greener city e.g. ensure that land use and transport planning and infrastructure provision contribute to improved air quality;
- A fairer city e.g. increase the supply of well located affordable housing and plan for a more equitable distribution of social infrastructure;
- Better transport links e.g. plan urban development to make jobs and community services more accessible;
- Better planning decisions, careful management, e.g. achieve better planning decisions and implement Melbourne 2030 in an integrated way that involves the community.

Source: Department of Infrastructure. 2002. Melbourne 2030: Planning for Sustainable Growth. , State of Victoria, Australia.

91. Barcelona is another city that has used strategic planning (since the late 1980s) to renew and reinvent itself from an industrial city in decay to an international center for art, culture and commerce. Specifically, it has used the strategic planning process to build a city vision, attract and mobilize stakeholders, develop an identity and make coordinated use of urbanistic and economic instruments. Its first strategic plan, catalyzed by Barcelona's nomination as host city for the 1992 Olympics Games, offered the city a process to rediscover itself, drawing on its existing resources, unique characteristics and creating new ones. The plan provided the foundational framework for regenerating the city center, solving endemic infrastructure deficits, and improving public space infrastructure.

92. The Barcelona model of urban regeneration comprises several key elements including: city leadership, strategic planning, consensus between public bodies and with citizens on strategy and execution of projects, involvement of private sector financing, prevalence of architectural design over conventional zoning in town planning, municipal demands for high quality and having the notion that 'best ideas are more important than having the biggest wallet'. There has since been a succession of strategic plans, reflecting the city's social and economic changes over time. The latest strategic plan (2010 Strategic Plan) aims for Barcelona to engage with future drivers and international opportunities, to become a global metropolis with special emphasis on creativity and knowledge.

93. There is clearly no single ideal or universal model for spatial planning. Pakistan cities' long-term strategic (spatial) plan must build on the specific situation in each city and be

derived from their distinctiveness of place, involving local planning authorities in partnership with other key delivery agencies and stakeholders (people and communities). Among others, it should:

- Coordinate spatial aspects of sectoral policies and be closely interrelated with public investment programs, setting out clearly national economic, social and environmental priorities, how they relate to each other, how a number of major current and emerging mega trends—change, rapid urbanization, youth bulge, poverty, informality and safety, emergence of knowledge economy etc.—will be addressed;
- Cover all forms and scales of urban development (small to large cities, neighborhoods to city-regions) with a national presumption in favor of sustainable development that would guide cities' long-term (strategic) and local development plans (these will need to respect the national presumption and local priorities such as meeting housing need, identifying investment and livelihood opportunities). The housing needs of poor need to be given much more consideration and weight in the process of city planning and land management;
- Avoid undefined boundaries between urban and rural land, taking into account peri-urban areas surrounding large cities.

94. At a more detailed level, there should be a minimum set of planning tools (laws, policies and standards) to control and reorient urban development, enabling effective management of spatial development on the basis of agreed criteria and goals including economic development, environmental and social sustainability. This is not a revolutionary proposal. Urban spatial structures are largely shaped by interaction of markets and government action constituted by land use regulations, taxation and infrastructure investments.

95. Improve capability of local planning authorities in terms of enhanced capacity—more qualified town planners, improved technical and managerial capabilities including mapping and other planning information (Box 3). Apart from formal urban planning education in universities, there are increasing e-learning opportunities for continued professional development. The World Bank, for instance, has a suite of webinars, e-learning and face-to-face courses on sustainable land use planning, climate change, disaster risk management etc. as well as a knowledge sharing portal through its urbanization knowledge platform that includes open city data access and metro-matching (matching cities and experts) to facilitate city-to-city learning and knowledge exchange. It is important that local authorities with their role and contribution to shaping and delivering places are up-to-date, connected and properly resourced on what is required of planning at the local level.

Box 3 The Twinning of Bo, Sierra Leone and Warwickshire, UK

Bo is a provincial city (170,000 population) in the southern province of Sierra Leone. Like many cities in developing countries, Bo lacks adequate capacity and resources at local level to operate effective land use planning, especially following decentralization in 2004.

Bo's planning system is very rudimentary, and most development takes place in an ad hoc manner without formal consent. This has led in many cases to inappropriate land uses and environmental challenges. In an innovative partnership with Warwick District Council and Warwickshire County Council, UK, Bo and Warwickshire in 2007 have produced a three-year action plan that identifies areas for further professional cooperation and potential sources of funding support including waste planning and management, financial management, preparation of local plan, and associated training and skills development. The project is being looked at as a model for others to follow.

Source: Harridge, C. 2008. "International Partnerships: A Case Study of Bo, Sierra Leone and Warwickshire." Commonwealth Association of Planners. United Kingdom

96. An effective land market calls for up-to-date land information. A key reason most local governments are unable to cope with rapid population growth is that they are 'flying blind'—they do not know what is going on in their local land market and are unable to adequately measure and monitor urban land development. The quantity and quality of local spatial information can make the difference between poor and good urban management.⁸² Many countries in OECD collect and disclose land transaction data (e.g. land price information) to encourage economic growth. In UK, financial institutions are required to offer mortgage loan information to the Financial Service Authority, which in turn passes the data to the Bank of England and Department of Community and Local Government.

97. It is essential to know what land is available for development, and view all land including state land as a valued resource (asset) of the city. A land inventory (taking stock of, e.g. what is vacant or developed—if vacant, is the land developable or constrained, if constrained, is it relatively or absolutely, if developed, is it totally unavailable, partially unavailable or re-developable) is a fundamental first step in urban planning and monitoring system. Land market assessment can help determine how much land and infrastructure are presently available and project how much more land and infrastructure is needed to be developed to accommodate urban growth. Government has a role in ensuring that the required land and spatial information is collected, analyzed and disseminated effectively. The university sector with its research function could offer a potential resource for building up city's land and planning information and research.

98. Facilitate development of simplified planning institutions and procedures. It is important to streamline the planning application process to reinforce transparency and reduce regulatory burden on development industry, changing the culture of planning to a positive assumption about facilitating development (Box 4). The most successful creative places globally are often those with the least prescriptive public policy approach, yet have tight and dynamic use of land that weaves density, design and originality into the urban fabric of their neighborhoods.⁸³ Barcelona, Portland and Singapore offer examples of

⁸² Turkstra, J., Amemiya, N. and Murgia, J. 2003. "Local Spatial Data Infrastructure, Trujillo-Peru." *Habitat International*. 27. pp.669-682.

⁸³ Landry, C. 2000. op cit.

integrated creative approaches to organizing city systems. These cities are characterized by committed leadership which champions the change and facilitates an enabling environment.

Box 4 Simplified Planning Application Procedures in Singapore

Singapore has been described as a highly planned country. It is one in which all development is strictly controlled. With few exceptions, all development involving construction or a change of use requires permission. Planning permission does not confer building approval. Building approval has to be obtained separately. Over the years, the system of control has become increasingly sophisticated. In order not to stifle development, since the 1980s, the planning authority has moved from controlling development to facilitating development, and introduced various simplifying procedures to reduce the time taken to obtain written permission.

In April 1987, the Simplified Planning Approval System (SPAS) was introduced, separating development and building control procedures, and calling for direct consultation between developers and the technical departments (e.g. drainage, sewerage etc.) on their requirements before the submission of development applications. Planners will henceforth evaluate a development application primarily on planning grounds, and relegate the compliance with technical requirements to building plan approval. This arrangement helps to minimize duplication of technical consultation and requirements at the development control and building control stages. Flexibility is given to professionals whose responsibility is to decide what and when consultation is needed for development. In addition, submission requirements under SPAS are simplified—submission forms are simplified to focus on essential planning issues, and the required number (and copies) of plans is reduced.

To further speed up processing, procedures of the system allow certain simple and straightforward development applications such as those in areas where planning parameters are clearly defined to submit for planning and building approval simultaneously. The decision whether to opt for this submission is entirely the applicant's responsibility who is to ascertain and ensure that all aspects of planning parameters can be complied with.

Since 1999, Singapore has promoted the use of electronic submission over the internet under the Electronic Development Application (EDA) system. Capitalizing on the Singapore ONE broadband network, EDA is part of larger effort to reengineer the business process in the construction industry. It is the first step to the One-Stop Submission System developed under CORENET, the construction and real estate network that allows the construction and real estate industry to communicate and exchange information seamlessly. All types of development applications can be submitted using EDA.

In addition, the planning authority has introduced:

- A new impact-based zoning class—white zone in 2003 master plan to give businesses the flexibility of having a mix of uses to better respond to market demand;
- A more collaborative-partnership approach in planning since 2000 including extensive public consultation in its development plans and an e-consultation portal in 2003 to engage the population on specific draft guidelines and policies before they are finalized;
- The public officers working to eliminate red tape (POWER) scheme in 2002 aimed at holding regular dialogue sessions with industry players with a view to review development control guidelines and suggest business-responsive changes.

Source: Yuen, B. 2010. Guiding Spatial Changes: Singapore Urban Planning in Lall, S. (ed). Urban Land Markets. Springer.

99. To be effective, planning and building application procedures must be transparent and simple to follow. Planning and building legislations, and corresponding development plans (e.g. land use zoning maps) should be made widely available to general public. They have to be enforced consistently and efficaciously. As long ago as 1999, Mant has proposed

three simple tests for good development assessment: (i) effectiveness: will the system or process be able to achieve the desired strategic objectives? (ii) transparency: is the system fair, open and not prone to corruption? Is it accessible to all users? and, (iii) efficiency: is the system cost-effective in the use of its scarce resources?⁸⁴

100. There is a need to consolidate the multiple legislations relating to spatial development and introduce a clear, unambiguous enabling statutory environment to improve the legitimacy of spatial planning as a whole. At the fundamental level, there is urgent need to comprehensively review and overhaul the laws governing land rights, transactions (property tax, rent control and stamp duty), planning and development in Pakistan with a view to update, streamline and clarify the legal framework for land registration, land use development and property taxes.

101. To take an example, for many cities in Mexico, ambiguous land ownership has inhibited long-term investments because untitled land or buildings cannot be used as collateral for mortgages. Over the past decade, Mexico has introduced a number of reform measures to reduce the land supply constraints to housing and urban development, e.g. the World Bank supported Mexico comprehensive property registry modernization program, and development of comprehensive risk atlases for Mexican cities, among others.⁸⁵ Mexico now has the highest volume of mortgage-backed securitization transactions among Latin American countries. Its mortgage-backed securities market compares favorably in terms of volume and number of transactions with those of comparable countries, e.g. Malaysia and South Africa.

102. Other Asian countries, e.g. Malaysia and Singapore, have built on their British legacy of development plan system and institutionalized planning law to enable the operation of their planning systems and facilitate effective spatial planning (Box 5). The planning act covers the preparation and approval of development plans, definition of development and conservation, development control, enforcement, planning appeals, powers of various levels of governments and courts, among others.

103. Urban land has two dimensions—horizontal and vertical—and the legal framework must therefore address both these dimensions as well as enforcement action for effective development and management.

104. Since it involves measures that create new patterns of land use and land subdivisions, spatial planning must operate in conjunction with land registration. This spells the need for legally defined procedures for acquisition and reallocation of land rights. Failure to adequately identify the patterns and rights of land ownership can lead to delays, and worse, failure of the development. The purpose of a clear and relevant legal framework is to help urban land markets work more effectively, providing a transparent and positive context for local decision-making, and give confidence to private sector and community on how planning decisions will be made.

⁸⁴ Mant, J. 1999. "Development Assessment Forum Harmonization Project: Definitions Paper." Canberra: National Office of Local Government. pp:2-3.

⁸⁵ The World Bank. 2002. "Mexico Low Income Housing: Issues and Options."

Box 5 Singapore Planning Act

The Singapore Planning Act Cap 232 of 1998 has its roots in the British colonial administration's Planning Ordinance 1959, which introduced comprehensive planning in the form of the statutory master plan and development control to Singapore when its population reached 1 million. The Planning Act provides for the planning and improvement of Singapore including provisions for the preparation and approval of the master plan, conservation, development, subdivision and development charge (betterment levy). It has been revised and consolidated over the years (old act repealed), and now includes 8 parts:

- Part I—preliminary including meaning of 'development', 'subdivide' and 'competent authority';
- Part II—master plan and conservation areas and guidelines including rules relating to amendments to master plan;
- Part III—development and subdivision of land including unauthorized subdivision, development and other works, application for permission, rectification of errors and omissions, appeals to minister;
- Part IV—enforcement including power to require information about activities on land, penalties for non-compliance with information notice, enforcement notices;
- Part V—development charges including procedures for determination and payment of development charges, temporary development levy;
- Part VI—recovery of moneys including procedures for recovery of money due, application to court;
- Part VII—miscellaneous including service of documents, exemption, exclusion of and protection from liability, power of courts;
- Part VIII—transitional and saving provisions.

Source: Singapore Planning Act Cap 232; P Motha and B Yuen. 1999. Singapore Real Property Guide. Singapore University Press. Chapter 6.

105. Cities are in a state of continual transition in response to change including political, industrial, economic and social. If the objective of orderly city development is to be achieved, the planning instruments—development plans and regulations—need to be audited, reviewed and retooled from time to time to ensure effective functioning. That is, urban planning is not static. It must be regularly reviewed and retooled to remain relevant. The creative city notion is about a journey of becoming, enabling the city's potential and not a fixed state of affairs.

106. Also, urban planning is not the same as building control. Its functions cannot be optimally executed through building regulations alone. It needs to be complemented by solid urban economic interventions, fair, competent and effective governance structures at all levels, and proper legislative framework to help direct the urban growth process. These are the preconditions for good city making.

107. Remaking cities for creativity and productivity does not just happen. It is the result of combination of policies and political determination including metropolitan level strategic planning, infrastructure (integrated infrastructure investment programs), improved public services, efficient urban service delivery, reducing the cost of doing business (simplified and clear regulations), and most importantly, government commitment to increase competitiveness and livability of cities.

108. Given the scale of Pakistan's urban infrastructure development needs within the context of rapid urban growth, and considerable constraints on local governments in raising local revenue, connected planning and coordination of planning and investment in infrastructure is paramount. Take the development of Pudong in Shanghai, China, 1987-91. From the start, connective infrastructure (linking Pudong's new development to old Shanghai) was emphasized. Pudong's infrastructure improvements while serving the

development of Pudong had to be in line with Shanghai's general development policy and infrastructure framework since Pudong's development was considered important to the restructuring of old Shanghai's urban and economic structure—the \$ 40 billion investment in 'infrastructure goes first' became a link (not a leak), and was designed to connect Pudong with Shanghai (Puxi), leading to growth of Shanghai in the 1990s at 8%-10% per year and Pudong at 16%-18% per year.⁸⁶

109. Implementing such an integrative approach is a necessary departure from the current fragmented and uncoordinated activities that characterize much of urban planning and land management in Pakistan. Its policies would involve managing the physical environment of cities from local land use regulation to intra- and inter-city infrastructure, and creating a business-friendly environment and collaboration between people, private and public sectors to foster investment, innovation and growth.

110. In the 2000s, some of the more urbanized provinces, e.g. the Government of Punjab (GoPunjab) have begun to focus on the potential role of cities in economic growth, and the need to make available adequate resources for investment in infrastructure and services delivery, to improve the investment climate in cities. The GoPunjab formulated Punjab's Vision 2020 in 2004, highlighting the centrality of urban areas to Punjab and Pakistan's growth strategy.

111. Central to Punjab's Vision 2020 are long-term strategies including an Urban Strategy that would aim to promote the competitive advantage of cities, particularly large cities; develop urban institutions into world-class agencies; remove infrastructure deficits; orient planning to make cities efficient living and production areas; and support industrial concentrations as regional clusters. In a similar vein, the City District Government Karachi has formulated the Karachi Strategic Development Plan 2020 to provide the city with a strategic framework, and overall development direction within the scope of Pakistan's Vision 2030. The challenge remains implementation, and importantly, putting creativity and place at the center of the vision of cities.

⁸⁶ Chen, Y. 2007. "Shanghai Pudong: Urban Development in an Era of Global-local Interaction." Netherlands: Technische Universiteit Delft

Conclusion

112. Pakistan's current urban practice is manifestly unsustainable. The need for reform action though not new is urgent as the severity of urban challenges constrains Pakistan's growth potential. Pakistan's cities face increased competition from other Asian cities that are proactively positioning themselves as creative cities, and attracting investors.

113. Reforming Pakistan's land market and facilitating urban development has been emphasized in the FEG as a must-do action. There is no simple solution to the multitude of profoundly complex and difficult problems that beset Pakistan's urban land market, and have their roots not only in legislation, administration but also behaviors and deeply ingrained expectations on part of various actors including businesses and communities. This policy paper offers some suggestions on how Pakistan's cities can begin to address existing urban planning and development inefficiencies. Over the short term, putting in place the integrated spatial planning framework and institutions that guide urban form, make land market fluid and extend basic services in an orderly fashion is crucial to the development of small- and medium-sized cities. For largest cities—Karachi and Lahore—the policy challenges are more complex, requiring coordinated policy and planning efforts (intra and inter with their adjoining jurisdictions). Many of the issues here relate to the need to foster a positive culture of efficient and effective planning.

114. Beyond a sense of urgency, culture change requires political will reflected in a perceivable commitment to shared action—a strong continued effort and commitment for change from various levels of government (national, provincial and local governments). A critical entry point in the growing demand for land with increasing population and urban growth is to strengthen urban land management through spatial planning. The key themes are: i) improving system efficiency to reduce costs and delays, ii) enhancing system responsiveness to economic factors, and iii) ensuring there is appropriate use of land. This includes: encouraging connected planning and improving local government planning capability.

115. Using opportunities such as the FEG, a critical departure point is through ongoing public sector reform to mainstream (and streamline) planning processes, strengthen plan making and implementation, especially at the local level and implement a more joined-up, whole-of-government strategic long-term approach for city development including infrastructure provision under the provincial and local spatial strategy. An important priority is to strengthen the basics of an enabling institutional framework (legal and administrative) at the city level to reduce costs and delays, and provide greater transparency, clarity and certainty to individuals, firms and local authorities in urban development. This will involve:

- Building on FEG, Vision 2030 and local examples such as Punjab's Vision 2020 to develop strategic, long-term vision for cities, identify priority areas and plan positively and proactively for economic growth, infrastructure provision, social and environmental enhancement;
- Introducing planning legislation and strengthening local planning regulatory framework;
- Reforming the existing planning system and transitioning toward a properly functioning land-use planning system that takes an integrated, long-term approach to

planning land use, transport and infrastructure to ensure coordination of resources and approaches across different levels of government;

- Speeding up and scaling up ongoing institutional and policy reforms in local government, land and property (land registration and property tax) and governance support to strengthen planning for implementation. This implies ensuring that plans made are feasible and mechanisms are in place to realize them;
- Enhancing local governments' skills-base and technical capacity for effective land use planning and management (including data collection, mapping, geographic information systems and qualified planners to undertake planning studies, plan preparation and implementation).

116. All of these changes can be set in motion over the short-term though it will take time to build well functioning planning and land management systems. Equally, it is recognized that the measures may not be introduced instantly everywhere. Local governments differ in their situations. A next important step is to mobilize action to assess individual cities' policy and capacity deficits so as to identify those capacities that do exist, and upon which a more effective spatial planning framework can be built.

117. Spatial efficiency will become a mounting challenge in Pakistan's continued urbanization, and policymakers—national, provincial and local—need to act now, and take the task of improved planning seriously, sooner rather than later. How cities develop matters to competitiveness and climate change—greenhouse gas emissions levels. Urban planning decisions about how cities grow shape the built environment, and can lock communities into development patterns that last for decades (even centuries) to come, underscoring the importance of building right and delivering tomorrow's quality spaces and creative cities today.