

PFIS PUNJAB HOUSING & URBAN DEVELOPMENT

1. Introduction

1. Population grows in urban areas because of two factors: natural increases and rural-urban migration. Added to this phenomenon is the step-wise transition from the small to larger urban settlements and thence to the major industrial and urban centres, such as Multan, Gujrat, Sialkot, Gujranwala and Faisalabad. The final transition is to the provincial capital itself. In the Punjab, this has resulted in an urban population growth rate of 4 percent in the last inter-census period. Pakistan's urban population is expected to grow from 37.9 million in 2000 to 56.7 million by 2025, with Lahore's population estimated at 10.8 million people. This huge 50 per cent increase in urban population in the near future represents a massive housing issue for governments in Pakistan unless they proactively seek to address it³⁶.

2. As poverty levels rise in rural areas, the likelihood is that urban growth rates would accelerate. This adds to problems faced by the urban settlements – increase in the urban sprawl, densification of population, a more intensive use of municipal services consequentially resulting in breakdown, an ever ballooning shortage of housing and employment opportunities, thinning out of social services, over burdening of physical infrastructure, beggary, urban crime, etc. Most critical is the mushrooming of unplanned squatter settlements. Owing to the scarcity of planned areas for the poor, there is a mafia of land grabbers who manage to create these settlements overnight, largely on public land which is unprotected. All of these aspects need an integrated approach to address each of the cities within a holistic framework. A City Development Strategy (CDS) needs to be developed for each city owing to the specific issues and concerns of that specific city itself. This is important since in Lahore and Faisalabad majority of 'informal' settlements are on private agricultural land and not public land as in other cities. However, it must be noted that given the growth trends, especially in Central Punjab, city development strategies alone will not suffice unless developed in the backdrop of a *regional strategy*.

3. Punjab has one advantage over the other provinces. It has more than one primate city³⁷, a large network of secondary cities, each with a vibrant industry/ services sector based economy, a much larger network of tertiary urban centres largely centred around agriculture markets (*mandi towns*) and processing centres. As a consequence, Punjab can develop a series of CDSs to cater to the need of the secondary and tertiary cities and market centres and stagger the rural-urban migration through a filtration process. The economic growth of these smaller urban sprawls, coupled to better municipal infrastructure and services and land tenure for the poor should to some extent mitigate the impact of migration on the primate cities (GHK 2002).

³⁶ Alvi, S: *Policy & Practice in Urban Housing in Pakistan: An Agenda for Reform?* Dissertation submitted to the University of Manchester for the degree of MA in Social Policy and Social Development, in the Faculty of Social Sciences and Law, Institute for Development Policy and Management (IDPM) 2003-2004

³⁷ These in the Punjab are Lahore, Faisalabad, Gujranwala, Multan and Rawalpindi

4. The sector encompasses a number of departments of the Government of the Punjab (GoPb). The first is the Housing, Urban Development and Public Health Engineering Department (HUD&PHED) responsible for the development of sites and shelter projects and water supply and sanitation. The second is the Local Government and Rural Development Department (LG&RDD) with respect to the development of the katchi abadis (squatter settlements) in urban areas. The sector also encompasses activities by District Governments and Tehsil Municipal Administrations. District Governments are responsible for overall economic development of the district including urban areas and within this framework for essential segments of the urban economy, such as utilities, urban transport, industry, small and medium enterprises and some social services. The latter are responsible for all municipal services and land development either directly or through Water and Sanitation Agencies (WASAs) and Development Authorities wherever they exist.

5. This paper attempts to propose a generic integrated strategy for the primate cities and a separate strategy for the secondary and other urban settlements. The second section of this paper examines the current situation with a view to present it in relation to the Millennium Development Goals (MDGs). The Third section is an analysis of the current situation and highlights the issues and concerns which need to be addressed while developing a strategy for the sector. The fourth section presents strategies and action plans for development of the sector, which includes the three major components related to, (i) housing and shelter, (ii) land development (particularly for the poor) and real estate, and (iii) urban municipal services. In the final section the paper sets out the expenditure profile with the Medium Term Budgetary Framework (MTBF) of the GoPb.

6. The MDGs for the sector, their targets and the indicators to be used for tracking attainment are given in Table 1. Goal 1 relates to improving the incomes of people, implying that economic growth should encourage the creation of jobs. Goal 7 requires improvements in urban municipal services, and title to land.

| Table 1 - Millennium Development Goals (MDGs) | |
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| Goals and Targets | Indicators |
| Goal 1: Eradicate extreme poverty and hunger | |
| Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 per day | Proportion of population below \$1 per day (PPP-values) Poverty gap ratio [incidence x depth of poverty] Share of poorest quintile in national consumption |
| Goal 7: Ensure environmental sustainability | |

| | |
|--|---|
| Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water | <ol style="list-style-type: none"> 1. Proportion of population with sustainable access to an improved water source 2. Proportion of people with access to improved sanitation |
| Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers ^(a) | Proportion of katchi abadis regularized |

2. Current Situation

2.1 Introduction

7. Slow rate of urban sector development compared to the urban population growth rate, has resulted in uncontrolled urban sprawl; deteriorating urban environments; deficiencies in urban services such as water supply, sewerage systems, drainage, solid waste management, roads, urban transport, and community facilities, and the lack of access to education and health facilities by the poor. In the latter case, such access is limited to the large secondary and tertiary health care facilities where services of consultants, senior doctors and other health care personnel is pre-empted by the better off and well-connected segments of society. Exacerbating all of these problems is the phenomenon of under-estimating the urban population in the Census of Population 1998. This results in underestimating the demand for services and facilities which is the root cause of the strain on them. Ali (2003) and Arif (2004) have both shown that the under-enumeration is substantial (Box 1).

BOX 1 : URBANISM AND URBANISATION

Firstly, is the issue of definition. Until 1972 the same definition and system for the classification of urban areas was used. An area was regarded as urban if it had a minimum of 5,000 inhabitants or had the administrative status of a municipal corporation, municipal committee, town committee or a cantonment board (regardless of population size). In addition, Census Commissioners had the discretion to consider any area as urban that had "urban characteristics". The discretion of the Census Commissioners was removed in the 1981 census and standardization was brought in based on an administrative criterion wherein only those areas were considered urban which were municipalities, town committees and cantonment boards. This has probably resulted in the under-estimation of the urban population. In 1981, 1,462 places with a population of 5,000 or more were classified as rural; in addition 54 areas classified as urban in the 1972 census were declassified due to use of the administrative definition and formed part of the rural population in 1981. The number of places with a population of 5,000 or more classified as rural in the 1998 census is 3,691 where over 31 million people are living. It is not possible to determine how many of these places would have been classified as urban under the earlier definition and to estimate the magnitude of the difference.

Secondly, and leading from this definition, is the fact that administrative boundaries were used in the census. This meant that people living outside the administrative boundaries were not counted in the urban category. As city populations have extended outside these administrative boundaries, this has resulted in an under-estimation of some magnitude.

Even with the under-estimation of the urban population, it is important to understand the spatial nature of urbanization and urbanism in Pakistan.

The major aspects of the spatial demography are summarized below. Primary cities, which have historically been significant areas of urban growth, have resulted in major urban systems. The phenomenon of peri-urban areas has gained in significance. Settlements peripheral to the cities, capitalizing upon their proximity, transport links, employment opportunities and access to urban services have grown substantially and even acquired some "urban characteristics" although they remain outside any institutional arrangement for provision of basic civic services.

Ribbons of development along highways, between major urban centers and industrial satellite areas have developed, largely due to accessibility to transport links, availability of skills and services, and tax and tariff incentives. In Lahore, Gujranwala and Sheikhpura these developed along the Lahore-Gujranwala and Lahore-Sheikhpura roads. Similar developments can also be seen along the other major cities throughout the country. Review of occupational structure show that people residing in rural areas in these districts have a strong occupational interface with the urban areas.

A separate, but related, phenomenon is apparent in the more rural context as well, where the population settlement pattern that has emerged shows a very high density of population along the major road corridors.....This has enabled easier access to higher level services in urban areas and will possibly play a significant role in the transformation of rural areas to urban.

Source : Ali 2003

8. Ali (2003) argues that in the context of Lahore alone, a stricter application of the concept of urbanisation would require its boundaries to be redefined, resulting in an increase of 20 percent in its head count during the 1998 Census from about 5 million to about 6 million. A similar redefinition of the other primate cities could result in a similar estimate. He argues further that the ribbon development along a four kilometer width on either side of trunk roads could result in a substantial increase in the urban population. Citing the case of Narowal district (the least urbanised in the Punjab with only 12.3% enumerated population in the urban areas) Ali estimates that the increase in the population could be of the order of an addition 38 odd percent. Arif says that, "the study also found that the element of arbitrariness exists in giving a locality the status of urban (municipal) in the 1998 census. This arbitrariness has resulted in the exclusion of 361 rural localities that otherwise would have been classified as urban localities since, in terms of urban characteristics, these localities are comparable with many notified small urban centres across the four provinces of the country. Because of the use of the administrative criterion to classify a place as urban, the 1998 census missed out about 6% to 7% of the population. This means that about 39% of the population of Pakistan is urban and not 32-33% as reported in the census. However, adjusting for the other issue of definition of urban place, i.e. the matter of the urban centres over spilling their boundaries which had changed over many years, would add another 3-5%, more in the case of Punjab. In addition there is the emergence of two related factors: the 'urban' corridors or the ribbons of development along highways and the adoption of "urbanism as a way of life" by the population living in the rural areas of the urban regions³⁸. One can, therefore concur with demographers and social scientists when they say that the total urban population is over 50 percent (Zaidi 2003). cursory analyses by IFIs also agree that the Census 1998 under-reported the urban population (World Bank 2004).

9. The deficiencies identified earlier have particularly affected the urban poor and caused a considerably lower quality of life, including poor health and increased poverty (ADB 2003). The Government of the Punjab (GoPb) has initiated comprehensive governance reforms, with particular emphasis on enhancing the effectiveness of basic social services, through its Punjab Local Government Ordinance, 2001 (PLGO 2001). As a consequence of devolution the District Governments have been made responsible for Planning & Development, Enterprise Investment & Promotion, Spatial Planning & Development, District Roads & Buildings, Transport & Environment and the Tehsil Municipal Administrations have been entrusted with Rural Development, Housing, Urban Development and Public Health Engineering. There is, therefore a need to understand and recognise the significance, magnitude and nature of urbanisation: realisation of responsibilities of the citizen, state and related institutional structures; composition of the resource base and allocation of resources; and the effect on the differentials in the demand for services and infrastructure, on poverty, governance and gender between the urban centre, the peri-urban areas and the ribbons of development as satellites to the connecting town(s).

³⁸ Explanation of the discrepancy between actual and reported as provided by Mr. Reza Ali to the author in March 2005

10. Pakistan's Poverty Reduction Strategy Paper (PRSP) envisages a multi-pronged strategy of reviving growth, improving governance, reorienting public expenditures toward poverty-reducing programs, and revamping the safety net system. The PRSP commits the Federal Government to increasing pro-poor budgetary expenditures by 0.2% of gross domestic product (GDP) annually, to 4% of GDP in FY2004³⁹. The Punjab Poverty Reduction Strategy Paper (P-PRSP) also emphasises on these same aspects to address poverty.

2.2 Size, Spatial Distribution and Access

11. Poverty in the Punjab, as elsewhere in Pakistan, is increasing. It rose from 25% in FY1993 to 34% in FY2004 (UNICEF 2004). Poverty varies significantly across the province. The highest incidence is in southern Punjab (Khan 2001, SPDC 2000, 2001). About half the urban population in the province is concentrated in the five primate cities of Punjab, i.e., in Lahore, Faisalabad, Multan, Gujranwala and Rawalpindi.

12. Punjab's high urban growth has led to formation of many slum areas. The province's total urban population is about 25 million (out of a total of about 84 million), out of which some 7.5 million, or 35%, live in slums⁴⁰. Another 2.8 million, or 11.5%, live in *katchi abadis*⁴¹. It is important to understand the implications of such a population distribution. Since, on the whole, slums support the livelihoods and housing needs of the poorest of the poor who live in the worst of living conditions, as compared to the *katchi abadis* which support the relatively better off among the poor, slum up-gradation schemes should have a priority.

13. The magnitude of the problem can also be gauged from shortages in provision of housing. The Census of Housing, 1998 (PCO 2000) enumerated 10.535 million housing units in the Punjab. Of the total, 70 percent (7.34 million) were in the rural areas. The inter-censal growth rate was marginally less than 2 percent per year⁴². The average density was 6.9 persons per dwelling unit. In the urban areas this was

³⁹ These expenditures are on education, health, water supply and sanitation, population planning, land reclamation, rural development, irrigation, roads and bridges, social security and other welfare, relief for natural calamities and disasters, food subsidies, and food support programs.

⁴⁰ A slum is defined as a socially and infrastructure-wise degraded urban settlement where land title has been granted, but where social infrastructure services and facilities have degenerated and unable to cater to the needs of the communities residing therein.

⁴¹ *UNAUTHORIZED HOUSING* REFERS TO HOUSING BUILT ON LEGALLY OWNED LAND BUT NOT ACCORDING TO OFFICIALLY DEFINED LAWS AND/OR STANDARDS. *SQUATTER SETTLEMENTS* REFER TO HOUSING BUILT WITH HELP FROM FAMILY AND SUPPORT NETWORKS ON APPROPRIATED LAND. LACK OF SECURITY OF TENURE IS THE MAIN FEATURE CHARACTERIZING SUCH HOUSING. *KATCHI ABADIS* CAN SHARE THE FEATURES OF EITHER UNAUTHORIZED HOUSING AND/OR SQUATTER SETTLEMENTS.

Officially: A *katchi abadi* is an unauthorized settlement on state-owned land of more than 40 dwellings, as defined in March 1985, without land rights and without physical and social infrastructure services and facilities.

⁴² At this rate it is unlikely that the shortage will ever be overcome. Estimates of construction activity indicate that in Lahore only 40,000 housing units are developed annually by the formal sector (ADB 2003).

7.1. HUD&PHED has estimated that in 2003 the total backlog (unmet demand) was of the order of 1.176 million units⁴³.

14. The quality of the housing stock can be gauged from the proportion which is “*pucca*”. The Census of Housing, 1998 reports this to be of the order of 22 percent only. The remainder consists of “*semi-pucca*” (11 percent) and “*katcha*” (67 percent). This clearly indicates that the bulk of the housing stock needs either to be improved or re-constructed. Thus, estimated unmet demand is somewhat misleading as living in “*katcha*” houses is certainly not by choice, particularly in urban areas. This phenomenon is transitory in character as was shown by the Applied Economics Research Centre in the studies undertaken for the development of the Karachi Development Plan 2000. Residents in the *katchi abadis* start off with this type of structure, but upgrade as their incomes permit. However, this demonstrates the potential for micro-finance intervention in this area and is discussed elsewhere in this paper.

15. Even the Directorate of Katchi Abadis is unable to estimate, the extent of the numbers and size of these settlements. Short of actually counting their numbers, there is no alternative method of estimating their pervasiveness throughout the province. Each urban settlement, its peri-urban area and the strip developments spreading out like fingers along the highways and byways contain these pockets. An alternate method of estimating the population which lives in these settlements would be through using the statistics on the characteristics of the housing stock in the urban areas derived from the Census of Housing, 1998. The Census reports that 43 percent of the housing stock had roofs made of RCC/RBC, that is, they were *pucca*. Another 12 percent were constructed with a covering of cement or galvanised iron sheets. In other words they were *semi-pucca*. The remainder, 44 percent, had used wood, bamboo, thatch or other materials, thereby falling into the *katcha* category. One of the characteristics of the housing stock in the *katchi abadis* is that not all houses are *katcha*. Thus the minimum share of the population which resides in the *katchi abadis* is more than 43 percent. However, this is a very rough way of triangulation and may not tally with figures quoted elsewhere. Effective policymaking is impossible without solid documentation of informal housing settlements including *katchi abadis*. It is imperative that proper documentation of all informal housing settlements is undertaken as it will help in conceptualising and implementing appropriate housing policies for the urban poor⁴⁴.

16. The Census of Housing, 1998 states that only 24.3 percent of the housing units in the Punjab have a piped water connection inside the dwelling unit, and that another 60.4 percent had hand or motorised pumps. The comparable figures for the urban areas were 54.8 percent and 36.9 percent. However, the quality of water used is doubtful in the case of those with access to a piped water connection. In some instances even those drawing water through a small bore-hole have access to tainted or un-safe water. The actual extent of coverage by and access to safe water is, therefore, uncertain. (WATSAN: PFIS 2005).

⁴³ This has been estimated assuming a population growth rate of 2.4% pa between 1998 and 2000 and 1.8% thereafter and a habitation density of 6 persons.

⁴⁴ Most of the situational analysis that this paper is based on is taken from AASA (2004)

17. One oft neglected phenomenon in planning for urban development throughout Pakistan is the issue of urban transport. The poor live largely on the fringes of the urban settlements. However, they are then surrounded by the urban sprawl through the development of sites and services projects by both the public sector (the HUDs, the Development Authorities and in the past the municipalities) and private sector land developers. Neither type of developer caters to the needs for the mobility of these dwellers. The public sector has retreated from the provision of urban transport services, and, by and large, has left this to the largely unregulated private sector transporters. This is to some extent being overcome through the franchising of routes in a public-private partnership framework. This is, however, limited to the primate cities of the Punjab. The issue of mobility is becoming even more important as the roads in the urban areas are being pre-empted by the more well-off segments of society through the explosion in the population of cars and two-wheelers used by them. This is crowding out the public transport services. There is a need to examine the implications of such an unregulated use of space meant for the movement of people, and for the formulation of a regulated and controlled para-transit scheme and also for mass transit schemes.

18. Public housing and land development schemes meant for the poor are being pre-empted through speculative investment by those with large disposable, but undeclared, income and wealth. Owing to the existing procedures of mutation of land titles, the absence of any meaningful tax on unused land, and the absence of any tax on capital gains or wealth, such speculative investments are becoming even more attractive. This is further aggravated because of the very low returns from national savings schemes and bank deposits. The low rates of interest and easy access to bank credit by the rich is further fuelling land prices. These have now reached levels which are beyond even the dreams of the middle-income families, and the wildest imaginings of the poor, thus fuelling the phenomenon of land grabbing and the further accelerated creation of *katchi abadis*.

19. Urban concentrations also attract investment into industries ranging from micro-enterprises catering to a niche of demand for specialised products to large industrial units catering to the needs of the world at large. These concentrations also attract investment into trades and services, including household and community services. They all require access to utilities and large tracts of land specifically devoted to their needs. The change in the services and trade sector, particularly for catering to the needs of outsourcing by the ICT sectors in the form of software development, call centres and data processing centres require that most of these utilities are available uninterrupted on a 24/7 basis with state of the art infrastructure. This requires that the need for industrial estates, technology parks and specialised buildings should be developed to cater to the needs of these investors. In addition, the growth of vendor industries for the engineering goods sector is also placing demands for land in industrial parks. Without such land, these are being established on land reserved either for commercial or domestic purposes, thus creating an unhealthy environment for households in proximity to such enterprises. This encroachment, further justifies the need for the development of industrial parks, which should ideally be fully serviced and be available for development through a one-window operation.

20. The District Government is mandated under the PLGO 2001 to provide school level and college education in all areas. However, for some time now it has been retreating from this mandate through a conscious policy decision. No new schools in the public sector have been established over the last several years in any of the primate cities, or in any District or Tehsil headquarter urban settlement, other than in very rare instances. This has left the poorer segments of society under-provided for and at the mercy of a largely unregulated private sector for a higher quality of education..

21. Catering to the health of an urban population is the entire gamut of health services; the public sector operated facilities with the dispensary at the bottom rung to sophisticated teaching hospitals and specialised facilities of the single-disease institutes and clinics; the formal private sector facilities ranging from the general practitioner's clinics and consulting rooms to the specialist hospitals and clinics operated by public sector specialists, the charitable organisations and community based facilities; and finally the plethora of informal health services provided by the practitioners of alternate medicine, the advice rendered by pharmacists and medical store operators to faith healers and quacks.

2.3 Key Agents Involved

2.3.1 Public Sector

22. This includes a number of public sector agencies each responsible for a specific sub-sector. The Housing and Urban Development Department is responsible for development of policies for urban development and development of public housing schemes, particularly for the poor. The Punjab Housing and Town Planning Agency (PHATA) established in 2002 (GoPunjab 2002) is responsible for implementation of the National Housing Policy, shelter for the shelter less and developing a comprehensive Town Planning system for both the urban and rural areas of the Province. The Directorate General of Katchi Abadis and Urban Improvement (DGKAUI), within the Local Government and Rural Development Department, is responsible for regularization and improvement of *katchi abadis*. The Punjab Municipal Development Fund Company (PMDFC) is mandated to provide technical and financial support to the TMAs to improve the overall management, service delivery and governance in the TMAs. The Board of Revenue is responsible for maintaining land title records and management and sale of public land. The Development Authorities (DAs) and WASAs, in the five primate cities, are respectively responsible for the development of land and shelter to meet the housing shortage, development and operations of water supply sewerage and drainage schemes. The Regional Transport Authorities are responsible for regulating public transport within the district, including in the cities and towns. The Industries, Commerce and Investment Department caters to the needs for the establishment of industrial estates⁴⁵, labour colonies and technology parks. The

⁴⁵ This has now been handed over to the Punjab Industrial Estate Management Company which is mandated to develop model industrial estates and manage their affairs. The GoPunjab has provided Rs. 1 billion as a revolving fund to establish the Sundar Industrial Estate in Lahore, and subsequently in Faisalabad and Rahim Yar Khan

utility companies provide the network and services for meeting the demand for power, communication and gas.

23. The DAs and WASAs have been devolved, but owing to a stay order issued by the Governor continue to be the responsibility of the GoPb. This retention by the Provincial Government results in a dichotomous situation whereby the TMAs are held accountable for all faults in the provision of these services by the DAs and WASAs, but have no authority to remedy the situation as these organisations have not been devolved totally. The creation of PHATA is a rollback of the devolved functions of the TMAs. The PHATA Ordinance needs to be revised to exclude the implementation component and limit it to the setting of standards, rules and regulations, and their implementation. In order to build the capability and capacity of the TMAs to ensure long-term sustainability, PHATA should instead be mandated to provide technical assistance to the TMAs⁴⁶ in a manner which is being proposed for the Resource Centre being established by the HUD&PHED. Each of these “roll-back” actions by GoPb is against the spirit of devolution and sends out signals which create for divided loyalties among the staff posted to the local governments. However, like in WATSAN, the provincial government is of the view that this might be viable over the medium to long term but in the short term PHATA is needed to perform its role as legislated. The reason being, a lack of capacity at the local level and no mechanism to oversee a large number of players adhering to policy guidelines of the provincial government. TMAs have been mandated by the same provincial government to perform certain roles as well. Even if such an ‘unstable’ equilibrium is to exist in the short term, the provincial government needs to execute the long-term strategy immediately and make the short-term, a part of the long term.

24. Under the PLGO the City District Government is responsible in the City District and the Tehsil Municipal Administration in the common district, is responsible to undertake spatial planning in the district, thereby implying land-use control, and for planning for industrial growth and attracting private sector investment. The Tehsil/Town Municipal administrations are responsible for water supply, sewerage disposal, drainage of surface water, spatial planning, solid waste disposal and other municipal services in towns and in the rural areas. The capacity of these local government units is severely limited. To ensure that these functions are performed by the level of government mandated to do so, various actors should assist in enhancing the capacity of the local government. This can be undertaken through different donor supported programmes and especially the Devolved Social Services Sector Development Programme (DSSP) which is mandated to build the capacity of local governments.

25. The Federal Government controls Industrial, Trade and Investment Policy and is also responsible for the oversight of the utility agencies. The Cantonment Boards (responsible for the development of cantonments meant for establishing bases for the defence forces and for housing serving military personnel), and the Defence

⁴⁶ Each of the Provincial Governments has recommended the abolition of this tier of local government to be replaced by the historical Town Committees, Municipal Committees and Municipal Corporations other than in the City Districts where the Town Municipal Administrations exist. The reference to the TMAs here is to the Tehsil Municipal Administrations. This, however, would negate the very cornerstone of the devolution process which was also to remove the stark differentials in access to municipal infrastructure between the urban and rural environments.

Housing Authority⁴⁷ (responsible for developing land for allotment to serving/retired defence services officers for housing construction and commercial buildings), draw on the utilities, water, sewerage and sanitation facilities from their host cities. The latter also have rules and regulations governing urban infrastructure and construction. These vary substantially from those of the host city or town without regard to the spill-over impact it has on the environment of the host city⁴⁸. Similarly, a host of other government organisations hold control over land within cities and a similar discordant set of rules and regulations exist.

2.3.2 Private Sector

26. The private sector is actively represented in the sector through architects, planners and design engineers, the land developers and building contractors, and the transporters in the formal sector. In the informal sector, the land developers are present in the form of a mafia which is engaged on encroaching on government land by creating *katchi abadis* overnight, petty contractors who construct katcha housing overnight to lend weight to the land mafia, artisans and skilled workmen who provide their services on hire for house improvement, renovation or repairs. Apart from the formal bus and taxi companies providing public transport services, the bulk of the public transport is provided by owner-operators or single vehicle owners plying their vehicles through drivers.

27. The private sector on the whole operates without any regulation. In the sites and services arena, particularly, there is no control over them where they advertise the availability of land. They show plans for development on lands outside the city limits and beyond the boundaries of control of even the DAs. This ensures that they are not violating any law other than the laws on premeditated fraud. It is unfortunate that even though government agencies are aware of such activities actions against the perpetrators of the land scams are not dealt with by law under the Criminal Procedures Code. All actions are initiated well after these perpetrators have either absconded or farmed in large sums of cash from the unsuspecting public.

28. Even though lying mostly outside the ambit of law and of dubious legal status, it must be realized that *katchi abadis* are part of the solution and not the problem when it comes to issues of land and shelter for the poor. The dynamics of these *abadis*, their growth, private provision of land and services and the way the poor construct housing over these can be and has been a beacon for the government (the KKB being a case in point). The Government of Punjab should also research and learn from how the poor react to incentives provided by the private sector and over come the problem of 'moral hazard' through using the 'user pay' principle and make a profit at the same time! Firstly, the government may want to keenly study the patterns and then try to regulate some parts of the transaction which are

⁴⁷ The DHA is the successor to the Defence Officers' Co-operative Housing Society which violated the original conditions of the land grant limiting the use of lands sequestered for the building of military cantonments. This diversion of use has been declared, by the Supreme Court, to be *ultra vires* the land grant. The decision required that control over these portions of the original land grants revert to the concerned provincial government

⁴⁸ Witness the reclamation of land from the sea in Karachi. This is beginning to silt-up the Karachi Port and is impacting on the sea board along Karachi's coastline

exploitative and/ or part of bad 'non-planning'. Secondly, some of the positive lessons may be incorporated in government housing/ land schemes for the poor.

2.3.3 Civil Society Organisations (CSOs)

29. A large number of CSOs operate in the sector, particularly in the *Katchi Abadis* of major urban settlements. They organise communities in the *katchi abadis* for improving municipal services, particularly in the removal of sewerage by constructing street level drains and underground small-bore sewerage systems to link to the arterial mains on a self-help basis. They rely on the methodology developed by the Orangi Pilot Project (OPP) in Karachi and in some instances collaborate with the OPP. One such case is in Jaranwalla where the OPP is providing technical support and some financing to the Anjuman-e-Samaji Behood for improving the water supply and sanitation network and mapping the urban service infrastructure using satellite imagery. Non-governmental organisations (NGOs) are also engaged in the provision of micro-credit and capacity building services to empower the poorest segments of urban society to improve their income generation capability to pull them out of the poverty trap. There is a need for more of these interventions as will be discussed later in the paper.

2.4 Development Programmes and Projects

2.4.1 Government Initiatives under the ADP

30. The GoPunjab has a number of housing, sites and services schemes either currently under execution or planned for the near future. Some of these are targeted towards the poorer segments of society while others are meant to meet the needs of specific groups, such as government servants. For this purpose it has established the Punjab Government Servants Housing Foundation (PGSHF) through an Act of the Punjab Assembly on 23 February 2004. The government has established a revolving fund from which the HUD&PHED propose to spend over Rs 270 million to establish the first Government Servants Housing Scheme at Mohlanwal in Lahore.

31. As part of their Five Year Perspective Plan (2003/4 to 2008/9)⁴⁹ HUD&PHED would be completing the on-going area development schemes in Sargodha, Khanewal and Layyah and the 3-marla housing schemes in Faisalabad and Lahore. These latter are meant for the poorer segments of society largely for the resettlement of persons dislocated from *katchi abadi* upgrading and improvement programmes. The Department has also proposed to undertake completion of 13 new area development schemes, start another seven⁵⁰, take up rehabilitation of old schemes⁵¹, site and services development scheme for expatriate Pakistanis, and

⁴⁹ This is part of the Ten-Year Perspective Development Plan for land development proposed by the Department for the period 2001/02 to 2010/11 at an overall cost of Rs. 10.456 billion. In addition the Plan also envisages the construction of low-income flats at a cost of Rs. 7.040 billion. Subsequently the Five-Year Perspective Plan (2003/04 to 2008/9) has included a scheme for developing sites for the expatriate Pakistanis at a cost of Rs. 2,000 million.

⁵⁰ Letter dated 10 January 2004 from DG Housing and Physical Planning to the Secretary HUD&PHEDD

⁵¹ Rehabilitation should ideally be part of the current budget to be undertaken from revenues

initiate a *Sasti Basti* programme to develop 3-Marla plots free of cost to the shelterless peasants, and prepare a land use plan for the province and the districts. All of these are being developed on government land or lands purchased for the purpose through the GoPb's own resources initially. As these are meant to be developed and sold on a cost-recovery basis, the net impact on GoPb's resources would be nil over the completion period. However, in the interim the GoPb would need to provide bridge financing. Each one of these encroaches on the responsibilities mandated for the district governments by the PLGO 2001. It is argued that since the DGs at present do not have the capacity to undertake such schemes, PHATA is only acting on their behalf. In the future, capacity increases, PHATA would relinquish implementation and revert to an advisory and supervisory body to ensure adherence to province-wide plans, policies and standards.

32. In the Punjab 1,100 katchi abadis had been identified and listed in the survey (circa 1985). Of these 277 were deleted for a variety of reasons. Of the remaining 823, only 715 have been transferred to the DGKAUI for regularisation through leasing and for up-gradation and improvement⁵². In addition to those identified earlier, another 500 katchi abadis from the pre-1985 era and 347 established since then (but ignored by both the DGKAUI and latterly the TMAs) have been identified. The DGKAUI is currently implementing a four-year plan for the up-gradation/development of katchi abadis in the province. The KAUI proposes that of the 83753 recognised katchi abadis⁵⁴ in the province, they will only upgrade or develop 232 in a four year period, 2002/3 to 2005/6 at a cost of Rs. 680 million. This would help improve 24,000 housing units (thereby improving the lives of 192,000 people resident in these units). Once again these proposals and subsequent actions usurp the responsibilities of the district government. By transferring responsibilities for slum improvement and squatter settlement regularisation to the TMAs and retaining overall monitoring, support, facilitation and capacity building within the DGKAUI, the spirit of effective local government will be fortified.

33. It needs to be highlighted that the scale of this activity is miniscule compared to the scale of the problem ($232/837 = 27.7\%$). This retarded pace of upgrading will produce marginal results and the number of the beneficiaries will also be very small. Serious efforts need to be made to at least regularize and upgrade all the recognized *katchi abadis* within the next few years since they have been eligible for such government support since past 20 years (government recognition was granted in 1985). This should be a critical priority for the government as considerable amount of time has elapsed.

34. In the arena of water supply and sanitation, the WASAs⁵⁵ provide these services in the five primate cities of the Punjab, and the TMAs are responsible for the other

generated through taxes, fees and charges levied on properties. Inclusion in the development budget overstates development expenditure.

⁵² As stated in the *Implementation Status on National Housing Policy 2001*

⁵³ As stated in the *Master Plan for Up-gradation/ Development of Katchi Abadis in the Punjab*

⁵⁴ Those in existence before 1985

⁵⁵ WASAs are either in city district Lahore or the city districts in transition (as they were classified by NRB) of Multan, Faisalabad, Gujramwala and Rawalpindi. So in these cities they go, under the PLGO, to the CDG. Elsewhere, they can be corporate bodies under the TMA; the TMA can have such bodies, and even can set-up these bodies in partnership or as a joint venture with the

urban settlements. In addition the PHED is in the process of implementing the WSS schemes under the CM's Accelerated Social Development Programme. This also encroaches on the legal mandate of the TMAs.

35. In the arena of urban transport the Transport Department has put together an urban bus service franchise scheme which has introduced long-chassis buses into some of the cities. This has displaced a large fleet of short-chassis buses and wagons which had become the bane of the urban traffic. These long-chassis buses charge a tariff which is not necessarily pro-poor. The Regional Transport Authority (RTA) in each district is responsible for issuing the route permits for public transport vehicles and for fixing the maximum fare tariff. The permits issued to bus owners under the franchise scheme have ensured a monopoly to each operator on specified routes. As a consequence the traveller is denied the benefit of competition in both the quality of service available and the fare charged. Most transporters also violate the terms of the franchise with impunity. In a recent decision the Supreme Court has declared these franchises to be in violation of the Constitution and has restored the right of the non-franchised operators to ply their trade. It has, however, given the GoPb a period of six months within which they are required to design and implement an alternative plan within these parameters. Any alternative would gain by being market oriented, encouraging competition which would automatically bring fares down.

2.4.2 Donor Assisted Projects and Programmes

36. Urban development schemes which are being funded through a loan/grant for the IFIs or multi-lateral agencies are the ADB's Southern Punjab Basic Urban Services Project (SPBUSP), the UNDP's National Urban Poverty Alleviation Program (NUPAP), and the UK Department for International Development (DfID) assistance to Faisalabad. It may be noted here that these programmes are in different stages of implementation. They also have varying degrees of relevance to the devolved system of government. The government and the donors need to cull out the learning from these programmes and share them with a wider audience. The government needs to insist upon donors to openly share findings of projects that they undertake, specially the ones through grants, which the government does not seem to own up or contribute to at all. The ones undertaken through loans and assistance of the multilaterals, equally need to disseminate the findings undertaken by joint teams involving the government and relevant civil society organisations.

ADB: Southern Punjab Basic Urban Services Project

37. The Project intends to (i) reduce urban poverty, improve community health, and reduce environmental degradation in 21 project towns by improving the water supply, sanitation, solid waste management, and roads for low-income communities; and (ii) ensure sustainability of urban investments by strengthening institutional capacities of newly devolved local municipal agencies. The Project is expected to improve the living conditions and quality of life of about 3.6 million urban people, mostly in low income communities. The Project will comprise the following main components:

private sector.

- a. development of infrastructure for basic urban services, including community development and participation; and
- b. institutional development including the development of municipal management systems for local government agencies, support of project implementation, and incremental administration support

38. Under the first component, the Project will improve infrastructure in: (i) water supply, (ii) sewerage systems and wastewater treatment, (iii) solid waste management, (iv) road links for low-income areas, (v) slaughterhouses, and (vi) incremental land development for the poor. This component will also include community development and participation, aiming to ensure sustainability of investments and to develop organisational and human capacity in local government agencies for participatory human capacity in local government agencies for participatory processes targeted to reduce poverty and provide basic needs.

39. Under the second component, municipal staff of the TMAs will be trained in institutional capacity building and revenue improvement. The GoPunjab and the TMAs have agreed to take necessary fundamental steps to (i) increase the TMAs' revenue base in a sustainable manner, and (ii) enhance and stabilise the TMAs' institutional capacity and organisational setup. This involves making adjustments to fully align the TMAs' organisation and institutional structure in accordance with the requirements of PLGO 2001, and improving overall financial management. Because the Project's sustainability depends on these reforms and adjustment measures, the TMAs and GoPunjab have agreed that action on them be a prerequisite for the TMAs' entry into the Project. Considering that TMA commitment alone will not be a sufficient basis for a successful and sustainable investment programme, GoPunjab has agreed to take pending policy actions to support the TMAs in accordance with PLGO 2001.

40. The estimated project cost is \$128.6 million equivalent⁵⁶, comprising foreign exchange costs of \$18.2 million (14%) and local currency costs equivalent to \$110.4 million (86%). The ADB is extending US\$ 90.0 million as a loan. The GoPunjab is investing the equivalent of US\$ 28.3 million and the Towns and Communities will contribute the equivalent of US\$ 10.3 million.

UNDP: National Urban Poverty Alleviation Program (NUPAP)

41. Based on lessons learned from successful community based urban initiatives in Pakistan, the Orangi Pilot Project (OPP), the UNDP funded Programme for the Improvements of Livelihoods in Urban Settlements [PLUS] and National Rural Support Programme's [NRSP] Urban Poverty Alleviation Programme, the NUPAP will apply lessons learned from these successful community based initiatives in cities throughout the country. The present project will be applying a model, which supports and promotes affordable, self-help based incremental development initiatives. The programme's main areas of focus are social mobilisation and community empowerment through affordable, self-help initiatives to support income generation and to improve local conditions; and support decentralization and

⁵⁶ 1 US\$ = PKR 57.8

strengthening of local government by facilitating partnerships among communities, local government bodies, NGOs and the private sector. By experience sharing and documentation of best practices the project will feed into and support national policy development. In the Punjab, NUPAP will continue the PLUS work in Gujranwala, Faisalabad and Multan and extend the work to Rawalpindi and other cities as funding resources permit. At the national level the NUPAP is estimated to cost US\$ 10 million. The UNDP has pledged US\$ 1.42 million and the GoPunjab has contributed the equivalent of US\$ 245,000. The shortfall of US\$ 8.335 million will be raised through bi-lateral donors and other sources⁵⁷.

DFID: Faisalabad Area Upgrading Project

42. The project consists of two components. The first is the promotion of economic and social welfare for slum and *Katchi Abadi* dwellers and the second to improve primary infrastructure for water supply, sewerage, drainage and solid waste. An important feature of the project is to develop a sustainable capacity within the communities to manage the upgrading. This has now been in operation for a number of years with mixed success⁵⁸.

World Bank: Punjab Urban Sector Development⁵⁹

43. The GoPunjab is currently negotiating a project with the World Bank for both investment into the development of the sector and also provision of technical assistance to increase the capabilities of sector institutions and agencies to plan for the development, management and funding of urban growth. The components of the project include (i) urban planning and management, (ii) land and housing, (iii) institutional development, (iv) water supply and sewerage, (v) solid waste management, and (vi) municipal finance. The envisaged cost of the project is of the order of US \$ 1.37 million.

3. Issues, Concerns and Solutions

44. As in the rest of the country, urban settlements suffer from various deficiencies in infrastructure. Scale of provision and inadequate quality, even if it is functional, which in a very large number of cases it is not, particularly in small and medium sized towns. There is not a single sewage treatment plant (except a small one in Rawalpindi). The road network is poor, there are no facilities for pedestrians (footpaths, crossings, street lights etc.) What ever level of service delivery infrastructure is available in the various towns and cities; it is under extreme pressure and spread quite thin; this is owing to the growth and concentration of economic activities in town centres and in large neighbourhood markets. A consequence of this is the spill-over on to the streets in the form of shop-front extensions, hawkers and vendors and spill-over storage and display from shops. This, in turn, results in increasing the congestion on the streets which impedes

⁵⁷ The description is culled from the project document

⁵⁸ The description is based on the information contained on the Pakistan Web Page of GHK International

⁵⁹ This is currently being negotiated with the World Bank

traffic flows. The traffic flows are far higher than the capacity for which the streets were designed. Further, owing to a concentration of activities, the rapid spread in the urban sprawl, a densification of population through the conversion of single storey structures to multiple stories, the water supply and sewerage infrastructure as well as the utilities' infrastructure are overloaded and result in frequent breakdown of services. The breakdown of the water and sewer systems results in the collection of water in large pools. Because these pools are not cleared in time, they stagnate and breed mosquitoes and flies. As a consequence this spreads malaria and cholera, both of which are endemic in all urban settlements of the province. All of these are consequential impacts due to the constraints in the effective delivery of urban services. These constraints include a lack of stakeholder participation in the planning, design and implementation of development projects; low investment levels; inefficiency of public institutions; a lack of accountability; and limited resource mobilisation by local governments.

45. Systems for water supply, sewerage, and solid waste collection also suffer greatly from poor design, operations and maintenance (O&M). The PHED designed and constructed the water supply systems, then turned them over to the local government for O&M. Local government is then faced with the issue of handling the gaps between the design of those systems and the real consumer demand. The gaps are often considerable which result in poor utilisation of these systems, poor cost recovery and the need for permanent subsidies.

46. The collection and disposal of municipal solid waste is mostly poor. However, with the advent of the Afghan refugees who have settled into these towns at their fringes in *katchi abadis* the recyclable component is collected and disposed off. The remaining uncollected waste causes adverse environmental effects, such as bad odours and breeding of flies. Poor collection and removal of solid waste also leads to clogging of sewer lines (mainly because of plastic shopping bags), a major problem of urban infrastructure systems. Blocked sewer lines make household sewage disposal ineffective, and result in ponds of sewage in lanes and streets. This encourages the spread of diseases such as malaria and cholera which in turn places additional burden on public sector health facilities by the poor. The ponding of sewage and effluent water also damages private and public properties, disrupts traffic; infiltration of sewage into the aquifer contaminates the water making it non-potable. Most households in the sweet water zone use shallow groundwater, through hand or motor pumps, as their main water source. Some basic services are totally missing in peripheral and under-serviced areas of most towns, particularly water, sewage and solid waste disposal, sanitation and paved roads (ADB 2003).

47. Most of the problems in this sector also have their roots in poor governance, particularly related to institutional and organisational issues, and the lack of technical capacity and capability. The overarching concerns relate to lack of a holistic strategy for urban development and management, and the non-availability of adequate resources, both financial and human, for delivering and maintaining services needed at an acceptable level of quality. The newly established local governments lack the technical and managerial capacity needed for effective delivery of municipal services and functions. The DAs and the WASAs are beginning to lose these as they have not kept abreast of the knowledge, skills and attitude needed for the changed environment introduced by devolution. They still

rely on subsidies and have a poor understanding of the context of devolution which emphasizes self-reliance. Further, they have little or no concept of the term and obligations associated with “customer service” (World Bank 2004). The Asian Development Bank identifies the problems of the sector as a consequence of rapid urbanization which has overtaxed the abilities of government institutions to provide adequate infrastructure and urban services. “Much of the urban growth has been uncontrolled and unplanned, because of the absence of effective planning and enforcement tools, and insufficient development of human resources” (ADB 2003). Most of the issues of and the constraints faced by the sector relate to more than just urban poverty. This is particularly so, as the over-arching issues related to governance, institutional reform, finances, management, planning and the sector specific issues impact on urban poverty and the quality of life for those within the poverty net. These are discussed in the following paragraphs.

3.1 *Institutional and Management Issues*

3.1.1 Planning and Management

48. The absence of an overarching body which can ensure that an integrated urban and housing strategy for growth and management is developed and implemented results in the urban areas not acting as the dynamic growth centres which they are capable of becoming. There appears to be some understanding in the role of cities and the way in which the smaller towns can be used to reduce the impact of rising poverty in the province. However, it is unclear whether the constraints caused by and the impact of poor local governance, inappropriate regulatory and investment environments (in both legislation and implementation), critical infrastructure bottlenecks, severe service delivery deficiencies, distortions in land and housing markets, and the inefficiencies caused by a plethora of overlapping and parallel institutions running in tandem with local governments institutions is realised completely. They severely handicap the growth of private business and impact on the poor disproportionately. They also result in an uncoordinated development of urban areas resulting in insufficient and poor quality of infrastructure varying across the spectrum of urban settlements. To ensure that there is some comparability in the standards used for development, the GoPb has set up a number of agencies which have come into existence as required over the passage of time. These are the proposed revival of the PHED, the DGKAUI, the PHATA and the Punjab Municipal Development Fund Company. However, each works without any coordination between them. To complicate matters further they are housed within different administrative departments. In addition there is plethora of parallel bodies spanning the several tiers of government from the federal agencies to the union councils, each with their over-lapping or subordinate mandates, both without the cohesive coordination necessary.

49. On an immediate basis, a mechanism for coordination needs to be established which should be mandated to develop and update (as required) an overall urban development and management policy framework and commensurate strategies and plans within this framework, facilitate implementation and act as a catalyst for planned urban growth and development.

50. A proposal is on the anvil in the form of the Punjab Urban Commission (PUC). However, to set this in the right context and given the past experience of the government in setting up such bodies which just add to the bureaucracy without adding real value to achieving the ends. It is suggested here that an exceptionally strong team may be field through a TA under the PRMP or DSSP, manned by technocrats of national standing in the field to lay out the parameters and a blue print for this commission.⁶⁰ However, it is hard to consider a Commission that has anything less than a statutory status, to be effective at all in our socio-political context.

51. Planning continues to use antiquated approaches and focuses largely on Master Planning, which is based only on the development of land-use plans rather than a holistic approach to urban and regional development plans. These are prepared without any participation of the citizens. Even where such land-use plans exist, they are implemented only partially owing to the political economics of land development. This needs to be replaced by a process of strategic planning, facilitation and regulation the public sector segments of which need to grounded in reality by linking them to the budgetary resources available. This would ensure that such plans are practicable. However, this presumes the availability of detailed information on existing services, their networks and their service levels. This is conspicuous by its absence. The TMAs should be encouraged to prepare base maps of their cities using satellite imagery as is being done with the help of OPP in Jaranwala. The provincial government (or an independent agency) should contract out the development of city-specific development strategies, within an overall framework of urban development. The province (agency) should prepare the framework itself in consultation with Nazims of DGs and TMAs and weave in the concept of community participation in the process of developing these CDSs.

52. A review of the master plans in Lahore and Gujranwala by the World Bank Mission (Apr 24-May 4, 2005) reveals that the plans are not based on well-articulated strategic vision of future economic, social and environmental conditions. The plans do not identify the key actions that are needed to promote economic, social and environmental conditions. The plans do not identify the key actions that are needed to promote economic development, improve housing affordability, mobility and quality of life. The Bank's detailed review of the Lahore master plan revealed that it is not based on accurate data, fundamental analysis, nor does it comprehensively treat the CDGL. In fact the plan excludes both the Cantonment and Defence Housing Authority Areas and it ignores areas outside the boundaries of the former LMC. With the exception of Lahore other cities' master plans are outdated and of little use for informing current policies and programs. The master plans, zoning and land use controls are unrealistic and overly restrictive with respect to development densities and spatial structure. Floor area ratios for residential and commercial development are too low and do not reflect the economic value of urban land. Most significantly, master plans do not reflect a

⁶⁰ Annexure A sets out some ideas and builds on this argument and gives a few pointers to what the TA team should be charged to do and what, if at all, a permanent or supra body might be mandated to address. The Annexure also lists out certain tasks that the team might undertake. It is recommended that at least the following should be part of such a team: Mr. Tasneem Siddique, Mr. Arif Hasan, Mr. Reza Ali and Dr. Ali Cheema.

feasible strategy for financing the required infrastructure investments. For example the Lahore Master Plan provides a wish list of medium-term capital projects, but it does not develop a strategy that would utilize fees and user charges, property taxes, special assessment, land value capture, as well as intergovernmental grants and loans to recover capital, operating and maintenance costs in a sustainable manner. (World Bank Mission, Apr 24-May 4, 2005)

53. City planning areas need to be expanded to include peripheral lands surrounding large Punjabi cities. Strategic planning needs to include the full participation of the CDGs, TMAs, Union Administrations, Cantonment Boards and Defence Housing Authorities (DHA). Widening participation will require highly effective coordination mechanisms. (World Bank Mission, Sept 17-28, 2005)

54. Large cities in the Punjab need to assess the impacts and effectiveness of urban planning and land development regulations- floor area ratios, land use zoning, subdivision regulations, rent controls are a few examples. Land prices in Lahore and other cities of the Punjab are very high relative to income. To what extent is this due to excessive land use regulation and inefficient land titling systems? Do current regulations support economic development goals and objectives? If not they should be revised. The CDG will need to provide the overall planning regulatory framework for urban development. (World Bank Mission, Sept 17-28, 2005)

55. The Punjab Province and cities need to address the very important problem of the lack of urban management capacity. Without adequate capacity, cities will continue to grow inefficiently and haphazardly, thereby undermining the government's economic development goals. The Devolution Plan has devolved substantial authority and responsibility to the Local Governments. However, these Local Governments don't have the financial, technical and management capacity to shoulder most of this responsibility. Reforms need to be undertaken to strengthen the LGs. These need to focus on increasing accountability, increased participation of stakeholders in the design and implementation of programs and policies, ensuring the induction of better quality staff and rationalizing the existing staff, providing training programs, strengthening the management system and linking future financial assistance to past performance. Options need to be considered for involving the private sector in the provision of services in which case the public sector would act as facilitator/regulator. (World Bank Mission, Apr 24-May 4, 2005)

56. The effective management of large cities requires professional expertise that is lacking in the public sector, and hiring from the private sector remains an issue. The most technically well endowed agencies in the 5 large cities are the DAs and even their skills do not match the full spectrum of expertise required (such as developing strategic plans or capital budgets linked to them). Furthermore, with their original mandates lost they are fast becoming implementing agencies and are at the risk of losing their planning capabilities if their expertise is not put to constructive use. There is a need to induct people with professional expertise into the public sector, however this needs to be done once institutional structures have been rationalized and mandates assigned to them. (World Bank Mission, Apr 24-May 4, 2005)

3.1.2 Inter-Governmental Roles and Responsibilities

57. There is an absence of clear responsibilities and authorities across departments and levels of government. In some instances dichotomies exist and in others there is a fragmentation of roles. For instance, the TMAs are the executing agencies for sites and services projects, and the District Governments (DGs) are responsible for spatial development planning⁶¹. In the execution arena, the TMAs are responsible for the development of municipal services with community participation, while the responsibility for community mobilisation is shared with the Union Councils (UCs). This needs to be clarified and the roles and responsibilities clearly enunciated both within the tier of the local government system and across the two tiers of local and provincial governments. Three years after the devolution of powers, the provincial government continues to retain the authority of human resource management from recruiting to termination, particularly with respect to officers. This should now be the purview of local governments. Unless this is done, the success of the devolution process will be doubtful, as staff loyalties will be divided, thereby impacting on motivation and efficiency.

58. As pointed above, currently at the provincial level the very existence of the TMAs is being questioned. However, there are counter-arguments which are presented in favour of the TMAs themselves. These tend to point to the fact that the GoPb rather than building the capacity of the TMAs, has consolidated or is in the process of consolidating to itself the responsibilities for undertaking functions such as the implementation of sites and services, and the water supply and sanitation projects and schemes even though these have been devolved to local governments. Further, the TMAs provide opportunities for inter-linking the urban and rural areas. Opportunities also are being created for benefiting from economies of scale which did not exist in the previous system of a hierarchy of municipal bodies by the exclusion of the rural sector. In addition, the scarce human resources for planning and managing service delivery will need to be created only within a much smaller number of TMAs.

59. The provincial level needs to assume a greater role for regulation and oversight rather than service provision. To fulfill this role effectively it needs to develop/reorganize requisite institutions with necessary capacity and clear, complete mandates that do not overlap. (World Bank Mission, Apr 24-May 4, 2005)

60. While devolution is seen as positive and in the long run very beneficial, it has caused a range of problems associated with urban land management, esp. in Lahore. The formation of six TMAs in the Lahore district, and the associated devolution of urban planning and the infrastructure to the CDGL and the individual TMAs has created considerable confusion regarding the roles and responsibilities of CDGL, LDA, and the TMAs. This is further compounded by the continued independence of the Cantonment Board and Defence Housing Authority over urban planning and urban infrastructure services. An additional problem is the lack of spatial coherence regarding urban services. For instance, in the case of Lahore,

⁶¹ City District Governments are responsible for this in the city district and the TMA in the common districts.

WASA's service area does not cover the entire CDGL. Several TMAs are in the awkward position of having WASA service coverage for only a portion of their jurisdiction. Furthermore, the existing WASA service area does not include the suburban ring of the CDGL where most of the cities growth will take place over the next 15 to 20 years. While these problems are less complicated in the Punjab's other major cities those with multiple TMAs are likely to face coordination challenges. In Gujranwala, the district is divided into two TMAs, one covering the existing urbanized area within the ring road, and the other covering the periphery. The spatial structure is sure to surface land management and infrastructure programming issues. (World Bank Mission, Apr 24-May 4, 2005)

61. There is a need to study the existing institutional structure and capacity of the TMAs vis-à-vis their mandated responsibilities. The study may aim at producing proposals for strengthening the TMA and consolidating its linkages for the performance of its mandate and coordinating its workings with the other entities. This should also be accompanied by studying the roles and responsibilities for urban development and municipal service delivery assigned to other tiers in both the local government system and the federal system of government prevalent in the country. The study should also examine the roles and responsibilities of the various government agencies and departments and the para-statal organisations impact on city management.

62. The DGs are mandated to plan for local economic development and spatial planning, but the TMAs have powers over the tools (taxes and user charges) which will encourage this. Planning for and encouraging investments for economic development are the mandate of the Industries, Commerce and Investment Department of the province and its counterpart in the districts. This assignment of responsibilities needs to be clarified and a clear demarcation of roles and responsibilities needs to be legislated.

3.1.3 Municipal Finance

63. It is estimated that the aggregate resources generated by the TMAs is substantial, between 30 to 35 percent of the total provincial own resources (World Bank 2004). However there are substantial variations in resource availability across the band of TMAs. The overall financial management is constrained by poor systems and procedures, the absence of cost centre based accounting, unskilled manpower who have little or no opportunity for improving skills, a lack of linkage between budgeting and planning, the lack of buoyancy in the grant which has replaced the octroi/ zilla tax, under-exploitation of local revenue sources, and inefficiencies in collection and record keeping. In the absence of proper information, it is not possible to track pro-poor expenditures. TMAs should be provided the assistance needed to improve financial management, ranging from accounting and book-keeping to resource generation and recovery on an urgent basis. This could be done through the DSP programme which has funds allocated specifically for this purpose. As an initial step the already devolved function of assessment and collection of Urban Immovable Property Tax should be accompanied with the resources needed to engage property valuation professionals to assist them until such time as they develop their own in-house capability.

64. An attempt should also be made to improve the resources available to the TMAs. There are several areas for improvement of own resources. The two most significant include property tax and user charges, particularly those for water. The property tax is an important source of revenue for local governments worldwide and in the US provides 50% of the local government revenue. However in the Punjab, the UIPT accounts for only about 4% of the local govt revenue. Even this figure is expected to fall substantially with the expansion of exemptions to all properties under 5 marlas which make up a considerable share of the properties to be taxed in many jurisdictions. Even before this exemptions in land and property taxes were substantial. Local governments need to consider the financial impact of the various measures that reduce UIPT base and yield including exemptions, reduced rates and zero rating areas with a view to improving tax yield. Local governments should consider removing the exemption granted to owner occupied properties as these are iniquitous. These exemptions should be given to only the widows, minor orphans and indigents. To improve the lot of such persons, TMAs should also consider exempting them from all local taxes and, where feasible, also provide a subsidy for services and utilities provided by the TMA itself. On the principle of reciprocity government owned and occupied properties should pay property tax, just as LGs pay taxes on their motor vehicles. Another measure to improve the yield and buoyancy of property tax is the move to a capital value type system where property tax is levied on a capital value rather than rental value. The advantage of this would be the removal of under-valuation to a very large extent. Such efforts must continue as since buoyancy of the tax under the ARV (Annual Rental Value) base is quite inadequate and does not even keep pace with inflation. While enhancing the base and buoyancy of property tax is an important objective, results are typically felt over the medium term, and improvements must be paced within political and administrative constraints. Other revenue tools, such as the value capture and development impact fees should be explored as complementary measures to increase revenues more quickly. The instruments can be particularly useful as land use regulations evolve along with the modernization of the large cities of Punjab.

65. There is currently a misalignment in the CDGs between the responsibilities assigned for service delivery and the financial resources provided to them. This appears to have emerged because in the decentralization model as originally designed the City Districts were primarily implementers of provincial and federally funded programs in health and education and not providers of urban services. Accordingly, no significant local revenue sources were allocated to them. These taxes and fees were instead allocated to TMAs. However it was decided that the CDG of Lahore should become an important local service provider in sanitation, solid waste management and urban transportation. A similar set of functions is likely to shift to the four newly created CDGs. Even so the allocation of the own revenue base of the local taxes and fees has not been adapted to reflect these responsibilities. Moreover in Lahore the old formula used in the Municipal Corporation of Lahore (MCL) which shared half the property tax with the specialized agencies of WASA and LDA was not adapted to reflect the substantially larger service areas of the CDGL after devolution. Now that the four new CDGs have been created the issue of alignment between functional responsibility and finance has surfaced and must be addressed. (World Bank Mission, Sept 17-28, 2005)

66. In the City Districts, it would be wise to reconsider the decision to shift the collection of UIPT from the Districts to the TMAs given the changes it's undergoing, the erosion of its base as well as the limited capacity of the Towns for administering such a complex tax. Moreover the introduction of four more CDGs calls for the reconsideration of the allocation of the UIPT to City Districts providing further justification to reconsider the move of the collection of the UIPT to the Towns. (World Bank Mission, Sept 17-28, 2005)

67. A number of helpful measures are under consideration in the context of the impending Provincial Finance Commission award. These measures start the process of providing incentives to local governments to manage service delivery more effectively. These include: a shift from direct funding of existing costs to a formula based transfer; direct sharing of the buoyant GST revenues in the grant to replace octroi; reduced reliance on interception transfers as a source of payment of utility bills; and measures to manage electricity demand. Timely implementation of these concepts has promise for improving the financial status of the local governments. (World Bank Mission, Sept 17-28, 2005)

68. An improved transfer formula could support a framework of strategic selection of projects financed out of the development budget. This should be complemented with tools such as capital investment planning, and reducing reliance on ad-hoc and fragmented allocations of development funding. Currently both the funding provided according to the formula out of the provincial allocable pool and the funds provided under ad-hoc programs are typically allocated to hundreds of small, fragmented projects. While some flexibility to fund special initiatives is both necessary and desirable, the current system leaves too little scope to support major strategic investments and provides little incentive or scope for funding adequate O & M expenditures. (World Bank Mission, Sept 17-28, 2005)

3.2 Land and Shelter

69. Notwithstanding the Government's priority to double housing units, over the last three years in general and specifically over eighteen months, the price of land all over the country particularly in the metropolitan areas has risen exponentially, making it virtually impossible for any one but the affluent members of society to purchase their own homes. This situation, if not addressed, will have very serious social and economic implications. This is further exacerbated by the existing land acquisition policies which inhibit public sector intervention. In 1973, the Land Revenue Act, 1897 was complemented with the Land Acquisition (Housing) Act⁶², 1973 permitting compulsory acquisition at Rs. 20,000 per acre for public use. As a consequence 100,000 plots were developed for the low- and medium-income groups alone by the public sector agencies in the Punjab alone in the 1973/80 period. The Martial Law Instruction 23, 1980 doubled the price, but reduced public sector activity as a consequence as upfront payments for land acquisition were

⁶² Land acquisition for Katchi abadi improvement/regularisation etc and housing could be acquired for a fixed compensation (per acre plus structures, trees etc).

required. In 1982 payment for acquired land was in the form of returning 30 percent of the developed plots. This policy held sway until 1985 in the Punjab when the 1973 Act was repealed and the 1897 Act was reincarnated. This was, however modified to meet with the Shariat Bench judgment requiring payment for land acquisition at market prices. The current policy requires that land development schemes can only be announced once the sponsoring agency already owns title to at least 80 percent of the land proposed for the scheme. Owing to the shortage of available land this is clearly beyond public sector land development agencies as they are required to operate on a self-financing basis without recourse to raising debt or bridge financing. There is, therefore, every justification that the government must arrange the bridge financing necessary to enable the reactivation of the public sector agencies to intervene in not only the land market, but also in the provision of affordable housing for the poor.

70. However, in a province where there is a dearth of public land and given the present nature of the Land Acquisition Act where government can only acquire land on market price, it would take a lot of innovation and imagination to come up with land for housing for the poor.

71. The main issues impacting efficient functioning of land and housing markets appear to be land titling and access to affordable housing credit. The former is not able to guarantee effective registration and enforcement of property and mortgage rights. There also exists a parallel system of titling available through mutation, which also suffers from the same defects. Additionally, land policies limit the availability of space by encouraging urban sprawl (by restricting urban density and floor space utilisation), thereby escalating the price of land. This in the final analysis contributes substantially to artificially creating a shortage. This in turn results in pricing out the poor and low income households from access to shelter.

72. Access to land is further constrained by the large proportion of land being owned institutionally, both in the city centres and around the peripheries of towns and cities. These existing practices in the development of land for shelter appear to virtually exclude the poor and middle classes from access to state sponsored development projects. For the poor the only alternative to accessing land is through encroachments. Public sector schemes meant for the poor through balloting are, by and large, usurped by a mafia in collusion with officials through spurious applications and through patronage. Moreover, the cost of land provided for the poor is beyond their means. Studies by the Applied Economics Research Centre in Karachi have indicated that the amount paid to the land mafia by the poor for squatting ranges from Rs 2,000 to Rs 5,000 depending on size and location. Unfortunately, no comparable studies for Punjab's cities have been undertaken.

73. The housing and needs of the poor need to be given much more consideration and weight in the process of strategic planning and land management. Plans and strategies need to develop pro-poor housing development policies and programs. Housing policies, targets and programs should be formulated at the CGD level, as Unions have neither the capacity nor the mandate for housing development. (World Bank Mission, Sept 17-28, 2005)

74. The GoPunjab should consider the provision of undeveloped land where only the plots are demarcated and the land is allotted to a community of the poor rather

than to an individual⁶³. This has the advantage of replicating settlement patterns from the localities from which rural migrants originate. This experiment has also proven its success in the *Khuda ki Basti* (KKB) programmes developed first in Hyderabad and subsequently in Karachi for the poorer segments of society. These communities, then, through self-help build the infrastructure to suit their requirements and attach them to the arterial network put in place by government. To some extent these are being catered for through the collaboration between the OPP and some CBOs operating in the province. However, this would entail intensive social mobilization efforts through CBOs and it needs to be seen if such efforts are cost effective when scaled up. It is also acknowledged that the KKB owed its success partly to availability of public land and also dynamic leadership. Nonetheless, the model was initiated in a secondary city and is worth experimenting with since Punjab has a number of them.

75. In addition to the lack of access to housing credit by the poor and low income households, the other constraint to ownership of shelter appears to be the high costs of constructing pucca (permanent) structures. The poor build shelter incrementally starting with a basic one room shelter made of wood (mainly bamboo), thatching and mud. They add to this as required. Once incomes rise above a threshold these structures are slowly made pucca by replacing the mud walls with concrete blocks in the first instance, then replacing the mud floors with cement, then the thatch roofs with corrugated iron/asbestos sheets and finally replacing these with an RCC roof. Housing finance institutions lend only for pucca structures against clear land titles. Since most poor and low income households squat on land for which they acquire title after a substantial passage of time when these settlements are regularised, they are unable to provide collateral. Experiments in providing housing finance through NGOs on the principles of microfinance (but with very low mark-ups) have proven successful. One such case is the OPP in Karachi where this is accompanied by technology which reduces the cost of construction substantially. These experiments need to be examined for replication. This should be accompanied by examining the feasibility of housing finance institutions working through NGOs for loan management from disbursement to collection and perhaps incorporated into the *Sasti Basti* concept.

76. However, the GoPb is undertaking the construction of low cost housing for sale to the poor. Such sales require the upfront payment of a substantial proportion of the cost of the dwelling unit which is beyond the capacity of those below the poverty line. As an alternative the GoPb along with the DGs should construct low-cost housing for those below the poverty line (initially limited to those entitled to Zakat and aid from the Bait-ul-Mal) and give these on rent through a non-transferable lease to these targeted people. This should be done with the aim of transferring title of these properties to the lessees. One way would be to set off say half the rent (which should be a nominal amount only) against a previously determined transfer value. No mark-ups or interest should be charged during the payment on this amount. While this could be seen to be a subsidy, the very purpose of a poverty

⁶³ This was done in the past for co-operative housing societies which were formed by communities or groupings of like-minded people requiring access to land for house building. This resulted in the developed of close knit communities which undertook all inner-planning and development at their own cost, but linked to arterial infrastructure within an overall land-use plan and built according to specified standards. Such efforts have also been replicated in the rehabilitation of *katchi abadis*.

reduction programme is to ameliorate the lot those below the poverty line. What better mechanism than the creation of assets. Such approaches, at least for the bottom rung poor, are not practicable and will be revisited in the recommendations section.

3.3 Katchi Abadis

77. Each urban settlement of the province, irrespective of size, is host to *katchi abadis*. With best will in the world, the public sector agencies are unable to stop the establishment of these squatter settlements as most of them spring up overnight. The public sector agencies, however, are constrained to follow a set procedure to dispossess squatters and they are further hampered by the liberal dispensation of the courts in granting stay orders and repeatedly renewing them. This provides squatters with the opportunity to entrench themselves further. This is invariably done with the collusion of vested interests who charge exorbitant amounts for squatter rights from the poor.

78. The number, size and spatial distribution of the population which resides in squatter settlements (both regularised and not regularised) is unknown in any one of the towns and cities of the province. To be able to plan for improving the quality of life of the residents of such settlements, there is a need to determine the ownership of the land squatted upon, the form and fabric of the settlement and the socio-economic and demographic profile of the residents. To be able to gather this information rapidly, the use of satellite imagery should be adopted for mapping the physical characteristics of these settlements and a policy announced that once the satellite imagery has been completed for any locality, further encroachments will not be permitted. Each TMA should be encouraged to prepare a plan for regularizing *katchi abadis*, upgrading living conditions in these and in the slums, and demarcating raw land for the establishment of settlements for the potential squatters. The TMAs should also approve regulations for land allotments to these potential squatters on principles similar to those adopted for allotment to co-operatives.

79. In this regard it is highly recommended that Policy Guidelines issued in January 2001 by the Government of Pakistan, Ministry of Environment, Local Government and Rural Development, are adopted and followed by the Government of Punjab. The report refers extensively to the 1985 policy on *kathi abadis* and recommends that it be implemented. It further recommends that all low/ under-serviced settlements not catered to by the 1985 policy for whatever reason, and those low/ under serviced settlements that have developed since, be integrated with existing infrastructure; where tenure is an issue ad hoc evictions of settlements on public land must be stopped. Evictions can only be undertaken if alternative resettlement schemes are offered to the people. It is recommended that resettlement schemes be initiated under the guidance of professionals and experts drawing from the experience of successful initiatives. There is a need to strongly discourage future encroachments and squatting on public and private land through enforcement. In all cases, it is acknowledged that *katchi abadi* dwellers and those living in low/ under serviced settlements will contribute financially to secure permanent housing at reasonable rates. Extension of credit, utilisation of viable funding sources, capacity

building and the need for low-income schemes in both the public and private sector are also emphasized. In general, it is suggested that the *katchi abadis* problem be dealt with by local governments and that the interests and needs of the urban poor be integrated into city planning and development problems.⁶⁴ Based on the report and discussions with the Directorate of *Katchi Abadis*, some specific recommendations for are attached as Annexure B. It has come out quite strongly in discussions with professionals from the government and the civil society, that a support organisation needs to be established by the government (perhaps on the lines of the Punjab Government establishing the Punjab Rural Support Programme, through an endowment). This independently governed organisation should try to facilitate the Orangi Pilot Project (OPP) modelled development in the poor urban areas of the Province; including technical support for water supply and sanitation and microfinance.

3.4 Water Supply and Sanitation

80. Most of the issues in the WATSAN field have been addressed in the accompanying sector paper and actions have been proposed. These include regulation, capacity building, improving efficiency, setting standards and revenue generation.

3.5 Solid Waste Management

81. This also has been discussed in the WATSAN paper. In general, other than in the cantonments and the localities where the elite reside in the urban areas, solid waste collection is conspicuous by its absence. Were it not for the Afghan refugees who remove the recyclable waste from the garbage dumps, the larger towns and cities would have been inundated with heaps of rotting garbage. Garbage disposal at present comprises of sporadic cleansing of these dumps by the TMAs and CDGs and their disposal is used either as landfill for sites being developed by the private sector for sale or are illegally disposed off in a haphazard manner outside city limits (dumping in open lands and channels). A common sight is a bonfire to dispose of these garbage dumps in situ. Exacerbating this problem is that even designated dumping sites do not necessarily meet environmental standards and may be polluting land and water. There is no system for handling the toxic waste from industries and hospitals other than the one used for disposal of domestic garbage. Improving solid waste services will require not only investments in weighbridges and transfer stations, acquiring sanitary landfill sites and developing better methods of dealing with hazardous and slaughterhouse waste but will also require institutional and financial changes. Financially there is a need to segregate the solid waste revenues and expenditures, and to explore options for further rationalization of operations to reduce costs, greater recovery of costs through user charges, tipping fees, hauler license fees.

⁶⁴ *Policy Guidelines; Report of the Committee on Katchi Abadis, Upgrading and Urban Renewal*, Government of Pakistan, Ministry of Environment, Local Government and Rural Development, January 2001

82. At present solid waste management is undertaken by the CBs, CDs and TMAs themselves. It is highly subsidized. Only a part of the subsidy is paid for through user charges as conservancy charges linked to water rates and is low. In Lahore and Multan, the sanitation fee for solid waste management is collected through WASA billing. In areas beyond WASA jurisdiction, the local government bills and collects but with very low collection efficiencies. The extension of service area for solid waste management beyond WASA service area poses a challenge for collecting the sanitation fee from all area beneficiaries. Cost effective alternatives to the WASA sanitation fee should be considered. Various options should be considered in the context of examining the relationships between various local government tiers, cantonment board and DHA. Experiments in privatising solid waste management around the country have proven successful, but have not been sustained, owing to institutional constraints. These need to be examined, the constraints addressed and remedied and contracts for solid waste management contracted out. The advantage would be the generation of employment opportunities for the poor and marginalised segments of society.

3.6 Urban Transport

83. Urban transport in most of the towns and cities of the Punjab can be typified as haphazard and without any regard for rules. Starting with the encroachment of shop fronts on to the footpaths (if they exist) and to the street and road sides, the plethora of stationary and mobile hawker-carts, the mix of vehicles (hand drawn carts at one of the scale to large 16-wheelers at the other end of the spectrum) which does not seem to recognise any norms of behaviour, the jay-walking pedestrians, the improperly designed intersections, the parking at will, the non-operational traffic lights, the untrained traffic police, the story goes on endlessly. To the casual observer, this is a scene that leaves much to be desired.

84. The components of urban transport which need immediate attention are the upgrading of roads and streets, the provision of off-street parking, the provision of a regulated public transport system, and traffic management by trained personnel. On the soft side it requires the preparation of transport plans for each major urban centre, the development and strict implementation of regulatory mechanisms for the private sector and the development of rapid transit plans, at the least, for the first three of the five primate cities. On the management side there is a need to train police, traffic engineers and drivers of vehicles for hire de novo and the strict implementation of traffic laws. Punjab has successfully tried and executed models of public private partnership in urban transport. These models need to be evolved into the next generation and efforts need to be made to build confidence of the private sector to invest in larger and longer gestation projects.

85. In Lahore and the other cities visited the investment proposals presented include significant investments on roads and traffic management, as well as public transport in the case of Lahore. There is a need to assess their coherence with the vision for the future of the city, to assess their feasibility and to rank their level of priority. This calls for a transport master plan and feasibility studies for each project that should be coordinated with forthcoming revisions to the currently approved Lahore Master Plan. In the other cities master plans are outdated and need

updating. The Lahore Master Plan does not consider the linkages between different strategies regarding the promotion of public transport and the impacts on the needs for infrastructure, in particular roads. This master plan should be complemented with more specific medium term transport plans that address the various choices for such strategies and analyzes and compares various scenarios. (World Bank Mission, Apr 24-May 4, 2005)

86. In the transportation sector the recent evolution shows the difficulties to implement effectively the devolution of responsibilities to the lower levels of government. For instance, in the case of roads maintenance, the devolution has transferred most roads located in the district of Lahore to the TMAs. The district retains the custody of 32 main roads totaling 115 km and 163 other roads totaling more than 938 km. In addition five other roads and the Ring Road remain under the direct custody of the Provincial or the Federal Governments. It is not clear how the roads are assigned to various government tiers; in particular it seems that the Ring Road would principally have been an urban function should be under the jurisdiction of the district and not the Province. (World Bank Mission, Apr 24-May 4, 2005)

87. In the case of infrastructure investments, GOPb has taken the responsibility to invest in or design several large investments within the district of Lahore (the ring road, other roads, the mass transit). This raises the question of the control of the CDGL over the development of its transport system and infrastructure, a proper mechanism of coordination to ensure control should be put into place. (World Bank Mission, Apr 24-May 4, 2005)

88. Over the last few years GOPb has successfully implemented bus services operated by the private sector in the large cities of the province. However this experiment has suffered difficulties of coordination with other public operators (wagons) and risks deteriorating due to the lack of regulated competition. The recently notified Amendment to the MV Act authorizes the Provincial or the Regional Transport Authority to issue stage carriage permits. It is then confirmed as policy orientation that the public transport service will continue to be provided by the private sector, in view of its efficiency. The recent effort to distribute the roads into routes served by the High occupancy buses and routes served by Low occupancy buses leads to better organization of the network. However there is a need to establish more clearly the rules of competition for the market, which would allow the combination of the efficiency of the private formal operators with the level of service defined by the Government (World Bank Mission, Sept 17-28, 2005). People move to bigger cities for a number of reasons, chief amongst them being livelihood and access to social services like health and education; the lack of same in the hinterland act as a 'push' factor. Although it might not be at all possible for the government to remove the income differential between areas; it can be argued that enhanced public service delivery in rural or semi-urban areas would stem migration to an extent. In such a scenario an network of fast moving transport that can bring in workers to large cities in the morning and take them back to their peripheral areas in the evening could play a major role in taking pressure off from major cities (by stemming 'in-migration'). Such systems need to be planned and developed in the medium to long term.

89. Traffic management in urban centres is severely inadequate. The large increase in motor vehicles over the last few years has resulted in poor conditions of mobility (speed, safety, noise air quality) on roads that were not designed for such heavy traffic flows. The heterogeneous nature of the traffic (a medley of trucks, buses, wagons, automobiles, rickshaws, two wheelers, animal carts) further aggravates the situation and makes management near impossible on the current road network. For instance, in Lahore where issues are more severe, traffic management is currently scattered among different agencies: Traffic Engineering and Transport Planning Agency (TEPA), EDO transport, Regional Transport Authority (RTA), etc. In addition TEPA (currently placed under LDA) tends to put too much emphasis on the construction of new road infrastructure instead of focusing on the management of existing roads. (World Bank Mission, Sept 17-28, 2005)

90. Traffic Management should be assigned to a single agency such as the RTA. This agency should be placed at the City District level given the scope of issues to be addressed. Towns should also have a role in local traffic management, in terms of defining local traffic plans in coordination with the traffic plan of the metropolis. In particular, improvements for pedestrians or for parking require local decisions and might be better located at the Town Level. This requires coordination between CDG and Towns. Finally the traffic management agency must be able to coordinate its activities with the traffic police. (World Bank Mission, Sept 17-28, 2005)

4. The Strategy

4.1 Vision and Mission for the Sector

91. The vision for the sector: Vibrant environment friendly settlements contributing to the provision of livelihoods for all.

92. The mission of the agencies involved in the sectors would be to ensure: Sustained growth of urban sectors within the framework of salubrious environment as growth nodes of culture and economy.

The objectives driving the future development in the sectors are to:

- Improve the quality of life of people in urban areas, particularly of the urban poor
- Ensure the development of secondary and tertiary cities to reduce pressures on the primate cities for a more equitable development across the province
- Improve the capability of the TMAs to plan, deliver and manage municipal services more effectively
- Improve governance in the sectors to provide greater access to the urban poor and the marginalised segments of civil society
- Clearly identify the roles and responsibilities of the various tiers of government and providers in the sectors

5. Conclusion and Next Steps

93. A number of issues need to be studied before making decisions. Informed policy-making in this sector is the first step recommended. Other important steps in order of importance are:

- Policy vis-à-vis land acquisition needs to be rethought. With the current policy the government cannot undertake any programme at a required scale to address the issues of land and shelter for the poor. This is a huge stumbling block and the government needs to take a fresh look at the issue at the highest level. The policies of the 1970's may have to be brought back in one form or another, because that was the only time when noteworthy progress in the sector was made. The current Patwari system of titling impedes land transfers and application of mortgage liens which in turn hinder real estate development. A computer based land titling and registration system should be developed and new land titling laws should be legislated.
- To address the housing needs of the poor, the demand- current and future- for low-income housing in metropolitan areas needs to be assessed. The planning and infrastructure service programs for low-income areas should be integrated into overall metropolitan planning activities and appropriate implementing agencies should be developed at the District and TMA levels.
- Urban areas need to be redefined locally and new areas demarcated for policy and planning implementation. This is an important exercise for all cities and towns that would be essential to execute any subsequent policy on urban areas. Metropolitan planning organizations need to be created that incorporate the participation of CDG, Districts, DAs, TMAs, Union Councils, Cantonments, and Defence Housing Authorities. Legislation requiring the above mentioned institutions to align urban land management and service activities with the metropolitan planning framework should be adopted.
- The TMAs should be encouraged to undertake mapping and planning exercises. The provincial government should fund such activities and subsequent projects can be funded jointly. Housing projects may even be under taken in partnership.
- Research on *katchi abadis* needs to be undertaken to study the problem and behavioural patterns of the poor. Policies and programme then need to be forged with the lessons learnt so that they elicit the required reactions from the poor. Only then can policies and programmes in this sector be successful. This would include census of *katchi abadis* which is up to date and reflects the need for appropriate interventions. The Directorate of *Katchi Abadis* in Punjab needs to be proactive and follow the policy guidelines enunciated by the Federal Government. There is need in the Directorate to build capacity to recognize the issues and study and follow international, even national best practices.
- Transportation in urban areas needs to have two directions of focus. One, being mass transit within primate cities. These should involve innovative partnerships with the private sector and policies that attract foreign capital in large projects. The other being mass transit schemes connecting primate cities with their satellite towns carrying workers in and out, thus keeping them for migrating to the city for work. Road maintenance needs to be

- improved and the allocation of responsibility between the various levels of government needs to be better defined. A recurrent adequate funding mechanism needs to be developed to earn and allocate funding. The roles of different government levels need to be defined. More priority needs to be given to pedestrians. The issue of parking in urban areas needs to be addressed. Strategies for improving air quality and road safety (driver training programs, vehicle testing etc) need to be defined and implemented. Public transport regulations need to be reinforced to create competition.
- Municipal finances need to be strengthened by enhancing the coverage and buoyancy of property tax and narrowing exemptions. Other tools for increasing revenue such as value capture, development impact fees, and local road user charges should be explored. In City Districts, Functional responsibilities should be aligned with financial allocations. The administrative cost of collecting local taxes should be reduced by finding a broad based alternative to WASA billing for sanitation charges and creating linkages between TTIP and stamp duties on immovable property. Intergovernmental transfers should be made more buoyant and predictable.
 - Solid waste management and removal should be improved by rationalizing solid waste services through institutional and financial changes and segregating solid waste revenues and expenditures.
 - At a higher level the role and nature of a body like the Punjab Urban Commission needs to be clarified even before forming a permanent body. A TA needs to be fielded immediately which should include relevant technocrats of national standing to scope out the need, nature and scope of the Commission⁶⁵.
 - The provincial government wants to undertake direct interventions under this sector, especially in the primate cities⁶⁶, but these are limited more to service delivery issues like roads and water supply and sanitation. Perhaps the provincial government needs to look a bit deeper and find a more effective role for itself. Getting financial institutions to have an 'easy' money policy for house building, specially for the middle and lower
 - The government's urban planning capacity gaps need to be identified by technical area and level of local government and training programs developed and implemented to fill these gaps. Only with adequate planning capacity will the government be able to direct the growth of cities towards their economic development goals.

⁶⁵ Refer to Annexure A for draft ToRs

⁶⁶ See Annexure C for HUD Department proposed investment plan.

Draft ToRs for TA on Urban Commission

It appears that the government has come to a foregone conclusion that Punjab needs an Urban Commission. We run a risk of making this commission just another bureaucratic body, adding a further layer to decision-making and in the execution of work. There is a need for careful deliberation before setting up and charging such a commission. It is recommended that a technical team of excellent sectoral credentials be fielded and be charged with overseeing an exercise of the kind outlined below and give its recommendations regarding putting up of a permanent commission if at all.

- (i) the current and **emerging trends in urbanism** and urbanization, and in the growth of urban areas (statistically, and in terms of economic, socio-cultural and quality of life aspects: together these generate and affect demand for goods and services); extensive seminars and workshops can be held to get in all points of view and widen the debate;
- (ii) drawing on this work, and conducted in parallel with the public debate, perhaps, a group can be asked to identify the various regions of the Punjab in terms of urbanization and a very selected group of individuals may then work together to draw up the **principles of policy** for the various regions to include policy directions for all categories of urban areas and their interface with the rural hinterlands;
- (iii) on the basis of the principles of policy defined for the various regions, the government may hold a **stakeholder consultation** presenting the principles and an agenda for future work;
- (iv) the future work may involve looking at the future growth prospects and **investment needs** etc,
- (v) the report, the urban policy and investment proposals can be presented for public debate, and adopted, both as an **integrated framework**, but more importantly, by all the sectors that it touches as part of their policies.
- (vi) The TA should look at **developing strategies for five primate cities and TMAs** to restructure them and also recommend new ways of financing same;
- (vii) Recommend **institutional arrangements** for the PUC as well as **monitoring mechanisms** for it to work effectively.

SPECIFIC PROPOSALS TO IMPROVE THE SITUATION IN URBAN SLUMS AND KATCHI ABADIS IN PUNJAB

The situation in urban slums and katchi abadis can be improved by adopting following measures.

- 1) A new comprehensive survey of all the pre 1985 katchi abadis should be conducted to determine the current status of the abadis including area occupied by these abadis, no. of ownership rights granted and the situation of development in the abadis so that a strategic improvement plan may be prepared.
- 2) There is no data available in any of govt. department regarding post 1985 katchi abadis and slums (unauthorized and low or under- serviced settlements) where the no. of abadis and magnitude of the problem is manifold than pre 1985 katchi abadis A complete survey of all these abadis needs to be conducted to assess the gravity of the problem.
- 3) A number of katchi abadis has been deleted from the list due to not fulfilling the criteria e.g having 37 dwelling units instead of 40. Just deletion of the abadi from the list does not mean that the problem has been solved. All such cases may be reconsidered and some sort of solution may be provided.
- 4) Most of the Katchi Abadis are unable to be developed as livable place. These abadis otherwise situated on prime land of the urban centers. A model project may be undertaken to shift the abadi in multi-storey buildings (maximum 3 story) constructed in a part of the concerned abadi and the remaining land would be available for sale or any other purpose. This project can be financed by the Banks
- 5) Orangi Pilot Project Karachi provided a development solution of katchi abadis through component sharing development model. The model has been adopted in Punjab for the development of pre 1985 katchi abadis. This should be adopted by all Development Authorities and TMAs in their development schemes. Further for the success of the OPP model, the NGOs should be supported financially.
- 6) Training on Good Urban Governance is another neglected area. Similarly Katchi Abadi\ slum development is a technical job but most of our institutions are doing it without proper technical and human capacity. A no. of good practices has been adopted in other countries to cope the urban problems but we are unaware of those models. A regular training program on urban governance including KAs/ slum development for the officials of city authorities (DAs and TMAs)is required to be initiated. A training centre for this purpose in Lahore needs to be established.
- 7) Sind Katchi Abadi Authority presented a good model of katchi abadi development in Sind. It should be replicated in Punjab. Mr. Tasneem Ahmad Siddiqui, DG SKAA may be appointed as advisor for this purpose.
- 8) Reorganization of the Directorate General Katchi Abadis is a pre requisite for all such initiatives. Presently only one or two officers working in the DGKA are the professionals and have no prospects of future promotion and growth. More positions for urban planners, engineers and community development professionals should be created and a conducive and attractive organizational structure should be introduced.