

Chapter

14

Physical Planning and Housing

The overall strategy pertaining to Physical Planning and Housing (PP&H) sector covers the development of urban areas, housing, drinking water supply and sanitation, construction of government offices and development of Islamabad. The PP&H activities at local level are undertaken by provincial governments, by preparing the master plans, standards/regulations and monitoring the implementation of projects as well as sharing the financial resources with local governments. The delivery of municipal services is the responsibility of local governments.

Urban Development

Currently, over one-third of the population or about 55 million people live in urban areas. By 2030, Pakistan will become predominantly urban, with the challenge to manage an additional 85-100 million city dwellers. In the context of globalization, large cities like Karachi and Lahore will operate under a new set of economic dynamics. This will demand a holistic approach to address the issues such as increasing rural non-farm employment, rural-urban complementarities, and the needs to develop balanced hierarchies of settlements.

With increasing contribution of the urban economy to national development, the management of urban areas, particularly metropolitan areas and the mega cities can play a key role in the country's economic development, synchronizing with the emerging global economy, information technology and an increasing emphasis on market-based decision making. The metropolitan cities of Faisalabad, Rawalpindi, Peshawar, Multan, Gujranwala, Hyderabad, Quetta, and the mega cities of Karachi and Lahore would need to enhance urban management capabilities and integrate development of urban infrastructure and services to provide a better quality of life. Therefore, the strategic thrust of urban planning would be on developing integrated urban development centers, rural-urban complementarities, functional efficiencies for productivity, growth and sustainable development; equitable development through provision of infrastructure and services; and developing public private partnerships in urban services delivery.

Efficient management of urbanization requires settlements to grow into their equilibrium size - optimal and functional hierarchies of settlements - determined by benefits of lower cost of producing and delivering public goods and services, economic enterprises and infrastructure. As a first step, for effective management of mega and large cities, a high-level Steering Committee has been set up under the Deputy Chairman, Planning Commission. The Strategic Master Plan of Karachi is being finalized, to make it a hub of modern technology and education, professional services and industries, and business and trade to compete with the global cities of the world.

In case of Islamabad, it is planned to develop it as a 21st century medium size city, offering high quality of life to its citizens with well planned small townships in its vicinity. The focus will be on the development of infrastructure in shelter, education, health, water and communications with efficient public transport facilities. The land acquisition process is being accelerated for development of residential sectors. The existing settlements will be upgraded and the capacity of CDA for planning and enforcement would be enhanced. Also,

an Inter-Provincial Forum for Regional and Metropolitan Planning will be set up for integrated development of Islamabad Region.

The integrated urban development approach would encompass institutional reforms and client focus; institutional strengthening and enhanced urban management capacity. The scope of projects will reflect new demands of effective urban management, including reforms of land and housing market, capacity-building for public-private partnerships, new roles of public sector, use of micro-credit and skills upgrading for the poor, and application of management information technologies.

The Vision 2030 treats rural and urban development as complementary. Strengthening linkages between urban centers and rural areas is therefore, necessary to ensure that the two remain mutually reinforcing. Towns and cities provide markets for rural products and jobs to absorb surplus rural labour. Efficient infrastructure and services can facilitate complementary rural-urban development with diversification and commercialization of rural economies.

The development of smaller towns can reduce the migration to metropolitan areas and mega cities to an extent, but it will be effective only if employment opportunities are created together with investment in social infrastructure. Also, the importance of secondary towns and rural-urban linkages at a regional level has also been recognized. Secondary cities provide markets for rural products, service centers for rural activities and jobs to absorb surplus labor.

Urban Development Strategy

- Formulate & implement National Spatial Strategy, with spatial development action plans at provincial, district and Tehsil level.
- Diversify the economic base of smaller towns by establishing resource based industries.
- Develop sustainable devolved institutional mechanism up to small town's level through close community participation to carry out planned activities effectively.
- Undertake metropolitan economic planning across entire urban regions enabling all stakeholders to formulate comprehensive development plans and carry out a coordinated set of targeted investments, to link cities with rural suburbs.
- Private sector investment

Water Supply and Sanitation

Currently, only 66 percent of the total population has access to safe drinking water (87 percent urban and 56 percent rural). The sanitation facilities are available to 43 percent of total population (63 percent urban and 31 percent rural). The main water supply issues relate to diminishing resources due to population growth, contamination of water bodies, extensive system losses due to weak O&M and poor sanitary conditions with unhygienic disposal of waste water and solid wastes.

With rapid urbanization coupled with inadequate investment, the quality of urban infrastructure has deteriorated. Less than 1 percent of wastewater is treated in Pakistan. The rest is thrown into ravines, streams and rivers which have turned into sewers and impact negatively on downstream users. Metropolitan governments recover fewer than 50 per cent of the solid waste generated in cities. The rest is left to rot on the streets. Even the waste that is collected is dumped in open fields or is incinerated. The dumped waste pollutes groundwater and incinerated waste creates air pollution.

The Vision 2030 calls for efforts to improve the performance and utilization of water supply and sanitation systems and reduce financial dependence on the federal

/provincial governments by improving planning and management capabilities of the involved agencies; by encouraging the involvement of communities; and by promoting community responsibility, particularly for operation and maintenance.

The strategy includes

- adoption of an integrated approach, rational resource use and the introduction of water efficient techniques,
- containment of environmental degradation,
- improving performance and utilization of local systems through better planning, management and community participation;
- improving quality of and easy access to water supply, especially for women,
- improving sanitation through sewerage and drainage schemes, and
- improving the understanding of the linkages between hygiene and health through community education campaigns, especially among the women and children.

A House of One's Own

Currently, around 300,000 housing units are being constructed against an annual demand of 650,000 units, with the backlog of 6.5 million houses continuing to increase. A much larger shelter construction is envisaged to start reducing the backlog. The Government will support the launching of mass housing programs with enhanced supply of institutional resources and long term affordable financing rates; increasing the availability of developed land and more small size plots for low income groups; undertake high rise development to utilize land more effectively; improve construction technology including standardization of components for mass production; regularizing notified Katchi Abadis and restraining the emergence of new slums; increase community participation in housing and service delivery; and enact an effective legal and regulatory framework to facilitate development of housing.

The Vision 2030 envisages provision of shelter to all, with access to essential amenities in a clean and secure setting. The housing policies and programs would satisfy basic needs of the poor, provide shelter through a participatory process focusing on pro-poor growth, social development, good governance and protection of vulnerable groups. Construction of low-income housing will be a priority, by addressing issues of inadequate supply of developed land, poor land administration, inadequate legal and regulatory systems, and limited housing finance for the poor. The Land Banks would be established at federal/ provincial levels to allocate lands for various housing projects/ new towns with focus on low-income housing. All suitable federal and provincial state lands would be transferred to these Banks. Housing is also a local community affair where end-users are both the contributors and stakeholders for all types of housing activities. Accordingly, the role of the local governments would be important in enabling, promoting and facilitating the provision of housing to all segments of the population within their respective jurisdictions.

Review of FY 2006-07

The PSDP 2006-07 had envisaged an overall financial outlay of Rs 12 billion for undertaking PP&H activities at federal level, including Rs 5 billion through provincial programs. Major allocations were earmarked for water supply and sewerage to increase population coverage, urban development including roads, construction of government housing/ office buildings, besides the Industrial Workers Housing and Overseas Pakistani Housing programs. The provincial governments have also focused on implementing water supply projects in rural and urban areas besides undertaking local development schemes and Katchi Abadis up-gradation.

During 2006-07, the emphasis was on completing ongoing water supply schemes in rural areas, and extension of sewerage and drainage networks in urban areas. A major initiative continued during the year related to the implementation of Clean Drinking Water for All, envisaging the installation of 6,035 water purification plants in each Union Council throughout Pakistan, with the purpose to provide safe drinking water free from harmful contamination to the general public. Overall cost of this program, to be completed during 2007-08, would be Rs 15 billion. During current year, around 450 purification plants would be installed in all Tehsils of Pakistan.

As regards the provision of shelter, the development of residential plots remained slow. Throughout Pakistan, in both urban and planned rural areas, around 50,000 residential plots were developed, both in private and public housing schemes. The progress on Katchi Abadis regulation coverage in 2006-07 remained steady. For Government employees, hire-purchase schemes were launched in Islamabad and Lahore. The Workers Welfare Fund completed two ongoing projects of flats construction for workers in Peshawar and Karachi. To cater for the acute shortage of government office buildings especially in Islamabad, the Ministries of Local Government, Population Welfare, Petroleum and Foreign Affairs continued the construction of their buildings.

Programs for FY 2007-08

The major PP&H sectoral programs to be implemented during 2007-08, are highlighted below:

Development of Residential Plots

To facilitate development of 250,000 small size residential plots in "Site and Services Schemes" in urban and rural areas, for construction of houses by the allottees.

Water Supply / Sanitation / Sewerage

Urban Water Supply

- Increase urban population coverage from present 87 per cent to 89 percent.

Urban Sewerage & Sanitary Drains

- Increase urban population coverage from present 63 per cent to 64 percent.

Rural Water Supply

- Increase urban population coverage from present 56 per cent to 57 percent.

Rural Sanitation

- Increase urban population coverage from present 31 per cent to 32 percent.

Katchi Abadis Slums Up-gradation

- Improvement of environmental conditions of additional 0.250 million population in Katchi Abadis / Slums.

Government Employees Housing

- Provision of addition 2000 houses and flats from Government Employees in Islamabad & Provincial Capitals.

Government Offices & Buildings

- Construction of 0.20 million square feet covered area for federal / provincial government agencies & Civil Armed Forces.

Housing for Industrial Workers

- Construction of 1000 small size plots and houses / flats, by the Workers Welfare Fund.

Houses for Overseas Pakistanis

- Implementation of on-going schemes in major cities by the Overseas Pakistanis Foundation.

Urban Development

A holistic approach will be adopted to enhance the efficiencies of urban and rural areas, which will cover the entire socioeconomic spectrum. Adequate infrastructure and services will be provided to improve the quality of life of the residents, environmental improvements (air quality, water and sanitation), and strengthening the management capabilities of all settlements. The involvement of all tiers of government will be essential to meet the Vision's goals; implementation at the local levels and policy interventions for those functional areas which continue to remain with the provincial and federal governments.

The functioning of mega and large cities will be improved through metropolitan economic planning across the entire urban region, bringing together the national, provincial and local government agencies, business and community leadership to formulate comprehensive plans and carryout coordinated targeted investments. Among other things, investments in urban regions including the centers will be enhanced through public-private partnerships and other innovative modes. This will facilitate private sector involvement in value added services and products, and promote industrialization with intensified marketing and financial mechanisms. A focus will be the provision of local infrastructure including roads, clean drinking water, sanitation, basic health and education and electricity to enhance the quality of life of the residents.

During 2007-08, a National Spatial Strategy will be developed within the framework of Vision 2030 to safeguard the areas of national interest and provide guidelines aimed at maximizing efficiency of human settlements and other productive efforts to enhance rural-urban complementarities. National Spatial Plans will be linked to provincial and local plans within a long-term regional planning framework to connect cities with rural suburbs through provision of facilities, amenities, other infrastructure and services. This will enhance the thrust towards rural urbanization to minimize the congestion, pollution and other typical environmental hazards in large cities.

Currently some 85 percent of Pakistan's population is located in 20 percent of the country's area east of the Indus River and in close proximity of border with India. The current urban centers, which are already congested and polluted, would not be able to absorb the envisaged enhanced economic activities and trade. It is important to channel this ongoing urbanization towards a positive impact on economic efficiency, the size and shape of cities and their relationship with the rural hinterland. As a part of the National Spatial Strategy, it is envisaged to diversify the growth of population and urbanization. New cities will be planned, particularly on the west of Indus (with bridges across the river), in conjunction with economic activities along the motorways and expressways, complemented by links to rural service and production centers, to enhance the competitiveness of trade and efficiencies of upgraded infrastructure. During 2007-08, to facilitate the effective formulation of National Spatial Strategy, a Pakistan Urban Forum will be arranged by the Planning Commission besides the establishment of an Urban Policy Research Center.

A National Trade Corridor improvement program has already been launched by the government. The corridor will be linked with the establishment of new cities; logistic centers (for retail and wholesale trade); special economic zones, industrial and technology parks; and cold chain/food processing centers. During 2007-08, the planning of new cities will commence, particularly on the west of Indus (with bridges across the river), in conjunction with economic activities along the motorways and expressways, complemented by links to rural service and production centers, would enhance competitiveness of trade and efficiencies of upgraded infrastructure. A program of

upgrading of infrastructure within the existing urban centers and existing intercity networks will also be undertaken.

The Provincial Governments of Sindh and Punjab have recently undertaken major initiatives in line with the Vision 2030's urban development strategy. The City District Government of Karachi with the assistance of Asian Development Bank has finalized a Mega City Development Plan for major improvement and construction of urban infrastructure along with institutional strengthening of city administration and to arrange necessary funds through the establishment of Special Financing Vehicles. The Government of Punjab have negotiated a loan with World Bank and JICA regarding a Development Policy Loan to implement reforms at 5 large cities of Lahore, Multan, Gujranwala, Faisalabad and Rawalpindi in infrastructure service delivery areas of urban transport, water supply, sanitation, and solid waste management. Similar programs of upgrading of infrastructure within the other urban centers in all provinces will also be undertaken. During 2007-08, the provincial governments will continue the fast track implementation of these projects.

Urban Governance

During 2007-08, major initiatives will be undertaken to improve the infrastructure relating to movement of goods and people. A holistic and multi-nodal approach has been initiated, which will result in a quantum increase in the scale and quality of urban infrastructure. Besides, the recent innovation in governance is likely to affect the future of cities. Under Devolution Plan, a new system of municipal governance has been laid. The salient features include devolution of power for local decision making, and the formation of Citizen Community Boards (CCBs) to engage the community in the decision making process, besides the women emancipation in municipal affairs.

Municipal finance has emerged as a core issues in the functioning of cities, which require an increasing proportion of monetary, material and human resources to fulfill civic aspirations. During 2007-08, new approaches would be explored to facilitate the financing of major infrastructure in large cities including financing in part by profits generated by property development. An entrepreneurial approach, with involvement of the private sector, will be adopted on a citywide basis to promote metropolitan cities to potential investors. Accessing the capital markets through municipal or other bond issues, with or without government guarantee, would also need to be considered. This would be complemented by price reforms to meet the cost of efficient service provision, manage demand and generate cash to catalyze new investments.

Water Supply and Sanitation

The development of urban water supply would be based on meeting rapidly increasing demand for household and industrial water, increasing investments in new water delivery systems, upgrading and managing the existing systems more efficiently, ensuring provision of potable water to poor households, recycling of water, where feasible, and enhancing cost recovery. The sanitation improvement options would cover wastewater management and disposal of human wastes through cost efficient and affordable means, including improvement in the management of septic tanks. For solid waste, the strategy would be to develop integrated solid waste management systems, sanitary landfills, and to minimize waste through refuse recovery and electricity generation.

During 2007-08, the water supply coverage will increase from the present 66 percent to 68 percent of total population, serving additional 3.20 million persons (urban 1.92

million, rural 1.28 million). In case of sanitation, the facility of planned sewerage and pucca drains will be extended from the present 43 percent to 44 percent, serving additional 1.60 million population (urban 1.0 million, rural 0.60 million).

Housing for All

The urban housing needs, particularly their low-income residents, will be catered for through implementing the legal and regulatory reforms for better operation of housing markets. Cost recovery would be maximized and subsidies minimized in the financing of low-income housing and slum upgrading. As part of the transition to an enabling role for governments, the private sector, NGOs, community groups and low-income householders should play an increasing role in the provision and maintenance of their own housing. Public housing institutions like the HBFC are in great need of restructuring and should expand their links with NGOs and CBOs active in providing low-income shelter. During 2007-08, the innovative low-income shelter schemes would be launched initially through pilot projects, using combinations of community groups, municipalities, and/or the private sector.

Land supply, especially for housing, has a critical role in supporting the quality of life in urban areas. During 2007-08, an initiative on urban land management will be commenced to improve the efficiency of urban land markets, through (i) appropriate and affordable land use, building standards and regulations; (ii) improving procedures for land transfers (including cadastral mapping, titling, and registration); (iii) measures to stop land being held vacant for speculative purposes; and (iv) improving information to the public on land market indicators.

In major cities, the non-market actors in real estate business are acquiring prime real estate and large tracts of peri-urban lands for rent seeking, thus making increasing demands on urban space, by displacing the less powerful users. During 2007-08, the land acquisition, its zoning and development, house construction and financing schemes for the betterment of general public will be rationalized.

Private Sector Involvement

The Vision 2030 also calls for adopting a metropolitan economic strategy explicitly designed to bring together the public and private sectors across the entire urban region to formulate and carry out a coordinated set of targeted investments involving comprehensive planning and united action through close collaboration amongst government, business and community leadership. This economic strategy will involve all of the important aspects of public and private resources and institutions in a comprehensive and broad-based manner. Its framework would incorporate vision, policies, and strategies, together with a prioritized actions plan for implementation, and will be complemented by institutional strengthening for better urban management to create efficient land markets and to generate new financing and to levy user charges to tap the increasing wealth.

During 2007-08, the economic efficiency of large cities will be augmented by adopting joint public-private approaches for financing major infrastructure development in large cities, including financing in part by profits generated by property development; besides improving serviced land supply, transport and communication links, ensuring reliability of energy and water supplies, delivering satisfactory waste management and drainage, improving quality of labour markets, and improving information systems of land, finance and other elements of mega city economy. A priority will be to make market

entry easier for small business through better security of tenure, access to land, credit, and affordable planning and building standards.

The Federal Government has recently set up an Infrastructure Project Development Facility (IPDF), which among others will facilitate the Public Private Partnerships (PPP) in municipal infrastructure. An Infrastructure Projects Financing Facility (IPFF) will become operational by January 2008, which would facilitate the financing of infrastructure projects in PPP mode, through the training and familiarization for local government officials to their new responsibilities as a party to the contract and to bind the private operators to provide services in which payment is by results, while the government retains overall regulatory authority. Also, a national statutory framework would be developed as a starting point for contract negotiations, covering factors such as minimum quality standards and environmental parameters, and the tools to address the quality, price and required reliability of the service; the investment program; maintenance of assets; and rights of access in the public domain.

Financial Outlay

In 2007-08, through Federal PSDP a large number of accommodation projects pertaining to CAF/Police/Judiciary, and essential government offices, housing accommodation and water supply and sewerage will be developed, involving an overall PP&H financial outlay of Rs 18 billion, including Rs 6.50 billion for the Clean Drinking Water for All Program (reflected in Environment Sector), Rs 3 billion to implement water supply projects in all Provinces including mega water supply projects of Karachi and Quetta, and Rs one billion for development of Islamabad including constructing the flyovers / underpasses, urban development and augmenting the water supply as well as rehabilitation / construction of sewage treatment plants. The Capital Development Authority will generate Rs 20 billion from own sources, to implement the roads and urban development projects in Islamabad. The Government would continue (a) facilitating the development of housing by private sector; (b) providing site and services, (c) promoting housing finance institutions; and (d) providing house building credit through the HBFC, at relatively low mark-up. To expedite improvement of Katchi Abadis, the City District Governments of Karachi and Lahore would ensure participation of end-users in identifying problems, setting priorities, and prepare the master plans for development of respective areas / cities.