Pakistan's Runaway Urbanization:

What Can Be Done?

Edited by Michael Kugelman

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Wilson Center

Available from:

Asia Program
Woodrow Wilson International Center for Scholars
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www.wilsoncenter.org

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Understanding Pakistan's Unstoppable Urbanization

MICHAEL KUGELMAN

In January 2014, hundreds of people converged on Karachi, Pakistan's megacity and financial capital, for a three-day conference on South Asian cities. The venue was Frere Hall, a majestic structure dating from the British Raj. The event (which was free and open to all) drew prominent academics, government officials, and urban planners from Pakistan, elsewhere in South Asia, and the United States. Prestigious Harvard University was a sponsor. Organizers expressed hope that the event would become the "Davos" of urban planning, and depicted its collaborative approach as part of a "narrative of peace."[1]

Getting such a narrative to resonate, however, will prove no easy task.

Over the last few years, hundreds—perhaps thousands—of militants, many of them escaping from military offensives in Pakistan's tribal regions, have been converging on Karachi. And, unlike visiting conference attendees, they have no intention of leaving town. By 2012, according to some estimates, 8,000 Pakistani Taliban fighters were in Karachi.[2] They use the city as a fundraising center through robberies, extortion, and kidnappings. They use it to recruit new fighters. And, increasingly, they use it as a base for attacks. In 2013, terrorist violence in Karachi spiked by 90 percent.[3]

Not surprisingly, Taliban influence over the city has grown alarmingly strong. Just weeks after the South Asian cities conference, the *Wall Street Journal* published a report warning that "The Pakistani Taliban have tightened their grip over the country's commercial hub." According to the *Journal*, the militant group "controls or dominates" nearly a third

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of Karachi. Not long after this article appeared, a story in the Pakistani newspaper *Dawn* asserted that most ethnic Pashtun-populated areas of the city are "under partial or complete influence" of the Pakistani Taliban.[4] Of Karachi's 13 million people, several million are estimated to be Pashtuns.

Karachi, like other cities in Pakistan (and beyond), is a study in contrasts. It is vibrant yet violent, as bustling with commerce and cosmopolitanism as it is besieged by militancy—not to mention poverty. And yet this complicated city also represents the future face of Pakistan. Long a country defined by its countryside, Pakistan is taking on an increasingly urban complexion.

Pakistan is urbanizing at an annual rate of 3 percent—the fastest pace in South Asia. To get a sense of this rapid-fire growth, consider that Karachi's population grew 80 percent between 2000 and 2010—the largest increase of any city in the world.[5] Presently, about a third of Pakistan's population is urban-based. By 2025, this figure is expected to be nearly 50 percent. Karachi's population, 13 million today, will have risen to 19 million by that year. And Lahore's will have increased from 7 to 10 million. Perhaps most strikingly, the number of Pakistani cities with populations between half a million and a million will have risen from 2 (in 2000) to 11.[6]

Urbanization is both promising and problematic for Pakistan. On the one hand, it could boost the country's sagging economy. Pakistani cities are a chief source of employment opportunities—from small and medium enterprises (which provide the vast majority of Pakistan's non-agricultural jobs) to high-growth industries such as information technology. Cities are also the home of Pakistan's most prestigious educational institutions, which include Lahore University of Management Sciences and Karachi's Institute of Business Administration. These universities are producing talented graduates with highly marketable skills.

On the other hand, urbanization will put an immense burden on an already-stressed labor market, and severely test the state's ability to provide basic services in cities. Even today, Pakistan struggles to provide housing, transport, education, jobs, healthcare, water, and energy to its urban population. Meeting these needs in 10, 15, and 20 years—when the country's urban population will be even greater—will be an immense challenge. Failure to address these privations, at the least, could

make Pakistan's urban masses—including its rising middle class—less productive contributors to society and the economy. And at worst, it could fuel the fires of radicalization.

In November 2013, recognizing the significance of this story, the Woodrow Wilson Center's Asia Program and the Fellowship Fund for Pakistan hosted an all-day conference on Pakistan's urbanization. The papers presented at this Washington, DC conference appear in edited form in this volume. Several conference presenters also produced policy briefs on Pakistan's urbanization. These were published in early 2014, and are available online.[7]

DRIVERS OF PAKISTAN'S URBANIZATION: MUSHROOMING AND MIGRATING POPULATIONS[8]

Two chief factors account for Pakistan's urbanization. One is the natural increase in the general population. Pakistan's total population is rising by 2 percent every year, and—assuming average fertility rates remain constant at over three children per woman—could increase from 180 million people today to 380 million by 2050.

The other factor—one present for much of Pakistan's existence—is rural-to-urban migration. Much of this movement has been driven by war and conflict. At Partition, somewhere between 6 to 8 million Indian Muslims entered Pakistan, and many established roots in urban areas of Sindh and Punjab provinces. Similar influxes occurred during wars with India in 1965 and 1971. And in the 1980s, as the anti-Soviet insurgency raged in Afghanistan, masses of Afghans flowed into western Pakistan, with many ending up in the cities of Quetta and Peshawar.

Arif Hasan, a noted Pakistani urban thinker, has produced some striking statistics (discussed in detail elsewhere in this volume) about refugee-driven urban growth over Pakistan's history. In Karachi and Hyderabad, refugees led populations to rise by 150 percent between 1941 and 1951. Pakistan's 1951 census found that nearly half of Pakistan's entire urban population consisted of migrants who had come from India over the four previous years.[9]

More recently, military offensives in Pakistan's tribal areas have triggered an exodus of people to Pakistani cities, and particularly Peshawar,

Quetta, and Karachi (some of these migrants, as stated earlier, are militants). At the same time, many Pakistanis (particularly farmers and fishermen afflicted by rural water shortages) are relocating to cities to seek better livelihoods. Others are doing so to escape natural disasters (such as flooding and earthquakes), or to have access to better-quality healthcare and education.

TWO FACES OF URBANIZATION: "RURALOPOLISES" AND GARDEN CITIES

In Pakistan, urbanization is not only about big cities getting bigger. It is also about increasingly population-dense rural regions—areas that are not officially designated as city space, yet nonetheless have many trappings of urban life. In this volume's opening chapter, **Mohammad A. Qadeer,** professor emeritus of urban planning at Canada's Queens College, notes that the United Nations classifies urban space as any area with 1,000 people per square mile. According to this density-based definition, vast swaths of rural Pakistan—including the eastern half of Punjab province, a large area outside of Peshawar in Khyber-Pakhtunkhwa province, and a triangular region connected by the cities of Karachi, Hyderabad, and Thatta in Sindh province—can be regarded as urban. Qadeer estimates that these "ruralopolises" could make Pakistan 60 to 65 percent urban today. "Density makes Pakistan a predominantly urban country," he writes.

Expanding urban space is transforming socioeconomic conditions across Pakistan. Agriculture's share in gross domestic product (GDP) has decreased, while the services and construction sectors have become key contributors to both GDP and employment. Motorcycles, mobile phones, electricity, and other hallmarks of urban life have all penetrated into the remote parts of Pakistan, Qadeer notes. Even mud houses—long a staple of rural communities—are giving way to brick ones. "The urbanization of Pakistan's landscape," he concludes, "has transformed human habitat."

However, despite these achievements, Pakistan's urban spaces—cities and dense rural areas alike—suffer from immense shortfalls. Qadeer cites a raft of problems, from housing shortages and sporadic garbage collection to traffic, crime, and disease. He attributes Pakistan's poor

urban livability to "self-serving" urban governance; an archaic land management system; public and collective goods being appropriated for private use by city officials; and a moral order based not on truthfulness, responsibility, cleanliness, respect for property, and social justice, but rather on "clan loyalties." In Qadeer's view, this explains why despite decades of policies, master plans, community development projects, and new urban–focused public institutions, Pakistan's urban problems "have continued to balloon."

Nadeem Ul Haque, an economist and a former deputy chairman of Pakistan's Planning Commission, has another explanation for the troubled state of Pakistani cities: the very way in which they are built. In his essay, Ul Haque contends that there is no urban policy in Pakistan. Research on urban issues is "scarce," with cities having "wholly eluded" researchers' attention. As a result, the economic growth potential of cities has largely been ignored, and Pakistani cities are underdeveloped. Emblematic of this underdevelopment, Ul Haque writes, is the relative absence of tower cranes in Pakistani cities—particularly compared to what is seen in Dubai, Shanghai, Taipei, or Jakarta.

Pakistani cities have long been a story of sprawl. A precedent was set in the 1960s, when the new city of Islamabad was built with a "garden city" approach—one that emphasizes low-rise suburbs and large residential housing facilities. It is a model that discourages downtown development, high-rise buildings, services (from retail stores to libraries), and even office facilities—and it remains the prevailing paradigm of urban planning today. "Urban planners will tell you quite clearly that cites are primarily residential units," states Ul Haque. The results are often bizarre. Defense Housing Authority, an affluent Lahore suburb comprising the equivalent of about 15 percent of Karachi's metropolitan area, has 26 mosques—but only one library and cinema. Pakistani city schools often operate in residential properties. Many businesses and restaurants are run out of buildings converted from private homes. Playgrounds are rare, yet roads are everywhere—part of a seemingly anachronistic effort "to push the suburban dream around the car." Ul Haque notes that in Pakistan's official annual development plans, allocations for road expenditures exceed those for education.

The upshot? Pollution, poor service delivery (given the difficulty of reaching far-flung residents), housing backlogs (because the poor

cannot afford the single-family homes favored by sprawl), an absence of leisure space, and a lack of downtown commerce (many office facilities are located far from city centers). If Pakistan's cities were to focus more on investments in non-residential development, Ul Haque argues, innovation and entrepreneurship would flourish, investors would come calling, and economic benefits would proliferate. Ul Haque suggests, however, that urban officials' satisfaction with the status quo makes reform an unlikely prospect.

URBANIZATION'S CHALLENGES: HOUSING, TRANSPORT, AND HEALTH

Three essays in this volume examine specific urban challenges. **Tasneem Siddiqui** looks at housing, which he describes as "not only a basic human right, but an essential requirement of all economic activity." Siddiqui, the founder and chairman of Saiban, a Pakistani nongovernment organization (NGO) dedicated to low-income housing, writes how scores of poor, jobless, newly arrived migrants are obliged to join the "sprawling, ever-expanding network of squatters' slums" pervasive across Pakistani cities. This is because both public and private sector efforts to address urban housing shortages have largely failed. Siddiqui contends that housing policies have produced plots that the poor cannot afford, and that are often commandeered by speculators. Additionally, development of these plots into actual homes takes too long—as much as 25 years. Squatter settlements have their advantages, Siddiqui writes. They are constructed in accordance with official planning regulations, they have water availability, and they are affordable. However, they lack bulk sewage disposal systems and are not serviced by good roads. Most significantly, given the absence of land titles, occupants are highly vulnerable to eviction.

Siddiqui proposes an alternative: incremental housing developments known as *Khuda-ki-Basti*. These are based on an experiment attempted by Siddiqui himself in the late 1980s, when he served as director of the Hyderabad Development Authority. The concept was that city authorities charge people only what they can afford for housing plots (and the charges are paid in installments over several years). Residents are

required to build their own homes (in order to keep away investors who want plots only for speculative purposes), and they initially receive only the most basic of amenities. Only when they are in a position to pay for more services are they given the option of electricity, sewerage, and in-house water connections. Significantly, residents also receive ownership documents. According to Siddiqui, the advantages of incremental housing are manifold: It is self-financed, simple, transparent, and relatively non-bureaucratic.

Since its initial—and successful—implementation in Hyderabad, the *Khuda-ki-Basti* model has been replicated by NGOs and private corporations in parts of Karachi and Lahore. Yet it has not been widely embraced by government, and Siddiqui is blunt in explaining why: "Poor people have no constituency in Pakistan. Nobody listens to them. They simply do not matter."

Pakistan's poor are also given short shrift in the context of urban transport. **Murtaza Haider**, associate dean of research and graduate programs for the Ted Rogers School of Management at Toronto's Ryerson College, echoes Ul Haque in lamenting the disproportionate amount of money spent on roads, flyovers, underpasses, interchanges, and other urban infrastructure for automobiles. And yet few Pakistanis own, or can afford, cars—and certainly not the urban poor. Citing survey data from the Punjab provincial government, he notes that on any given day, nearly 10 million trips are made in the Lahore region—and only 8 percent of them involve cars (only 16 percent of households in this region own cars). By contrast, many urban Pakistanis require public transport, and yet this service is largely subpar or wholly nonexistent; the public sector hardly operates any public transit at all.

According to Haider, the greatest demand for public transport comes from the middle class (the rich do not need it, and the poor cannot afford it). This demand, however, is "differentiated" by income level. The upper middle class prefers high-quality, comfortable service, and is willing to pay for it. By contrast, the larger lower middle class wants reliable, no-frills, affordable service. Urban transport policy has ignored this distinction, instead using "undifferentiated" service on the same routes. Consequently, "upper middle class commuters find the transit fleet to be overcrowded and overheated, while lower middle class commuters find it unaffordable." Haider says that a similar failure

to understand market demand can be seen in transport subsidy policies: All riders have traditionally received subsidies—including those who can easily afford to pay full fare.

Haider points to various other transport problems—cars and animal-driven wagons sharing the same crowded roads, the absence of quality control for public transit operators, and failures to obey (or enforce) traffic rules and regulations. He also deplores the skills and capacity gaps in Pakistan's municipal governments, which he says lack technical expertise and trained engineers.

Public health is another major urbanization challenge. In their essay, **Sania Nishtar**, founder and director of Heartfile, an Islamabad-based health policy think tank, and **Farrukh** and **Jawad Chishtie**, both of Subh-e-Nau, a Pakistani health and environment NGO, paint a depressing picture of Pakistan's urban afflictions. City dwellers are highly susceptible to non-communicable diseases (such as heart disease, diabetes, and lung conditions) because of their high levels of inactivity relative to those in rural areas. Eighty-three percent of urban-based women and about 80 percent of urban-based men say they are physically inactive, according to Heartfile research. Not surprisingly, risk factors such as being overweight are more common in cities than rural areas. Urban residents are also often stricken by illnesses—such as waterborne disease—linked to environmental degradation. Additionally, write Nishtar and her co-authors, sky-high air pollution levels in Pakistan result in "premature death and increased morbidity," and urbanites are at particularly high risk.

This all places an oppressive burden on Pakistan's public health system, which the essay says is plagued by both insufficient public funding and a lack of regulatory oversight of private health actors. The results are high costs and poor quality of care—and the impacts are more acute in urban than rural areas, because health services tend to be concentrated in urban settings. The good news, the essay notes, is that there are some relatively simple correctives, and Pakistani cities are well-positioned to implement them. Civil society—largely an urban phenomenon—can help increase awareness about Pakistan's health problems. Communication tools such as social media, mobile phones, and television—all of which boast strong urban penetration rates—can be tapped to convey information about healthy lifestyles. And private sector health

providers—which are mainly urban-focused—can partner with public sector players to improve health services.

GOVERNMENT RESPONSES

Many contributors to this volume are critical of the Pakistani government's response to urbanization. Ul Haque claims the country has no urban policy. Qadeer counters that it has had many urban policies—yet a lack of legal frameworks and institutional resolve often keep them from ever being implemented. Siddiqui contends that bureaucrats cannot be bothered to embrace innovative solutions for urban housing shortages given that the status quo gets them "promotions, political protection, [and] heaps of illegal money." Haider laments how policymakers fail to understand the nuances of public transport demand. And the Nishtar/Chishtie essay concludes that health policymakers remain wedded to rural-focused mindsets and investments even amid the worsening of urban public health conditions (one of Pakistan's largest public health programs, the Lady Health Worker initiative, is rurally based).

To be fair, Islamabad as well as provincial and municipal officials have taken steps to address urbanization. Punjab's provincial government launched a rapid bus transit system in Lahore in 2013. Construction began on a similar project for Islamabad in 2014. **Ahsan Iqbal**, Pakistan's federal minister for planning, development, and reform, describes a series of initiatives undertaken by the current federal government. He speaks of "updating and upgrading" the master plans of 10 of Pakistan's largest cities, and of developing urban security technologies to reduce urban violence. He also writes of "our vision" of efficient, environment-friendly mass transit in cities.

Iqbal's essay also focuses on how to slow rural-to-urban migration. In his view, most Pakistanis who relocate to cities "would never leave the land of their ancestors" if they had better resources and services at their disposal. To that end, he says his government is providing better "civic amenities" in rural areas. He also underscores the importance of ensuring government support for those who remain in rural areas after family members move to cities. He writes of "special support schemes" to address the health and dietary needs of women whose male relatives migrate to urban areas.

Above all, Iqbal—echoing his fellow contributors—underscores the need for policy to recognize the close connections between rural and urban, instead of seeing them as separate "silos." Linking the two, he writes, is the basis of the government's urbanization management policy.

THE ROLE OF THE PRIVATE SECTOR

Pakistan's private sector understands this urban-rural nexus as well. Through technology and financing, it is facilitating the spread of urban lifestyles in rural areas. In this volume's final essay, **Nadeem Hussain** and **Atyab Tahir**—president and chief strategy officer, respectively, at Tameer Microfinance Bank—describe how microfinance organizations (such as their own) can increase rural access to services often thought of as urban—including banking, energy, education, and healthcare. They describe how Tameer provides financing to rural Pakistanis to buy smart phones, solar energy, and motorcycles. Such lending, they conclude, can help bridge rural-urban gaps. It can also "help bring urban ease and comfort to rural Pakistan" without sacrificing farms and farmers, the country's "largest economic resource." At the same time, microfinance projects have been successfully implemented in Pakistani cities proper. For example, the essay notes, loans are used to finance home repairs and to fund entrepreneurial ventures.

Overall, the private sector will need to play an important role in managing Pakistan's urban growth; many economists believe the public sector simply does not have the resources and capacities to meet the soaring challenges of urbanization. Fortunately, the business community is already making contributions in this regard. Pharmagen Healthcare, a private company in Lahore, has established water purification plants in low-income neighborhoods, and sells safe drinking water at reasonable rates. Additionally, Greenstar, a large, private network of family planning providers, serves low-income urbanites throughout Pakistan (on the whole, the private sector is a major health services provider in the country).[10] To be sure, other private initiatives have been less successful. Haider and Siddiqui chronicle how efforts to privatize public transport and housing development for the poor have often failed miserably.

Islamabad, to its credit, acknowledges the business community's essential role. Iqbal writes of the government's desire to develop public-private partnerships to increase employment, and to expand access to education, housing, transport, and health. One promising model can be found in Karachi, where the city's Water and Sewerage Board has established a program with several private telecommunication firms that sends text messages to tens of thousands of people about saving water—and paying their water bills.[11] Other possibilities abound. Nishtar and her co-authors write that given Pakistan's "acute shortage" of nurses and paramedics, the private sector should supply additional urban health workers.

RECOMMENDATIONS

Encouraging as these efforts are, much more must be done to address Pakistan's intensifying urban challenges—and soon.

The following recommendations are a sample of those proposed by this book's contributors. They are listed here not for the sake of endorsement, but rather to stir debate about how best to address a challenge as overwhelming as urbanization.

Thinking about Urbanization

Broaden the definition of "urban." Cities are not the only urban spaces in Pakistan. High-density rural regions—which feature many of the trappings of city life, from internet penetration to brick buildings—should be thought of as urban as well. They comprise large areas of the country, including the eastern portion of Punjab, Pakistan's most populous province. These growing non-city urban spaces, combined with actual cities, make Pakistan's population nearly two-thirds urban. Broadening our understanding of what constitutes "urban" amplifies the stark reality of urbanization, and underscores the need to rethink Islamabad's heavy policy and budgetary focus on agriculture (which, as noted in this book, now has less than a 25 percent share in GDP).

Take the experiences of other countries into account. Pakistan can learn many lessons from the developed and developing world alike.

In the West, many nations have concluded that suburban-sprawl models of urban growth are untenable, and new urban development paradigms are emerging. Case studies from cities in Africa, Latin America, and Asia provide insight on how to meet demand for urban transport. And cities in Columbia offer lessons in how to attain high levels of urban livability in a poor county—and how to reduce urban violence.

Undertake more research. The study of urbanization is plagued by knowledge gaps. In particular, urban-rural linkages are poorly understood. Far from occupying separate spaces, they are closely intertwined—from the existence of urban agriculture and non-farm rural sectors to the proliferation of cars in remote areas. The role of internally displaced persons in urbanization is also in need of further study. Additionally, there is limited data on the health risks of urban living—which may explain why health policy continues to be rurally focused, even though urbanites are at greater risk than their rural counterparts of contracting many diseases. Finally, cities themselves are not well understood. Better research on all these issues can lead to better policies.

Policy and Governance

Push for institutional reform. Pakistan's inefficient urban bureaucracy should be overhauled. The branch of the civil service that administers urban areas must be more professional, and its hiring system more competitive and merit-based. Urban transport planners should have better access to training and other professional development opportunities, and Pakistani universities should introduce more urban planning curriculums. Local governments serving cities should be regularly elected, and enjoy constitutional autonomy and legal protection from interference by higher government officials. Pakistan should introduce institutional mechanisms that enable the urban citizenry to be more involved in local government decision-making.

Implement land reform. Pakistan's urban land laws are poorly defined, and land records are organized based on 19th century practices. Every Pakistani province should pass laws that explicitly identify (and distinguish between) public and private land rights, and that stipulate

how land is to be developed and used. Such laws are basic, yet they are nonexistent in Pakistan. Once these laws are in place, the nation should fully computerize its land records.

Redesign Pakistani cities. For decades, Pakistan's urban planning has emphasized sprawl and horizontal growth—effectively turning its cities into expansive, car-friendly suburbs. The negative consequences are many. Large and expensive residential spaces make land scarce, and price the non-rich out of the housing market. Commercial space is limited, constraining growth. Basic services, including public transit, are difficult to provide to such widely disbursed populations. And automobiles befoul the environment.

Urban planners should allocate more land for non-residential use; construct more high-rise, mixed-use (residential and commercial) buildings (though unless Pakistan succeeds in addressing its energy shortages, keeping upper floors properly heated or cooled may prove difficult); and create more community and leisure space. Such changes would stimulate employment and innovation; revitalize moribund downtown areas; and attract foreign investment.

Make transport and housing policies more inclusive. Pakistani cities largely cater to the wealthy. They are rife with highways, overpasses, and other infrastructure for cars and other motorized modes of travel—which most urban residents cannot afford. Government budgets should allocate more spending to infrastructure for public transport, the mode of travel preferred by the majority of Pakistan's urban residents. Additionally, fare regulation regimes for public transport should invite input from public transit users, transit experts, and other parties besides civil servants.

Similarly, cities feature scores of affluent housing developments and single-family homes, most of which are too expensive for the non-rich. Urban housing policies should more robustly target the poor, and not just wealthy residents and speculators. Homes should be more affordable, and authorities must build them more quickly after plots are initially allocated. Additionally, homebuyers should not have to suffer through so much paperwork and red tape. Policymakers should embrace more community-based housing projects, including those that

allow homeowners to build their own houses and to pay for amenities and services on an incremental basis.

Establish urban governance principles. Pakistan should develop guidelines for governing urban areas, and these norms should apply to specific dimensions of urban governance. For example, principles for urban health should include transparency, responsiveness, equity and inclusiveness, and accountability. Principles for urban transport should establish separate roles for different levels of government. Federal authorities should set standards and provide funding; provincial officials should offer expertise and adjudicate disputes; and local/municipal governments should develop master plans, enforce policies, monitor transport behavior, and regulate transit markets.

Don't neglect rural communities. When people migrate to cities, they often leave their families behind. Food and health assistance should be provided to those who stay—and particularly women. Policymakers can also improve rural livelihoods—and foster more balanced growth—by drawing on the strengths of urban areas. For example, officials should ensure that farmers have unhindered access to urban markets. More broadly, efforts should be made to reduce the incentives for urban migration. This entails bringing more development and basic services to rural areas. Additionally, land policies should be amended so that fertile (and precious) agricultural land is not rapidly converted to urban space.

Tools, Connections, and Partnerships

Exploit the power of technology and telecommunications. Social media, television, and mobile phones—all of which enjoy high urban penetration rates—should be used to help tackle urban challenges. These platforms can be used to build awareness about healthier urban lifestyles, to improve access to urban services, and to increase accountability. For example, in the context of health, cell phones can serve as an informational tool for patients and medical staff. They can also help reduce "ghost worker" and staff absenteeism problems within the health sector through the use of Global Positioning System (GPS) technology.

Understand the links between urban housing policies and public transport constraints. By catering mainly to affluent residents, housing policies in Pakistani cities often relegate poorer residents to peripheral areas. These areas are rarely served by public transport, which consequently increases demand for a service already in short supply. By making downtown urban housing more accessible to poor and low-income residents, city officials would enable these residents to have better access to public transport. This would facilitate their ability to get to their jobs and schools, and provide them with more mobility overall.

Connect the dots between cities, health, and the environment. Pakistani cities are heavily polluted, with grave implications for public health. According to figures in this book, high outdoor air pollution levels—caused to a great extent by an increase in exhaust-belching cars, many of them fueled by leaded gasoline—contribute to nearly 23,000 deaths per year (indoor air pollution leads to the deaths of 30,000 children annually). Pakistan should address these environmental risks—which are more serious in cities than rural areas—by developing clean-fuel urban public transport, constructing more energy-efficient city buildings, and tightening links between municipal services and the environmental and health sectors.

Pursue public–private partnerships. Because the public sector lacks the resources and capacity to tackle Pakistan's urban challenges, private capital is essential. There are many opportunities for business community collaborations with government in the areas of employment, education, housing, transport, and health. Public–private partnerships can also help bridge urban-rural digital divides by establishing international communication centers in small cities and towns. To maximize the potential of such partnerships, the public and private sectors should also work closely with civil society—which should be seen as encompassing NGOs, community groups, and academia. Such three-way intersectoral cooperation can generate ample advocacy and resource mobilization opportunities.

WHITHER POLITICAL WILL?

When it comes to Pakistan's urban challenges, there are no shortages of prescriptive policies. Indeed, in many cases, proper correctives—including some of those mentioned above—have already been formulated. Yet as with so many other public policy challenges in Pakistan, the problem lies in implementation—and the related issue of political will, or lack thereof. A shared lament of many of this book's contributors is that Pakistani bureaucrats and politicians are too invested in the status quo to contemplate change, no matter how essential it is. In the words of Siddiqui, most bureaucrats—and not just those in Pakistan—are risk-averse. And, he adds, "they do not have the guts to face opposition from well-entrenched groups."

When political will has been present, the success stories have proliferated. For example, Haider praises Lahore's rapid bus transit system. The impetus behind the rapid completion of this project, he says, was the Punjab chief minister's need for re-election. "He used the successful completion of the project to bolster his re-election campaign," Haider concludes.

Of course, much more than re-election considerations will be needed to muster political will. For Pakistan to successfully address its urbanization challenges, the state will need across-the-board buy-in from key political stakeholders. This means that federal, provincial, and city leaders will need to be convinced that moving forward simply makes good political sense. And on this front, there are some glimmers of hope. In his essay, Iqbal—who is not only a federal minister but also a parliamentarian and top official in the ruling Pakistan Muslim League-Nawaz party—asks whether it is possible "to build political constituencies in Pakistan on behalf of a more forward-leaning approach" to address Pakistan's urban challenges. While he does not answer the question directly, he does talk about how his own rural constituency has become increasingly more urbanized, and how cities can "shape the national political agenda."

THE COSTS OF INACTION

Cities may shape the national political agenda today, but in the not-too-distant future they could dominate it altogether—and for all the wrong reasons.

Consider that at present, 30,000 Karachiites die every year from contaminated water, with more dying each month from bad water than have been killed by the Indian army in all the years since 1947.[12] Or that some of Pakistan's urban poor have access to water equating to only 10 liters per capita per day (lcpd)—a fifth of the 50 lcpd human drinking water requirement.[13] Or that nearly 50 percent of Pakistan's urban residents live in slums—with urbanization pushing the country's overall housing shortage to more than 7 million units.[14] Or that, according to Qadeer, up to 6 percent of urban Pakistanis have no latrines—and that a staggering 95 percent have no access to garbage collection. Or that masses of young urbanites—in a country of 180 million, where two-thirds of the overall population is under the age of 30—must face a labor market that, on a national level, creates less than 700,000 new jobs per year.[15]

And yet by 2030, according to Haider, Pakistan's urban population is projected to be nearly 90 percent larger than it is today.

In essence, if Pakistan does not move quickly, it could soon be faced with oversized urban wastelands. Given how entrenched militancy has become in urban areas today—not only are extremists pouring into Pakistani cities, but groups such as al-Qaeda are reportedly recruiting new generations of fighters from Pakistan's urban middle class[16]—the security implications of such unfettered urbanization are deeply concerning.

These are troubling thoughts, and amplify the need for immediate action.

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advisory council for their support and assistance. Thanks are also due to Mr. Noorani for travelling to Washington for the 2013 conference.

Several colleagues merit recognition. The Asia Program's Joshua Spooner was the very efficient operational and administrative point person for both the conference and book. Mary Ratliff of the Asia Program provided invaluable editorial assistance. The Wilson Center's Comparative Urban Studies Project and Environmental Change and Security Program were—as always—helpful and supportive conference co-sponsors. Blair Ruble, the Wilson Center's vice president for programs and policy; William B. Milam, a Wilson Center Senior Scholar; and Khurram Husain, the Wilson Center's 2013–14 Pakistan Scholar, kindly chaired conference sessions.

Outside the Wilson Center, others offering advice and assistance include Haris Gazdar, Ammar Malik, Mariam Malik, Hussain Nadim, Steve Rasmussen, Asad Sayeed, Fatima Wajahat, Huma Yusuf, and Roshanah Zafar.

Another debt of gratitude is owed to this volume's seven contributors. They are all busy people, and yet they were generous enough to participate in the conference, to write a book chapter (and in the case of three of them, to write a policy brief as well), and to cheerfully address the various—and sometimes incessant—demands of the book's editor.

Finally, this book is dedicated to Adam and Jun. With any luck, by the time these little boys are old enough to have a clue what "urbanization" means, Pakistan will be making many positive strides in its transition to an urban country.

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Do's and Don'ts of Urban Policies in Pakistan

MOHAMMAD A. QADEER

Pakistan is an urban country.

Its image may be that of a pastoral land of green fields, dusty villages, and hardy farmers. Yet this image is out of sync with reality. It is not that fields and farms have disappeared. Rather, they have been strung into a rapidly expanding urban society and economy. Indeed, a majority of Pakistan's population has been pulled into urban modes of living. Of course, parts of Baluchistan, southern Punjab, the dry lands of Khyber Pakhtunkhwa, and Sindh's deserts remain largely rural. But they are marginal to the society and economy of Pakistan.

At the same time, according to official statistics, only about 36 percent of the population (up from 32.5 percent in 1998) lives in cities and towns. What accounts for this discrepancy?

This is firstly a definitional problem. Reza Ali, a development consultant, points out that between the 1971 and 1998 Pakistan censuses, the census definition of an urban area was changed, limiting it to just places administratively incorporated as municipalities of some kind. This definitional change excluded unincorporated villages and towns with populations of 5,000 that were previously categorized as urban. About 31 million people living in such places were classified as rural in 1998. If this population had been classified as urban, the proportion of the urban population in Pakistan would have been 55 percent (Ali 2013, 57–62). This definition has produced anomalies. Consider that between 1981 and 1998, Lahore district's rural population increased at a faster rate than the city's. Jati Umra, Raiwind, and

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Bahria—all essentially suburbs of Lahore—are counted as rural settlements in Lahore district.

The urbanization of Pakistan's rural areas can be witnessed while driving across the densely settled parts of the country. When travelling on any road in central Punjab, Peshawar valley, the Malakand and Swabi districts, or within the Karachi-Hyderabad-Thatta triangle, one rarely fails to see houses, workshops, shops, mosques, schools, and that ubiquitous sign of habitation: a pool of sewage. These shoots of human habitat sprout all across the landscape amid fields and farms. Wilderness has disappeared from these regions. These are the precursors of urban sprawl, spreading into the countryside.

URBANIZATION BY IMPLOSION

Two distinct processes are driving the urbanization of Pakistan. One is the growth and expansion of cities. The other is an in-place population increase in villages and in the countryside to the level of urban densities. The former process is well understood. Pakistan's urban population is growing at a faster rate than that of the total population: 3.6 percent compared to 2.7 percent per year. Yet the latter process—the in-place growth of rural populations—is also germinating urban habitats. This represents urbanization by implosion.

The United Nations Population Division and UN-HABITAT use the density of 400 persons per square kilometer, or sq km (1,000 persons per square mile) as a criterion to classify an urban place, along with a stipulated minimum population. Most countries—including the United States, Canada, India, and the Philippines—follow this criteria. This is the density threshold at which urban living conditions are precipitated.

When applying the density criterion of 400 persons per sq km or more to ostensibly rural populations in Pakistan, extended clusters of districts show up as areas of urban-level population concentrations. Figure 1 shows that the eastern half of Punjab province—an extended region of 15 contiguous districts, about 50,000 sq km in area—had a rural population density of 400 or more persons per sq km in 1998. Similarly, six districts in the Peshawar valley, located in Khyber-Pakhtunkhwa province and comprising about 9,500 sq km in contiguous area, formed a region

Figure 1: Pakistan's Rural Population Density (by Districts), 1998
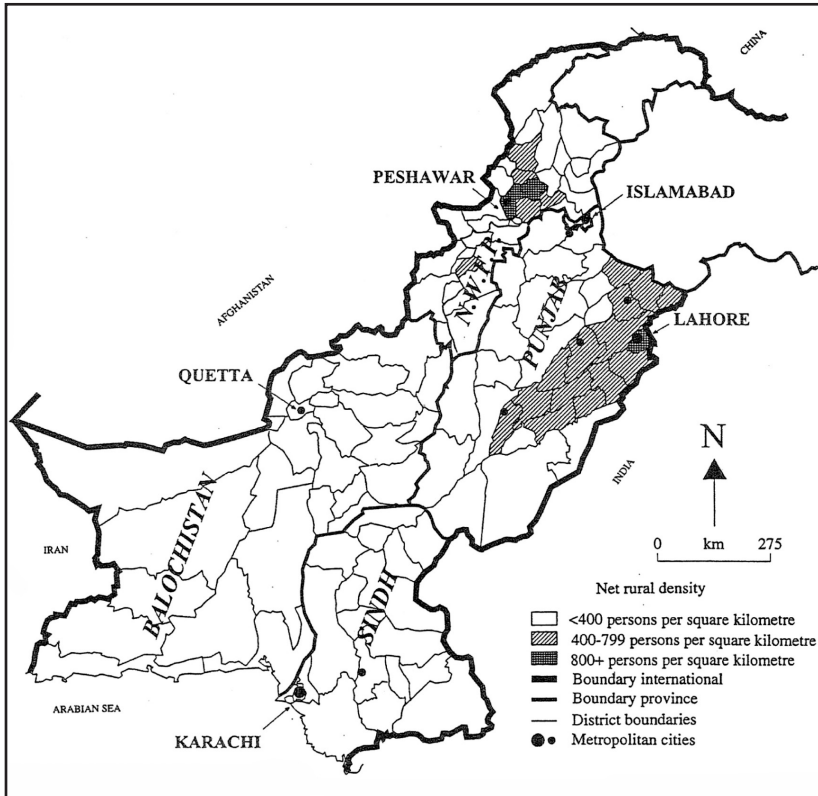
Source: Qadeer 2000.

of urban–level densities in the countryside. The Karachi–Hyderabad–Thatta triangle is Sindh's region of high population density. Including these areas as urban settlements raises the percentage of Pakistan's 1998 urban population to 58 percent. Today, it may be nearing 60 to 65 per–cent. Physically, density makes Pakistan a predominantly urban country.

Think of these extended rural regions of urban–level popula–tion concentrations as the ruralopolises. In Punjab, a region forming a rough rectangle of Gujrat-Sargodha-Khanewal-Sialkot had surpassed urban thresholds in rural population densities in 1998. The Lahore-

Gujranwala-Faisalabad triangle alone contained a population of about 20 million. This is a mega-urban region brought about by the convergence of expanding cities and the implosion of the rural population. Such high-density rural regions have appeared all over India, across all of Bangladesh, the Nile valley, Java (in Indonesia), and the coast of China.

URBANIZATION OF EVERYBODY: SOCIOECONOMIC TRANSFORMATIONS

In 2011, Pakistan had 10 cities with million-plus populations. One of them, Karachi (13.8 million), is a megacity (generally, metropolises with populations of over 10 million are considered megacities). Lahore (7.3 million), Faisalabad (3.1 million), and the Islamabad-Rawalpindi twin cities (3.8 million), are edging up to that status. These figures do not include the populations lying within the commuting rural parts of these metropolises. According to UN figures, these cities will have grown by 45 to 56 percent in 2025; Karachi will be crossing 20 million and Lahore 11 million (United Nations 2013).

Urbanization is shaping the life of everyone. Certainly, it has transformed Pakistan's landscape and geography through population growth and increasing density. But the socioeconomic restructuring of urbanization has touched lives far from cities and high-density rural regions. To borrow Janet Abu-Lughod's phrase, the urbanization of everybody in the socioeconomic sense is well on the way if not almost complete (Abu-Lughod 1991).

Agriculture in Pakistan now has less than a 25 percent share in gross domestic product (GDP), falling from a majority share of 53 percent in 1949–1950 (Pakistan Bureau of Statistics 2013). The services and construction sectors are the main contributors to GDP and employment. Even village economies are turning to urban activities. A World Bank study based on the Pakistan Bureau of Statistics' Social and Living Standards Measurement Survey (PSLSM) 2004–05 observes that 40 percent of the rural working population is either self-employed in trade, or wage and salary workers in non-farm sectors (World Bank 2007, 72).

Electricity, cell phones, medicines, tubewells, vans, and motorcycles have all penetrated into the remote parts of Pakistan. Farming is now a

commercial enterprise dependent on international commodity prices and technological inputs. Millions of rural households circulate between cities and villages; large numbers have migrated to cities. Some are woven into global networks. Makranis (residents of the coastal Baluchistan district of Makran) have long-standing ties with the Gulf countries, while Barcelona has become an outpost of Mandi Bahuddin (a city in Punjab). Swat (a region in Khyber Pakhtunkhwa) is well-represented in New York, and Mirpur (a city in Kashmir) in Britain.

Although rural-urban differences in quality-of-life indicators remain, they have been converging in many ways. Pucca houses with brick walls and concrete/brick roofs are replacing mud houses in villages in high-density and urbanized districts. About 61 percent of rural houses in Pakistan, compared with 95 percent of urban houses, were made of brick walls in 2004–05. Mud houses are becoming a rarity in central Punjab; in the districts of Narowal, Mandi Bahuddin, Gujranwala, Sialkot, and T.T. Singh (away from the Grand Trunk Road), rural housing with brick walls constituted 90 to 97 percent of the housing stock. In rural areas, individual initiative is largely leading this change. While collective provisions for water supply and sewerage are growing slowly and unreliably, individual initiatives in the form of tubewells and water pumps are bringing water supplies into urban and rural homes. Urban and rural differences regarding provisions of water supply and sanitation are getting narrower in quantitative terms, though certainly not in terms of quality and reliability.

In the irrigated plains and in Peshawar valley, no matter where one lives, one is pulled into urban social organization and more so into the urban economy. The urbanization of Pakistan's landscape has transformed human habitat and spread urbanism as a way of life.

Is This Progress?

If modernity is desired and a prosperous and healthy life for all is the goal, then urbanization is an unavoidable objective. The division of labor and specialization of production, necessary for industrial and post-industrial economies, thrive in urban settings. Cities are the incubators of innovation, creativity, and business. Urban ways of living and moral order are necessary conditions for economic growth and rising standards

of living. Urban infrastructure, services, and skills lay the ground for economic development and raise the quality of life, even in villages. Pakistan is urbanizing under the influence of two forces: economic development and population pressure. The nearly five-and-a-half-fold increase in Pakistan's population, from 33.7 million in 1951 to 179.1 million in 2012, turned tranquil cities into bustling metropolises and sleepy villages into exploding ruralopolitan regions. Similarly, Pakistan's economy has been transformed. Per capita income has increased about three times in approximately 60 years in constant terms, though poverty remains endemic with almost 23 percent of the population remaining below the poverty level (World Bank 2007). About 78 percent of Pakistan's GDP comes from urban areas.

In essence, urbanization is a wide-ranging process that both promotes and reflects economic and social transformations. Undoubtedly, urbanization also harbors inequalities, breeds social polarization, and threatens environmental sustainability. Yet it is an instrument of modernization. It has to be properly managed for economic growth, stability, equity, social development, and environmental preservation.

INSTITUTIONAL IMPERATIVES OF URBANIZATION

The development literature presents a very positive picture of the role of cities in economic development. There is talk of creative cities, resilient cities, sustainable cities, and healthy cities. At this time, a majority of the world population lives in urban areas, and urbanization is an unstoppable process. Cities and towns are not only the economic engines of societies, but they are also the inevitable human habitat. Yet urban areas do not become engines of economic growth and social development or incubators of creativity, knowledge, and healthy living just by their sheer existence. Human agency and planning cultivates these qualities and moral order. There are four sets of institutions that are necessary for modern urbanism.

First, urban living is communal living, where people are bound with each other without being fully aware of it. Collective goods represent the bonds that tie together community life. In urban living, everybody's health and well-being is tied through externalities to others'

livability. How clean I keep my house and dispose of the garbage affects the health of my neighbors and vice versa. Rats in my house are a threat to my neighbors. Literacy not only benefits an individual, but also promotes road safety for everyone through the ability to read traffic signs. Security and police protection for the rich are inseparable from the peace of others in a city. The point is that livability of an urban place is dependent on a vast network of public goods, because of the indivisibility and inappropriability of health, security, and convenience. In the case of air quality, water supply, drains and sewerage, parks, education, and public health, many facilities and services are in the form of collective goods. Efficiency, adequacy, and equity in the production and distribution of collective goods are prerequisites for livable cities.

Second, responsive local governance and efficient bureaucracy are institutional imperatives that flow directly from the collectivization of public life in urban areas. The collective goods-based urban life requires local decision-making bodies and administrative organizations that are both responsive and accountable. Two components of such a system are (1) local government that is accountable to residents of an area and represents their needs and interests and (2) a neutral, rule-driven, transparent, and fearless bureaucracy. Political policymaking and bureaucratic administration are the two elements of responsive governance. The simple fact is that in places where hundreds of thousands of transactions are going on simultaneously, decision making that is ad-hoc, personalized, and informal cannot work. Bureaucracies based on formal decision making are absolutely necessary. Western cities have come to their present state of good life through a series of urban reforms dating back to the 1930s. These reforms have had two thrusts in their evolution. They have shielded administration from political pressures and adhocism by professionalizing the bureaucracy and promoting rules-based administration. And they have made political representatives accountable to the people through citizen participation in policymaking. The Western experience is a lesson for Third World cities.

Systematization of the urban land (property) tenure system is the third prerequisite for making cities livable, prosperous, and just. The nature of urban land is different from agrarian modes of property. The usability and value of urban land arise largely from the spillover effects of public and private investments and activities. It is a cliché to say that

the value of urban land lies in location, location, and location. Yet location is not something that grows out of the ground. It settles on a piece of land through the provision of infrastructure and services, and through its position and access in relation to the sites of complementary activities. A private home is defined not only as the space inside four walls, but also by the streets, roads, open spaces, and schools that serve it. Almost as much land is required for public use as for residential use: 0.8 acres for every acre of residential land (Darin-Drabkin 1977). My own study of high-density rural regions shows that 10 to 50 percent of additional land is needed for streets, paths, open spaces, and the like for each unit of housing land (Qadeer 2000, 1597). This public land has to be set aside through planning and building rules. My argument is that private rights of use, value, division, and ownership are intertwined with public rights to regulate and protect others' interests and to provide common services. Urban land tenure systems apportion these responsibilities and divide the benefits and costs among owners, users, and the public. Planning and zoning regulations, laws about development costs, and systems of land registration and rules of division of land are part of the land tenure system in urban areas. They have to be defined and administered in modern modes. This is the agenda of urban land reforms. Without reformed land institutions, urban development remains inequitable and inefficient.

The fourth institutional imperative is the cultivation of an urban civic culture and urban moral order. Ibn Khuldun in the 14th century recognized the difference between a tribal culture and urban culture. His discoveries have been followed by the findings of a long line of philosophers and sociologists—including Emile Durkheim, George Simmel, Louis Wirth, and now Henri Lefebvre, David Harvey, Richard Sennett, and others—all of which focus on the distinctness of urban social order. Urban living requires the social values of punctuality, regularity, trust of strangers, impersonal dealings, rule-based behaviors and the moral order of truthfulness, commitment to duty, cleanliness, respect for property, social justice, and all the responsibilities of citizenship. Gunnar Myrdal recognized these values as essential elements of modernization (Myrdal 1968, 57–62). Without them, urban institutions cannot function effectively. This civic culture and moral order requires educational reforms, media campaigns, and social legislation. Cultural change and moral reform are particularly essential for urbanization.

These four institutional prerequisites are the key to the type of urban development that brings prosperity, stability, and equity. They apply as much to megacities and urban centers as to the extended urban regions of high-density rural areas. Lamentably, these institutional changes not only remain unfulfilled in Pakistan, but they are not even on the country's urban policy agenda.

This neglect in Pakistan's urban policymaking has contributed to the poor performance of the country's policies and plans on cities. It follows, then, that one of the first "do's" of urban development for Pakistan is a comprehensive strategy of institutional reforms. This issue is addressed in detail later in this essay.

ACHIEVEMENTS AND SHORTFALLS OF PAKISTAN'S URBAN DEVELOPMENT

The story of post-independence urban development is a mixture of striking achievement and abysmal neglect. Pakistan's cities have grown from sleepy provincial and district centers to bustling and sprawling places of industry, commerce, services, and pleasure. People are voting with their feet to live in cities and towns. The number of urban places increased from 218 in 1951 to 515 in 1998 (Qadeer 2006, 50).

Many cities and towns in Pakistan are new, given that most of their houses were constructed during the post-independence period. According to the 1998 census, 36 percent of urban housing and 46 percent of rural housing were less than 10 years old. There has been a massive construction and property boom in the past two decades. Although most of it has been driven by private initiatives—formal, informal, and illicit—public policies have laid the ground for this expansion.

Pakistan was among the pioneering countries that included "housing and settlement" in its first five-year plan. Over the course of eight five-year plans and subsequent development visions and annual plans, physical planning and housing have had a reasonable share of national development budgets. Autonomous development authorities have long been established explicitly to undertake the planning and development of designated cities. The Karachi Development Authority, Capital Development Authority, Lahore Development Authority, and Peshawar

Development Authority are among such agencies undertaking planning and development for land, housing, water supply, sewers, and roads in their respective cities. The private sector in construction and development has grown in tandem with the public agencies, and has undertaken major projects of building and land development. Bahria town (outside of Lahore) is the latest example of a major initiative in the private sector. According to International Cooperative Alliance (ICA) data, new towns and housing estates in Pakistan have been built by about 2,600 cooperative housing societies, producing 12.9 million housing units (ICA 2009). Admittedly, these have mostly served the housing demand of middle- and upper-income households.

The resettlement of refugees in Pakistan's early years, the construction of Islamabad as the new capital (Karachi was Pakistan's first capital), the establishment of satellite towns in many cities, the regularization of the *katchi abadi* program (urban slum dwellings), and the Orangi Pilot Project are other examples of Pakistan's achievements in urban development (these latter two initiatives are discussed elsewhere in this volume). It is important to point out, however, that the poor and working classes have derived only small benefits from these public and private efforts. They have relied on the informal sector to meet their needs. Land dealers, *katchi abadi* organizers, and illicit land contractors have been the builders of the city for the poor and working classes. Nonetheless, despite the shortfalls and pitfalls, this all represents an impressive achievement.

Pakistan's urbanization achievements are also reflected in the indicators of urban housing and services. As per the PSLSM survey (covering 2004–05), almost 95 percent of housing in urban Pakistan had brick walls—a substantial change over the past 40 years. Even *katchi abadis* have been built with bricks after some time. Rural houses are also increasingly being made out of brick.

Additionally, according to the World Health Organization, 96 percent of urban Pakistan had sources of drinking water supply protected from fecal contamination in 2010 (WHO 2012). However, only 58 percent were connected to a piped water supply, with others dependent on public taps, tubewells, or boreholes. In 2010, about 72 percent of the urban population had access to flush/pour-flush toilets, septic tanks, or pit latrines with slabs, but 4 percent resorted to open defecation, and 24 percent had shared latrines. These proportions have remained steady

since 1990. Cities have, at best, a partial sewerage network, and raw sewage is dumped into rivers and the sea. Indeed, while urban services quantitatively cover a majority of the urban population, there are huge deficits in the urban conditions of Pakistan's cities and towns. Consider the following:

- According to Pakistan's National Housing Agency, the country has an unmet need of about 6 to 8 million houses, and this demand is increasing by about 270,000 units per year (National Housing Agency 2001). Most of this housing shortfall is in urban areas.

- Almost half the urban population lives in informal settlements, including *katchi abadis*. These lack services, public approvals (in the form of planning and building permissions), and tenure security.

- Despite the high level of coverage, drinking water supplies are inadequate, intermittent, and of poor quality. Sixty percent of infections in Pakistan are due to waterborne disease. Also, shared latrines among more than one household are common in cities, while 4 to 6 percent of urban residents have no latrines (WHO 2012, 48). Imagine living in cities and having to find bushes for open defecation.

- Only 5 percent of urban households have access to garbage collection, according to the Pakistan Planning Commission. Most garbage rots on streets. Even in elite neighborhoods, piles of rotten food, plastic bags, cow dung, and various forms of debris line the roads.

- Pakistan's cities are highly polarized socially, economically, and spatially. The disparities are striking: Gated communities of palatial houses reflecting Mughal or Greek grandeur and surrounded by manicured lawns are found next to squatter homes. Pakistani cities are amalgams of towns and villages of almost different eras, and they are highly fragmented. Yet even private affluence is not fully enjoyed because of the squalor of public goods.

- Traffic jams choke main arteries at all times of the day. Rain floods the streets in the absence of adequate drainage. Water scarcity is common, while electricity shutdowns and gas shortages

are now a regular feature of urban living. All kinds of illicit trade in water, electricity, and gas pilfered from public supply lines thrive with the connivance of public officials. Land mafias are common, and protection rackets are flourishing.

- Public transport is almost entirely private, expensive, severely inadequate, and dangerous.

- A fundamental public good, safety and security, has broken down. Crime is rampant. Terrorism strikes frequently. Karachi, Peshawar, and Quetta in particular are regularly targeted by terrorists. Other cities have not been spared. Incidents of sectarian violence have swept across places large and small. Shootings, kidnappings for ransom, and street holdups have made cities unsafe and residents jittery. Even the rich and well-connected have not escaped these threats. This is a new urban deficit that has come to define Pakistani cities.

Pakistan's cities are spilling out into the surrounding countryside. They have high-density urban cores, but are increasingly surrounded by bands of relatively low-density (in urban terms) sprawl, where open drains and ponds of sewage weave around homes. Still, despite these deficits and challenges, Pakistani cities are vibrant places. Markets are thronged with customers; restaurants are full; roads are buzzing with new cars and noisy motorcycles day and night; fashion shows, music concerts, and television dramas are flourishing; the Internet has filtered down to small towns; and new construction is so common that cities wear the look of construction sites. This vibrancy is largely in the private sphere, driven by market initiatives and people's entrepreneurship. The deficits are in the public sphere, particularly in the management of cities and in the provision of infrastructure and services. This is somewhat reminiscent of John Kenneth Galbraith's famous discussion of "private affluence" and "public squalor" in his book *The Affluent Society* (Galbraith 1958). In Pakistan, however, private affluence is limited to a small group. There is certainly plenty of private resilience and improvisation among all segments of society, but particularly among the struggling classes.

This breezy description of Pakistan's urban conditions can be concluded with an assessment of Pakistan's urban policies, which

unfortunately have been hijacked by the public works and mega projects bias of Pakistan's development. Urban policy has essentially concentrated on producing land lots for housing and commercial development. The tasks necessary for efficient and equitable urban and town growth have been neglected. Land use legislation, the modernization of land records, urban management and local government reforms, the formulation of planning norms and standards, building and planning legislation and their enforcement, equitable utility pricing and efficient systems of de-livery, pollution control and waste disposal—these are all measures often listed in five year plans, but largely ignored (Qadeer 1996, 463).

RESPONSES TO URBAN CHALLENGES

Pakistan's urban balance sheet is weighed down by the failure to meet the basic challenges of a rapidly urbanizing society. The achievements are largely in the form of private property and supportive services, while the shortfalls are in the areas of collective goods, community organiza-tion, and urban administration. There are also striking lags in the emer-gence of urban moral order and behavioral codes.

Pakistan's urban population, according to the Pakistan Planning Commission, is projected to be over 50 percent (about 105 million peo-ple) by 2025, per the conventional definition of urban areas (Pakistan Planning Commission 2012). However, the urban population accord-ing to the density criterion discussed earlier could be as much as 130 to 140 million. Karachi is projected to have a population of 20 million and Lahore 11 million. Just imagine the challenge of building infrastructure and services, and of developing administrative and governance institu-tions, to manage these megacities and extended urban regions.

Yet these urban challenges become all the more mind-boggling in view of the unpredictable effects of global warming, water scarcity, en-ergy crises, and dwindling open land—not to mention national and in-ternational strife. The prospects are scary.

As pointed out earlier, Pakistan has not lacked for plans and action in urban development. It enacted huge public housing programs (Korangi) in the 1960s, implemented sites and services projects (metrovilles) in the 1970s, instituted programs for regularizing *katchi abadis* in the 1980s and

1990s, and has enforced policies for subsidizing public services. Through it all, Pakistan's approach has reflected whatever the current idiom was at the World Bank and related agencies—and it has faithfully followed the periodic waves of advice emanating from international agencies and the aid establishment. For example, following a shift in international policies in the 1990s, urban programs in Pakistan faithfully reflected a new thrust limiting government's role to enabling strategies of cost recovery and privatization of services. Yet even as Pakistan's urban policies have been in line with shifting international paradigms, its urban problems have continued to balloon.

Pakistan has also not been lacking in formulating national policies—though there is seldom any legal framework or institutional resolve to implement them. It has had the National Human Settlement Policy (1984), National Conservation Strategy (1988), National Housing Policy (1986), and another National Housing Policy (2001), not to recount all the task forces, commissions, consultant reports, and the like. City plans have also not been ignored. Lahore had a master plan prepared in 1964 and revised and adopted in 1972. As action plans became the international idiom of urban plans, Lahore produced a structure plan in 1980, followed by the drafting of the Integrated Master Plan of 2004, though it has not been adopted. Presently the chief minister of Punjab has approved the preparation of another master plan, the Lahore Division's integrated strategic plan. The story is the same in Karachi, Islamabad, and other big cities.

Similar efforts are evident in institution-building. Consider the establishment of provincial ministries for housing, town planning, and environment; of metropolitan planning and water-sewerage authorities; of building and roads laboratories; of university programs in planning and architectural studies; and of cooperative housing societies.

There are community development experiments dating back to the 1950s. Some notable examples include the Orangi Pilot Project for self-help in community services, Khuda Ki Basti as an experiment in incremental low-income house-building, and the Faisalabad Sanitation Project. These initiatives have not been turned into national programs—though it is heartening to know that there is a robust civil society that raises voice continually about inequitable and unsustainable housing developments in urban areas.

In sum, there has not been any dearth of policies, programs, and institutions. Yet they have yielded limited results. Projects have been implemented, but not replicated. Programs have been successful, even as objectives have failed to materialize. There have been disconnects between plans and their implementation, follow up, and feedback for lessons learned. The question is why such wide-ranging efforts have not yielded good urban living.

WHY THE POOR LIVABILITY OF PAKISTAN'S URBAN AREAS?

Certainly there are limitations of resources. A poor country has difficulty in meeting the ever-expanding demands for urban infrastructure and services. Yet by using existing resources efficiently and giving priority to facilities and services that serve the basic needs of the whole population, Pakistan could have a much more livable urban environment than what exists today. Livable cities and towns are possible within the limitations of resources. Curitiba, Columbia is an example of livability planning in a poor country.

To understand the reasons for the polarized urban development and general poor livability of Pakistan's urban areas, one has to look at the performance of the public and private institutions responsible for decision making in cities and towns. The institutional imperatives discussed earlier are appropriate criteria for assessing these institutions.

Pakistan is falling short on all four sets of imperatives. Collective goods are being appropriated for the private interests of political, commercial, and administrative power wielders. Urban governance is self-serving, and administration is inefficient as well as corrupt. There is no provincial planning legislation under which city plans can be enforced. Land records are organized according to 19th century practices and agrarian rules. The moral order is based on clan loyalties, and public interest and commitment to laws have not taken root. All in all, the four imperatives of socio-organizational institutions are unfulfilled.

The evidence for these conclusions comes in many forms. For example, daily media accounts of people's desperation with electrical outages, polluted water, corrupt police and magistracy, and byzantine rules

for getting licenses, passports, and ID cards can be contrasted with more well-connected citizens' privileged access to public authorities.

For a systematic account of the performance of public organizations, American anthropologist Matthew Hull's book, *Government of Paper* (Hull 2012), is an exceptional piece of research. The book is the outcome of Hull's doctoral thesis research in the 1990s, which examined how the regime of paper documents (files, maps, reports, and manuals) "mediate relations among people, things, places, and purposes."

The book gives a very illuminating, concrete, and penetrating account of the operations and performance of two Pakistani institutions, one a city development organization (the Capital Development Authority, or CDA) and the other a federal administrative agency (the Islamabad Capital Territory Administration). Corruption and institutional ineffectiveness are not his direct focus, but they come oozing out of Hull's analysis. He spent years hanging around the offices of these organizations observing, noting, reading documents, and interviewing officials and citizens.

Hull describes the process of getting house plans approved, which is embedded in an organized system of the planners' and engineers' private practice of both preparing house designs and then approving them in their official capacity. The system of movement of files in the offices and the practices of noting and drafting are rigged to diffuse and avoid decision making. A file may go up and down the official hierarchy twice or thrice, without anyone making any decision—just passing the buck with simple notations of "seen," "noted," "please discuss," and "discussed." Figure 2 depicts the cover sheet of a file from the CDA showing a chain of officials noting and discussing an application. This is an example of the decision-making routines structuring relations among officials and clients.

Hull's book has a chapter on the role of Parchis (slips of paper recommending some favor) and visiting cards as instruments of nepotism. It would be amusing if it were not so subversive of laws and rules. The ritual of tea being served to visitors and the function of an office as a court-cum-club illustrate an outsider's capacity to see cultural practices in their true light.

In its 50 years of existence, the CDA has not been able to integrate the revenue records of its lands with its city planning maps. The result

Figure 2: Cover Sheet of a CDA File
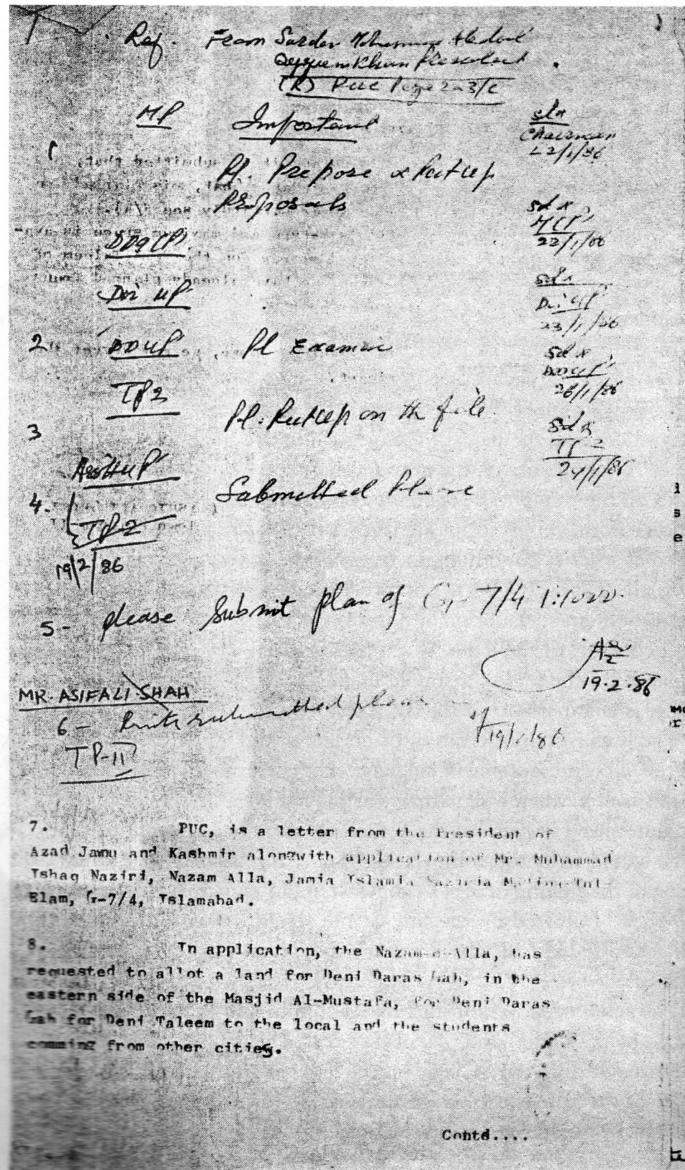
is evident in the outcomes. There are 50 illegal mosques built on encroached land in Islamabad. The villagers of Badia Qadir Baksh have permanently blocked the CDA from acquiring land after they (the villagers) pocketed millions of rupees as compensation. A combination of protests, violence, chicanery, and civil litigation has tied up the CDA. A Singaporean firm met a similar fate after it invested millions of dollars in acquiring land for the development of a large Islamabad housing project as a private enterprise. Hull's book illustrates how Pakistan's land tenure and transfer system as well as its political-administrative institutions defeated these plans.

This case study is an illustration of institutional ineffectiveness and poor organization as the root causes of Pakistan's urban problems. It is not just insufficient resources, but also inefficient procedures, outdated laws and rules, poor decision-making processes, and moral lag that are inhibiting the livability of cities and towns.

THE WAY FORWARD: DO'S

Pakistan suffers from the phenomenon of "hollow institutions." They have the form of modern institutions, but they do not adequately perform the functions for which they have been designed. They are poorly organized and are adapted to serve the interests of their functionaries. Institutions hollowed out of purposes and functions, but existing as shells of modern organizations, are a greater source of urban problems than is the absence of plans and resources. Any earnest attempt to address urban challenges in Pakistan must begin with institutional reform. The organizational framework through which policies and programs are both conceived and implemented has to be restructured. The following is an agenda for urban reform that can build the capacity to consistently address urban challenges.

Rebuilding Bureaucracy and Local Governments

Bureaucracy is almost a curse word in Pakistan. Much is blamed on bureaucracy, and rightly so. Yet bureaucracy is necessary for managing the affairs of cities. As an organized body of workers, with interlocking roles

and skills, it is the only organization that can produce services and meet people's needs on a mass scale. Urban affairs cannot be dealt with on a personalized, ad-hoc, and case-by-case basis. One lesson from Western experiences of managing cities and large organizations is that policy-making as a political process should be separated from the administration of policies and the management of plans. The professionalization of the civil services has been one of the thrusts of urban reforms. A professional, neutral, accountable, and transparent bureaucracy that is protected from political influence and threats of reprisal from politicians is a prerequi-site for managing and developing an urbanized Pakistan. Another recent lesson is that citizens should have an enforceable right to information, and a timely response from public officials. Such a right acts as a check on the arbitrariness and corruption of bureaucracies. Apart from these structural reforms, Pakistani bureaucracies have to streamline their op-erational procedures and internal paper trail, as suggested by Hull's CDA case study. Particularly important from the urban development perspec-tive is the rebuilding of municipal and other local organizations' bu-reaucracies. They are the least professional and competent of Pakistan's public services. Municipal administration has to be improved so that it provides more fulfilling and secure careers for officials.

Also, local governments should not only be regularly elected, but should also enjoy constitutional autonomy and legal protection from undue interference by higher levels of governments. Additionally, the process of political policymaking must include citizens' participation. Only through the people's involvement in policymaking can politicians be made accountable, and decision making be both transparent and re-sponsive to people's needs.

All in all, an efficient, competent, and accountable bureaucracy combined with local governments involving citizens in policymak-ing constitute the first set of Do's of urban development in Pakistan. Without rebuilding these institutions, mega projects—no matter how well-intentioned—will have limited impacts.

Urban Land Reforms

Urban land rights are hedged by land use controls, public access, impacts on neighboring uses, and demands for infrastructure and services. There

are public rights of zoning and access, easements for public services and taxation, public charges for servicing and developing land, and environmental protection considerations. Even the rights of ownership in urban areas are structured in varying bundles of individual and collective powers. They can range from freeholds (subject to land use controls and taxation) to condominiums, which combine exclusive possession of private space with undivided shares in common spaces, cooperatives, and various forms of leaseholds. Laying bases for the compulsory acquisition of property in the public interest has to be legislated in an equitable manner for both public and private interests. Urban land surveys and records as well as instruments of transfer reflect these public/collective/private rights and their values.

An agenda for urban land reform should legislatively define these respective rights and the modes of their structuring, revisions, and enforcement. Renters' rights and obligations have to be defined, and in some situations rent control or anti–speculative measures have to be embedded in land tenure legislation. In sum, urban land reform is a way of modernizing and defining the whole panoply of public/private and contingent rights and obligations in the use, value, profit (from), taxation, and acquisition of land in urban areas. It also includes laying down methods of value assessment and modes of keeping property records and registration—such as transfers of property. As a start, comprehensive planning and land use laws should be legislated in each province. They should lay down the public as well as private rights and obligations in the use and development of land. This basic legislation is missing in Pakistan, yet is necessary for urban planning.

Fortunately, there is considerable enthusiasm for computerizing land records in Pakistan. Yet computerizing records without urban land reform will only perpetuate the contradictions and conflicts inherent in the current land tenure system that traces its origins to Emperor Akbar's reign. Remember the adage of computers: It is what you input that is what comes out. Garbage in means garbage out. Modern technologies, including computers, remote sensing, and satellite surveys, can facilitate the establishment of a reliable land record system. But they are no substitute for land reform laws.

Collective Goods for Basic Needs

Collective goods such as water supply, drainage, garbage collection, street cleaning, roads and streets, traffic management and public transport, building safety, and good policing are all necessary for healthy and convenient urban life. The criterion for the provision of collective goods should be to meet the basic needs of all groups, rich or poor. A package of minimum facilities for the basic needs of an urban area is the basis of infrastructural development. In such a package could be paved streets, drains, sidewalks, garbage collection and street cleaning, sewerage, water supply, primary schools, health centers, bus stands, public health, and land use controls.

Unfortunately, the present approach is to focus on infrastructure that caters to small, automobile-owning segments of the urban population and to concentrate on the well-being of planned suburban estates. For example, in Lahore, billions of rupees have been spent on only three roads. Karachi similarly has had a frenzy of overpass and elevated highway construction, leaving most of the city to cope with broken roads and unreliable transport. Reversing these priorities and better fulfilling basic needs will dramatically raise the quality of life in cities.

One idea is for thousands of public toilets—contracted out to run as a regulated business on a small-fee basis—to be built in public places, shopping centers, bus stands, and *katchi abadis* in every major city. These would not only serve the 4 to 6 percent of the population without access to regular latrines, but would also greatly improve the convenience of everybody moving about the city. A package of such amenities can raise the quality of life in Pakistani cities. What is important to emphasize is that basic needs are the criterion of planning for services. This approach is equally valid for built parts of cities and urbanizing rural areas.

Learning from the Lessons of Western Cities

Countries like Pakistan that have recently encountered the phenomenon of explosive urbanization have one advantage: They can learn from the mistakes of Western cities and adapt their learning to their own cultural, social, and economic conditions. Urban planning theory has long advocated a compact, contained, and integrated (physically as well

as socioeconomically) form of urban development. In the last 20 to 30 years, the automobile-dependent, sprawled, low-density suburban form of development has proven unsustainable. A new paradigm of urban development has emerged in the West. It may not yet be widely applied, but its necessity and feasibility are widely acknowledged. It calls for growth management by building communities that are compact, of medium-high density, energy-conserving, and generate low demand for travel. It resurrects the mixing of commercial, residential, and institutional uses, instead of the suburban idiom of shopping plazas separated from automobile-dependent residential clusters. This is the New Urbanism, which revives the forms honed in historic cities. Countries like Pakistan can skip the suburban model, and instead adopt policies promoting development that reduces the demand for investments, conserves energy, is environmentally friendly, and fosters healthy communities. One can envisage neighborhoods with schools, parks, and low-rise but high-density housing equipped with footpaths and bicycle lanes paralleling roads and streets—along with a community council to enforce rules and regulations. Bahria towns and other suburban luxury housing areas are attractive places, but they are not the solution to Pakistan's urban needs. Demand management is the key to the viability of Pakistan's urbanization.

To be sure, many of these ideas are advocated and in some cases even demonstrated by advocacy groups and community development organizations such as Orangi Pilot Project, Lahore Bachao Tehrik, and THAAP. Their experiences must be drawn upon in urban policymaking.

Similarly, developing-world countries can jump into the post-industrial era of technologies by embracing water-conserving flush toilets, waste composting and recycling, and off-the-grid electric supply from solar, wind, and methane gas sources. I am not trying to lay out a plan, but rather pointing to some concrete possibilities already being used in some countries. These are possibilities where the need for large, region-wide utility networks with high capital costs can be bypassed. Western experiences and discoveries provide us with possibilities to turn new and old Pakistani communities alike into healthy, livable, and affordable places—and all with cost-friendly investments. Such an approach, however, will require the institutional rebuilding outlined earlier.

CONCLUSION

Pakistan is already an urban society, both physically and socioeconomically. Urban living precipitates some institutional imperatives, including a reliance on collective goods; a modern urban land and property system; and an efficient and accountable, but also secure, bureaucracy combined with local government based on citizen participation. Finally, urban living requires cultivating—through education, media, and social legislation—public trust, an ethic of shared citizenship, and respect for rules. These imperatives have to be fulfilled for viable urban development. Institutional revolution is the prerequisite for a peaceful, equitable, and prosperous urban society.

Pakistan has not lagged for policy models and mega projects. Rather, it has fallen short of institutions that can carry them through. Institutional rebuilding is the key to Pakistan's urbanization.

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Frustrated Urbanization and Failed Development in Pakistan[1]

NADEEM UL HAQUE

History and civilization move in cities. All major scientific, social, political, economic, and technological innovations have happened in human agglomerations known as cities. Great civilizations and empires have been developed around cities. It is no accident that the dominant empire of any time has had the most important, creative, and fascinating city. The world is urban, and economic growth and urbanization are inextricably linked. Jane Jacobs (1969 and 1984) noted this decades ago. Additionally, Nobel Laureate Robert Lucas initiated a whole new approach to understanding growth and development. He argued that "a city, economically, is like the nucleus of an atom," and that to understand how development works, we must understand how a city is constructed and operates (Lucas 1988).

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

POLICY IS THE "SLAVE OF SOME DEFUNCT ECONOMIST"

Cities still remain a subject that the development world fails to understand, despite the fact that Robert Lucas's Nobel was largely based on

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this very issue. Without going into the epistemology of development, let us try to understand development thinking and how it impacts Pakistan.

Development economics is a young subject mainly concerned with crises in poor countries and the gnawing persistence of poverty and other deprivation indicators. There have been roughly five phases of development thinking (Yusuf 2009):

- **Factor accumulation, infrastructure development, and the birth of foreign aid.** When developing economies started to move away from a reliance on agriculture and toward industrialization, they required ample assistance. An aid establishment was created first to provide capital and investment, and then to develop policy frameworks based on central planning and import substitution. This was done through a new breed of development professional trained in the West.

- **Basic needs and poverty.** After only two decades of this growth model, disillusionment set in and the World Bank started articulating a basic needs approach targeting the needs of the poor.

- **Structural adjustment.** In the 1980s, the policies of the old central planning states and their plethora of market interventions led to large accumulations of debt. This brought the International Monetary Fund (IMF) into the leadership of development policy. Macro stabilization, right-sizing the state, and liberalization were the themes of this era.

- **Institutions and governance.** Research following Lucas (1988) showed the importance of institutions and governance not only for determining growth and welfare, but also for fostering technology (which increasingly has been shown to be the determinant of growth). However, at the policy level, this area is still not fully accepted since few donors understand its deeper implications.

- **Millennium Development Goals (MDGs) and the new microeconomics.** Development is now seen as social safety nets and the achievement of key social indicators (such as health and education). The job of policy is understood to be to deliver these benefits directly to the people.

In this evolution of development economics, only recently has the World Bank started to see jobs (World Bank 2012) and urbanization (World Bank 2009) as issues that should be addressed. Yet it is still too early to see these critical issues being translated into policy. For now, policy largely remains preoccupied with the MDGs and poverty reduction—most of which translates into benefits for and welfare delivery to rural populations.

Where is Pakistan in all this? The nation still has not completed its structural adjustment, and continues to go through IMF programs for economic stabilization (it has completed well more than a dozen of these). Pakistan's economic growth policy remains stuck in accumulation, infrastructure development, and aid—the very first phase of development policy mentioned above. In Pakistan, all governments as well as any discourse on economic development seem preoccupied with looking for more aid to develop more infrastructure, mainly roads. The chimera of industrial development-through-subsidies-and-protection is still the goal of policy. Agriculture, too, is subsidized, with many projects for irrigation and farm-to-market roads eating up development funding.

Several myths prevail in the economic discourse shaping these policies. It is widely believed that Pakistan is a rural country, with 70 percent of the population living in rural areas and engaged in agricultural activities (this is in fact not altogether true, as discussed later in this essay). Proponents of this argument seek to draw resources, subsidies, welfare, and infrastructure to rural areas, which more often than not are small towns.[2]

Pakistan's government is preoccupied with structural reform that is based on fiscal retrenchment (austerity) and with meeting the demands of the donor community on MDGs. It has not even considered developing a growth policy or institutions or governance that might actually be capable of delivering on any aspect of reform or development. Austerity policies alongside increasing demands on the government have denuded capacity everywhere. The country now has no funding for research or social policy interventions. Consequently, ministers and senior policymakers continue, in the famous words of John Maynard Keynes, to be "guided by academic scribblers" of the first era of development, except for the bouts of austerity delivered by the IMF.[3]

In 2011, Pakistan's Planning Commission (a government advisory body) got approval for a Framework for Economic Growth (FEG)

from all key stakeholders in the country. FEG was prepared with wide consultation, and incorporated the latest international research along with some work that had been done at the Pakistan Institute of Development Economics (PIDE) (see Ul Haque and Nayab 2007 and Ul Haque 2011). FEG identified the key constraints to growth in Pakistan and the reforms that would be required to generate growth in productivity, innovation, and entrepreneurship.[4] Growth, FEG concluded, could be enhanced and accelerated to 8 percent per annum if key institutional changes could be made (see Box 1). Cities, and their role in growth, were a major FEG theme.

Given the limited capacity in the country, and the preoccupation of policy with austerity and seeking aid, FEG was discarded even as it was approved. As always happens in the context of Pakistan's policymaking environment, every new government pretends that history begins with them. FEG was unceremoniously discarded regardless of its merits.

WHERE ARE THE TOWER CRANES?

Research on urban issues is scarce in Pakistan, and even more so in the context of cities.[5] The process of urbanization, and to some degree service delivery, are the only areas where researchers have shown some interest. Cities as an entity have wholly eluded their attention. Little research throws light on cities' functionality, patterns, zoning, optimum size, architecture, governance, or globalization, or on the developing phenomenon of urban sprawl in Pakistan.[6]

FEG made the claim that Pakistan is more urbanized than the policy narrative is willing to accept. This has now been substantiated by Reza Ali (2013). Using satellite imaging, he has come to the conclusion that 70 percent of Pakistan's population lives in areas that are dense enough to be called urban or urbanizing.[7] In short, Pakistan is an urban country—a reality the conventional policy narrative refuses to accept.

Despite the FEG, there is no urban policy in Pakistan. Consequently, the growth potential of cities is totally stifled. Despite rapid urbanization, a combination of dirigiste urban regulation and import substitution policies keeps the construction and real estate development sector completely underdeveloped. Consider the question that I raised many years

Box 1: Framework for Economic Growth

FEG was developed after many consultations across Pakistan, mostly outside Islamabad, at many of the smaller universities, and in cities like Janshoro, Quetta, Haripur, and Sargodha. It was also based on the latest research on growth. It shunned the usual practice of endorsing a donor or consultant–written paper. The key findings of FEG were that:

- The current strategy of pursuing aid-funded projects and postponing reform would not lead to sustained growth.

- It was not the "hardware" (roads, bridges, dams, etc.) that was constraining growth but rather the outmoded software (public sector management, productivity, regulation).

FEG then identified the software changes in the form of critical reforms that were necessary to lead Pakistan on to a path of sustainable growth.

1. Developing quality governance through civil service reform that builds professional, decentralized governance with autonomous, results-based agencies focused on public service delivery (law and order, property rights, social sector management, and public sector enterprises). The envisaged reform called for open and competitive recruitment at all levels, the removal of political influence through the old transfer system, the introduction of merit at all levels, the removal of centralized federal control at all levels, and a modern incentive system based on results achieved and transparent cash payments (no perks and plots).

2. Developing vibrant and competitive markets by reducing the footprint of government. Reform would involve the dismantling of the various subsidy/protection regimes that are marinating a cartelized and rent-seeking private sector in close collaboration with the government. The practice of arbitrary tax exemptions by the Ministry of Finance, which costs about 3 to 4 percent of GDP in revenue losses while also retarding competition, would have to be given up. It would also require careful deregulation and pulling the government and its various ministries/secretaries out of the business of managing markets.

3. Developing creative cities by removing the excessive control of the civil service. Autonomous cities run for commerce, entrepreneurship, and innovation will generate sustained growth; include the excluded; provide opportunities for the poor; and open up investment space. This would mean dismantling current regulation that prioritizes sprawl and bureaucratic "perk-seeking."

4. Recognizing the importance of social capital and community needs, which the policy of building hardware has long forgotten. Community amenities (libraries, community centers, playgrounds) have not been favored in plans or visions for the last 40 years. Pakistani cities are devoid of such facilities. Meanwhile, as governance has deteriorated, and rent-seeking has become entrenched, social capital and trust in-dicators have manifested a marked deterioration.

NOTES

1. FEG is a reform program, and hence does not seek aid or projects—to the regret of many donors.
2. It seeks out critical reforms that will allow the current extractive structure to move toward competition and openness.
3. The centrality of civil service reform, which historically sits at the heart of the rent-seeking system, must be the point of departure for progress.

ago: "Where are the tower cranes?" In most cities where development is taking place rapidly (think Dubai, Shanghai, Taipei, or Jakarta), the skyline is full of tower cranes. In Lahore, there are apparently 11 tower cranes, out of which only five are involved in construction while three are involved in demolition. In all of Pakistan, there are only a handful of projects of sufficient size and height to demand tower cranes.

There is considerable inertia in development thinking in Pakistan, and institutions that might allow the country to learn from the global knowledge pool (and therefore to gain research capacity) do not exist. In the early years of independence, the "garden city" approach to urban planning was adopted. Islamabad is an ideal example. This was a low-slung suburban development pattern, with excessive weight given to housing. This approach has continued unabated to date—and it has led to Pakistani cities developing with large suburban sprawl.

Without a change in paradigm, construction will essentially remain a small family business. The few large construction companies that exist are merely government contractors for large infrastructure development companies. Only a handful of the membership of the Association of Builders and Developers have a balance sheet of over $100 million. Most of them are into land development. Builders of serious quality and size are few and far between in Pakistan. For historical, cultural, and geographical reasons, Karachi is somewhat more liberal in terms of its view of construction than is the rest of the country. But by international standards, activity in Karachi too is less than it should be. Very few construction companies are listed on the stock exchange or have national or regional outreach.

Pakistan's youth bulge is much discussed, forcing the government to occasionally announce youth packages. Much is made of education and skills training. Interestingly, skills training is given in anticipation of migration. Demographic data shows that youth (those under the age of 30) comprise about 90 million people. Roughly 3 million kids will enter the labor market every year. Pakistan must pull out all the stops to develop growth and generate employment opportunities. FEG made this point emphatically, noting that Dubai has invested 27 times more per acre in construction than did Pakistan.

Despite the possibilities of growth and employment, Pakistani policymakers remain fixated on the two-sector model (which pushes

agriculture and manufacturing), and on development projects financed by aid—the narrative of the past.

DYSFUNCTIONAL CITIES

Suburbia Without Downtowns

The focus on low-rise garden cities and suburban development has incentivized sprawl and neglected downtown development. All Pakistani cities appear to have no downtowns or city centers—dense areas of residential, office, and commercial use combined with entertainment within an almost walkable district. In fact, all Pakistani cities were demonstrating progress toward downtown development until the 1960s, when the garden city paradigm took root. This fits in nicely with the development paradigm of pushing for industry through subsidies, developing infrastructure through aid, and benefitting the poor through government welfare programs.

Early in Pakistan's history, it was decided that industrial estates would be made outside of, or on the outskirts of, cities regardless of their distance from workers' houses. Services—retail, entertainment, leisure—were not, and still are not, regarded as productive in the policymaker's paradigm. Hence our cities are designed primarily for housing with minimal space for other activities (urban planners will tell you quite clearly that cities are primarily residential units).

The land development guidelines in Table 1 show that until 2010, only 2 percent of land allocated for new housing in Lahore was allowed to be used for shopping, entertainment, offices, flats, and hotels. Now we have a slight improvement, with 5 percent of land allowed to be developed for these purposes. Until 2010, only 2 percent of development schemes were allowed to be used for the betterment of citizens' lives through the provision of public goods like schools, community centers, libraries, and public spaces—the same amount as is put aside for the dead and their graveyards. Fortunately, there was an awakening in more recent years, and after 2010, the rules changed so that 5 to 10 percent can be used for such public goods purposes.

Islamabad illustrates this prevailing planning paradigm quite well. It features block-like garden structures with giant parks and small

Table 1: Rules for Development of New Housing Colonies in Lahore

Percent of land for	Until 2010	After 2010
Housing with single-family dwelling units	60	54
Parks	7	7
Commercial (including shopping, offices, entertainment, leisure, hotels)	2	5
Public schools, public buildings (eg libraries)	2	5–10
Graveyards	2	2
Roads	25	25
Miscellaneous	2	2
Other guidelines		• Maximum plot size should be 1,000 yards. • Approach roads should be 60 feet and internal roads 40 feet. • One 10-marla plot for solid waste management for every 1,000 plots. • Grid station for WAPDA (if WAPDA requires). • 20 percent of plots up to five marlas (for the low-income). • Location of tubewell (if WASA requires).

Source: Public infrastructure tables from Pakistan's Annual Plans
Notes: WAPDA=Water and Power Development Authority. WASA=Water and Sanitation Agency. A marla is a unit of measure roughly equivalent to 30 square yards.

neighborhood shopping centers. By design, the city has no downtown, limited commercial space, and provides mainly for garden-style living. This suburban style has mainly provided for single-family homes. The result is that such spread-out development has made the provision of public transport almost impossible. Moreover, land is in such short supply that even rich people find it hard to buy a place in Islamabad. Because of these factors, Islamabad's planning model has effectively excluded the poor and lower middle class, many of whom commute from neighboring cities.

The Islamabad pattern of development has been copied everywhere. Most city development has been in the form of housing colonies (as Table 1 indicates, large proportions of land in Lahore are allocated for housing units). The Defense Housing Authority (DHA), which is one of the largest land development agencies in Pakistan, has followed the Islamabad garden city approach. It is an extensive suburb of Lahore, with almost a third of the area of metropolitan Lahore. It is probably about 15 percent of Karachi's metropolitan area. But its low-slung suburban model houses only about 150,000 people in Lahore. Interestingly, the DHA planning paradigm has produced a community that is well-supplied with religious institutions, but limited in terms of community and entertainment space.[8] It has 26 mosques—but only one cinema, three clubs, and one library.[9]

Limited Space for Urban Activities

The suburban garden city approach to planning has been fixated on a low-rise, custom-made housing development model. An unintended consequence of this city planning approach has been persistent excess demand in several areas. It is easy to understand this excess demand once one sees how the housing stock is being haphazardly and informally converted to several uses, such as schools, hotels, offices, gyms, and restaurants. A few points are worth noting in this regard.

- Beaconhouse, the largest private school system in the country, is operating 65 percent of its schools in residential properties without playgrounds and other purpose-built facilities.

- Despite frequent announcements from Pakistani officials about plans for private sector led-growth, city planning guidelines for

many years have not provided for office blocks to be built on any significant scale. In fact, most businesses operate out of structures converted from residences. In neighborhoods like Gulberg (in Lahore) and Blue Area (in Islamabad), some buildings have been constructed, though the quality, management framework, and general approaches are not viewed as attractive by businesses.

- Very significantly, with a growing and large population creating huge unmet demand for housing, it is surprising to see the single family home fixation—which applies even for the poor. Punjab province has recently built a housing development that is 25 miles from the center of Lahore. In this way, the conversion of irrigated arable land into housing colonies is accelerating. Such a policy framework directly encourages peri-urban development.

- The number of cinemas has decreased in every Pakistani city since independence, despite the fact that city sizes have grown enormously. Certainly the Islamization of Pakistan has not helped the cinema industry, but the rules of property development have reinforced this trend against cinemas.

- Restaurants are mostly in structures converted from private homes.

- Perhaps the biggest lack is that of public and community infrastructure. Community centers, libraries, and playgrounds are in extremely short supply. Urban development has not really considered the provision of these community and societal requirements in earnest.

- Interestingly, large five-star hotel development took off in the 1960s, but since then only a handful of such facilities have been built.

- Shopping malls have not been allowed until recently. Even now a city of nearly 14 million people—Karachi—has only one shopping mall of international quality. Lahore, with about 7 million people, has none.

- City management has focused so much on suburban development and turned so completely away from downtown development that old central districts—where various activities such as

cinemas, restaurants, offices, and businesses were formerly clustered—are no longer seen as attractive destinations.

Cities for Cars

Apart from housing, city management is also obsessed with cars. Officials are continually widening roads, building flyovers, stifling commerce to clear the way for cars, and carving up city space to make sure that cars have a smooth flow. In official annual development plans, allocations for roads are higher than education (see Table 2). Despite the fact that the world is beginning to make the use of cars in inner cities more expensive for increasingly more people- and energy-friendly communities, planners in Pakistan are doing everything possible to make cities more car-friendly.

Planners in Pakistan remain grounded in yesterday's model, and are pushing the suburban dream around the car. Flyovers and wide avenues are continuously being developed at the cost of community and business cohesion. Such development has also driven the bicycle out of most large cities. The ultimate objective seems to be to minimize time in the car over long distances—even if there is no business at the other end.

In the case of public transport, suburban sprawl is making average travel to work longer and longer. The Lahore Bus Road Transport has an average trip of 15 kilometers. In Karachi, this figure is considerably higher.

Table 2: Allocations from Annual Development Plans 2013–14 (Percentage)

Expenditure	Punjab	Sindh	Federal
Roads	12.45	9.35	9.17
Education	10.37	7.46	4.17
Urban development	5.39	5.41	N/A

Source: Government of Pakistan.

Energy Intensive and Environmentally Unfriendly

The pattern of living that was adopted 60 years ago and remains in place today has increased the energy bill. Today Pakistan spends about 7 percent of GDP on the import of oil. While Pakistan ranks low on most development indicators, in the case of oil imports it ranks 29th, according to the CIA World Factbook. As far back as 1992, the Pakistani government's national conservation strategy pointed out that emissions from cars were increasing pollution in Pakistan's cities. Sprawl has accelerated since then, as has the policy of protecting the domestic assembly of cars with obsolete technology—and cars that in most cases continue to run on leaded gasoline. It is no wonder that Karachi ranks among the world's most polluted cities, and that Lahore and Islamabad are climbing the rankings.

Not only is suburban sprawl favored by policy, but there are also no energy standards for buildings. Most houses and other buildings are simple concrete structures built with little care for energy conservation. Building materials for energy conservation such as insulation and double-glazed windows are expensive and difficult to obtain. The energy import regime is not particularly encouraging of these energy-efficient inputs.

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

WHY SHOULD URBAN DEVELOPMENT BE AT THE HEART OF PAKISTAN'S GROWTH POLICY?

FEG suggested that urban renewal be at the heart of Pakistan's growth revival. Much research and consultation has established that urban renewal is urgently needed, and for several reasons.[10]

1. There is a large unmet demand for all manner of urban activity. The market will quickly identify and respond to supply this need. Estimates of Pakistan's informal economy and diaspora investment potential suggest that financing for such investment would be readily available. Such activity would also bring in foreign investors.

2. Construction activity, which would pick up with an urban renewal strategy, would not only employ the youth bulge, but also revive several other industries. The employment and growth impacts would be large (see Box 2).

3. Evidence has mounted from many countries that the crucible of growth, development, and modernity is the city (Glaeser 2012). Good things such as entrepreneurship, innovation, market development, ideas development, learning, risk management, and skills development all happen in dense cities—not suburban sprawls.

4. People gather in cities not to live in a rural setting, but to take advantage of proximity—which enhances learning and productivity. History shows that people flocked to merchant cities that often operated on rules that facilitated trade.[11]

5. Even in the West, inner cities are being revived and regulation and zoning are being relaxed to allow for density, high-rises, and mixed use. This is seen as the proper cocktail for developing networks and interactions necessary for creativity, innovation, and entrepreneurship.

6. In such cities, cars are not at a premium; walking and bicycling are facilitated. Such cities are environmentally friendly. Wide avenues, flyovers, and giant parking lots are not people friendly, and they slow down interaction and network development. Hence they are discouraged.

7. Public and community spaces improve productivity and behavior. But these are more than mere sanitation, roads, and simple functional buildings. As Fukuyama and Colby (2011) have noted, Medellin's violence was curbed through the development of a mass transit (metro) system along with beautiful and civilized public spaces and buildings. Mistrust of the government declines with these shows of public goods provision, and human interactions are improved.

Box 2: FEG Reform with a High Payoff

Continuing a colonial policy, Pakistan's government provides housing as part of compensation to officials in city centers. This practice has put the government into the real estate business, and has starved cities of prime land for development.

The Planning Commission has developed a reform proposal (consistent with FEG recommendations) that based on modern principles, compensation should only be monetary and linked to private sector market-determined levels. All perks would then be eliminated.

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

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

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

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

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

URBAN DEVELOPMENT HELD HOSTAGE

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

Our analysis during the preparation of the FEG showed that such reform will be difficult for a number of reasons.

First, there is no effective local system of government. When tentative steps toward reform were taken in the past, it was left to the federal and provincial systems to act on them. Yet they resisted—and ultimately killed—such efforts.

Second, city administration is fragmented. Karachi, for example, has five cantonments and three administrative districts—all of which operate more or less independently—and no coordinating metropolitan body. Lahore has one cantonment and two overlapping administrative districts. Most big cities have a cantonment that comprises a large part of prime space.

Third, in the absence of a strong local government system and of a coherent administrative structure, the federal civil service runs cities with little or no local participation. Pakistan has a strong, centralized system—the backbone of which is the civil service. The cadre of this civil service fills local government positions at early career stages, moves to the provinces mid-career, and ends the career in senior federal-level positions. The entire government structure reports to the senior federal levels, which sit at the top of the cadre. All hiring is on a unified pay scale, and most positions are answerable to senior federal officials. Most local government reforms leave this system unchanged, and hence ultimately fail. City government operates on a level that is too junior to determine an independent course. In any case, most city supervisors are not local and have no local ownership—and at any rate are often not in their positions for very long.

Fourth, for historical reasons, and as previously mentioned, a large part of the compensation of government officials—civilian, military, judges, and ministers—consists of prime housing and gifts of land in new developments. As shown in Box 2, the opportunity cost of these houses is

high. Large parts of the cities that are most amenable to real estate development are not coming to market because of this obsolete practice.

Fifth, the Islamabad/DHA model—whereby land is developed by the public sector and given to officials as rewards—has inhibited the emergence of competitive real estate development markets. DHA and the Capital Development Authority (another public corporation) remain the largest land development companies in the country. Since every powerful decision-maker gets wealthy through this land allotment system, the drive to suburbanize is reinforced at the cost of city center development.

This analysis outlines the thought process behind the FEG. Civil service reform is critical. It would not only improve government productivity, but also unleash the power of cities. As illustrated by the example of Islamabad, if perks were to be monetized as part of civil service reform, and if the land that is released is allowed to build density, then huge investment opportunities will open up. This reform would also be very inclusive. It would generate many employment opportunities and provide housing for large numbers of the middle classes and possibly some of the poor.

SPILLOVERS OF REFORM

An important unintended consequence of the barren suburban model of urban planning that has been in place for decades has been the drying out of culture, public space, and commerce. By contrast, in other countries, cities configured for merchants and hard-wired for networks, learning, and the arts have developed reputations as enlightening and opportunity-providing.

Policy has remained focused on agriculture and manufacturing, and on providing physical infrastructure through foreign aid. Community and city space that would encourage innovation, modernity, entrepreneurship, and enlightenment has simply been forgotten. Town squares, community centers, public spaces, corner shops, and playgrounds have all been zoned out in the quest to make room for cars and elite housing.

Youth, who constitute a majority of Pakistan's population, are looking for community and mentoring. In the current design of cities, the only community centers that are in abundant supply are mosques, and

the only mentors are the *maulvis* in the mosques. While religion is important, and certainly kids should go to their local mosque, there must be a better balance of community public space for more balanced and rounded development. Thriving commercial cities throughout history have nurtured productive and creative youth.

The reform that the FEG has outlined is therefore beneficial to the country in more ways than one. For instance, it could be instrumental in balancing out extremism.

CONCLUSION

Pushed by donors, attempts have been made to put master plans for major cities in place. In some cities, like Lahore, there have been several attempts, with the last one in 2008. Because of the factors outlined above, there is little if any ownership. These plans are neither liked nor even remotely considered for serious implementation.

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

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

Policy has to move out of the 1960s and stop thinking hardware and financing. We have seen that developing the software of society—deregulating city space, building coherent and visionary city management, modernizing and professionalizing the civil service—requires little capital, and puts the country on a dynamic new growth path.

Following North (1990) and Romer (1990), we are seeking the key institutional changes that will in turn allow behavioral change for better outcomes. These are illustrated very simply in Figure 1, a graphic taken directly from the formal report unveiling the FEG.

Figure 1: Framework for Economic Growth

Source: Ul Haque 2011.

To effect change, we need a reform program that will address the following four imperatives:

1. Develop quality governance by re-engineering the civil service to produce more professionalism, competition, and merit, and to engender substantial decentralization.

2. Deregulate markets for more competition, entry, innovation, entrepreneurship, and openness.

3. Deregulate cities. Building an autonomous and coherent local government, and releasing the land that is currently held hostage by a wasteful public sector perks system, will unleash a virtuous cycle of construction, innovation, community, and entrepreneurship.

4. Move away from suburbia, where cars are given priority over people, and allow cities for people and community. Such cities will incentivize moderation and enlightenment.

NOTES

1. The author is grateful to Parvez Qureshi and several officials of the Lahore Development Authority for the useful information they provided; to Anjum Altaf and Rafay Alam for comments; and to Adil Suhail for research assistance.

2. The population census has become politically contentious, since it determines political constituencies and the distribution of revenues. While a census has to be done every decade according to Pakistan's Constitution, politics always holds it up. The last census was done in 1998.

3. Keynes' famous statement is very germane to Pakistani thinking. "The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas." (Keynes 1936).

4. See Hausmann, Rodrick, and Velasco 2005.

5. Research on Pakistan is nonexistent for many reasons, not the least that neither government nor society nor academia demand it (see Ul Haque and Khan 1998, Ul Haque 2007, and Samad 1993).

6. As vice chancellor of the Pakistan Institute of Development Economics, I initiated a Cities Research Program with a conference in Karachi entitled "Cities: The Engine of Growth." Later, as deputy chairman of the Planning Commission, we enshrined urban development as one of the three centerpieces of the Framework for Economic Growth. Though approved by the National Economic Council and the Parliament, it was never completely understood by most people—especially development practitioners and their aid establishment masters.

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

8. The Islamabad/DHA paradigm allows for large parks, but with the proviso that you can only visit those meant for playing or recreation if fully clothed. In other words, jogging or playing a game in shorts is not allowed.

9. The upshot of this planning paradigm is that city resources are very unequally distributed. Looking at the maps of most big cities, one can see that large housing estates take up most prime land. Cantonments have now become prime residential estates, and have virtually come into city centers. Roads, clubs, and other amenities which take up city space are all for the elite.

10. See Nallari, Griffith, and Yusuf 2012 for a good summary of the importance of cities to growth.

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

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Pakistan's Urbanization Challenges: Housing for the Low-Income

TASNEEM SIDDIQUI

Shelter is not only a basic human right, but an essential requirement of all economic activity. It is the starting point for a person to organize his/her actions, stabilize his/her mind, and undertake plans and programs for doing something meaningful. Even simple housing for the homeless—shacks made of thatch and leaves or tin-roofed huts—increases the productivity of the inmates several-fold. But during the last three decades, housing conditions for a vast majority of people have deteriorated in urban centers of Pakistan, mainly because of flawed public policies and rural-to-urban migration.

The twin problems of unregulated urbanization and shortages of affordable housing for low-income groups are the bane of almost all developing countries. But unfortunately neither have the economic and sociological dimensions been seriously studied, nor any efforts been made to link investments in housing to other development objectives by integrating educational, social, economic, and environmental inputs with those of construction.

The basic reasons for rural-to-urban migration—which in Pakistan represents an exodus of epic historic proportions—are the misconceived development strategies adopted in both the rural and urban sectors. Land cannot provide the rural poor with jobs, so migration in most cases is like a plea for employment—the courageous expression of a willingness to work more than the inadequate soil or the unjust society of their home area will allow them to.

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When these poor, jobless migrants end up in cities, they find neither jobs in the formal sector nor affordable housing. With no other alternative, they tend to become part of the sprawling, ever-expanding network of squatters' slums. Some half-hearted attempts are no doubt made to solve the problem, but they fail miserably because the government response to meet the shelter needs of the urban poor is not compatible with the sociological or economic worldviews of officialdom.

The urbanization trend cannot be stopped, reversed, or altered anytime soon, notwithstanding all the high-pitched sloganeering and empty rhetoric from Pakistan's political class. The question is how to meet the housing needs of Pakistan's burgeoning population, 70 percent of whom are low-income, according to the World Bank. Should we allow them to squat wherever they like, and in whatever manner they like, and make amelioration plans for them after the fact? Or should the government meet their shelter needs upon their arrival in urban areas by providing them with bare necessities, and by continuing to improve their living conditions with their gradual cooperation and participation?

GOVERNMENT RESPONSES OVER TIME

Government attempts failed in the early 1960s to provide low-cost units in the neighborhoods of Korangi and Landhi in Karachi. This was because no government can provide housing at its own cost to every shelterless person, even if loans from national and international agencies are arranged. Experiments like metrovilles (semi-constructed units containing boundary walls and utility connections) also failed because no effort was made to reach their target groups, and because the activities of various relevant agencies were not well-coordinated. In the 1970s, open plot development projects were launched in Karachi. However, the cost of these plots was too high for low-income groups. People belonging to the affluent middle class ultimately grabbed these plots because they could afford to pay the high prices. Thus, the target group was elbowed out.

To overcome financial problems, development authorities have virtually turned into developers. This means that projects are announced before they are physically commenced, and the public is asked to apply for a plot with an advance payment. This system is now in vogue in most

Pakistani cities. Development authorities amass huge sums of money and keep this financing in fixed deposits, or they use the money in other projects. In some cases, actual development may take 10 to 15 years. This method of providing plots has two severe limitations. One is that, in view of the huge backlog in housing (especially for the urban poor), these plots will always be in short supply—resulting in speculation and rises in prices, which in turn prohibits the purchase of these plots by those they are intended for (the poor).

The second limitation is that allottees/buyers generally do not purchase these plots for habitation. The plots are used as a sound investment and cushion against galloping inflation. It is an established fact that investment in real estate is a very safe and profitable business in Pakistan. People even purchase plots for the dowry of their daughters. In view of these factors, whenever a scheme is announced, speculators with huge sums of money at their disposal make it almost impossible for the needy to get a plot.

Apart from these fundamental problems, a number of practical problems further discriminate against the target group of low-income households:

- The cost is too high. Poor people with a monthly household income of 10,000 Pakistani rupees (Rs.) (roughly $100) or less cannot afford to pay 25 percent of the total cost, which is usually demanded with the application as a down payment. Those in this income category constitute the majority of Pakistan's overall population, according to the World Bank.

- Because of the time lag between allotment and development, schemes do not cater to the immediate needs of low-income groups.

- To get a plot, people must apply for it, fill out a set of forms, and fulfill a whole series of formalities. Given the unequal relationship between the government and the people (especially the poor and illiterate), and given the time wasted in bureaucratic red tape, even if the poor are willing to wait for years, they cannot and do not apply for these plots.

- Even if the poor cross all the hurdles, it is not guaranteed that they get a plot. The number of applications always far exceeds the number of plots available. In most cases, successful allottees are investors and speculators.

As a result of these factors, huge housing scheme sites lie idle for protracted periods of time. Meanwhile, the need for cheap housing keeps increasing since nothing is being done for the neediest groups.

PRIVATE SECTOR EFFORTS

Almost the same story applies in regards to the provision of housing by the private sector, with the additional problem that in some cases developers disappear after collecting money from purchasers. Private developers no doubt cater to the needs of middle-income groups, while the poorer groups remain out of their purview because the smallest apartment would cost around Rs. 800,000 (nearly $8,000). Similarly, a fully serviced plot of 120 square yards would cost around Rs. 400,000.

The time lag between allotment and actual development of a plot is sometimes even longer than in the case of plots provided by public development authorities. In some schemes developed by the private sector in Karachi, plots have not been fully developed even after 25 years of allotment/sale. Even in the case of low-cost, built-up unit schemes (featuring fully constructed units with two small rooms, a kitchen, toilet, bathroom, veranda, and boundary wall) announced with much fanfare 30 years ago, houses constructed on plots of 84 square yards cost between Rs. 45,000 and Rs. 50,000. In most of these instances, the down payment was around Rs. 8,000. In these schemes, external development is done by government agencies—which may take 5 to 10 years. Very often, the supervision and quality of construction is poor, which causes innumerable difficulties for purchasers. Additionally, joint venture schemes, such as those undertaken in Hyderabad, have failed because of poor standards of work by private developers; delays generating funds; poor supervision by the Hyderabad Development Authority; and a lack of coordination between different agencies.

In conclusion, very clearly, both government and private sector efforts to alleviate Pakistan's low-income housing problem have failed spectacularly. Targeting has not been done. All available options have been unaffordable to the poor. Allotment procedures have often been biased against the poor. Finally, the considerable time lag between allotment and actual development excludes households that have meager or no savings and are in urgent need of shelter.

EMERGENCE OF SQUATTER SETTLEMENTS

By contrast, illegal subdivisions of state land have been, and are being, used quite successfully in the bigger cities of Sindh as an informal solution to the low-income housing problem. These subdivisions have the following characteristics:

- They are generally created on the periphery of cities.

- They are planned in accordance with official planning regulations and therefore do not conflict with town plans.

- Water is made available either on payment or through civic agencies.

- Transport needs are provided for.

- The cost is affordable even for poorer sections of the population. In some cases, no profit is charged because some commercial plots are kept in reserve for disposal at high commercial rates to subsidize the development costs of smaller residential plots.

- Technical advice for construction and sanitary problems is available informally.

- Purchasers are given immediate possession of their land, with little or no paperwork.

- Credit is made available in cash or kind, if needed.

- The availability of artisanal skills is assured.

- Protection from imminent eviction is guaranteed in 90 percent of the cases, as developers have very close ties to the police and government agencies.

The development strategy for illegal subdivisions is successful because it is compatible with the socioeconomic conditions of the urban poor. The extent of its success can be judged from the fact that squatter settlements keep growing rapidly in spite of increasing restrictions from officialdom. However, these informal settlements face three major problems. First, they cannot obtain bulk sewage disposal systems because this requires huge financial outlays and complicated techniques. Second,

although there is no imminent threat of eviction, the absence of land titles makes squatters very vulnerable. They can be evicted if the land-owning agency so desires, and they can be exploited by police or local thugs on a continuing basis. If settlements are in prime locations, builders and developers working in cahoots with politicians and the bureaucracy can force squatters to vacate the land and accept whatever compensation they are offered. Conversely, with titles, occupants not only get access to official loans, but they are also protected from evictions and exploitation. Getting legal electric, water, and gas connections also becomes easier. Consequently, the cost of these services is reduced because illegal connections prove much more expensive in the long run. The third major problem faced by informal settlements is that external roads are not developed, because huge investments are required for this purpose. Government agencies refuse to take up this work because they consider these colonies to be illegal and unauthorized areas.

It should be mentioned here that before these illegal subdivisions started, the spontaneous growth of *katchi abadis* (informal settlements) had already taken place in cities like Karachi, Lahore, and Hyderabad. They had several important characteristics that the newer subdivisions mentioned above do not have. *Katchi abadis* were mostly located right in the heart of the city; their growth was haphazard; they had no regular plans; streets were narrow, so space for schools, mosques, playgrounds, and the like did not exist; and no land grabbing was involved.

These settlements emerged in larger cities immediately after Partition (which occurred in 1947), and soon all available spaces were occupied by squatters. Thereafter, because of industrial policies the demand for land grew, but the state was not able to meet it. As a response to growing need, the phenomenon of illegal subdivisions started at the periphery and continues today.

Now the question is whether the government can follow the strategy adopted by illegal developers. Or, to put it more succinctly, can the informal sector be formalized? The government has two options. Either it can integrate private developers into its own strategy, or it can adopt the strategy followed by the developers. Incremental housing development (popularly known as *Khuda-ki-Basti*) answers some of these questions.

A NEW APPROACH: THE *KHUDA-KI-BASTI* STORY

An Experiment in Hyderabad

While working as director general of the Hyderabad Development Authority (HDA) from 1985 to 1990, the author studied these problems closely before carrying out an experiment. The basic concept of the experiment was that plots were to be allotted to the most needy at a price they could afford. Services such as internal water supply, sewerage, roads, electricity, and gas were to be provided as allottees paid their monthly installments. The development of the scheme was incremental, internal services were limited to the basics, and at the start only a communal water supply and public transport to the city center were provided.

Only in the longer run were house-to-house water connections, sewerage, electricity, and road pavings provided—and only when allottees had accumulated sufficient money to finance their monthly payment installments for these services. The installments were fixed at Rs. 100 per month, and the total price of a fully serviced 80 square yard plot was Rs. 9,600 (these figures are based on 1985 prices). In this way, the project was fully self-financed without any element of subsidy from the government. An entry fee covered the cost of land and water, with the latter service provided to allottees through public standposts (hydrants). The speed and standard of development thus depended on installments, and financial risk for public agencies was minimized because work was carried out on a deposit basis and not on a recovery basis.

With regard to the allotment procedure, HDA sought and found ways to reach target groups and to exclude those who did not intend to live in the scheme after acquiring their plots. After a number of unsuccessful attempts to actively recruit allottees from existing squatter settlements, it was concluded that households genuinely interested in owning shelter provided by the scheme would select themselves by coming with their whole family and all household goods to live in the area. Therefore, a "reception area" was introduced to the scheme where households had to put up temporarily, or where they could rent a simple one- or two-room house. Subsequently, after some days, they were assigned a plot on which they had to start living and building immediately. The reception

area served as a rather efficient filter to exclude those who wanted plots of land for investment purposes only.

The administrative aspect was characterized by simplicity and straightforwardness. The procedure was that households could apply for a plot simply by settling in the reception area. Their presence in the reception area was an application for a plot on which they could then live and build.

However, legally valid allotment orders were only issued when all installments had been paid. In this way, HDA had a means to cancel the plots of those who left the scheme. In such cases, the leavers were compensated (although they suffered some loss) and the plot was assigned to another family.

The utmost care was taken to discourage speculators and the affluent middle classes. This was ensured by:

- Demarcating a very large number of plots so that there was no premium on the sale of plots.

- Not issuing ownership documents unless the house was built and the allottee started residing there and clearing his development charges.

- Fixing a very short period for starting the construction work; construction was to start immediately after the allottee began living on the plot.

- Initiating a new approach for selection and allocation by accommodating only those applicants who bring their families and household goods to the reception area.

- Establishing that in order to be formally entitled to a plot, the beneficiary would need to be in continuous possession of it.

- Cancelling a reservation to a plot if it was found to be vacant, and transferring the reservation to another eligible applicant.

The scheme aimed at organizing further development activity on a cooperative basis. For example:

- Dues were paid and collected by the allottee on time.

- Development costs were reduced by ensuring supervision by the allottees themselves. It was also planned that all development work should be done by the allottees themselves to reduce costs, as was successfully done in the Orangi Pilot Project in Karachi in the context of providing sewerage disposal facilities. It was observed that costs were reduced by 30 percent if government agencies and contractors were not involved in development work, because corruption and profiteering were eliminated to a great extent.

- The scheme took care of the bulk sewerage disposal problem, which tends to be ignored in the informal development sphere.

- HDA's site office provided all advisory services and handled most of the paperwork (which was minimal in any case). Though model plans were provided to the allottee, the use of locally available material and self-employment in construction activity were encouraged in order to reduce costs.

- The scheme did not totally eliminate the role of the "informal" sector. Block makers/*thallawala* (those who provide advisory services as well as construction material on credit) were allowed to operate in the area. However, they were unable to play the roles of land–grabbers and developers.

Perhaps one of the most difficult problems in the execution of this Hyderabad experiment was breaking through the established tradition of government housing schemes that attract investors and speculators, rather than those genuinely in need of housing. Only through a process of trial and error did HDA, using *Khuda-ki-Basti*, find a way to exclude the former and reach the latter.

Prospects for Replicability

The scheme has all the possibilities and potential for replicability. It is entirely self–financed (there is no element of subsidy, formal or non-formal), and the entire cost of the developed plot (which is valued at Rs. 9,600) is borne by the beneficiaries in easy installments spread over a period of eight years. It is amazingly simple in approach, and all procedures

are transparent. No paperwork is involved, and no experts are needed (three or four junior officials manage the entire scheme). It is highly flexible from planning to execution; modifications and adjustments can be made while keeping local conditions in view (only the basic concept has to be adhered to).

Additionally, the provision of services has been linked with cost recovery. Therefore, there is no risk of losing money—which tends to happen in public housing schemes. Cheap technology is used for the construction of houses, keeping in view local climatic conditions and the socioeconomic status of allottees, who are encouraged to innovate and improvise. Finally, flexible planning and building control standards are used; no restrictions are imposed on one's autonomy to build. Allottees can start with a reed hut if they like.

This incremental development approach adopted in *Khuda-ki-Basti* has been replicated successfully by Saiban (a nonprofit organization chaired by the author and formed in 1991 by the same group of people that developed *Khuda-ki-Basti*) in Gharo (near the city of Thatta in Sindh) and in the Taiser Town area of Karachi in collaboration with Malir Development Authority. Near Kalu Shah Kaku in Lahore, a scheme has been launched by purchasing private land. The Sindh *Katchi Abadis* Authority has also launched four identical schemes in the interior of Sindh.

Recently, a private company has been registered in Lahore; it plans to launch its first incremental housing model on 100 acres.

Furthermore, efforts are afoot to launch a social housing program in collaboration with House Building Finance Corp. (HBFC). Initial paperwork has been completed, and it is expected that the Social Housing Company will be launched soon.

CONCLUSION

The *Khuda-ki-Basti* scheme, the incremental housing model first developed in Hyderabad, has shown that without bringing about basic changes in society's power structure, without changing unequal relationships between the government and *katchi abadi* dwellers, and even without any political program in favor of the poor, development authorities can successfully assume the role of informal subdividers and follow

their strategies at least partially. It convincingly shows that HDA's incremental housing scheme provides a viable housing alternative for the most urgent cases among renters and newcomers. This fact gains in importance when we consider the present trend toward more difficult access to owned housing in the informal market, and the resulting densification; increases in renting; and the doubling up in existing squatter settlements.

When compared with traditional projects, it appears that with *Khuda-ki-Basti* almost all of the usual problems have been overcome to an amazing extent. In contrast to a number of present trends, the case of *Khuda-ki-Basti* shows that a public agency can handle such a project efficiently; that the accusation that with this sort of scheme authorities are creating slums evidently does not hold water; and that given incentives (such as providing state land at reduced prices), the formal private sector can also be attracted to incremental housing development.

Finally, a comparison with illegal subdivisions demonstrates that HDA's scheme not only provides building sites and services more cheaply and more efficiently, but at the same time manipulation and exploitation of the poor are substantially reduced. This is because of better security of tenure, which is lacking in illegal subdivisions.

The experience of incremental development approaches shows that the poorer segments of the population can be successfully reached. In effect, the majority of Pakistan's low-income residents can benefit.

The scheme is simple enough for replication with minimum investment, because the shelter package of incremental development consists of only the basics—mainly land and water.

The scale of the scheme, however, will depend on the size of the city. For Hyderabad, a city of 1 million people in 1985, the total scale of the scheme was 100 hectares to start with. Using this as a guide, a city of 5 million could require 500 hectares, and so on.

A question can be asked here: If this scheme was feasible and could be implemented without facing any major problems, why was it not possible for development agencies or for the government to develop similar initiatives?

Several partial answers can be provided. First, bureaucrats all over the world are status-quo oriented. Their characteristics do not typically include imagination, creativity, and innovation. They go for hackneyed solutions, and are prone to follow stereotyped patterns. Most of

them are risk-averse. And they do not have the guts to face opposition from well-entrenched groups.

Second, development strategies tend to favor projects that give officials and their bosses lots of discretion and opportunities to dole out favors—and to misutilize government funds. In most developing countries, at least 30 to 40 percent of all funds are siphoned off in every development project. In Pakistan, in almost all physical infrastructure projects, at least 40 percent of the money is siphoned off to commissions and kickbacks for engineering staff. If the minister and secretary of the relevant department are also corrupt, then you can add another 10 percent. World Bank studies have shown that out of every 100 rupees, only 20 rupees' worth of benefits reach target groups. I witnessed all of this first-hand during my time as chief secretary of Sindh province and director general for the Hyderabad Development Authority.

Third, poor people have no constituency in Pakistan. Nobody listens to them. They simply do not matter. We are an elitist society and therefore all our policies have a non-egalitarian orientation.

Fourth, for schemes like incremental development, you have to work very hard. You have to have a team of very dedicated, sincere, and selfless people—which is quite difficult in these days of "functional anarchy" and "institutional exhaustion."

Fifth and finally, why would our bureaucrats go for this option when they are otherwise better off and get promotions, political protection, heaps of illegal money, and (to cap it all off) cheap publicity by adopting elitist policies?

To influence changes in development norms and procedures, however simple they may be, as is the case with incremental development, it will be necessary to have the basic concepts behind these changes accepted by both bureaucrats and politicians. Only then can wider replicability be ensured. This is an undoubtedly slow process, given that all new ideas take a lot of time to germinate.

At the same time, in the long run government will have to surrender a large measure of power. This will in turn necessitate a change in the unequal relationship between government agencies and the poor. Again the question is: Are these things really possible? And will the well-entrenched groups in politics and bureaucracy allow this to happen?

# Pakistan's Urbanization Challenges: Transport and Mobility

MURTAZA HAIDER

By 2030, Pakistan's urban population is expected to be 85 percent larger than it is today (see Figure 1). This dramatic increase would represent the addition of 60 million people to the country's urban population, bringing the total figure to 130 million people. The year 2030 will also be a major milestone in Pakistan's development as a nation. At that time, for the first time in 83 years, the urban population in Pakistan is expected to constitute 50 percent of the total population. The demographic shift to urban areas is also expected to tilt the political balance in favor of urban centers.

Pakistan's rapid urbanization is likely to pose new governance and service delivery challenges. The appalling state of most urban centers could deteriorate further if development challenges are not recognized and dealt with in a planned and systematic manner.

It is no longer possible to overlook urban decay in Pakistan. Streets are littered with waste, drains are overflowing with sewage, low-lying communities are inundated after rainfall, traffic congestion is ubiquitous, and violent crime is on the rise. The state either has divested itself from (or is no longer able to offer) reliable mass transit, good quality universal primary education, and affordable healthcare. Fortunately, even as the

Figure 1: Projected Growth of Pakistan's Urban Population
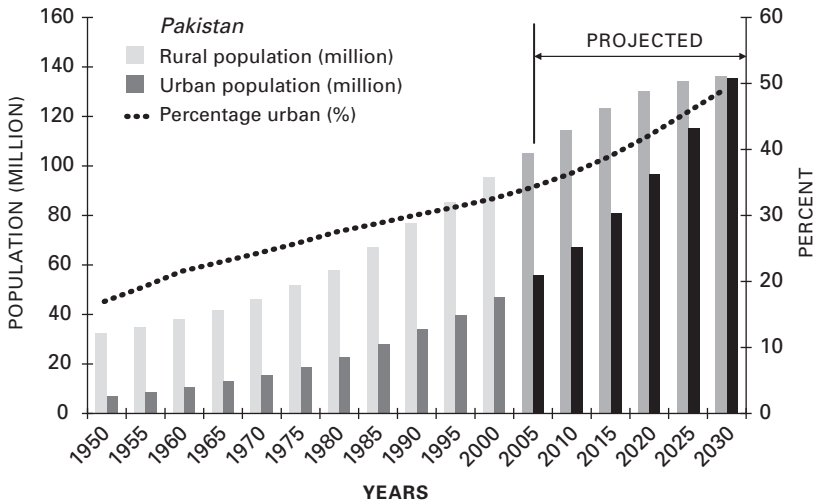
Source: Asian Development Bank 2006.
Note: Darker shades refer to projected population figures (both rural and urban)
from 2005 onward.

state has retreated from the delivery of essential municipal and other services, the private sector has stepped in to fill the gap. However, the private sector is providing essential services at the cost of social justice and equity. This is because these services are affordable only to a minority of Pakistan's urban population.

While urbanization poses new challenges, it also presents new opportunities for growth and prosperity. A natural byproduct of Pakistan's urbanization is the emergence of a middle class of over 100 million individuals. These people have the ability not only to create a domestic market for goods and services, but also to support a skilled workforce that can become an engine of growth and source of innovation.

Rapid urbanization in Pakistan poses a number of challenges. These include but are not limited to poor air quality, informal settlements, urban sprawl, and injury and death resulting from traffic accidents. This paper, however, focuses specifically on mobility and accessibility challenges. Additionally, while the author recognizes several midsized towns

in need of improved transport planning, the paper mainly emphasizes large cities that have demonstrated signs of severe mobility constraints.

URBAN TRANSPORT CHALLENGES IN PAKISTAN

This section presents a brief overview of mobility challenges in urban Pakistan. The discussion in this section is intended to provide the proper context for the policy recommendations presented later. More importantly, this section helps underline the two key messages from this study. First, urban transport challenges result from an unmet demand for mobility in urban areas. Second, differentiated travel demand in urban Pakistan is largely generated by non-automobile modes, whereas investments in transport infrastructure have largely focused on facilitating mobility for private automobiles. This disconnect has resulted in gridlock in several large cities in Pakistan.

The Imbalance Between Supply and Demand for Mobility

Mobility challenges in Pakistan are largely a result of supply side failures. At their core, these challenges result from an increase in travel demand that has exceeded the supply of transport infrastructure. Demand for urban travel via private automobile has increased tremendously, and for three reasons. First, over the past decade or so there has been a rapid increase in the incomes of urban households—meaning that more people can afford to buy cars. Second, over the same period commercial banks have entered the vehicle leasing market and injected significant capital into the auto-leasing business—thereby resulting in a significant increase in automobile sales. Third, most new urban developments for high-income households are located far from urban cores (see the next section), in areas with little or no public transit availability. Thus, the development of affluent neighborhoods in suburbs has generated additional demand for travel by private automobile, while the capacity of road infrastructure has not increased in order to accommodate the recent increase in motorization (Imran and Low 2003).

The other supply side failure pertains to public transit. Despite huge demand from riders who do not own motorized modes of transport (to

be illustrated by a mobility case study of Lahore later in this paper), public transit service has lacked in efficiency, reliability, and, in many cases, affordability. This large travel demand could have been met by efficient and reliable public transit. However, urban transit services have failed to evolve and develop in response to this transit demand.

In the past, municipal and provincial authorities operated urban transit in Pakistan. However, poor governance has led to the demise of all transit agencies. Today, the public sector no longer operates transit in large urban centers, with the exception of some transit provided in a handful of corridors. Several factors have been instrumental in the supply-side failure of urban transit in Pakistan. Public sector-run mass transit agencies failed to maintain their fleets in a state of good repair. The number of buses in operation declined, while the workforce employed with transit agencies grew. Most transit authorities ran huge and unsustainable deficits. Ultimately, provincial governments shut down public sector transit operators and liquidated their assets. A large number of smaller transit operators, who offer informal and inefficient transit service at best, have filled the void left by the transit that used to be operated by the public sector (Haider and Badami 2007).

Urbanization in Pakistan: The Accidental Cities

The story of urbanization in Pakistan is a story of accidental cities. Since 1947, most demographic growth in urban centers has been unplanned and caused by large migrations resulting from catastrophic events—such as Partition in 1947—or by natural disasters. Many blame the sorry state of Pakistan's cities on poor governance, but bad governance is only partially responsible. Such massive migratory influxes would cause chaos regardless of the governance mechanisms in place.

The story of urbanization in Pakistan started with the nation's creation in 1947, when over 6 million refugees crossed into Pakistan in a matter of several months (Hasan 2006, 5). In the 1960s, Pakistan focused on developing its agricultural sector by introducing mechanized farming—which resulted in more surplus labor migrating from rural to urban areas. At the same time, investments in public health initiatives in Pakistan lowered the incidence of malaria, cholera, and other preventable diseases, thereby contributing to an increase in the natural growth rate of urban populations.

Starting in the mid–1980s, Pakistan experienced its second major influx of refugees. This time, almost 3.7 million Afghan refugees escaping war in Afghanistan ended up in western Pakistan, changing the complexion of cities such as Peshawar and Quetta (Hasan 2006, 9). Then, in 2007–08, unrest in the Pashtun-dominated parts of Pakistan (specifically Khyber Pakhtunkhwa province and the tribal areas) internally displaced hundreds of thousands who eventually resettled in urban centers. Lastly, natural disasters such as the 2005 earthquake that killed at least 70,000 people and the floods of 2010 that inundated large parts of Pakistan forced millions to seek refuge in large urban centers.

The Refugee Cities

Pakistan's 1951 census recorded rapid urbanization resulting from refugees arriving from India. In 1947 alone, 4.7 million Hindus and Sikhs left Pakistan for India, while 6.5 million Muslims migrated from India to Pakistan. This post-independence migration caused a net increase of 1.8 million people (6.4 percent of the total population) in Pakistan (Hasan 2006, 5). Since most refugees from India settled in Pakistani urban centers, Partition resulted in a tremendous increase in urban populations—which in turn stretched the physical and social infrastructure of urban centers in the newly established state of Pakistan.

A rather astonishing picture emerges of urban Pakistan after Partition. The census in 1951 revealed that almost half of Pakistan's urban population was comprised of migrants from India who had arrived in the previous four years (Hasan 2006, 5). This caused a massive change in the socio-economic fabric of cities, which created frictions among ethnic groups that have continued to the present day. The demographic makeup of some large cites changed completely. Consider Karachi and Hyderabad in Sindh province. Here, refugees caused urban populations to increase by 150 percent between 1941 and 1951. Several urban centers in Punjab province experienced population growth of between 90 and 150 percent post-Partition (Hasan 2006).

Pakistan's cities before Partition were well-planned and clean. The massive influx of refugees in 1947, however, generated demand for urban services and infrastructure beyond the capacity and means of local governments. The overall lack of infrastructure development and investment in public service delivery in post-independence Pakistan

compounded urban problems, all of which contributed to the urban rot that characterizes Pakistani cities today.

The Afghan war in the 1980s forced several million Afghans to seek refuge in the western parts of Pakistan. Initially they were confined to refugee camps located on the periphery of large cities. However, refugee movement was not restricted to the camps, and many moved out and settled in urban neighborhoods. The rate of population growth in Peshawar, Pakistan's largest city near the Afghan border, increased from an annual rate of 1.9 percent in the 1960s to 9.2 percent in the 1970s—suggesting that the population of Peshawar more than doubled as a result of refugees arriving in the 1970s (Hasan 2006, 9). Similarly, the population growth rate in the southwestern city of Quetta increased from 3.4 percent annually in the 1960s to 7.2 percent in the 1970s (Hasan 2006, 9).

The influx of Afghan refugees into these two cities created a huge demand for public infrastructure and municipal services. However, similar to the situation in 1947, the increase in population was not met with an increase in municipal investment, which resulted in a decline of municipal services. Municipal and local governments lacked buoyant sources of own-source tax revenues, and relied instead on transfers from federal and provincial governments. Spending on defense and debt servicing consumed the lion's share of Pakistan's federal budgets, which left little to be spent on health, education, and public service delivery. Poor sanitation, inadequate water supply, and the absence of formal public transit services and solid waste management accelerated the decay of historic cities such as Peshawar and Quetta.

Urban Development Patterns

Pakistani cities are largely segregated along socioeconomic lines. Low- to mid-income households live in neighborhoods in the urban core (often the formerly walled part of the city). These neighborhoods are socioeconomically homogenous, yet they demonstrate marked diversity in land uses (whether commercial, retail, or residential). High-income households reside in low-density neighborhoods on urban fringes in order to escape crowded urban cores. Very low-income households live in informal settlements known as *katchi abadis*.

Another key concern for urban development is that urban growth is semi-regulated in Pakistan. Municipal authorities entrusted with a mandate to develop and enforce plans often do not have the capacity to do either. In fact, most midsized cities lack master plans altogether. In Punjab, even large cities (with the exception of Lahore) do not presently have master plans. And even in Lahore, those responsible for monitoring zoning violations are neither sufficient in number nor equipped with the resources to enforce zoning regulations.

The past two decades have seen a rapid increase in gated communities comprised exclusively of low-density, single-family dwellings. Three-to-five-story apartment buildings in such communities are rare. And where they are present, such mid-rise buildings are mainly provided for affordability concerns, rather than to improve density. Yet an even bigger concern is the complete lack of public transit. Transit stops and routes do not exist because these communities are planned for high-income households that seldom use public transit.

While affluent households rely on private automobiles and thus contribute to excessive traffic, these communities have failed to address the mobility needs of low-income workers employed as domestic help (most of whom live in urban areas far from these gated communities). Para-transit services (examples include rickshaws and pickup trucks), which transport domestic workers to and from such communities every day, are a common site.

Differentiated Travel Demand

The demand for mobility in Pakistan is differentiated by income level. Because the very poor cannot afford to pay for market-driven public transit fares, they prefer to walk or bike to meet their mobility needs. And because the very poor also cannot afford proper shelter, they construct temporary and informal settlements near their places of work. This eliminates the need for longer trips that may require motorized travel. Public transit can play an important role in improving accessibility for the very poor to jobs located at distances that cannot be traversed by walking or biking. Such public transit services, however, would need to be subsidized for the very poor.

Urban transit in Pakistan also suffers from an affordability gap. A large share of the urban population that would like to use public transit

is not able to pay transit fares at market prices. This affordability gap poses additional challenges for regulators who wish to determine how to channel subsidies in a way that benefits those who truly require them in order to access schools or jobs (Haider and Badami 2007).

On the other end of the spectrum are the very rich, who are unlikely to travel by public transit. Affluent households live in secluded and gated communities, and own several cars to facilitate mobility. Given cultural nuances in Pakistan—where public transit use is viewed by many in pejorative terms and is considered symbolic of one's limited means—it is unlikely that the very rich would be enticed to use any public transit service, regardless of quality and efficiency.

The real demand for public transit-based mobility originates in the middle classes of Pakistan. And even there, demand is vastly differentiated. Upper middle class households own private automobiles. However, given large household sizes, motorized transport cannot meet the mobility needs of all members of the household. Thus, the upper middle class in urban Pakistan generates demand for high-quality public transit. Given that there is a willingness and capacity to pay market fares for comfortable, efficient, and reliable public transit, the demand for such services differs from the demand generated by the lower middle class. The upper middle class expects the same quality of public transit services available in developed countries.

It is safe to assume that most demand for public transit in urban Pakistan is generated by the lower middle class, given its large size. This demographic demands affordable and reliable public transit without frills in order to keep costs at a minimum. These commuters prefer punctual and frequent service that may not have air-conditioning or other provisions for comfort, and that may suffer from overcrowding during peak periods.

Past public transit policies for urban Pakistan have failed to respond to the differentiated demand for mobility. More often than not, undifferentiated transit service is operated on the same routes. Consequently, upper middle class commuters find the transit fleet to be overcrowded and overheated, while lower middle class commuters find it unaffordable. For successful public transit operations in urban Pakistan, a differentiated mix of transit services needs to be supplied to meet the differentiated demand.

Governance and Other Structural Challenges

This section briefly outlines governance and other structural challenges that have contributed to the less-than-desirable transport and mobility outcomes in urban Pakistan. Given the limited published literature on these challenges, it is worth highlighting them here.

Mixed Modal Traffic

In low-income countries such as Pakistan, traffic flow is characterized by both diversity in modes of travel and a lack of separation between motorized and non-motorized modes. When non-motorized modes, such as animal-driven carts and bicycles, operate on the same roads as motorized modes of travel, flow capacity and operating speeds are reduced. The mix of motorized and non-motorized modes not only increases travel times, but also results in higher incidences of fatal accidents for those commuting by non-motorized modes.

Enforcement Challenges

Enforcing traffic and parking regulations is a formidable challenge in Pakistan. Drivers, pedestrians, and riders routinely fail to follow traffic regulations. Running traffic lights, weaving across lanes, jaywalking, stopping at undesignated stops, overloading freight vehicles, and parking illegally are some of the challenges that contribute to congestion and less-than-optimal traffic operation. Given Pakistan's culture of entitlement and influence-peddling, police are often prevented from apprehending violators. In some instances, violators are able to bribe the police to have the charges against them disappear.

Even Pakistan's overseas diplomats embody this culture of entitlement, and often demonstrate a lack of respect for traffic rules and regulations. A study of parking violations committed by diplomats posted at the United Nations in New York revealed that Pakistan was one of the top 10 most culpable countries (Fisman and Miguel 2007).

Unregulated Transit

Public transit operations in most urban corridors are unregulated or semi-regulated at best. Transit routes are devised by non-technical staff working in ill-equipped transport departments. The operation of public transit

vehicles is monitored only for violation of traffic rules, such as speeding and running red lights. Transit operators are not subject to performance evaluations that address operating a well-maintained fleet, courteous and efficient service, and adherence to published schedules. As a result, the transit fleet in most cities of Pakistan is a mix of standard (such as buses) and nonstandard (such as para-transit) vehicles that functions only when convenient for the operators. Vehicles customized to meet the mobility needs of the urban poor are both inadequate and unsafe.

Ill-fated Innovations

In the recent past, several innovations have been attempted to improve public transit delivery. For instance, in the late 1990s, a route franchising scheme was introduced to improve public transit services in Punjab. Under this scheme, transit operators were invited to operate new fleets on high-demand routes in large urban centers. Various provincial governments subsidized franchise transit operators by offering them concessions to import or purchase transit fleets. Provincial governments also permitted new franchise operators to use real estate and other assets of defunct publicly operated transit authorities. Furthermore, franchise operators enjoyed exclusive rights to operate vehicles on selected routes.

The bus franchising scheme ran into several problems. First, the government came up with a flawed formula to determine the fleet size required for high-demand transit routes. Under the formula, franchise operators were asked to provide one standard bus to replace six para-transit vehicles operating on the route. This formula, however, ignored the fact that for every para-transit vehicle operating with a route permit, several others operated on the same route without one. This resulted in a chronic undersupply of franchised buses. Drivers of para-transit vehicles protested for not being able to operate, while commuters on the same routes were equally unhappy because of the sparse transit service that replaced para-transit. At the same time, franchised bus service, though offering more high quality service, was much more expensive than para-transit. Thus, low-income households were further disadvantaged because they could not afford the service that replaced the previously affordable one.

Eventually, the dispute between operators of para-transit and the government ended up in the Supreme Court. Para-transit operators

pleaded that denying them the right to operate transit was tantamount to a violation of their constitutionally guaranteed right to earn a living. The Supreme Court eventually ruled in favor of the para-transit operators, and declared franchise law unconstitutional.

Skills Gap in Transport Planning

With the exception of the Urban Unit (a branch of the Punjab provincial government) and its recently established sister organizations across Punjab, Pakistan does not have the institutional frameworks and human capital required for transport planning. Only recently, and in Punjab alone, can one see formal transport studies being conducted. Lahore, the largest urban center in Punjab, is developing a new urban master plan. Urban master plans have been developed for large cities in Pakistan in the past. However, these earlier plans failed to improve urban environments. This is because the semiprofessional bodies that produced the master plans had either limited or nonexistent competency to do so. Additionally, little if any attempt was made to implement and enforce them. For instance, new urban developments have sprung up in complete violation of master plans. This in turn has encouraged further violations.

Transport professionals in Pakistan face a dearth of training opportunities in disciplines related to transport economics, travel demand forecasting, and transit planning. While Pakistan produces several dozen graduates in traffic and highway engineering every year, hardly any students undertake research on transport economics or demand forecasting.

TRAVEL BEHAVIOR IN LAHORE

This study makes two key assertions. First, transport infrastructure investments in Pakistan have traditionally focused on facilitating mobility for the minority of urbanites who commute by car. Second, demand for urban transit is differentiated based on income levels and the willingness or ability to pay transit fares. The following case study of travel behavior in Lahore reinforces both points.

Historically speaking, urban transport policies in Pakistan have largely been devised without considering travel demand surveys. Data

or evidence-based urban planning has not been the norm. Informal estimates—and in several cases sheer guesswork—have been used instead of scientific estimates. Fortunately, this unproductive approach to planning is fast changing in Pakistan. Recent developments reveal that formal traffic and travel demand studies are being conducted as part of feasibility analyses for major infrastructure investments in the transport sector.

In 2010, the planning and development department of the Punjab provincial government commissioned a comprehensive study of travel demand in the greater Lahore area. A survey of 18,000 households was conducted to develop a better understanding of travel demand in the region. I present a summary of key socioeconomic indicators from that survey to illustrate that urban transport planning, especially infrastructure investment, has mainly been for the benefit of just a few privileged households. The mobility needs of the vast majority have largely remained unmet.

The survey covered all neighborhoods of Lahore and its surrounding municipalities. In 2010, the greater Lahore area, including the neighboring towns of Sheikhupura and Kasur, covered approximately 3,000 square kilometers (sq km) with a total estimated population of 9.9 million. Lahore District, or Lahore proper, was spread over 1,792 sq km with a population of 8.7 million.

The Lahore Urban Transport Master Plan Study (LUTMPS) (Government of Punjab 2010) revealed that on any given day, almost 9.6 million trips were made in the region (Table 1). Walking accounted for almost 40 percent of the trips, proving to be the most dominant mode of travel. Bicycling, the other non-motorized mode, was reported to make up 5 percent of all trips. Commuting by motorized two-wheelers (M2Ws) was the second most frequently used mode, accounting for more than one in five trips. Public transit accounted for 12 percent of all trips. Another 4 percent of trips were made by chartered bus services for school and work. Trips by private automobile, which has attracted the most investment in transport infrastructure, accounted for only 8 percent of all trips.

Women in Lahore are more likely to walk than are men; 54 percent of all trips made by women are undertaken by walking. Unlike men, women do not drive M2Ws due to cultural taboos. Instead, women benefit from M2Ws as passengers. Women (9.5 percent) travel less by public transit than do men (14 percent). Similarly, women increasingly rely on taxis.

Table 1: Transport Mode Split in the Greater Lahore Area

Mode	No. of Trips	Percent
Walking	3,839,000	40
Motorized two-wheelers	2,160,000	22
Public transit	1,202,000	12
Private automobile	802,000	8
Para-transit/taxi	741,000	8
Bicycle	491,000	5
Bus (chartered)	343,000	4
Others	54,000	1
Total	9,632,000	100

Source: Government of Punjab 2010.

Table 2: Income Distribution in Lahore

Income categories (Pakistani Rupees)	No. of Households	Percent	Cumulative %
Less than 6,001	601	3.8	3.8
6,001–10,000	2,455	15.51	19.31
10,001–15,000	2,999	18.95	38.26
15,001–20,000	2,495	15.77	54.03
20,001–30,000	3,301	20.86	74.88
30,001–50,000	2,408	15.22	90.1
Greater than 50,000	1,567	9.9	100
Total	15,826	100	

Source: Government of Punjab 2010.
Note: In March 2010, 85.13 Pakistani rupees equaled 1 U.S. dollar.

Table 3: Ownership Levels of Various Household Items in Lahore (Number of household items)

Income category (Pakistani rupees)	Bicycle	M2Ws	Cars	TVs	Mobile phones
Less than 6,001	0.28	0.14	0.00	0.62	0.73
6,001–10,000	0.33	0.27	0.01	0.77	0.99
10,001–15,000	0.34	0.46	0.02	0.88	1.34
15,001–20,000	0.32	0.66	0.06	0.94	1.71
20,001–30,000	0.30	0.90	0.16	1.05	2.29
30,001–50,000	0.28	1.10	0.43	1.23	2.92
Greater than 50,000	0.23	1.00	1.12	1.69	3.52

Source: Government of Punjab 2010.

Travel behavior in Lahore is a function of the socioeconomic char-acteristics of households. Given that automobiles are expensive and most households fall in the low- to mid–income household category, only a small fraction of households in Pakistan can afford cars. Note that in 2010, according to the survey (see Table 2), 54 percent of households earned 20,000 Pakistani rupees (Rs). per month or less (equivalent to $233 per month). With only 10 percent of households earning over Rs. 50,000 per month in Lahore ($585 per month), and given that the price of new cars is high due to high sales taxes, rates of automobile ownership are low in Lahore (as they are in other Pakistani cities).

Table 3 illustrates the low automobile ownership levels in Lahore. For 75 percent of the households in Lahore, which earn Rs. 30,000 or less, the average automobile ownership rate was 0.16 per household or 1.6 cars for every 10 households. Only in the highest income category, for households earning Rs. 50,000 or more—an income level attained by only 10 percent of the population—the average automobile owner-ship rate was 1.1 cars per household. Table 3 also illustrates the high use of mobile phones. Even the low-income strata show at least one mobile phone per household.

Ownership levels for M2Ws are high because they are less expensive to purchase and operate. While more than 40 percent of households did not own a M2W, more than 40 percent owned at least one M2W. In Lahore District proper, approximately 11 percent of households owned more than one M2W.

The numbers presented above for automobile and M2W ownership correspond well with the mode split data presented in Table 1. The fact that most households in Lahore do not own any motorized transport matches well with the fact that the most common mode of transportation in Lahore is walking. Similarly, the most commonly owned motorized transport is the M2W, which corresponds to being the second most frequent mode of travel.

Table 3 also illustrates the low rate of bicycle ownership in Lahore. Almost 70 percent of households in Lahore do not own a bicycle. This finding is unexpected for several reasons. Given that bicycles are an inexpensive mode of travel, one would expect a higher percentage of low-income commuters, who make up at least 50 percent of the population of Lahore, to adopt them for their daily mobility needs. The use of bicycles is even more feasible because average trip lengths in Lahore are short and because the weather is suitable for biking for at least six months of the year. However, dedicated bicycle lanes separate from main traffic lanes are extremely rare in Pakistan. In the absence of safe commuting environments, bicycling on roads poses a great hazard for bicyclists. Therefore only in the lowest income strata are bicycles the dominant mode of transportation.

In spite of the fact that most households in Lahore belong to the low-income category, 85 percent of the surveyed households reported living in owned homes, while only 15 percent reported living in rental properties. This suggests that housing ownership is a much greater priority for households than are private automobiles. (It should be noted that in Pakistan, there is often a stigma attached to living in rented units, and tenant–landlord relationships tend to be acrimonious. People simply prefer to own than rent. As a result, many rental properties sit unoccupied.) It bears mentioning here that despite high ownership rates, 63 percent of housing units were constructed on relatively small lot sizes of 1,361 square feet or less.

The affordability question remains paramount for low-income households in Lahore and other parts of urban Pakistan. Table 4 reveals

Table 4: Monthly Household Expenditure on Utilities and Transportation (Pakistani Rupees)

Income category (Pakistani rupees)	Electricity	Gas	Telephone	Water	Transportation	Household Income Spent on Transport
Less than 6,001	1462	212	246	109	1057	18%
6,001–10,000	1788	300	376	172	1371	17%
10,001–15,000	2019	354	592	212	1811	14%
15,001–20,000	2348	450	825	253	2209	13%
20,001–30,000	2688	544	1181	296	2817	11%
30,001–50,000	3617	773	1758	364	3976	10%
Greater than 50,000	6832	987	3174	495	7471	10%

Source: Government of Punjab 2010.

that 18 percent of the household income of those earning less than Rs. 6,001 is spent on transportation. The proportion of income spent on transportation remains high for other low-income strata as well. For public transit to be feasible, it has to be affordable. Even with relatively inexpensive para-transit service, households are spending high proportions of their incomes on transit. Improved public transit is expected to cost more (if not subsidized), and hence is likely to worsen affordability for low-income households.

POLICY IMPERATIVES FOR TRANSPORT PLANNING IN PAKISTAN

I have outlined several urban transport policy imperatives for Pakistan in a previous policy brief (Haider 2014). That product focused on the following key interventions needed to improve mobility in urban Pakistan:

1. Since travel demand in urban Pakistan is not necessarily automobile-driven, there is a need to provide infrastructure that serves the mobility requirements of those who do not rely on motorized modes of travel. At the same time, a large number of trips are made by public transit, and thus there is a need to improve public transit services. On a related note, the current practice of allocating disproportionate levels of spending on infrastructure to facilitate mobility via private automobile does not address the mobility needs of the majority of urban dwellers who do not own a car. A shift in funding priorities is needed to address the mobility needs of middle- to low-income households that depend on other modes of transport.

2. Efficient and reliable public transit is likely to be expensive and unaffordable for the urban poor. There is a need for targeted subsidies to facilitate the urban poor's mobility via public transit.

3. Demand for public transit is differentiated by income within the middle classes. Those at the top of the middle-income strata require efficient, reliable, and comfortable public transit and are willing to pay for it. Those at the bottom of the middle-income strata face an affordability gap and prefer no-frills transit at affordable prices.

4. Urban transport planning requires trained professionals. University curricula should address planning needs and should offer training in transport economics and travel demand forecasting. At the same time, working professionals should be offered training within or outside of Pakistan to further develop their professional skills.

These imperatives are discussed in detail below.

Transport Planning for All

The aforementioned Lahore Master Plan Study of 2010 revealed that only 16 percent of households in the Lahore region owned a private automobile. At the same time, some 40 percent of households in Lahore did not even own an M2W. And yet infrastructure investments in transportation have largely focused on facilitating mobility by motorized

modes. In this regard, spending has focused on building more roads, broadening roads, building flyovers and underpasses, and constructing interchanges. With the exception of a bus rapid transit pilot project in Lahore, which has proven successful beyond expectations, spending has largely eluded public transit and non-motorized modes. The success of Lahore's bus rapid transport is largely due to political will. The chief minister of Punjab committed state resources to complete the project in record time, and he used the successful completion of the project to bolster his re-election campaign.

Studies have shown that infrastructure spending is largely influenced by macroeconomic conditions, rates of urban population growth, the quality of urban governance, and the financial capacity for governance (Arimah 2005). In Pakistan, the focus should be on improving mobility for all (Bose and Nesamani 2001). It is therefore imperative that transport infrastructure spending reflect actual travel demand (which is highly differentiated) and cater especially to the mobility needs of the urban poor and other disenfranchised segments of Pakistan's population.

While improving mobility by public transit should be a priority, outright ignoring the mobility needs for motorized modes—especially in terms of freight and logistics—is not a prudent approach. A key policy intervention needed in Pakistan is the introduction of access-controlled expressways to provide uninterrupted and high-speed mobility for longer trips as an alternative to congested arterials. Such facilities would meet the mobility needs of passengers and commercial vehicles alike. This would remove some traffic from existing arterials, and provide the opportunity to operate more efficient public transit on them.

Equitable Urban Land Development

Travel demand is influenced by land use patterns. Therefore, it is important to reduce demand for travel by improving transport-land use linkages (Bose and Nesamani 2001). Current trends in urban development reveal rapidly suburbanizing cities. At one extreme, there are new, low-density, gated communities being developed for affluent households on urban fringes. On the other extreme, slums are being developed by the urban poor in peri-urban parts of cities.

Pakistan needs to build inclusive cities to ensure that the housing needs of low-income households and the urban poor are met by the

market, which at the present time primarily takes care of the shelter needs of affluent households. In both instances there is a need for effective planning to ensure that new developments—whether catering to those earning low or high incomes—are of relatively high density and are serviced by public transit.

There is an estimated backlog of 4 million housing units in Pakistan (Subhan and Ahmad 2012). Inadequate housing and overcrowding have contributed to the increase in average household size over the years. A lack of affordable land and ad hoc treatment of informal settlements within urban areas are some of the challenges facing land development in Pakistan. Urban development authorities have systematically shifted public land to a privileged few by sanctioning it for land development schemes initiated by the military and other privileged groups. Land has thus become the primary instrument of wealth creation in Pakistan. This process has created severe inequalities in urban centers. Low-income communities have been shunned and relegated to largely undesirable and peripheral parts of cities.

The forced suburbanization of low-income households to remote parts of the city contributes to excessive travel demand, most of which is met by inadequate public transit services.

A new housing and land development policy is needed for urban centers in Pakistan. The primary goal for such a policy should be to address the systematic bias against low-income households that have suffered at the hands of urban development schemes. This new housing and land policy should recognize the right to shelter for all, and not just for a privileged few. A housing policy that gives equal treatment to housing development plans put forth by community-based organizations could help meet the housing needs of poor and low-income households.

The Pakistani state should help low-income communities form cooperatives to pool their resources, and later to submit land development schemes to urban development authorities. The state should also provide technical assistance to the cooperatives so that they can develop initial development plans. These cooperatives, on behalf of the communities, could then seek financing from commercial banks by putting down the communities' collective worth as collateral. The state could offer guarantees to banks against the land pledged for development schemes. At the same time, the government could help design these communities so that

they are well serviced by public transit. This would help reduce the need for mobility by private automobile or other motorized modes.

Fare Regulation and Better Transit Subsidy Structure

Devising transit subsidies has proven to be a formidable challenge for planners in developing countries. Subsidy regimes often fail to target those who need concessions the most. Supply-side efforts that target transit operators subsidize those who deserve them as well as those who do not. Such inefficient subsidies do not improve operating efficiencies, and they contribute to greater reliance on public resources (Estupinan et al. 2007). Similarly, the over-promising of benefits by certain stakeholders, such as politicians, often impedes public transit services from becoming successful. This is because such promises raise expectations for service and affordability. The choice between affordability and accessibility of public transport is critical to many developing countries (Finn and Walters 2010).

Some developing countries have adopted a formula-based approach for transport fare subsidies. For instance, school-going children are subsidized as a matter of public policy. On the other hand, the elderly are subsidized only if they demonstrate financial need (Osula 2005).

The experience in Pakistan has not been any different. In the past, private operators have been subsidized directly by governments who pass the subsidies to all riders and not necessarily to those who need them the most (Haider and Badami 2007). Tied to the issue of subsidies is that of fare regulation. In Pakistan, this has largely been a concern of public servants, who decide on fare changes in collaboration with transit operators. This process does not involve representatives from riders, transit experts, and other stakeholders. Since most buses and other public transit fleets operate on diesel or gasoline—for which prices experience significant volatility—transit fares are therefore also changing continuously. Because there is no formal process to establish equitable transit fee regimes, low-income commuters and students often retaliate when there are increases in public transit fares. Such confrontations are often violent, resulting in the loss of public property and even of human life.

It is critical for successful public transit operations in urban Pakistan that a systematic and inclusive system to determine transit fares is established. Such an open and transparent system would help ease public

concerns and would likely lead to more informed decision making that involves all stakeholders, including commuters and transit operators.

Public Transit Planning for Differentiated Demand

Improving mobility for urban populations via public transit should be a priority for policymaking (Bose and Nesamani 2001). However, as outlined earlier, demand for public transit in urban Pakistan is differentiated, and this requires differentiated public transit solutions. It is quite common for various stakeholders to favor completely different public transit and mobility solutions. Politicians often favor expensive rail-based or bus rapid transit solutions. These new services often replace informal transit services, whose operators subsequently mount opposition in public and legal domains. Given that the demand for public transit services is differentiated in countries like Pakistan, there is a need to supply differentiated public transit services that meet the needs of a community with diverse levels of income.

There is a critical need to design competitive markets for public transit while recognizing the difference between competition "in the market" and "for the market" (Gwilliam 2008). In the past, public transit was largely operated by the public sector. However, deregulation of public transit began outside of London, England, in the mid-1980s. It was followed by similar attempts in New Zealand in the early 1990s. Whereas London offered individual routes to private operators, in the Netherlands the entire transit network was made available to private operators (van de Velde and Wallis 2013). The deregulation of public transit was an attempt to attract private capital and to introduce competition in transit service delivery.

The bus franchising scheme in Pakistan, which was designed to bring private capital to public transit operations, collapsed partially because the government failed to maintain competitive markets for operators. By denying para-transit operators the right to operate public transit on franchise routes, provincial governments in Pakistan attracted opposition to the franchise transit schemes. As noted earlier, informal transit operators challenged the franchise law in the courts and secured a verdict against it. One should therefore be mindful of transit planning initiatives that may run afoul of legal frameworks.

Lessons from Other Developing Countries

A review of public transit planning experiences in other developing countries could help devise transit policy in Pakistan.

First, examples from Kampala, Uganda suggest that para-transit or informal transit services—such as bicycles and motorcycle taxis (boda-boda)—will continue to operate and compete with regular transit so long as low-income households and the urban poor are willing to use these services (Kisaalita and Sentongo-Kibalama 2007).

Additionally, similarities in mobility challenges between South African and Pakistani cities suggest that lessons learned in South Africa could inform policymaking in Pakistan (Walters 2013). The South African experience in transit franchising, and the consequent resistance by informal transit operators, have striking similarities with the franchising experience in Pakistan. Walters (2013) highlights the mobility challenges faced by cities in South Africa in the recent past and the strategies adopted by the government to address them.

Consider the way in which policymakers in Johannesburg have introduced a bus rapid transit system. Instead of alienating private taxi operators in a country with a pervasive informal transport sector, policymakers integrated them into the new transit scheme. In effect, South African officials helped informal transit operators overcome "the binding constraint of informality" (Venter 2013).

Ferro, Behrens, and Wilkinson (2013) also offer best practices from South African cities. They argue that completely replacing para-transit operations with formal transit services (such as bus rapid transit) is simply not feasible. From the start, South African urban planners have operated on the assumption that a complete substitution cannot take place. This has allowed them to design schemes and incentives with the expectation that informal transit will continue to operate complementary service. Indeed, Ferro and his colleagues conclude that a hybrid transport system, combining both informal and formal transit, works well in South Africa.

The transit planning experience in Bogotá, Colombia offers some guidance for ensuring competition in transit markets in Pakistan (Echeverry et al. 2005). Planners permitted formal and informal public transit, with improved transit operating in bus rapid transit corridors and traditional (informal) transit operators relocated to other corridors. This approach allowed commuters a choice between improved and regular

(traditional/informal) service, and at the same time permitted informal transit operators the option to earn a living. This hybrid system also ensures that very poor commuters—who may not be able to pay even subsidized fares and prefer to rely on (often cheaper) informal transit—have access to public transit. Maintaining mobility choices for the urban poor allows them to access jobs that are unreachable when they are forced to commute by expensive transit systems or to use non-motorized modes.

Another key lesson learned from the Bogotá experience is that neither fully state-operated public transit systems nor completely market-driven solutions can improve urban transit service. The private sector should take the lead in investing in infrastructure development and in operating public transit services. The public sector, however, should continue to play its role in network planning, subsidy distribution determinations, service quality monitoring, operator competition regulation, and fare regulation.

However, not all transport experts are convinced of the government's role in regulating public transit. Boyer (1995) argues that "the history of transportation regulation contains so many lurid stories and distortions, inefficiencies, and blatant accommodation of undeserving economic interests, that it is easy to be distrustful of any government involvement in the sector."

One review of private operations of transit services, based on a study of public-private partnerships in Bogota, Santiago, Sao Paulo, Seoul, and several cities in India, has revealed that transit operations improved overall (Willoughby 2013). These public-private partnerships improved processes for the following: civic consultation, land use-transportation planning, monitoring and evaluation, economic regulation, and general institutional frameworks for monitoring and regulation. As a result, capacity-building improved in both the public and private sectors. However, in some instances, accessibility to work and services for the urban poor deteriorated, and in other cases, air quality and accident rates worsened.

A critical input into successful public transit planning and delivery is buy-in from political stakeholders (Attard 2012). The Lahore bus rapid transit scheme is proof of what can be achieved with political will. With the backing of Punjab's chief minister, transit planners were able to build the 27-kilometer system in a record time of 11 months (it was

inaugurated in Lahore in 2013). Similarly, in Malta, where poor transit services resulted in increased motorization, a motivated transport minister, elected in 2008, showed the political resolve to solve transportation problems. The minister introduced reforms that eliminated monopolies and introduced new public transit networks (Attard 2012).

Capacity-Building in Transport Planning

There is a dire need for capacity-building for local governments in Pakistan. Municipal governments lack technical expertise. Adequate numbers of trained engineers and planners are absent in the municipal workforce. Without technical expertise, local governments will continue to struggle in delivering on their mandates, which include regulating public transit.

Capacity-building for land use and transport regulation is a critical need. Institutional capacity-building at the municipal government level is required for these agencies to act as effective regulators to plan and manage large public and privately operated transit systems. The lack of regulatory control over land use results in unplanned and haphazard land development. Regulatory frameworks could also be improved by empowering local governments to deal with violators more effectively.

Governance Framework

Better governance is another key imperative. Indeed, urban transport planning requires sound institutional frameworks for responsive, responsible, and accountable governance in developing countries. Given that governance frameworks in developing countries tend to be top-heavy (because federal or central governments deeply influence local-level decision making), a governance framework with shared responsibilities is needed to achieve success. To that end, the respective roles and opportunities for the three tiers of government in Pakistan are presented below.

Federal Government
While urban transport planning is essentially a local matter, the federal government has an important role to play in setting national standards and devising policies for multi-jurisdictional challenges. Given that

municipalities do not have buoyant sources of revenue, they lack the capacity to invest in capital projects such as new transit systems. Historically, federal and provincial governments have funded such projects.

Recommended federal policy interventions are as follows:

- First and foremost, devise a national charter of mobility rights to set standards for accessibility and mobility for marginalized groups. The national charter should be binding on all subnational governments to ensure that mobility services are tailored to the needs of the urban poor, the disabled, and women.

- Create an urban transport infrastructure fund to support investments in mobility and accessibility in urban centers. This fund should provide seed funding for capital projects. It could be built using public–private partnerships to inject risk capital and management expertise into transit projects.

- In partnership with provincial governments, continue to underwrite loans for large transport infrastructure projects.

- Set emissions and other performance standards for public transit fleets. These standards should include provisions meant to meet the needs of disabled commuters.

- Enhance the capacity of transportation research centers such as the nearly defunct National Transportation Research Center (NTRC) in Islamabad. NTRC and other similar centers, staffed by competent professionals, are needed to advise government in formulating transport policies and in negotiating with lenders for transport-related projects.

Provincial Government
Since municipalities are creatures of provincial governments, provincial planning agencies have a greater and more involved role in regulating transport and land use policies. Provincial planning departments can involve dedicated urban secretariats, such as the Urban Unit in Punjab, which has the mandate to provide planning guidance and support for urban centers. The Urban Unit serves as a best practice for a province-wide resource for planning and governance.

Recommended provincial policy interventions are as follows:

- Provide support and expertise in urban transport, land use, and economic planning. Urban planning secretariats should have the human capital necessary to devise provincial policies and to assist local governments in adopting those policies to local needs.

- Continue to underwrite loans needed for capital infrastructure projects.

- Act in lieu of regional governments (which do not exist in Pakistan) when inter-jurisdictional matters require mediation and collaboration.

- Set guidelines for public transit operations and vehicle specifications.

- Continue to provide licensing services for drivers and registration services for vehicles.

- Set standards for urban land use while leaving local-level interventions to municipal governments.

Local/Municipal Government

The ultimate responsibility for transport and transit planning rests with local governments. In this regard, they should have the human capital needed to deliver on their mandates as regulators.

Local governments should be responsible for the following:

- Develop master plans for urban planning and transport planning for cities and regions.

- Monitor traffic and travel behavior throughout the city.

- Conduct transportation studies to determine effective interventions to improve mobility.

- Enforce transport and land use policies as outlined in master plans.

- Enforce traffic and parking regulations to ensure road capacity is used effectively.

- Regulate public transit operators and maintain a healthy competitive market for transit service delivery.

CONCLUSION

Urban transportation challenges in Pakistan are caused by rapid urbanization. These have been further exacerbated by recent increases in motorization and low-density suburban development. Transport planning in particular, and urban planning in general, have largely been ineffective in addressing mobility changes, and at times have even produced policies that contribute to the very problems they are meant to solve.

Previous investments in urban transport infrastructure have ignored the travel demand needs of the majority of urban dwellers—those who either commute by walking, using motorized two-wheelers, or taking public transit. This essay emphasizes that transport infrastructure investments in the future will have to focus more on public transit and non-motorized modes.

Cities in Pakistan have failed to integrate land use and transport. New low-density residential developments in suburban neighborhoods fuel auto-based mobility. An integrated land use-transport framework is needed to guide future urban land development, with the goal of having mobility needs better met by efficient and reliable public transit. Cities in Pakistan also need to enforce their development plans and need the legal means to prosecute violators.

The provision of diverse transit services to meet the needs of a diverse population is critical for successful transit operations. A hybrid approach for transit service is recommended that involves formal (and expensive) transit operating alongside informal (and inexpensive) transit—thus meeting the needs of both upper and lower middle class commuters. A transit subsidy regime, which targets only those who truly need subsidies, should be implemented. An open, inclusive, and transparent fare structuring mechanism should be implemented to ensure the participation of all stakeholders—including transit operators and commuters. And where possible, high-capacity bus rapid transit should be emphasized in corridors where demand for public transit is high.

Additionally, institutional frameworks and governance structures need strengthening. Furthermore, transport planning departments should be staffed by skilled professional planners so that agencies can better deliver on their mandates.

Improving mobility in general, and accessibility for low-income commuters in particular, is critical to ensure that Pakistan's cities are

healthy and prosperous. This study has outlined in detail the planning and policy imperatives needed for Pakistani cities to improve accessibility, flows, and mobility—a prerequisite for any city that aspires to become an engine of economic growth.

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Pakistan's Urbanization Challenges: Health

SANIA NISHTAR, FARRUKH CHISHTIE, and JAWAD CHISHTIE

This paper provides a snapshot of health and population trends in Pakistan, with a view toward demonstrating the changing paradigm of the urban–rural dynamic. It outlines rural–urban differences in health outcomes and the attendant risks to health, and reflects on the implications for policy, planning, and further research. A new health systems governance assessment approach toward urbanization and health issues is subsequently discussed, and the paper outlines a new framework of principles and their pertinence. In the final section of the paper, key opportunities for action are presented.

HEALTH IN PAKISTAN: A SNAPSHOT

The Pakistan *Lancet* series published in 2013 provides a peer–reviewed, up–to–date assessment of health status trends and health systems performance in Pakistan. A cross–country comparative exercise was part of this analysis. It benchmarked Pakistan against a group of 12 "peer" countries. In a nutshell, the results show some health status improvement over the 60–plus years since Pakistan was created, but key health indicators lag behind in comparison to peer countries (Nishtar et al. 2013).

Using the World Health Organization's (WHO) health systems assessment performance framework, one of the *Lancet* papers analyzed

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the extent to which three goals—adequate and equitable health status, fairness in financing, and responsiveness—have been achieved in the past. The results showed many inequities, especially across geographic areas and income status. Inequities with reference to rural-urban status of residence were wide and persistent over time, and across many indicators. These are described in more detail in the next section of this paper. Pakistan's performance with respect to fairness in financial contribution was poor; 78.08 percent of the population was found to be paying out-of-pocket at the point of healthcare (that is, the venue at which healthcare was provided), and healthcare costs were the most commonly cited cause of economic shocks. More than 59 percent reported having undergone economic stress due to healthcare spending (Pakistan Planning Commission 2005). With the private sector providing three quarters of health services, and physicians outnumbering nurses and midwives by a factor of two to one, gaps in public sector responsiveness are evident.

Complex governance challenges and underinvestment in health have hampered progress. Systemic constraints have affected the health system and its performance over time. Currently, however, Pakistan's health system is undergoing a process of rebirthing due to the introduction of the 18th constitutional amendment in 2010. With this amendment, the mandate of health has been devolved from the center (the federal government) to the provinces. At this point, it is too early to assess the impact in terms of outcomes.

However, post-amendment process-level changes show that provinces have taken ownership of health. The 18th amendment also created a major distortion by abolishing the Ministry of Health. This discrepancy was overcome through the recreation of a new Ministry of Health in 2013, two years after its abolition. This new ministry has been aligned to the parameters of devolution articulated in the 18th amendment. Provinces are now fully empowered to make health systems choices suitable to their contexts. These changes also provide an opportunity to take stock of reform approaches that are needed to analyze afresh health needs in rural and urban areas, and to challenge existing assumptions.

HEALTH-RELATED URBAN-RURAL DIFFERENCES

Pakistan has a rapidly expanding population. Currently ranked as the sixth most populous country in the world, it will soon boast the world's fifth largest population. Current population projections show an expected cross-over of the urban population, in aggregate terms, over the rural population by 2030 (see Figure 1).

This cross-over is projected to happen faster than for neighboring India. This change has major implications for planning. For the past 65 years, Pakistan has viewed investments in health through a rural lens. State health initiatives such as the Basic Health Units and the Lady Health Worker program—by far the biggest investments in health to date—are rurally focused. The evidence in Figure 1 should inspire new thinking in this regard—new thinking that begins to emphasize cities.

The major Pakistani cities where populations are expected to rise considerably are Karachi and Lahore (see Figure 2). In Karachi, the population is expected to increase from an estimated 12.8 million in 2009 to 18.7 million by 2025—an increase that will pose a major burden for the city's health infrastructure and capacity. For Lahore, the corresponding rise is expected to be from 7 to 10.3 million, creating similar challenges (United Nations 2010).

Figure 1: Projected Urban and Rural Populations of Pakistan through 2050
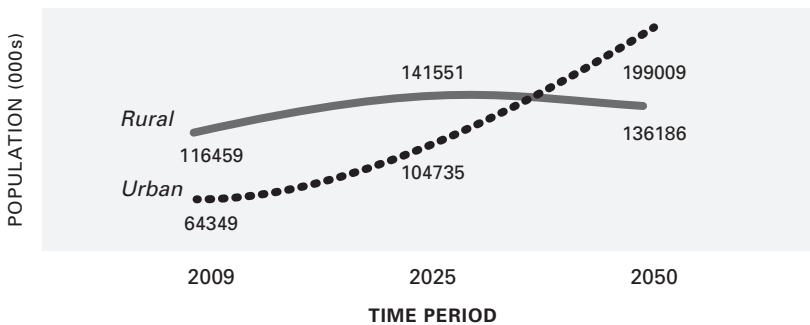
Source: United Nations 2010.

Figure 2: Projected Populations in Major Cities of Pakistan through 2025

MAJOR CITIES OF PAKISTAN
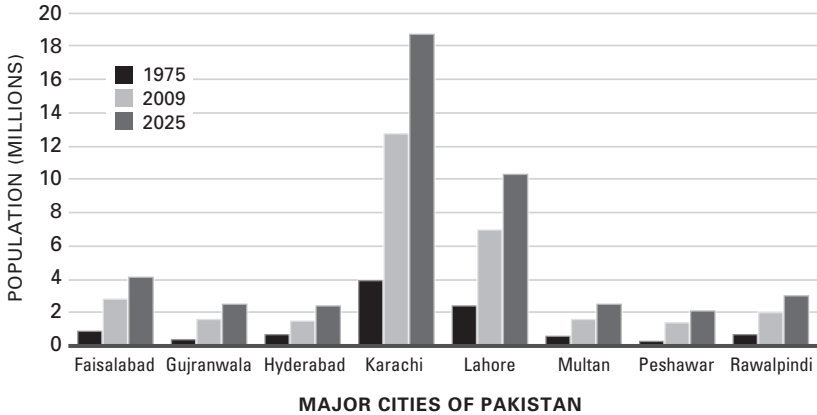
Source: United Nations 2010.

It is critical to appreciate the importance of urban health even as one acknowledges the traditional and ongoing policy emphasis on rural health. It is also important to understand rural–urban differences in health outcomes and risks.

For example, we know that living in an urban area enables bet–ter geographic access to healthcare. Data from the Pakistan Social and Living Standards Measurement Survey (Pakistan Bureau of Statistics 2013) shows that since 1996, women in urban areas have had better ac–cess to skilled birth attendants (Figure 3b). However, despite this better access, urban health challenges are considerable. They include, but are not limited to, four key areas.

The first is pervasive inequality. Figures 3a, c, and d show, respec–tively, trends for female literacy in urban and rural areas, the percentage of urban/rural homes with available tap water, and the percentage of urban/rural homes with flush toilet systems. Trends in seeking care from trained birth attendants show wide gaps in urban and rural areas. Births from unskilled attendants in urban areas show a reverse trend from 1996

onward, with a reversal of roles and skilled attendants taking over in 2005 (Figure 3b). In rural areas, the trend shows births by skilled attendants slowly catching up, but still lagging significantly behind births by unskilled attendants. The provision of piped water and flush toilets also shows wide gaps in urban and rural areas. Although there have been improvements in both areas, the gaps have persisted (Figures 3c and 3d).

Secondly, manifestations of the mixed health systems syndrome are more pronounced in urban areas than in rural ones. Pakistan has a mixed health system—one where public and private health providers coexist (Nishtar 2010a). The dominant mode of health service delivery is private, and out–of–pocket payments are a major means of financing healthcare. The mixed health system syndrome describes the constellation of risks that emerges when three factors (all inherent to the construct of the mixed health system) operate in tandem: Inadequate public funding for health, a lack of regulatory oversight of private actors, and the pervasiveness of government-level collusion (Nishtar 2010c). The resulting impacts on the health system are poor quality and high costs, both of which adversely afflict the poor. The mixed health systems syndrome manifests itself both in urban and rural areas, but its impact on human suffering is more pronounced in cities because health services are concentrated in urban settings (where rural populations also flock to seek healthcare). In the absence of regulatory frameworks for private actors and oversight of services provided in the public system, malpractice goes unchecked.

The third major urban health challenge is the increased risk of noncommunicable diseases—a collective name for preventable diseases linked by common risk factors. These illnesses include cardiovascular disease, diabetes, chronic lung conditions, and some cancers. Common risk factors include tobacco use, low physical activity, unhealthy diets, obesity, high blood pressure, and abnormal lipid levels in blood. These diseases are the major cause of morbidity and mortality in the Pakistani population, leading to an annual loss of over $3.5 billion in productive life years. Pakistan has the sixth highest number of people in the world with diabetes; every fourth adult is overweight; and child obesity is rapidly escalating in low-income communities (Jafar et al. 2013).

One reason why urban populations are so susceptible to these illnesses is that they are more inactive than rural populations (Heartfile
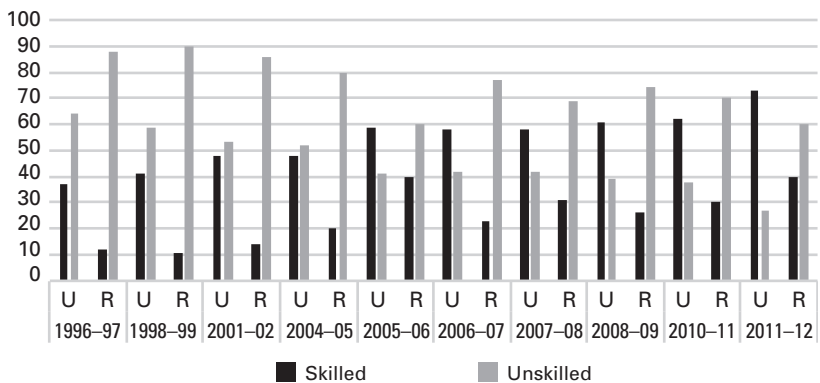
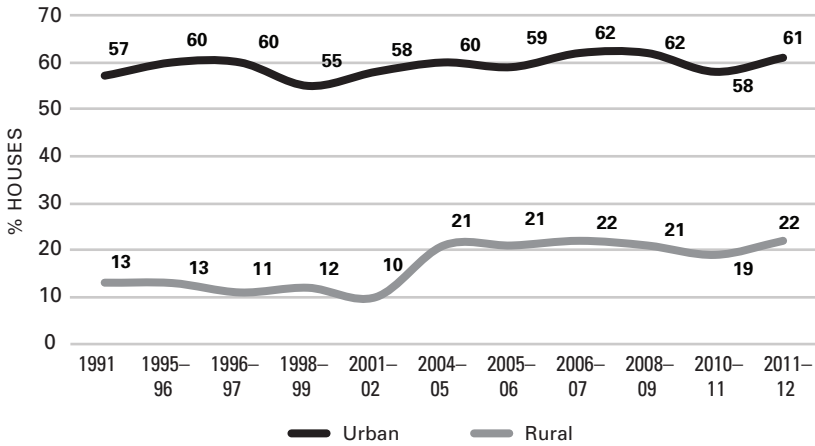## Figure 3a: Female Literacy Rates in Urban and Rural Areas
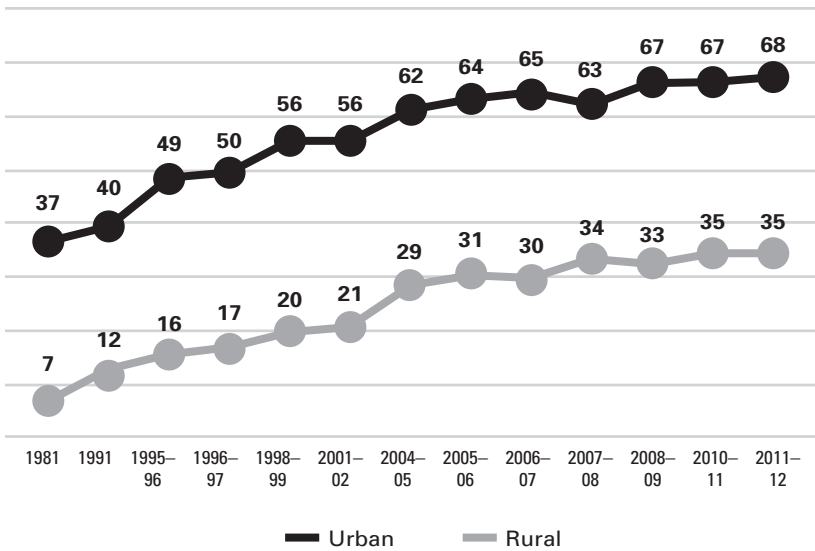
Source: Pakistan Bureau of Statistics 2013.

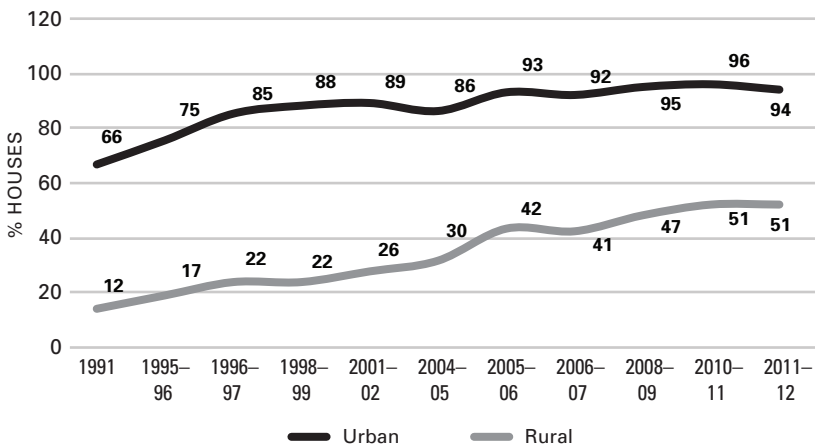## Figure 3b: Percentage of Births by Skilled and Unskilled Attendants in Urban and Rural Areas

Source: Pakistan Bureau of Statistics 2013.

Figure 3c: Percentage of Tap Water Supply in Urban and Rural Areas

Source: Pakistan Bureau of Statistics 2013.

Figure 3d: Percentage of Flush System Toilets in Urban and Rural Areas

Source: Pakistan Bureau of Statistics 2013.

2006). Research shows that a marked 64.3 percent of females in rural areas, yet 83 percent in urban areas, report being physically inactive. A striking 79.2 percent of men in urban areas report being inactive, compared to 69.4 percent in rural areas (see Figure 4). Additionally, urban women have a higher risk profile than their rural counterparts. Consider that a higher proportion of overweight females are reported from urban areas than from rural areas (58 percent and 48.6 percent, respectively).

The fourth challenge for urban health is that health impacts due to environmental degradation, overcrowding, and pollution are more pronounced in urban areas. These severe impacts are not well appreciated, as authorities in Pakistan tend to focus on delivery of health services in isolation. They are also overlooked due to the separation in functions of the health and environment departments from the federal down to the local level.

Degradation of the environment results in damages estimated at 365 billion rupees per annum (nearly $4 billion). A third of this cost can be attributed to waterborne disease alone, which is caused by inadequate supply, sanitation, and hygiene. Air pollution levels are considerably high, leading to premature death and increased morbidity. Particulate matter smaller than 10 micrometers (PM10) is above safe levels in all major cities, leading to an estimated 22,700 deaths per year in Pakistan. Meanwhile, indoor air pollution leads to the deaths of more than 30,000 children per year (World Bank 2006). PM10 is associated with lung cancer and other cardiopulmonary ailments. Pakistan has reduced its PM10 levels from 188 microgram/cubic meter in 1999, which was the highest in the world, to 91.1 microgram/cubic meter in 2010 (World Bank 2010) (Figure 5). Compared to the United States, where 15 microgram/cubic meter annually is considered the safe limit, this is still an extremely high and dangerous level. Air pollution itself is now considered a carcinogen by the International Agency for Research on Cancer. Addressing air pollution and related environmental issues therefore become paramount in tackling related health effects. Most of these adverse environmental risks for health are more pronounced in urban than rural areas.

Existing data show some differences in rural-urban health outcomes and systems performance, but many gaps in our knowledge remain—and these need to be bridged with targeted research. In addition, population-

Figure 4: Distribution of Activity, Weight, and Obesity among Males and Females in Urban and Rural Areas

MALE

FEMALE
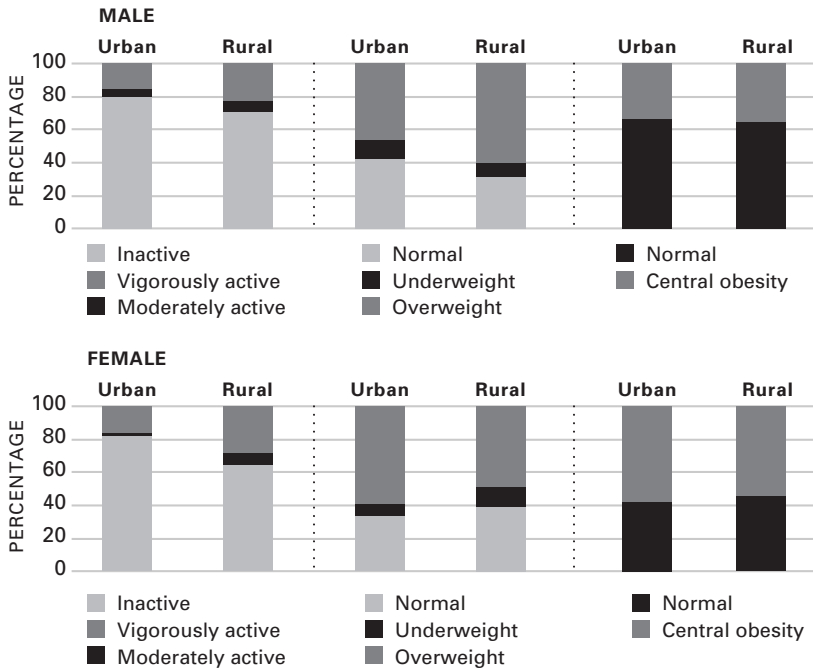
Source: Heartfile 2006.

Figure 5: PM-10 Levels in Pakistan from 1998 to 2010
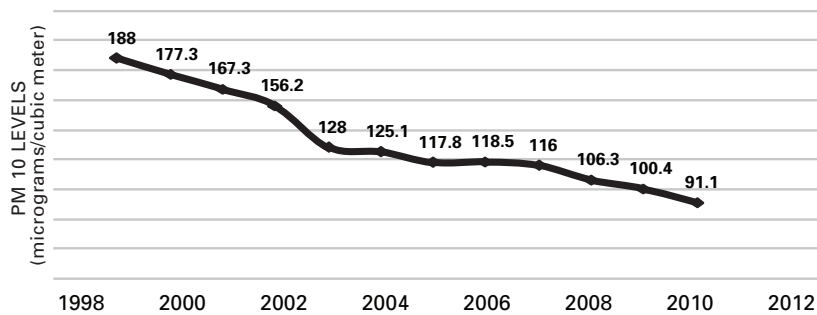
Source: World Bank 2010.

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based surveys should be designed in order to allow data disaggregation by rural–urban status. Moreover, health systems performance assessment frameworks should be modified to better cater to urban needs—and particularly with reference to environmental stewardship.

GOVERNANCE OF HEALTH SYSTEMS IN URBAN CENTERS

Health system governance is related to approaches and actions taken in a particular society toward the organization of strategies that promote health and well-being (Dodgson, Lee, and Drager 2002). Existing health systems performance assessment frameworks do not specifically cater to urban needs. A framework developed by Siddiqi et al. (2008) identifies 10 Health System Governance (HSG) principles found to be most relevant on a national level. In the case of urban centers, the impact of environmental degradation plays a significant role, pointing to the need for active environmental stewardship —and especially in cities such as Karachi and Lahore, where air and water pollution are rampant. Keeping the HSG framework in view, this essay recommends a revision of the governance principles for urban health systems in Pakistan—a revision that promotes the equitable, efficient, and environmentally sensitive delivery of health services (see Table 1). Based on issues specific to urban environments and related challenges, these principles can be further extended to other cities in developing countries. An assessment for urban centers in developing countries based on these guiding principles is being developed (Chishtie et al. in press).

MULTISECTORAL AND INTERSECTORAL COOPERATION TOWARD BETTER DELIVERY OF SERVICES

Given the complex nature of urban health challenges, it is further posited that quality and holistic service delivery is possible only through multisectoral and intersectoral cooperation. Based on the notion that intersectoral and multisectoral types of cooperation are distinct (Alleyne and Nishtar 2013), a possible realignment of governmental sectors—particularly by linking environment more closely to health

Table 1: Health System Governance Principles for Urban Centers in Developing Countries

Governance Principle	Description
Strategic vision	Urban leadership is required to have a strategic direction toward contending with health issues for the immediate and longer terms alike. The alignment of various related sectors must be coordinated toward dealing with emergent and complex issues.
Participation and consensus orientation	The voices of all stakeholders in making decisions regarding their health—either directly or indirectly through legal means—should be in place. This would enable the development of a broader consensus of the interests of various groups based on existing policies.
Rule of Law	Fair and impartial legal frameworks must be in place, which in particular must emphasize human rights related to health.
Transparency	Information, processes, and institutions embedded in health systems must be open to relevant stakeholders.
Responsiveness	Policies must allow health systems to respond to urban populations across the board.
Equity and inclusiveness	Equal and fair opportunity health services must exist across all sections of the population.
Effectiveness and efficiency	Health outcomes and resources must be utilized in a manner such that efficacy and high performance are hallmarks.
Accountability	Policymakers and decision-makers, along with civil and private organizations, must be accountable to the public and to institutional stakeholders.
Intelligence and Information	This aspect emphasizes a systematic, informed approach that implements the strategic vision of the health system.
Ethics	Healthcare ethics—including autonomy, nonmaleficence, beneficence, and justice—must be incorporated.
Environmental stewardship	Issues regarding environment and its degradation must be addressed effectively, both within organizations and on a broader level. This may include incorporating preventative strategies, trainings, and specific interventions such that healthcare is addressed on a deeper level.

Sources: Siddiqi et al. (2008) and Chishtie et al. (in press).

and municipal services—would be a useful approach for urban centers. This idea is illustrated in Figure 6.

Intersectoral cooperation is, on the other hand, "…the government, the private sector or business, and civil society" (Alleyne and Nishtar 2013, 144). This is illustrated in Figure 7. Civil society in this context is not just limited to nongovernmental organizations; it also includes community groups and academia. In the context of urban issues, this type of partnership can be utilized toward advocacy, health promotion, and other resource mobilizations that would help address emergent and increasingly complex urban health issues. Ultimately, both types of alliances would require direction and coordination from a governance structure, which in turn would have to start from a broad strategic vision as a HSG guiding principle (refer back to Table 1 for details).

POTENTIAL QUICK WINS

In order to address Pakistan's urban health issues, a holistic view of health systems challenges must be taken. Additionally, rural-versus-urban priorities must be realigned in order to guide future investments in systems and institutions, which need to be responsive to both the urban and the rural. Health system reform has a long-term agenda, with direction-setting as important as policy consistency in seeing it through. Countries that have both sustained political will and the institutional capacity to shepherd the reform process have the greatest chances of seeing reform come to fruition. Pakistan, unfortunately, is challenged in this respect. Also, vested economic interests have been thwarting efforts aimed at reform. These structural problems are an impediment to the process of institutionalizing change. Nonetheless, four potential quick wins are outlined below. They have the potential to bring about change even in the currently constrained environment.

Creating Demand for Health

Surveys conducted in Pakistan—which aim to assess public perceptions about the importance of various issues in order to help shape the government's policy priorities and focus—consistently rank terrorism,

Figure 6: A Multisectoral Approach to Addressing Urban Issues
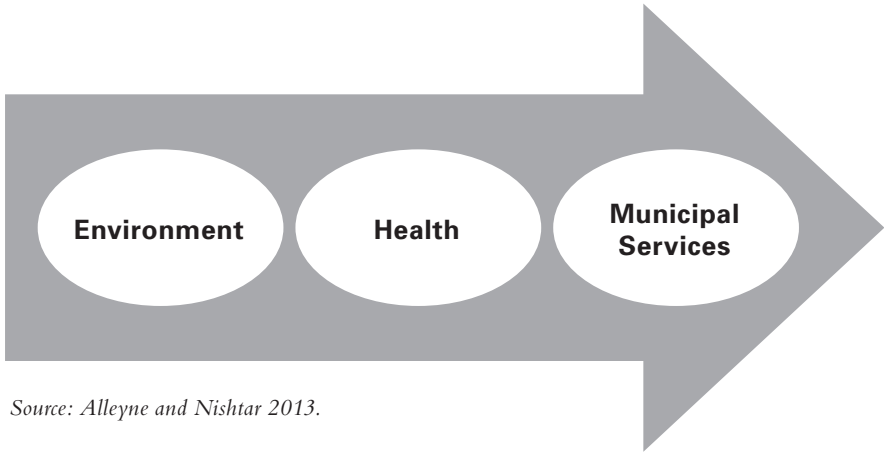
Source: Alleyne and Nishtar 2013.

Figure 7: Resolving Urban Health Issues through Intersectoral Cooperation
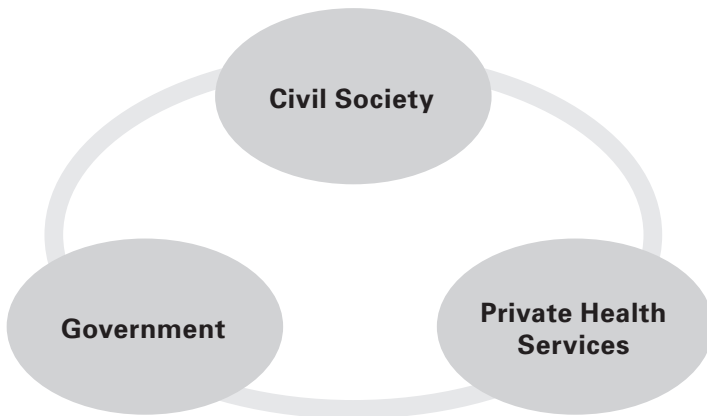
Source: Alleyne and Nishtar 2013.

energy insecurity, and soaring inflation higher than health. Public demonstrations, media attention—which plays a major part in shaping societal and political awareness and hence demand—and civil society activism are all focused on these issues.

By contrast, despite poor health indicators and poor health system performance, there is very little public demand for improvement. Although Pakistan's constitution does not explicitly enshrine the right to health, there are a number of court judgments that have widely interpreted the right to life as also including the right to health. Unfortunately, public awareness is limited due to low literacy rates and poor societal and political awareness about social rights. Health has not been a focus area for Pakistan's activist superior judiciary, and there have not been any significant public interest litigation cases impacting on the right to health. Unless the public starts viewing "rights" beyond the realm of civil and political liberties, and starts demanding better access to and quality of healthcare, there will be no pressure on the government to improve its own services and provide oversight of delivery in the private sector. International experiences from Latin America and South Africa regarding judicialization of health rights in the context of access to retroviral therapy provide lessons in this regard. Advocacy for a similar movement centered on health rights, in which the public demands better access and quality of health services, can impact health systems performance.

Leveraging the Potential of Health Communication

Health communication has traditionally been viewed through the narrow public service announcement scope in Pakistan. The potential of new social marketing approaches to behavior change communication as well as new tools and instruments of communication remain untapped. Today, millions of young individuals in Pakistan from various socioeconomic strata live in a digitally interconnected world. Social media, which has changed social modes of communication for the younger generation, needs to be better tapped for behavior change—and particularly with reference to lifestyles. Pakistan is a country with a massive population where multinational corporations have found innovative ways of advertising even to marginalized groups. Supply chains driven by appropriate incentives make fast-moving goods available even in the most

remote locations. Similar marketing strategies, coupled with the right incentives, could potentially shape health outcomes by helping shape personal choices that impact health. New out-of-box thinking is needed to overcome long-standing barriers to achieving optimal health. For example, soap operas have emerged as strong tools to impact societal norms in traditional societies. This has been the case for women's empowerment in certain Middle Eastern countries. Similar approaches can be developed for some of Pakistan's intractable health problems, such as lack of access to and acceptability of family planning methods.

Using Mobile Phones and Information Communication Technology

Pakistan has several strengths that build on its information communication technology, telecommunications, and data backbones (Nishtar et al. 2013). There are over 122 million people with cell phones in the country—far more than there are with access to clean water and sanitation (Pakistan Telecommunications Authority 2014). The use of cell phones can be transformational, not only with reference to patient and health worker education, but also for improving accountability and transparency within the system. For example, GPS-enabled positioning could be used as a tool to hedge against "ghost worker" and staff absenteeism problems, which remain widely prevalent in the public health system. Use of mMoney (mobile money) capabilities can be critical for social protection programs to enable financial access to urgently needed treatments, an approach tested by Heartfile (Nishtar et al. 2011). Mass serialization of medicines and Short Message System (SMS) verifications (in which websites send text messages to mobile devices to verify individuals' identities), an approach already tested internationally, can have a broad-based knock-on effect in terms of institutionalizing transparency in the value chain of medicines. According to WHO, more than 50 percent of medicines in Pakistan are substandard or spurious (McGinnis 2013). Systemic interventions are needed to counter this widely pervasive problem.

Additionally, Pakistan has high broadband penetration; it has a national data warehouse and acquisition system (the National Database Registration Authority); and it has a national system of validating poverty. The capabilities of all this infrastructure can be tapped for improving the

quality of, and access to, health services. The triangulation of information can help overcome problems with existing social protection programs.

Many e-systems and applications in the government of Pakistan's health and other systems can strengthen health systems performance, but have remained sub-optimally tapped. Examples include the District Health Information System, electronic public expenditure, procurement, inventory, and wage systems.

A particularly notable technology-related institutional capability is the Universal Service Fund, which has been created through a mandatory levy on the profits of telecom operators. Its mandate is to provide connectivity and broadband services to remote underserved areas. If set up appropriately, hubs can be established that link remote basic health facilities with urban centers. In effect, telemedicine could then be used to bridge equity divides. Unfortunately, however, these opportunities have remained untapped.

Leveraging Private Strengths for Public Outcomes in Health

In environments of mixed health systems, where the private sector takes a leading role in the provision of health services, governments struggle to devise ways to harness their potential to achieve public goals. Yet it is essential that they do so, and they should look to the private sector for assistance. Indeed, many countries successful in achieving universal health coverage have been able to do so by leveraging the private sector. Rather than "privatization," "marketization," and/or "scaling up," the focus should be on addressing systemic barriers to the stewardship of mixed health systems in order to enable universal coverage with public financing and private provision.

Pakistan's existing public hospitals are grossly overstretched in capacity, and there is an urgent need for new hospitals. In environments of paltry public budgets, the public-private partnership model for developing healthcare infrastructure is a useful option. However, there are substantial costs associated with tendering for and negotiating public-private contracts, which raise issues of economic efficiency. Governments must build capacity to develop safeguards in this regard. At any rate, the stakes are high: Pakistan has an acute shortage of nurses and paramedics. The private sector should be contracted to address this quantitative gap. In view of the

forecasted population crossover from rural to urban settings (in which a majority of Pakistanis will live in cities by 2030), grassroots-level workers (following the tradition of Lady Health Workers) need to be developed for urban areas—an area in which the private sector can play a part.

There are a number of areas in health where initiatives can have a triple bottom-line effect—they can resonate in the public and private sectors alike, they can contribute to the overall public good, and they can generate investment opportunities. Examples of such initiatives include establishing drug testing laboratories and setting up vaccine manufacturing and auto-disable syringe units. These opportunities should be actively explored.

These potential "quick-wins" have been summarized with an urban lens. It is far more feasible to implement these recommendations in urban than rural areas. Civil society activism with reference to demand generation is an urban phenomenon, as evidenced by past experiences from Pakistan—with the lawyer's movement a case in point (this was a cities-based pro-democracy campaign that emerged in 2007–08 against the rule of President Pervez Musharraf). Communication tools, several of which have been framed as potential vehicles for quick wins in this essay, have far better outreach and penetration in urban settings. Also, it is in urban settings where the private sector is preferentially concentrated and has an incentive to operate. Implementing these recommendations would therefore help cities better position themselves with reference to policy priorities.

However, it must be recognized that these are only initial entry points to making improvements, and that a comprehensive policy analysis is needed to assess the magnitude of the changes that need to be institutionalized over time to address Pakistan's broad health systems challenges, and the rural skew in policy priorities in health specifically.

CONCLUSION

An urban population predominance is foreseeable over the next two decades in Pakistan. This change has major implications for health planning and investments, but its importance remains unrecognized. Health planning remains rurally focused in the country. Though it brings increased geographic access to healthcare, urbanization also brings health

inequities and risks to health— neither of which has been optimally addressed. In addition, there has been no concerted effort to bridge several knowledge gaps. Existing poor health systems performance is an overarching impediment. It is critical that the government of Pakistan view health planning in the context of the rising urbanization trend, and it must make investments to bridge existing knowledge gaps. The intersections between urbanization, environmental degradation, and health need to be a core focus of public health in a new paradigm. The risks of noncommunicable diseases, which appear to intensify with urban living, provide an opportunity to exploit synergies that address both noncommunicable diseases and overall public health planning relevant to urban health. Noncommunicable diseases are likely to be placed high on health agendas in the post-2015 framework, after the Millennium Development Goals come to term. These considerations underscore the need to view health outside of the narrow scope of the health sector, and reiterate the importance of an intersectoral approach to health with partnerships as a key feature.

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Urbanization in Pakistan:
A Perspective from Government

AHSAN IQBAL

Ours is an age of cities. In 2010, almost 51 percent of the world's population was living in urban areas. This is expected to cross 70 percent in a few decades.[1] Cities will be hubs of commerce, technology, innovation, and culture. According to McKinsey Global Institute, 50 percent of global gross domestic product (GDP) in 2010 came from 362 cities. Twenty percent came from 187 North American cities.

In Pakistan, urbanization is taking place very rapidly. Nine cities have populations of more than 1 million, while 75 cities have populations of over 100,000. In 1965, there were just two cities with populations of over half a million. Today, there are more than 13 cities with populations of over half a million.[2]

Demographically speaking, Pakistan is the fastest urbanizing country in South Asia. Its urban population is expected to equal its rural population by 2030. Currently, the urban population contributes about three quarters of Pakistan's GDP.[3] According to Pakistan's Planning Commission, the share of the urban population in GDP has more than doubled between the 1950s and 2000s.

However, cultural urbanization is taking place in Pakistan at a much faster pace than urbanization per se. Developments in information and technology, exposure through media, and market development have transformed many of the rural spaces in Pakistan into virtual cities. Production–consumption patterns have changed, rural lifestyles are changing, and so are the behaviors of people. The rise of the middle

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class, exposure to urban lifestyles, the emergence of new distributional channels, empowered youth, and the increasingly rising share of the services sector in Pakistan's GDP have changed the rural polity.

I hail from a rural constituency. Ten years ago, the voters of my constituency used to judge their representatives on the basis of two simple criteria: Whoever could help get issues resolved in the land-revenue department, and in the police department. Today, besides these two issues, they demand better health facilities, improved services for sanitation, piped drinking water, electrification and the supply of natural gas, and improved infrastructure (especially road connectivity). But it is not only about micro-level issues: Constituents also discuss Pakistan's foreign policy, its stance toward drone attacks, perceived levels of corruption, inflation, and so on.

Since a multinational milk pasteurizing company collects fresh milk from my constituents, they are running out of fresh milk. So they would likely offer you a cup of tea made from processed and packed milk. They would also offer bottled water, and a box of tissues. I am quite mindful of the fact that, like any other country, inequality exists in Pakistan. The picture of rural transformation which I am portraying here may not be a representative picture, and especially for Baluchistan and Khyber Pakhtunkhwa provinces. However, the emerging middle class is a major game changer, and one can observe a certain degree of cultural urbanization in this emerging middle class across Pakistan.

GOVERNMENT POLICY ON MANAGING URBANIZATION

At the Ministry of Planning, Development, and Reform, we are working on Pakistan's Vision 2025. This is a blueprint for the long-term development of Pakistan, and is meant to establish a globally competitive and prosperous nation by offering a high quality of life for all Pakistanis.

We are emphasizing the slowing down of rural to urban migration, and coping with the issue of peri-urbanization by providing better civic amenities in rural areas. Better livelihood opportunities, education and health facilities, and living styles are some of the major triggers for rural-to-urban migration. The majority of these rural Pakistanis would never leave the land of their ancestors if they had

better income opportunities and education and health facilities around them. This is precisely what our vision is. We aim to take development to the doorstep of every Pakistani, irrespective of whether she/he is residing in a village, town, or city. They are all Pakistanis, and the government of Pakistan is bound to provide them with a decent life.

In practical terms, we seek to develop intermediate cities in the peri-urban regions to attract and hold migrating populations from rural to urban areas in and around megacities. A key component of this plan involves reviewing urbanization policies in other countries of the region, and especially China—where such approaches of building intermediate cities have met with some success. Realizing that large metropolitan areas in China were no longer capable of absorbing additional migrants from rural China, the government actively pursued the idea of developing new cities as well as upgrading existing small towns to become mid-size cities with an average population of 1 million. Lessons learned from the Chinese experience will be applied in Pakistan to help identify small towns that can be developed into intermediate cities. The focus will be on how to develop and finance new infrastructure in small towns, so that they are capable of absorbing migrating populations.

This will be done through developing model districts. In order to reduce inter-district inequalities in Pakistan, we have a vision to provide certain minimum basic facilities across all districts. Capitalizing upon this minimum basic facility, newly elected district governments under new local government systems would be able to raise their own revenue and spend it on local development. Through collective action, we would be able to halt changing land use plans by which fertile agricultural lands are rapidly turning into peri-urban and urban areas—posing a risk to food security and food sovereignty for our 180-plus million inhabitants.

In terms of cities, rapid urban growth is almost invariably accompanied by congestion, pollution, deficits in the provision of civic services, the formation of peri-urban slums, increases in the crime rate, and urban poverty. The municipal infrastructure of major cities of Pakistan such as Lahore, Faisalabad, and Karachi has far exceeded its carrying capacity as a result of rapid and unchecked population growth.

Much of this malaise can be attributed to development policies that are based on assumed silos between rural and urban areas—as reflected in the division of policies along spatial and sectorial lines (rural development

programs, urban management programs). None of these initiatives has given much thought to the complex dynamics of rural–urban interactions and the ways in which urban and rural livelihoods are intertwined. Understanding this nexus and focusing on linkages across space (such as flows of people, goods, revenue, and information) and across sectors (such as "urban agriculture" and non-farm activities in rural areas) are the basis of our government's policy for managing urbanization. We are aiming to turn challenges of urbanization into opportunities.

We want to develop our cities in a manner that curtails unplanned expansion and slum dwellings. People often ask me why Islamabad is more clean and well-managed than other parts of Pakistan. I always respond that Islamabad was built following a master plan, and that 50 years after that master plan was implemented, it is still being followed to some degree today. We are updating and upgrading the master plans of 10 of the largest cities of Pakistan.

An argument has been made that Pakistan's urban expansion is mostly lateral, which has spatial limitations, and therefore cities should instead grow vertically. I buy this argument, but energy deficits are my major worry. Weather extremes in Pakistan would make high-rise buildings simply unlivable until we have uninterrupted supplies of affordable energy, something that our government has strived for since we came to power in 2013.

Speaking of energy, an efficient mass transit system in urban areas could drastically reduce our fuel imports. Like all other megacities of the world, most of our large cities face problems of traffic congestion and carbon emissions from vehicles, which contribute to air pollution and ozone depletion. This has worsened in the absence of a mass transit system. During the PML-N's previous stint in power in Punjab, we took an innovative step. Our provincial government introduced the country's first mass transit project, a metro bus system in Lahore. Our vision of managing urbanization includes cities with efficient mass transit systems, so that we not only reduce air pollution and provide relief to commuters, but also contribute to reducing our fuel import bill. The saved energy and money could be spent on other developmental expenditures. Having assumed control of the central government, we are now planning to introduce metro bus systems in all major cities—especially in Karachi, Faisalabad, Peshawar, and Rawalpindi.

Besides a mass transit system, the federal government also believes in urban and city-specific commercial reforms in Pakistan's provinces. A key example has been observed in the past three years, whereby the government of Punjab has initiated the automation of land records, the reform of zoning and building regulations, and the amending of the Agricultural Marketing Produce Act (which in the past hindered the rightful access of farmers to urban agricultural markets). We believe that urban markets (where acts of exchange take place) are a value provider for rural farm and non-farm entrepreneurs, and help move toward balanced growth across the country. We are also mindful that supplementary reforms of labor and capital markets are important for retaining peoples' energies in cities. In order to bring about these reforms, we have demonstrated during our tenure in Punjab that there is a need to revisit the role of the state as service provider. The private sector should take the lead and bring about instrumental changes in how the country should run. The state, on the other hand, should only provide facilitation to the private sector to achieve grand objectives.

In the same spirit, after coming to power in 2013, our government has allocated money in its federal budget for low-cost housing schemes.

My Ministry of Planning, Development, and Reform is actively working with other federal entities to plan and coordinate the aforementioned. As part of the implementation process of Vision 2025, and in order to ensure the needs of an urbanizing Pakistan, our ministry will be working in close coordination with the Ministries of Housing and Works, the Inter Provincial Coordination Division (Ministry of Inter Provincial Coordination), the Ministry of National Food Security & Research, and the Ministry of Climate Change.

Vision 2025 is based on seven pillars: Integrated energy, modern infrastructure, resource mobilization, governance reforms, value addition in production, export and private sector-led growth, and social capital. These seven pillars can enable cities to be the hub of growth with the support of our rural areas.

An associated trend with urbanization is the rising middle class in Pakistan. This middle class has fueled diverse production and consumption patterns, in turn strengthening the development of urban markets. These markets also provide a backward linkage with rural markets.

THE CHALLENGES AND OPPORTUNITIES OF URBANIZATION

While both urbanization and a youthful middle class represent a unique opportunity for Pakistan, there are challenges that need to be addressed.

The most daunting challenge of urbanization is the issue of physical insecurity. Policing, maintaining law and order, and curbing militancy are major challenges in our megacities. The beauty of rural life is that communities are acquainted with each other. They know who is who in their neighborhood and can keep an eye on miscreants among themselves. This becomes extremely difficult in populous cities. To deal with this issue, we are working on urban security technologies, smart policing, citizen-police liaison committees, and community policing. We are also keen to learn from successful examples of urban planning and urban administration.

Additionally, the rising urban population requires, at a similar pace, the growth of an enabling infrastructure. This will require shelter, jobs, food security, and social sector services like education and health. This is where the government's role is so important, whereby it acts as a provider of core public goods. The challenge for policymakers and practitioners will be to attain food security and to provide jobs and social services in cities at a pace similar to the urbanization process.

This is why we are not only increasing the allocation of the Federal Public Sector Development Program, but also encouraging the confederating units to increase their revenue base and to invest in building human and social capital through public service delivery. This would not only help cope with the challenges of urbanization, but also contribute to bridging the trust deficit between taxpayers and the state.

We know that the public sector may not be able to take care of all urbanization-related needs—especially the provision of jobs. This is why our government is very keen to build public-private partnerships not only for the employment market, but also for education, housing, transportation, and the health sector. Such partnerships would expand the scope and coverage of social service delivery, and let the state concentrate on effectively playing its role: A provider of a conducive environment that taps the opportunities arising from urbanization.

One such opportunity is in fact low-hanging fruit: The availability of widespread information technology (IT) and information and

communications technology (ICT) tools in Pakistan. We have committed to a few important measures that will facilitate the building of a domestic constituency for managing the country's urban growth. First, we aim to bridge the rural–urban digital divide by establishing 500 ICT centers in smaller cities and towns to reduce the knowledge gap and break rural isolation.

Second, we will develop a network of renewable energy-based kiosks in rural communities and poor urban centers to facilitate access to information and to fuel e-commerce. This is particularly important for bridging the information gaps faced by numerous parts of the country.

Third, there will be an exchange of rural and urban youth to create a better understanding of our diversity. The complete collapse of cultural and sports activities at interprovincial levels (due to security and financial issues) will be addressed.

Fourth, we believe that the development of industry incubation and IT parks in major cities will offer world-class infrastructure for IT companies to operate without any impediments to their business, and facilitate interaction with academia, industry, and other stakeholders.

Fifth, urban infrastructure was ignored under the 2002 devolution scheme, a policy that put more resources and responsibilities in the hands of provincial and local authorities—but also combined urban and rural areas in local governments. It played havoc with the administrative machinery by ignoring critical linkages between important organs of local administration. Our priority is to focus on capacity-building in the local government system by professionalizing its officer cadre. This would lead to the development of greater capacity for innovative solutions through collaborations, partnerships, and networks.

THE UNIQUE DIMENSIONS OF URBANIZATION IN PAKISTAN

There are two unique dimensions of urbanization that merit further deliberations in the Pakistani context, and are an important component of our Vision 2025. First, rural-to-urban migration in Pakistan predominantly involves men who first migrate to cities searching for employment. Years (sometimes decades) later, they become financially secure and then have the rest of the family relocated to cities. This means that during the

initial stages, women stay behind in villages and tend to the family, land, and cattle. Thus, urbanization in Pakistan poses unique gender-based challenges, which result from the segregation of the basic family unit. Our government is focusing on the gender-based dynamics of urbanization with a focus on the challenges faced by women left behind in villages with additional maintenance burdens. Mindful of this fact, we are planning to initiate special support schemes for rural women—especially to meet their health and dietary needs—by strengthening lady health workers and model health unit schemes.

The second unique dimension of urbanization in Pakistan is the role of internally displaced people (IDPs). While the economic determinants of urbanization have been studied in considerable detail, the impact of IDPs on urbanization, especially when they are not repatriated to their rural communities years later, has not been fully explored or understood. In 2009, Pakistan recorded over 3 million IDPs, and today the country has some of the largest numbers of IDPs in the world. A large number of these displaced had to leave their homes because of terrorist violence and the government's response to this violence. In addition, natural disasters such as the Kashmir earthquake in 2005 and the floods in 2010 displaced millions in Pakistan.

We want to focus on the hitherto ignored role of IDPs who migrate to urban areas in very large numbers over a small period of time. This results in demand shocks for shelter, water, food security, waste management, health, schooling, and jobs.

CONCLUSION

Is it possible or feasible to build political constituencies in Pakistan on behalf of a more forward-leaning approach to anticipating and mitigating the urban challenges the country will face in the coming decades?

I am a firm believer that both urban and rural areas in Pakistan no longer function as mere spaces of settlement, production, and services. They now profoundly shape and influence social and political relations at every level; determine advances and setbacks in modes of production; and provide new content to norms, culture, and politics. However, the growing populations of cities—especially Karachi (home to 15 million

people), Lahore (nearly 10 million), and Faisalabad and a few others that will touch 10 million in the years ahead—means that these metropolises can shape the national political agenda. Having realized the importance of cities in the political landscape, we cannot say that political constituencies are being organized around the rural–urban divide. The mainstream parties that can reach voters across Pakistan, like the PML-N, can get their candidates elected both from rural and urban constituencies. It is therefore important that the utmost effort be made by parties in power to bridge the various divides between haves and have-nots across rural and urban areas.

NOTES

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Financial Inclusion's Catalytic Role in the Urbanization of Pakistan's Rural Poor

NADEEM HUSSAIN and ATYAB TAHIR

For almost 15 years, microfinance institutions and banks have been working to deliver microcredit to rural and urban populations living at the bottom of the pyramid. The State Bank of Pakistan (SBP) is recognized globally for its efforts to promote microfinance—part of an effort to address the financial needs of the country's unbanked population. So far, microfinance has only reached about 10 percent of 30 million potential customers. This is due to limited outreach to the rural areas where the majority of the poor reside. A collective effort is underway to change these statistics by focusing on the development of untapped markets.

The idea that access to financial services improves lives has been given credence by success stories emerging out of South Asia and Africa. This essay aims to present an overview of some of the key efforts being made by the microfinance industry in Pakistan, and especially banks. Tameer Bank is one such example. It is a commercial microfinance bank that works to create socioeconomic well-being by providing financial services to unbanked Pakistanis. In the last eight years, Tameer Bank has led the industry by introducing innovative initiatives such as branchless banking, micro-insurance, and equity release. South Asian culture promotes savings in gold and, therefore, almost every household, no matter how poor, has some accumulation of gold. Our loans help people use some of this tied-up equity by borrowing against their gold savings. These efforts have yielded impressive results, and encouraged other

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industry players to follow—thus creating a facilitative environment for urbanization through financial inclusion.

Pakistan's reliance on agriculture and livestock farming, combined with the fact that a majority of its population lives in rural areas, have contributed to the cultivation of a rural mindset. The agrarian nature of Pakistan's economy demands that urbanization be gradual and consistent. Yet given the reality of urbanization, the country's rural mindset will nonetheless need to change. Financial inclusion can play an important role in molding mindsets by facilitating access to services traditionally associated with urban areas such as banking, energy, healthcare, education, and opportunities to pursue entrepreneurial ventures.

At the same time, microfinance has been quite successful in cities proper. Microfinance interventions like salary loans and house repair loans—especially designed for urban markets—have been very successful in cities. In Karachi, Pakistan's largest and most economically vibrant city, people have borrowed multiples of their salary to start micro and small entrepreneurial ventures. This has become an additional source of income for borrowers, and it has also facilitated grassroots economic activity.

Despite the presence of 45 commercial banks with over 14,000 outlets, 85 percent of Pakistanis continue to be excluded from the financial fold, according to the SBP. Commercial banks have traditionally operated in urban centers, and due to high interest rates on government securities, such institutions have preferred lending to the government rather than to individuals and businesses. Over the last few decades, this aversion to expanding the banking client base has deprived over 140 million people of opportunities to save, invest, and borrow money from formal institutions.[1]

Consequently, people have resorted to informal borrowing at exorbitantly high rates—sometimes paying more than 125 percent in annual interest to predatory lenders—from various predatory sources such as agriculture brokers, local jewelers, pawn shops, and wealthy rural landowners often described in Pakistan as "feudals." Researchers have estimated that the size of the informal lending market is close to 750 billion Pakistani rupees ($7.5 billion) annually.[2] Informal lending is prevalent in rural areas, especially where sharecroppers require periodic funding for inputs for agriculture.

Although various nongovernmental organizations have provided microlending as a social service for several decades, the Pakistan Microfinance Ordinance of 2001 sought to regulate and formalize small-scale borrowing through microfinance banks. In the last 12 years, according to the Pakistan Microfinance Network, 11 microfinance banks have acquired licenses from the SBP and disbursed close to 250 billion rupees to millions of borrowers, both from rural and urban areas. The Pakistan Microfinance Network reports that there are about 2.5 million active microfinance borrowers annually, which is about 9 percent of an addressable market of 30 million. A majority of these microfinance borrowers belong to rural areas, and have used these funds to increase their income and, consequently, to improve their overall quality of life. Pakistan's Progress Out of Poverty Index is indicative of such improvement. The index is designed to measure access to certain goods and services such as education, proper sewage disposal, and large household appliances—in other words, indications that could be associated with a move toward a more urban mindset.

In order to facilitate ubiquitous financial inclusion, the SBP has also focused on mobile financial services (MFS). This is an innovation originally introduced in 2008, when Tameer Bank was awarded the first branchless banking license to launch Easypaisa, a MFS solution started in collaboration with the telecommunication giant Telenor. Since October 2009, when the first branchless transaction was made, Easypaisa has become the world's third-largest MFS deployment.[3] Currently, 32,000 Easypaisa agents help 5 million unique users make 7.2 million transactions a month equivalent to $300 million. Easypaisa has an 85 percent market share for over-the-counter transactions used to send money remotely, to pay utility bills, to do mobile top ups, and to purchase tickets. The government has started using these services to disburse social safety net payments to the rural poor. Financial inclusion through MFS is helping foster ease of access to banking services for the rural population to transact, save, and invest effortlessly.

A future frontier for inclusive financial services is micro-insurance, which can help people get quality healthcare in hundreds of clinics and hospitals established in urban, peri-urban, semi-rural, and rural areas. Private healthcare in Pakistan is very expensive, and the government is unable to provide adequate health care. In a country where one hospital

visit can mean the difference between living above or below the poverty line, micro-insurance could allow rural and urban populations alike to receive affordable healthcare for less than a dollar a month.[4] Financial inclusion could, therefore, play an important role in increasing life expectancy for low-income, rural groups. This, according to research undertaken by the Center for Financial Inclusion, would in turn increase demand for long-term savings and retirement benefits.

People in South Asia, especially in Pakistan, have traditionally been good savers regardless of their circumstances. As evidenced by recent influxes of deposits into the microfinance industry, people in both rural and urban areas are willing to put their life savings into safe and long-term investments that offer good returns.

There are three key deficiencies in rural areas that could be addressed through program-based lending, and which would in turn help bridge the rural-urban gap. These are access to information, energy, and transportation. Tameer Bank has partnered with industry leaders in these respective areas to develop products that focus on these needs.

In partnership with Telenor, Pakistan's second-largest telecommunications company, and with cellphone suppliers, Tameer Bank will provide financing to purchase smart phones. This initiative will make access to the Internet very easy for Pakistan's rural population—and especially once the government issues 3G licenses that allow telecommunications providers to upgrade their respective networks.

Another Tameer Bank partnership is with SRE Solutions, an energy company focused on providing solar home systems in off-grid areas. The bank provides financing to purchase solutions that help run LED lights, fans, and radios, and that charge cell phones. This revolutionary product is changing lives by lighting up people's homes.

Finally, Tameer has partnered with Honda to provide financing for motorbikes—thus reducing transportation times from days to hours.

To be sure, microfinance faces its share of challenges in Pakistan—the biggest one being a slow conversion rate. Additionally, scale is an issue. In 2013, key industry players gathered under the Pakistan Microfinance Network ambit and committed to double the size of borrowers and depositors over the next five years. While there is a case for creating ubiquitous access to financial service, there is also an argument against it because of sporadic cases of customer exploitation, rising

interest rates, and ballooning personnel costs. Fortunately, the industry has committed itself to adopting global standards for customer protection. The human element cannot be ignored in microfinance, because regular contact with clients is the single most effective recovery tool.

Financial inclusion is a means to an end. Financial services and solutions help address people's needs to improve their lives and facilitate overall socioeconomic empowerment. Gradual improvements in quality of life through access to services considered basic necessities in the developed world will help bring urban ease and comfort to rural Pakistan, and all without sacrificing Pakistan's largest economic resource: its farms and farmers.

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