

# 15. Rural and Urban Development

## 15.1 Introduction

The treatment of rural and urban areas in this chapter relates to the functions these areas perform and the specific strategies that are required for their development. The objectives is to enhance the efficiency of these areas through a professional approach to enhance the quality of development activities. In the rural areas, the bulk of employment and productive activities are related to the agriculture sector while the production base of the urban areas is in manufacturing and services. Enhancing the efficiencies of urban and rural areas requires a holistic approach, covering the entire socioeconomic spectrum, which involves not only the local governments but also the provincial and federal governments for those functional areas, including policy interventions and oversight, which still remain with them. A challenge, therefore, is to enhance the institutional interfaces, coordination and cooperation for integrated development activities, particularly in metropolitan areas and megacities, where there is extensive involvement of federal and provincial government agencies.

With the implementation of the devolution plan, the rural-urban dichotomy has been removed. All devolved activities are to be undertaken in accordance with the functional assignments of district governments, tehsil municipal administrations (TMAs) and union administration. The devolution plan also provides for city districts and towns in a city district. In accordance with the Local Government Ordinance 2001, the provincial departments of public health engineering and local government and rural development as well as development authorities are to be fully decentralized to the TMA level, with the provincial role restructured to effectively perform policy making, regulating and guiding local governments. The local government functions are to be performed exclusively by the concerned local governments; all the vertical programmes and parallel structures of the federal and provincial governments would be fully aligned with the new local government structures.

In the past many problems arose because of the rural-urban divide and lack of spatial planning and control of physical developments beyond municipal jurisdictions. With participatory decision making at the local level covering all settlements, there is now a framework in place to resolve these problems. There are initial positive indications that the delivery of local services has improved following devolution. However, comprehensive capacity building of the local governments is envisaged during the MTRF period so that the benefits could be fully realized.

The involvement of the federal government in rural and urban development activities will relate to the national policies and plans, both strategic and sectoral, to facilitate growth, income, employment, and improvement in quality of life indicators; legal and regulatory framework; functions under the responsibility of federal agencies such as development of energy and water resources, national highways, ports, airports and shipping; sharing of finances with the provinces and coordination of provincial programmes; coordination with development partners, and overall monitoring, including MDGs. The provincial governments will be involved in standard setting, regulation, monitoring and oversight of local government programmes, as well as sharing of provincial resources with local governments. The delivery of services invariable in all devolved functions will be the responsibility of the local governments. Under LGO 2001, the district

government has decentralized offices, divided several groups including agriculture, community development, education, finance and district government have been authorized to established district municipal offices for additional services more relevant to the urban setting. The functions of the Tehsil and town municipal administration and union council have also been defined in detail. All local activities will be undertaken according to these functions.

At independence, Pakistan was a predominantly rural country. While the rural population still constitutes about two-thirds of the total population, the share of urban population has been progressively increasing as a result of the structural transformation of the economy. People move to urban areas because of expectations that cities can provide better employment opportunities and higher incomes. While urban settlement patterns have varied across countries, efforts to significantly restrain migration or urban growth have largely proven to be unsuccessful. To an extent, the development of smaller towns can reduce the migration to metropolitan areas and megacities. Creation of employment opportunities in such areas must also be accompanied by investment in social infrastructure. The policies that determine the “terms of trade” between urban and rural areas should ensure that pricing distortions do not unintentionally encourage migration.

Rural and urban development are complementary. Strengthening linkages between urban centres and rural areas is necessary to ensure that the two remain mutually reinforcing. Towns and cities provide markets for rural products and jobs to absorb surplus rural labour. If marketing systems are improved for both agricultural products and inputs, production, employment and the scope for private enterprise in rural areas and cities can be increased. Efficient infrastructure and services can facilitate complementary rural-urban development with diversification and commercialization of rural economies. If properly strengthened, the rural-urban dynamics can help ensure that investments in services, facilities, infrastructure and productive activities are located strategically in towns to serve a wide area.

## **15.2 The Context**

Of the total population of the country, estimated at 153.45 million in 2005, 101.22 million live in rural areas (65.96 per cent) and 52.23 million live in urban areas (34.04 per cent). By 2010, the total population is expected to increase to 167.37 million, at overall annual growth rate of 1.8 per cent, with the rural and urban populations at 106.55 million (63.66 per cent) and 60.82 million (36.34 per cent) respectively. During 2005-10, the rural and urban population growth rates are estimated at 1.1 per cent and 3.3 per cent respectively. Allowing for population with significant urban characteristics would give an even higher estimate of urban population. Of the total increase of population of 13.92 million during MTRF, 5.34 million (38.36 per cent) will be in rural areas and 8.58 million (61.64 per cent) in urban areas. Thus, while the urban population will grow at a higher rate and the level of urbanization will increase to 38 per cent, the rural share of 62 per cent in 2010 will still be the bulk share of the total population.

There are about 50,000 villages in the country with populations below 10,000; around 448 small towns with population less than 100,000; 40 medium size towns with population above 100,000; 7 metropolitan cities of Faisalabad, Multan, Gujranwala, Hyderabad, Peshawar, Rawalpindi and Quetta with population in excess of 1 million; and the 2 megacities of Karachi and Lahore. Infrastructure and services in both rural and urban areas are deficient and substantial improvements are needed. However, the rural areas continue

to lag behind in the availability of physical infrastructure, education and health facilities, safe drinking water supply and sanitation and other social services. The present position of some important rural-urban indicators is summarized in Table 1 below.

**Table 1**  
**Rural Urban Indicators, 2005**

S. No	Sector		Rural	Urban	Total
1	Population	(million)	101.22	52.23	153.45
		(%)	65.96	34.04	100
2	Labour Force	(million)	31.17	14.78	45.95
3	Un-Employed Labor Force	(%)	6.74	9.70	7.69
4	Population Below Poverty Line	(%)	34.00	20.30	30.00
5	Literacy Rate	(%)	44	74	66
	Male	(%)	55	75	79
	Female	(%)	25	59	52
6	Municipal Water Supply	(%)	55	85	65
7	Municipal Sewerage/Sanitation	(%)	30	65	42
8	Roads	(kms.)	97881	157975	255856
9	Basic Health Units	(nos.)	5290	-	5290
10	Rural Health Clinics	(nos.)	552	-	552

### 15.3 Strategic Framework

A holistic and comprehensive approach would be adopted to the development of rural and urban areas including (i) enhancing rural-urban complementarities and linkages to improve the respective functional efficiencies for productivity, growth and sustainable development; (ii) ensuring equitable and balanced development through provision of infrastructure and services, with strengthened local governments under the devolved system in the lead role; and (iii) developing public-private partnerships. With modernization and structural transformation of the economy in favour of the secondary and tertiary sectors, the share of the primary sector will continue to reduce. Accordingly, the share of urban based economic growth in the MTFD period will increase. Fewer farmers will be providing more and more food thus releasing resources for an industrial society. While it will be essential for cities to become more efficient in a competitive global environment, the key to faster rural development will be the emergence of a strong non-farm sector. This will be achieved by focusing on the interlinkages between the farm and non-farm sectors in the form of agro-processing, provision of agricultural inputs, supply of basic consumer goods and services, and rural industrialization.

Space use and planning issues need to be addressed in the context of both rural and urban areas. There have been several issues related to physical planning. First, urbanization problems are not being addressed comprehensively as there is no spatial planning at the national and provincial levels. Second, the link between devolved arrangements and spatial planning needs to be clearly established to integrate urban and rural developments. Third, statutory cover for plan preparation and implementation needs to be provided. Fourth, the indiscriminate conversion of rich agricultural land for urban uses needs to be checked. Finally, haphazard growth around big cities and along national highways is creating serious traffic and management problems.

The strategic thrust of the planning framework to ensure integrated development of rural and urban areas, fully compatible with devolved arrangements, is planned as follows:

- (i) Making sustainable programmes and replicable models, where government should only assume the role of a facilitator, involving private sector as an effective development partner.
- (ii) Introducing a national spatial strategy within the framework of long-range perspective plans to safeguard the areas of national interest and provide guidelines for the development of mega projects.
- (iii) Covering the entire national space with spatial plans tied to the jurisdiction of various tiers of government, and completion of all tiers of spatial planning (national, provincial, district and Tehsil) during the MTFD period.
- (iv) Connecting rural areas with the rest of the country through the provision of basic facilities, amenities, infrastructure, and equitable access to employment, social growth and information and communications technology (ICT) culture, aiming at balanced growth and higher living standards.
- (v) Diversifying the economic base of the less developed areas through the development of resource based industries and other economic activities based upon the potential strength of these areas.
- (vi) Developing sustainable institutional mechanisms within the devolved setting at the village and small town level through close community participation to carry out development activities consistent with the objectives of national plans.
- (vii) Undertaking long term regional planning linking cities with the rural suburbs.
- (viii) Undertaking metropolitan economic planning across the entire urban region, bringing together the national, provincial and Local Government agencies, business, and community leadership to formulate comprehensive plans and carry out a coordinated set of targeted investments.
- (ix) Channelizing private sector investment in urban and rural areas through public-private partnership and through innovative modes of development like "Adopt a Village" scheme. In this regard, the cheaper cost of land, labour and doing business in rural areas will be capitalized as an incentive for investors.
- (x) Enhancing thrust towards rural urbanization to minimize the congestion, pollution and other typical environmental hazards in large cities.

### **Spatial Policy and Strategy**

During the MTFD the main features of integrated and balanced rural-urban development are the Spatial Strategy, Development Plans; Master Plans and Action Plans upto Tehsil level.

## **National Spatial Strategy**

The National Spatial Strategy would be part of the VISION 2030, with the Planning Commission taking the lead role and with approval by the Federal Cabinet. The strategy will broadly deal with land uses for the entire country including forest areas, agricultural areas, coastal areas, mining and oil/gas reserves areas, mountains and other areas of vital national interest, besides the urban settlements. It would indicate alignments of motorways, location of airports, seaports and other vital communication links/facilities as well as other mega projects, and strategic zones.

## **Provincial Spatial Development Plans**

The Provincial Spatial Development Plans, also to be developed in a 25 years framework, will be prepared by the provincial agencies dealing with housing and physical planning in collaboration with the Planning and Development Departments and line departments/agencies/authorities of the concerned Province, and approved by the Provincial Cabinet. These plans will (i) address the issues of rural-urban complementarities, and identify effective measures for establishing a balanced hierarchy of the human settlements, (ii) provide framework for District Structure Plans with particular reference to the resolution of inter-district planning issues, (iii) provide guidelines for the emerging development corridors; (iv) determine the roles of various settlements with special emphasis on the medium size towns with growth potential, (v) determine the need for new towns at feasible locations, (vi) provide guidelines for the proper development of rural areas, and (vii) take measures to curtail rapid growth of large cities.

## **District Structure Plans**

The District Structure Plans, having a perspective of 15 years, will be prepared by the District Governments concerned with support from the concerned provincial department dealing with physical planning and housing, universities, urban research institutions and rural development consultants, as required. These Plans will be prepared within the guidelines of the Provincial Spatial Development Plan and approved at the district level. Implementation of these plans will be carried out and monitored by the District Governments with allocation of lands for future growth of urban and rural settlements, right of ways for major communication and utilities trunk lines, and identification of major projects and their locations, as well as to undertake their implementation with effective monitoring mechanisms.

## **Tehsil Master Plans**

The Tehsil Master Plans, having a 10 years perspective, will be prepared within the context of the District Structure Plans by the Tehsil Municipal Administration (TMA) or district administration with support from the provincial departments dealing with physical planning and housing as required, and approved by the TMA. These plans would include (i) detailed land use plans for the urban area/cities and urban development corridors, (ii) detailed programme for the improvement of villages with projects and their implementation schedule, (iii) projects and annual improvements programmes for the Tehsil with resources allocation and land earmarking to promote integrated development, (iv) identification of demand-based requirements for Action Plans, (v) measures to check indiscriminate commercialization of residential areas particularly in big cities, and (vi) to put in place effective implementation and monitoring mechanisms.

## **Action Area Plans**

The Action Area Plans will be prepared annually, approved and implemented by the TMA within the context of respective Tehsil Master Plans. The Action Plans will be in sufficient detail for formulation of subsequent investment project proposals.

All the spatial planning exercises will be part of a continuous process covering periodic updating with effective monitoring and follow-up. The planning process will be carried out with adequate multidisciplinary inputs, and would be forward looking, preventive in nature, and action oriented. The Provincial Governments will make available sufficient technical, personnel and institutional strengthening at the district and Tehsil level, for the proper preparation and implementation of these plans, which will be fully compatible with the devolved arrangements.

## **15.4 Rural Development**

The rural sector is the backbone of Pakistan's economy. The performance of agriculture is tied up with the well being of rural population. Rural poverty remains high, with low level of quality of life indicators. The positive features include the emergence of empowered local governance and greater funds availability under Tameer-e-Pakistan Programme and wider spread of the Khushal Pakistan Programme. In the past, public sector initiatives in the rural areas were hampered due to a lack of strong and broad institutional base at the local level, and absence of participatory process in local development. With the implementation of the devolution plan, these issues are beginning to be addressed but considerable capacity building is required. However, deficiencies remain in the provision of basic infrastructure and social services in rural areas.

### **Rural Development Strategy**

For development of rural areas, a holistic approach will be adopted for rural development with local governments in the lead role, supported by the provincial and federal governments, with the following focus.

- Enhancing the asset ownership of the poor by improving access to land, water and livestock.
- Enhancing activities in the non-farm sector, including agro-processing, provision of agricultural inputs and supply of basic consumer goods and services.
- Identifying new sources of growth that will increase incomes of rural population.
- Facilitating private sector participation and involvement in value addition of agricultural products.
- Promoting rural industrialization, including "One Village, One Product" movement.
- Deepening and intensifying market development, including input, output and rural financial markets.

- Household food security.
- Provision of rural infrastructure including rural roads, clean drinking water supply and sanitation, education and health facilities and village electrification.
- Human capital development.
- Wider participation of rural population in the development of their communities through their own associations/organizations together with local government.
- Capacity building of rural development institutions.

Some aspects of rural development strategy are elaborated below.

### **Enhancing Asset Ownership by the Poor**

Government has designed a programme to distribute State land among the rural landless to improve livelihood. An estimated 2.7 million acres of state land is available for distribution. The provincial governments will examine the possibility of granting property rights to individuals and families residing in houses constructed on "Shamlat Deh" and state land. Provincial governments would also be encouraged to revive the earlier seven marlas plot scheme out of state lands for housing construction free of cost. This would be complemented by an integrated and phased programme for provision of services. Microcredit programmes will be substantially expanded, including enhancing the ratio of loans for livestock. The efficiency of water for irrigation will be enhanced through seepage control including concrete/brick lined water courses (Pucca Khalas) and precision land leveling.

### **Value Added Agriculture**

The production capacity for milk, fisheries and high value added agricultural products such as fruits, vegetables, herbs, and flowers will be enhanced. Institutional support would be provided for improved quality of output, improved grading and packaging, and refrigerated transport upto the cargo terminals for air- freight to the export market.

### **Rural Industrialization**

Rural industrialization would be based upon an analysis of local comparative advantage, maximizing employment through promotion of labour intensive industries and technologies in Small and Medium Enterprises (SMEs), encouraging value addition and enhancing worker skills and facilitating technology upgradation. Industrial and other special purpose estates will be established along the motorways and other suitable locations in close proximity to rural areas. Studies will be carried out of the programmes of Township and Village Enterprises in China and the "One Village, one Product" movement in Thailand, earlier highly successful in Japan as a tool for rural economic development, which emphasizes the global market for locally made traditional products.

## **Rural Market Development**

An efficient marketing system is essential for increasing agricultural production, ensuring better returns for the growers and meeting requirement of the consumers. The existing marketing system has many imperfections/inefficiencies, which reduce farmer's profitability. The following measures will be taken to improve the marketing system:

- The existing federal, provincial and local marketing institutions will be strengthened in order to enable them to collect, analyze, forecast and disseminate accurate, reliable, consistent and timely information/data on prices and demand for various commodities.
- The formation of growers' associations and marketing cooperatives will be encouraged for collective handling of marketing operations.
- Product related specifications and standards would be developed for agricultural commodities to meet the requirement for export as well as local markets so as to enhance acceptability trade, undertake contract/corporate farming and provide institutional credit to the farmers.
- Agriculture marketing companies will be provided regulatory support to enhance their role in setting-up marketing and storage infrastructure, engage in commodity trade, undertake contract/corporate farming and provide institutional credit to the farmers.
- Private sector will be inducted in the establishment of cool chain, distribution and modern storage (silos and warehouses) system for perishable and non-perishable commodities for local/external markets and to provide the farmers with options of marketing their produce.
- Markets will be linked with producing areas by constructing farm to market roads.

## **Human Capital Development**

Human capital development is the primary and most effective means for reducing chronic absolute poverty, inequalities in income, and reducing inter-generation income inequalities. Emphasis will be placed on increasing the overall literacy through universal primary education for all and reducing the dropout rates of males and females at the primary level. This will be complemented by demand driven technical and vocational education. The earning capacity of poor families being intimately linked to their health and nutritional status, health programmes that specifically target preventable and community diseases and maternal and child health and thus impact on the well being of poor households in the society, will be given high priority.

## **Household Food Security**

The coverage of the food support programme for the poorest households within a monthly income of Rs. 2000 will be strengthened. A cash support of Rs. 2000 is being provided to them through biannual installments. A system of means testing has been adopted for identification of beneficiaries by linking the programme with the Zakat system where records of Mustahiqeen are developed through extensive participation.

## **Infrastructure and Services**

Emphasis will be placed on provision of physical and social infrastructure, including farm to market roads, clean drinking water and sanitation, village electrification, and education and health facilities.

## **Capacity Building**

Capacity building of institutions involved in rural development will be a key focus. Participatory processes will be strengthened and the capacity of districts and TMAs enhanced to carry out their mandates in line with the devolution plan. As part of this process, the capacity for disaster management and mitigation such as droughts, floods, earthquakes, epidemics and other emergencies will also be enhanced. Networking of training institutions will be undertaken to align the overall training efforts in line with the rural development strategy.

## **Rural Development Programmes**

A comprehensive programme will be undertaken during MTFD to implement the above outlined strategy for rural development. Selected physical targets and indicators of rural development for the MTFD are summarized in Annex I. The features of major rural development programmes are briefed here under.

### **Khushal Pakistan Programme**

A comprehensive Khushal Pakistan Programme (KPP) has been developed as a major initiative to be implemented during MTDf as a part of people-centric development. The programme is based on the need to (i) focus on people and their needs, (ii) involve national, provincial and local representatives of the people in the planning process, (iii) ensure that every district in Pakistan is part of the KPP, (iv) focus on implementation and delivery mechanisms to achieve desired results, and (v) coordinate activities of development partners and ensure NGOs participation. The programme will cover essential infrastructure at the village, union council, Tehsil and district level; basic education and health; support for creating entrepreneurial and employment capacity; and support for creating direct employment (money for work programme). It is envisaged that an additional one per cent of GDP will be added to social sector spending by establishing a Khushal Pakistan Fund, which will be augmented through grant support from development partners. The Khushal Pakistan Fund will be used for rural and urban infrastructure, agricultural and livestock development, self-employment schemes, and human resources development.

### **Tameer-e-Pakistan Program**

The program, launched in 2003, covers schemes relating to sectors such as gas, electricity, roads, telecommunication, education, health, sanitation and water supply. Each MNA and Senator, allocated Rs. 10 million yearly, identifies development schemes and designates the executing agency for their recommended schemes. This programme will be continued during the MTDf with an allocation of Rs. 27.5 billion.

### **Drought Emergency Relief Assistance-II (DERA-II) Program**

The major objective of the programme will be to provide a systematic thrust to rehabilitate the drought prone areas and to alleviate the impact of drought by developing drought management strategy over a longer period, reviving the agrarian economy, employment generation by implementing labour intensive programmes and environment improvement through replication of proven strategy of DERA-I. The coverage of the programme would be extended to the left over drought-affected areas in provinces, AJ&K, FANA, FATA and ICT. The key areas to be covered under DERA-II programme would include water management both for irrigation and drinking purposes; agriculture and livestock sector development; employment generation; and watershed and range management. The MTDf includes an allocation of Rs. 30.0 billion for drought emergency relief, which will be shared between the federal and provincial stakeholders on the basis of severity of the drought and demand driven schemes.

## **15.5 Urban Development**

In recent years, urban population has been growing at the rate of 2.9 percent annually, among others, due to rural-urban migration and influx of illegal entrants and Afghan refugees. With increasing contribution of the urban economy to national development, the management of urban areas, particularly the metropolitan areas and the megacities of Karachi and Lahore, will play a key role in the country's economic development in the decades ahead. This urban growth will take place in a period of major economic and technological change, dominated by the emerging global economy, a revolution in information technology and an increasing emphasis on market-based decision making. These new external influences mean that the country's metropolitan areas such as Faisalabad, Rawalpindi, Peshawar, Multan, Gujranwala, Hyderabad and Quetta, and the

megacities of Karachi and Lahore will have to enhance their urban management capabilities and improve integrated development of urban infrastructure and services to provide a better quality of life for their residents.

The urban centres in Pakistan are characterized by haphazard growth, congestion, pollution and unplanned expansion, including settlements along major national highways adjacent to metropolitan areas. This has put increasing burden on an already inadequate infrastructure and contributed to environmental problems including traffic congestion and pollution problems associated with inadequate provision of water supply, sanitation, drainage, solid waste management, and urban flood protection. The situation has been further compounded by the lack of an integrated urban development approach. The inefficiencies in urban services and urban management have resulted in a higher cost for businesses, slowed urban based economic growth, and led to increased crime, violence and social unrest.

The MTDF recognizes the key role of urban areas in contributing to accelerated national growth and productivity by making them more efficient and competitive, among others, through an integrated urban development approach, enhanced urban planning and management capabilities, and strengthened public-private partnerships.

### **Urban Issues**

As a result of inadequate attention to spatial planning at the national, provincial and local levels, urbanization phenomena and urban development are not being addressed comprehensively. With indiscriminate conversion of the rich agricultural land for urban uses, there has been haphazard growth around big cities and along national highways. Most of the cities in the country are dominated by areas of poor housing, inadequate infrastructure and social services and poor transport, with a large proportion of the residents living in Kachi Abadis or informal settlements. In large cities in particular, the problem of high land values is one of the biggest constraints on a poor family's ability to acquire shelter.

There is considerable urban poverty, with over 20 per cent of the urban residents classified as poor. The causes of urban poverty include high cost of land, long journeys to work, exposure to greater environmental risk, and greater vulnerability to changes in market conditions in urban areas. Conditions of urban poverty have been worsened by the speed and scale of urbanization in the country, with which the municipal agencies have not been able to keep pace.

The urban environmental conditions in the country have worsened with increase in health problems resulting from poor air quality, water-related diseases, malnutrition, exposure to toxic substances, and industrial and vehicle-generated pollution. The environmental problems in cities include depletion and contamination of water resources, flooding, land contamination and air pollution.

A substantial increase in investments in urban areas will be required to provide for renewing existing infrastructure and providing new infrastructure as urban population increases. Without sustained high levels of expenditures in communications, energy, water supply, and sanitation, among others, cities will become increasingly inefficient and unpleasant places to live and work. Accordingly, increasingly attention would be required on urban finance with overhaul of the local financial management systems, user charges, initiatives to attract private capital, and tapping the local capital and bond markets.

Most of the local governments in the country lack the required skills to manage growth, provide urban services, and maintain infrastructure. Comprehensive institutional strengthening and capacity building of local governments is required to enhance urban management systems, among others, through technology and automation (e.g., computerization, geographical information systems, and other tools) and increasingly adopting tools from the private sector. Better vertical coordination between the federal, provincial and local governments would also be increasingly essential for integrated urban development.

### **Urban Development Strategy**

The strategy will be to adopt an integrated urban development approach for urban infrastructure development, enhance urban planning and management capacity, and strengthen public-private partnerships. Particular attention would be given to metropolitan and megacities economic development strategy to improve land supply and services, transport and communication links, information systems, and labour markets. Setting up of the industrial estates will be linked up with medium and small town development and establishment of new towns. These towns with growth potential would be identified through comprehensive spatial planning at the national and provincial level and provided with necessary infrastructure and self-contained utilities and ancillary facilities, including common technology support centres. Industrial corridors and specialized industrial and other estates will be set up along the motorways, expressways and railways.

### **Urban Land Management**

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

### **Urban Poverty**

A major challenge of urbanization is to improve economic efficiency and productivity while concurrently reducing poverty, thus facilitating a more equitable economic growth. The causes of, and remedies for, urban poverty are complex and cross-sectoral. A holistic approach would be adopted for reduction of urban poverty including employment creation, credit for informal businesses, education and literacy training, provision of legal tenure to squatters, improved social and infrastructure services and access to shelter.

### **Urban Environment**

Most of the cities in the country face environmental problems arising from poorly managed urban development activities and inadequate infrastructure and services. Efforts will be made to improve urban environment including (i) conservation of nonrenewable resources and resources rehabilitation; (ii) management, control and treatment of waste; and (iii) a greater reliance on market-based instruments (e.g. polluters pay) to supplement regulatory approaches.

## **Urban Water Supply and Sanitation**

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

## **Urban Transport**

Urban transportation is crucial to improving the quality of life and economic performance of urban areas. The challenge is to make investments in urban transportation sustainable through coordination, both in terms of physical provision and economic and financial policies, and by comprehensively addressing related issues such as a city's balance in the locations of employment and housing. Urban transport investments would incorporate concepts of demand management and appropriate roles for the public and private sectors. An economically efficient transport market based on optimal pricing will be developed. The main features of the urban transport strategy will be as follows:

- (i) Encouraging balanced multi-modal transportation and reducing total transportation costs, particularly for those without access to personal motor transport.
- (ii) Promoting traffic reduction strategies by a modal shift from private to public transport, walking and bicycle use.
- (iii) Achieving economic benefits by using existing road capacity more efficiently.
- (iv) Increasing transport productivity by improving mobility of higher value travel, such as freight, commercial and high occupancy vehicles.
- (v) Supporting public transport by increasing residential and employment densities, mixed land use and jobs-housing balance to reduce total vehicle travel.
- (vi) Encouraging the introduction and promotion of pollution-free public transport by using CNG.
- (vii) Linking transportation network development, including railway, for high rise commercial and real estate development.

The development of an efficient public transport system, primarily based on buses and light-rail needs to be linked to mass transit systems, with light rail as an option. Improvements to road-based integrated public transport including buses, taxis, and other forms of vehicles serving public needs would be considered. Catering to private transport demand is also important as a high proportion of future trip - making will continue to be made by cars, motorcycles, rickshaws and bicycles. Planning and management of the network will be crucial to optimizing the efficient use of road space. In addition, traffic

management schemes will incorporate bus priority measures, junction improvement, pedestrian separation, parking policies and non-motorized facilities.

### **Public Private Partnerships**

Given the massive investment required in urban infrastructure, a greater focus is needed on the creation of cost-effective and efficient public-private partnerships that include mechanisms for attracting private capital urban infrastructure provision. Investment of the private sector would be developed as a process that institutionalizes the enabling role of urban government. The complexity and scale of large cities call for experience in technical and management matters that can in many cases be better provided by the private sector than the public sector. The comparative advantage of the public sector is in setting goals and strategies for service delivery, and in planning, regulation, and protection, while that of the private sector is in the operation and maintenance of the services. Increased attention would be given to private sector involvement in the delivery of urban services and land development. For this purpose appropriate incentive systems and legal and regulatory frameworks would be developed.

To improve the economic efficiency of the country's large cities, the operating cost for industries, serving both the national and international markets must be reduced. This requires a joint public - private approach to improving serviced land supply, improving transport and communication links, ensuring reliability of energy and water supplies, delivering satisfactory waste management and drainage, improving the quality of labour markets, and improving information systems on land, finance and other elements of the megacity economy. Incorporating the resources of the informal employment sector into the citywide economy will particularly be important for large cities where the informal employment accounts for a large proportion of all jobs. A priority will be to make market entry easier for the small business through better security of tenure, access to land, credit, and affordable planning and building standards. An entrepreneurial approach, with involvement of the private sector, will be adopted on a citywide basis to promote metropolitan cities to potential investors.

New approaches would be required for financing major infrastructure in large cities including financing in part by profits generated by property development. There would be need for the federal government to encourage increased private participation in funding metropolitan development. Accessing the capital markets through municipal or other bond issues, with or without government guarantee, would also need to be considered. This would have to be complemented by price reform to meet the cost of efficient service provision, manage demand and generate cash to catalyze new investments.

### **Community Participation**

Community participation in urban development has increased through the involvement of non-governmental organizations (NGOs), business associations, environmental pressure groups, associations of Katchi Abadis and slum dwellers, and other community-based organizations (CBOs) in many aspects of urban development. The devolution plan recognizes the key role of the community in local development through institutionalization of the Citizen Community Boards (CCBs) in the local planning and implementation process. Community commitment to develop initiatives would be considered for promoting demand driven investment in urban development and prioritizing the provision of urban services.

## **Megacities and Metropolitan Management**

There is overwhelming evidence of the importance of megacities to the national economy, measured by their contribution to national output. Average output per worker is greater in megacities than in other urban and non-urban areas. Megacities benefit from agglomeration economies and are a focus for much of the trade and services arising from the global economy. High productivity arises from the megacities location and function as a major meeting point in the movement of people, goods, finance, and information, providing some of the best opportunities for specialization in and interaction, between socioeconomic, research, education, and technology activities.

In the past, metropolitan regional economic growth in the country has often occurred in an uncoordinated and haphazard fashion. Most urban regions do not have viable mechanisms for promoting metropolitan-wide economic development by creating a common vision, formulating a collective strategy, or jointly cooperating to implement major initiatives. The MDTF incorporates a paradigm shift towards metropolitan economic strategy explicitly designed to bring together the public and private sectors across the entire urban region to formulate and carry out a coordinated set of targeted investments involving comprehensive planning and united action through close collaboration amongst government, business and community leadership. The economic strategy, as opposed to the conventional view of local economic development, involves all of the important aspects of public and private resources and institutions, and is necessarily comprehensive and broad-based. The elements of a metropolitan economic strategy include education, job training, research, financing, business assistance, facility construction, physical infrastructure, trade promotion, marketing, product development, and promoting the growth of dynamic and innovative industry networks. A vital challenge for metropolitan areas in the country is to encourage new forms of economic work to enhance their competitiveness in the international market place.

Improving the physical environment and redressing social equity are integral to formulating and implementing metropolitan economic strategy. Quality of life is the key to attracting and retaining skilled workers. It is now being increasingly realized that combining environmental and open space preservation with metropolitan land-use planning, growth management and urban reinvestment are strategies for enhancing sustainable quality of life that will also generate economic prosperity. Protecting and sustaining the physical and natural environment includes cleaning up and redeveloping toxic and polluted land; renovating historic structures; improving clean air and water; maintaining the beauty of natural landscapes; increasing the accessibility of pathways and open spaces; curbing sprawl and traffic congestion, and reinvesting in older parts and inner ring suburbs; expanding transit and other pedestrian and transportation alternatives; promoting ecological and heritage tourism; increasing recycling and the use of renewable energy sources; encouraging energy conservation; and strengthening community planning and design.

The strategic framework for metropolitan areas would be developed in a holistic and integrated manner, bringing together not only the federal, provincial and local agencies but also the major development partners at one forum to make these cities more liveable and competitive. The framework would incorporate the vision, policies, and strategies, together with a prioritized programme and action plans for implementation. Major investments in physical and social infrastructure including water supply and sanitation, wastewater treatment, drainage and flood control, redevelopment of inner city areas, urban

transportation systems, education, and health and nutrition would be developed within this framework incorporating joint public-private approaches. This will be complemented by proposals for strengthening institutions for better urban management to create efficient land markets and to generate new financing and user charges to tap the increasing wealth. Accordingly, a Coordinating Committee on the Development and Management of Large Cities, having membership from the federal, provincial and local levels as well as major development partners, has recently been set up under the chairmanship of Deputy Chairman, Planning Commission. The committee will initially focus its attention on Karachi, Lahore, Peshawar and Quetta and attend to other cities subsequently on the basis of initial experience.

## **15.6 Integrated Programmes for Urban and Rural Development**

An Urban Policy Research Centre, attached to the Planning Commission, would be established. The Center in collaboration with the National Center for Rural Development, will focus its research on : (i) macroeconomic and urban economic relationships; (ii) improving the economic efficiencies of cities, among others, through integrated urban development and coordinated development of a broad set of infrastructure facilities; (iii) targeting of essential services at the poor; (iv) environmental sustainability; and (v) strengthening municipal administration and management. The Center will also develop the (i) policy reforms to involve the private sector in the provision of urban infrastructure and services; (ii) strengthening urban institutions through human resource development and training; (iii) promoting appropriate pricing structures, cost recovery and resource mobilization at the municipal level; (d) and developing appropriate management information and environment monitoring systems. A specific focus would be given to the strategic development challenges of megacities and metropolitan areas, including their long term evolution, future form and structure, improving market based approaches to service provision and public-private partnerships.

A National Spatial Strategy will be prepared by the Planning Commission under VISION 2030, which will provide the framework within which Provincial Spatial Development Plans, District Structure Plans, Tehsil Master Plans, and Action Plans for specific local areas would be prepared to guide the growth of urban and rural settlements, with in the frame work of Devolution Plan under the Local Government Ordinance 2001. An enabling Spatial Planning Act will be enacted in order to provide for the creation of necessary agencies for preparation and monitoring the implementation of spatial strategies at the national, provincial and lower levels. Master Plans for integrated urban development of all metropolitan areas will be reviewed and updated to cater for present problems and future demands. All these Plans will be approved by the concerned federal, provincial and local governments for providing authority to their effective implementation.

Within the framework of the National Spatial Strategy, and Provincial Spatial Plans, and Action plans will be made to guide future urbanization away from the G.T. Road and present canal-command areas, and to reduce the population concentration in major cities. This would include development of new towns and/or existing towns with potential, and satellite towns around Karachi, Lahore, Faisalabad, Rawalpindi, Peshawar, Multan, Gujranwala and Hyderabad.

Integrated provision of urban infrastructure and services, including water supply, sanitation, drainage, solid waste management, urban roads and other municipal services

will be undertaken to enhance quality of life for the residents and to improve urban productivity.

With the establishment of a strategic framework for urban and rural development, the preparation of a National Spatial Strategy, linked to provincial, district and Tehsil level development plans, and economic strategies for the development of rural and urban areas, the MTDF provides for a comprehensive programme for the balanced development of urban and rural areas.

A selective list of the MTDF urban development activities covered within the Physical Planning and Housing Sector is provided in Annex II. During the MTDF, the overall financial outlay of the federal and provincial urban development activities would be Rs. 10. billion. In the first year of MTDF i.e. 2005-06 Rs 3 billion are earmarked including Rs. 2 billion being provided for development of Islamabad and Rs. 1 billion for undertaking urban development activities by the Provincial Governments.

## Selected Physical Targets and Indicators for Rural Development

S. No.	Sector		Existing Availability 2004-05	Projected Availability 2009-2010
1	Water Resources			
	Water Availability	(maf)	135.68	150.35
	Water Courses	(nos.)	16500	68500
	New Tube Well	(nos.)	220	1260
	Surface Drains	(km)	242	1612
	Precision Land Leveling	(ha)	14998	81619
2	Rural Roads	(km)	97881	99881
3	Rural Health			
	Immunization of Infants	(million)	19.50	25.00
	Basic Health Units	(nos)	3500	4300
	Rural Health Clinics	(nos)	400	500
4	Village Electrification	(nos)	4000	12585
5	Literacy rate	(%)	66	80
	Male		79	90
	Female		52	70
6	Population	(million)	156.91	167.88
	Rural	(million)	103.55	106.87
	Urban	(million)	53.41	61.01
	Population Growth Rate	(%)	1.92	1.63
7	Labor Force	(million)	46.94	50.34
	Employed Labor Force	(million)	42.85	48.33
	Unemployed Labor Force	(million)	3.24	2.01
	Unemployed Labor Force rate	(%)	7.00	4.00
8	Safe Water Supply Coverage	(%)	65	76
	Urban	(%)	85	95
	Rural	(%)	55	65
9	Planned Sanitation Coverage	(%)	42	50
	Urban	(%)	65	75
	Rural	(%)	30	35
10	Population below Poverty Line	(%)	30	20
11	Malnutrition Children Below 5 Years	(%)	38	30
12	Population below Minimum Level of Dietary	(%)	31	20
13	Forest Cover and Farm Lands	(%)	4.8	5.2

## Selective Urban Development Activities

(Rs. Million)

S.No	Item	MTDF Allocation	PSDP/ADP
1	Preparation of National Spatial Plan and Strategic Action Plans	100	Federal
2	Establishment of Urban Policy Research Centre	50	-do-
3	Development of Federal Capital, Islamabad (Roads, Bridges/Overheads/ Under-passes/Flyovers, Water Supply, Sewerage, etc.)	2,000	-do-
	<b>Total Federal</b>	<b>2150</b>	
4	Preparation of Provincial and Special Areas Spatial Plans	200	Provincial
5	Institutional Strengthening of Urban Development and Administration Agencies of Metropolitan areas	50	-do-
6	Urban Development Plans of Major Cities (Karachi, Lahore, Peshawar, Quetta, Faisalabad, Hyderabad, Multan, Gujranwala, Sukkhar and Gwadar)	500	-do-
7	Establishment of new towns, upgrading of towns, and new satellite towns	2,000	-do-
8	Construction of Flyovers/Interchanges/overhead Bridges Under-passes/Cause-ways/Ring Roads etc. in Provincial Capitals	2,000	-do-
9	Urban Traffic and Transport Improvement in Metropolitan and Medium-size Cities	1,500	-do-
10	Urban Renewal/Urban Uplifting Projects	1,000	-do-
11	Major Public Transport Terminals in Metropolitan Areas	600	
	<b>Total Provincial</b>	<b>7,850</b>	
	<b>Total Urban Development</b>	<b>10,000</b>	