Rural and Urban Development

Pakistan was a predominantly rural country at independence, and the rural population still constitutes about two-thirds of the total population. However, it is now the most urbanized country in South Asia, with some 58 million people living in cities. This number is increasing at rates of 3.3 percent (nearly three times faster than in rural areas) as a result of the structural transformation of the economy and migration to urban areas in expectations of better employment opportunities and higher incomes. The urbanization will increase even more rapidly as the share of industry and commerce increases. The urban population is therefore expected to rise by another 70-80 million by 2030, or nearly two-thirds of the total population. Karachi and Lahore will be among the world’s leading mega cities.

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 two mega cities of Karachi and Lahore.

Infrastructure and services in both rural and urban areas are deficient and substantial improvements are needed. However, the quality of life in rural areas is much lower than in urban areas and it continue to lag in the availability of physical infrastructure, education and health facilities, safe drinking water supply and sanitation and other social services.

10.1 The Rural Context

While the agricultural sector contributes some 22 percent to GDP, its overall impact on the national economy is far greater. When this sector’s growth is high and broad-based, it generates sufficient income and employment opportunities in the non-farming communities within the rural areas as well as in urban industry and commerce. However, evidence suggests that while the small farmer is unable to bear the financial burden of adopting new technologies and land management practices without state intervention, it is the rural artisans, women, and landless workers who are even less protected and are the poorest of the poor in Pakistan. Policies and strategies therefore need to be worked out for these non-farming communities, as much as for the small farmer.

Rural and urban poverty are closely linked through the migration of artisans and small land holders who are attracted to urban areas because of emphasis and growth of industry. However, jobs are scarce in industry because of absence of appropriate skills, and most migrants end up in the construction and informal sectors. Majority of urban slum dwellers are recent migrants.

1 Human Development in South Asia, Mehbub ul Haq Development Centre, 2002
10.2 Rural Development

The rural sector is the backbone of Pakistan’s economy and its performance 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 various Social Sector programmes. 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 still required.

10.2.1 Rural Non-farm Interventions

The policies for the non-farm sector in rural areas should cover trade, services and manufacturing sub-sectors of the rural non-farm economy. A well-developed infrastructure, efficient rural financial markets, education and extension programmes specifically designed to fulfil the needs of non-farm population are important on the supply side to enable the non-farm rural sector to play its role in rural transformation. Promotion of small-scale rural industries, usually within the framework of area development or rural development projects e.g. strengthening or modernizing existing rural handicrafts will be an important instrument.

It is highly desirable to include rural industrial components in the development paradigm, which would increase income and employment opportunities for the rural poor, while helping to stimulate and diversify the local economy, which in turn would provide more job opportunities for the poor in their own areas. This will require a robust programme for micro-credit projects to promote the non-farm micro-enterprises for the poor.

Since women outnumber men in farming and dairy activities, it will be essential to prepare female trainers for extension services in order to improve the capacity of rural women. An important initiative is the recently launched AHAN project (Aik Hunar-Aik Nagar or ‘One’ product – ‘One’ village) which is expected to provide an important instrument for upgrade of skills and marketing of village enterprises. It will further improve the linkages with the small farmer, who generally stays away from large industry.

Non-farm activities and incomes will be further strengthened through encouragement of co-operatives, which can promote small-scale industry thus helping poor non-farm households to improve their livelihood. The initiative for more efficient use of water for agriculture (land leveling, or sprinkler irrigation) is one example of new activities which will require a higher set of skills for operation and maintenance, and are therefore eminently suitable for seeding of new rural micro-businesses. Community development will follow community mobilisation.

10.2.2 Rural Development Strategy

For development of rural areas, a holistic approach will be adopted with the following focus:

- Enhancing the asset ownership of the small farmer 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.

? 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 resource development.

? Wider participation of rural population in the development of their communities through their own associations/organizations together with local government.

10.3 Devolution and Development

Apart from infrastructure development, recent innovation in governance is likely to affect the future of both the urban and rural areas in Pakistan. Under the devolution plan, a new system of municipal governance has been laid out in Pakistan.

The salient features include emancipation of women (30 per cent of the 130,000-odd municipal representatives are women), devolution of power for local decision making, and the formation of Citizen Community Boards (CCBs) to engage the community in the decision making process. These developments are monumental from Pakistan’s perspective. These changes together with the much needed capacity building measures will be important instruments for achieving Vision 2030.

The devolution plan recognizes an explicit role of the community in addressing the infrastructure deficit. The community-based infrastructure development has shown great success and promise in Pakistan, and community based waste management and water supply and sanitation systems are examples of successful implementation of municipal service delivery.

Large scale replication of these projects is planned to address the infrastructure deficit in Pakistan. With the implementation of the devolution plan, the rural-urban dichotomy has been removed, and a consistent, balanced, improvement is expected across all areas of the country. 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. All the vertical programmes and parallel structures of the federal and provincial governments are being fully aligned with the new local government structures, with important effects in meeting the goals set out in Vision 2030.
While settlement patterns have varied across countries, efforts to significantly restrain migration or urban growth have largely proven to be unsuccessful. The development of smaller towns can reduce the migration to metropolitan areas and megacities to an extent, but it will be effective only if employment opportunities are created together with investment in social infrastructure. The policies that determine the “terms of trade” between urban and rural areas should ensure that price distortions do not unintentionally encourage migration.

Vision 2030 does not ask for development of the urban areas at the expense of rural populations, but treats rural and urban development as complementary. Strengthening linkages between urban centres and rural areas is therefore necessary to ensure that the two remain mutually reinforcing. Towns and cities provide markets for rural products and jobs to absorb surplus rural labour. 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.

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

10.4 Cities as Engines of Growth

The level of urbanisation and the level of development are closely related, with urbanisation levels as high as 80 per cent in the most developed countries. In 2006, urban dwellers exceeded those living in rural areas for the first time in human history (the linear mega-town growing along Shenzen in China now has as many people as London, but took only 20 years to reach this level). In Pakistan, too, the pace of this transformation is quite high. Efficient management of urbanisation will require more and more settlements to grow into their equilibrium size - optimal and functional hierarchies of settlements - determined by benefits of lower cost of producing and delivering public goods and services, economic enterprise, and infrastructure.

Cities are increasingly becoming engines of national growth, centres of economic activity, knowledge, and influence; this will generate cultural change involving new sets of relationships within society. Urban centres are also generally several times more productive than rural areas because of the clustering of innovation, knowledge and infrastructure.

Greater global urbanisation is also leading to an increase in urban poverty. Massive urbanisation in future can beget even greater social instability and severe alienation. Preserving social cohesion through a holistic approach towards urban planning and development, with a focus on improving quality of life for all will be a major task.
Urbanisation offers some positive opportunities to Pakistan which must be exploited, chief among them being the fact that their economic dynamics will make them important engines of growth, specially with a middle class of at least 130 million, most of whom will be in the 15 – 35 age group, will most likely be skilled and enterprising, and will have money to spend.

Further, as built-up area expands (human dwellings and their ancillary facilities; roads; administrative, business, commercial and industrial; storage; energy production areas), it can eat into its hinterland as has happened in all of Pakistan’s major cities in recent years. This has to be carefully managed.

While it is planned to develop our major cities as hubs of trade and commerce with higher levels and intensities of infrastructure and connectivity to the outer world compared to the present, the proposed programmes will needs careful attention to detail.

Vision 2030 calls for increasing the share of industrial sector from the current 18 percent of the economy to 30 percent by 2030. This, coupled with an increased focus on the services sector, would lead to a major structural transformation of the economy. While there will be a significant increase of internal trade, it is anticipated that there would be a quantum jump in exports from the current over $ 16 billion to around $ 250 billion by 2030. There would also be a corresponding increase in imports. The structural transformation of the economy will result in increasing levels of urbanization. It is expected that the level of urbanization will increase from about 34 percent at present to over 60 percent by 2030. Accordingly, the current urban population of about 55 million would more than double to between 120-130 million in 2030, with almost four-fifths of future population increase in urban areas.

It is important to channel this ongoing urbanization towards a positive impact on economic efficiency, the size and shape of cities and their relationship with the rural hinterland. It is planned to develop a National Spatial Strategy within the framework of Vision 2030 to safeguard the areas of national interest and provide guidelines aimed at maximizing efficiency of human settlements and other productive efforts and enhancing rural-urban complementarities.

Currently some 85 percent of Pakistan’s population is located in about 20 percent of the country’s area east of the Indus River and in close proximity of border with India. The current urban centers, which are already congested and polluted, would not be able to absorb the envisaged enhanced economic activities and trade. Accordingly, as a part of the National Spatial Strategy, it is envisaged to diversify the growth of population and urbanization.

A National Trade Corridor (NTC) improvement programme has already been launched. The objective is to reduce the overall trade-related transport and logistics cost, thereby decreasing the cost of doing business and lowering the indirect losses being incurred, resulting in trade competitiveness and industrialization. Adopting a holistic approach, the NTC improvement programme covers the systems, procedures, and investments related to ports and shipping, energy logistics, highways improvement and trucking modernization, trade facilitation, railways restructuring and modernization and aviation and air transport modernization.

It is estimated that about 80 percent of the national trade lies within the north-south axis of this trade corridor, which connects Gwadar and Karachi to Peshawar and borders with Afghanistan and China. Vision 2030 envisages a broader long-term strategy to cover the entire country with corridors covering trade, transport, industry and energy. These corridors will be linked with establishment of new cities; logistic
centres (for retail and wholesale trade); special economic zones, industrial and technology parks; and cold chain/food processing centres.

Planned new cities, particularly on the west of Indus (with bridges across the river), in conjunction with economic activities along the motorways and expressways, complemented by links to rural service and production centres, would enhance competitiveness of trade and efficiencies of upgraded infrastructure.

A programme of upgrading of infrastructure within the existing urban centres and existing intercity networks will also be undertaken. Analysis will also be carried out of the cropping patterns to enhance efficiencies in the production chain linked with food processing centres. The national spatial plans will be linked to provincial and local plans within a long-term regional planning framework to connect cities with the rural suburbs through the provision of facilities, amenities and other infrastructure and services. This will enhance the thrust towards rural urbanization to minimize the congestion, pollution and other typical environmental hazards in large cities.

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The functioning of the mega cities and large cities will be improved through metropolitan economic planning across the entire urban region, bringing together the national, provincial and local government agencies, business and community leadership to formulate comprehensive plans and carry out coordinated targeted investments. Among other things, investments in urban and rural areas will be enhanced through public-private partnerships and other innovative modes. This will facilitate private sector involvement in value added services and products, and promote industrialization with intensified marketing and financial mechanisms. A focus will be the provision of local infrastructure including roads, clean drinking water, sanitation, basic health and education and electricity to enhance the quality of life of the residents. In rural areas, the asset ownership of the poor will be enhanced by improving access to land, water, livestock and basic consumer goods and services. The economic base of the less developed areas would be diversified through development of resource-based industries and other economic activities based upon potential strengths of these areas.

10.5 Urban Services

With rapid urbanisation coupled with inadequate investment, the quality of urban infrastructure has deteriorated. Less than 1 per cent of wastewater is treated in Pakistan. The rest is thrown into ravines, streams, and rivers which have turned into sewers and impact negatively on downstream users.

The metropolitan governments recover fewer than 50 per cent of the solid waste generated in the cities. The rest is left to rot on the streets. Even the waste that is collected is mostly dumped in open fields or is incinerated. The dumped waste pollutes the groundwater and the incinerated waste creates air pollution.

Lahore, a sprawling metropolis of seven million, has fewer than 150 traffic lights, which are measures of insufficient traffic management. The result is severe traffic congestion. In the federal capital, Islamabad, even the well-off communities face chronic water shortages. All these indicators are even more acute in Karachi in terms of water, sanitation, pollution, and slums.

The infrastructure deficit and the associated urban decay are only one manifestation of much more complex structural dynamics and constraints.
Our urban planners have seldom followed pro-poor strategies in the past. The rich get subsidized sewers; the poor live in often appalling sanitary conditions. Yet a lot can be done with some grit, and vision, as shown by the Orangi Pilot Project in Karachi; this provides sewerage services to over a million poor people and provides many lessons which can and are being emulated on a larger scale.

Non-market actors in real estate business are acquiring prime real estate and tracts of peri-urban lands for rent seeking and are making increasing demands on urban space, by displacing less powerful users. Land acquisition, zoning and development, house construction and financing schemes for the betterment of the general public will be rationalized.

### The Key Lesson from Orangi:

Poor people also want good quality services just like rich people. Orangi also showed how poor people can transform their environment and reduce costs and corruption to a small fraction of ‘standard’ costs by technical innovation and self-help.

It also showed the importance of high-quality technical support, and why eventually, there must be a partnership between the informal sector (which can handle much of the local infrastructure better than the municipality) and the government (which must build the bulk collection and wastewater treatment facilities).

### 10.5.1 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.

### 10.5.2 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.

### 10.5.3 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.

10.6 Management of Megacities and Metropolitan Areas

Pakistan will see the rise of large urban centres and mega cities which will propel the growth of national economy and make important contributions to national output by 2030. The benefit will be derived from agglomeration economies and are a focus for much of the trade and services arising from the global economy. High productivity in the mega cities arises from their function as a major meeting point in the movement of people, goods, finance, and information, providing opportunities for specialization in and interaction between socio-economic, research, education and technology activities.

With increasing contribution of the urban economy to national development, the management of urban areas, particularly the metropolitan areas and the mega cities of Karachi and Lahore, will play a key role in the country’s economic development in the decades ahead.

Their growth is taking 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 external influences mean that the metropolitan/mega cities 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 Vision calls for adopting a metropolitan economic strategy explicitly designed to bring together the public and private sectors across the entire urban region to formulate and carry out a coordinated set of targeted investments involving comprehensive planning and united action through close collaboration amongst government, business and community leadership. 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 framework would incorporate vision, policies, and strategies, together with a prioritized program and action plans for implementation.

This strategy 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.

All this will call for strengthening the teaching of urban management and municipal engineering at university level, together with high quality technicians and para-professionals to maintain and upgrade infrastructure and services and to manage urban poverty.

10.7 Financing Urban Development

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

10.8 Pakistani Cities of the Future

With all the changes which will take place in Pakistan and the world, our cities of the future will very likely be different and certainly bigger than they are at present.

Karachi will be one of the great cities of the world, with a diverse yet socially cohesive population of around 30 million, pulsing with commerce and industry, and creative ideas for design and culture. It will also host a vibrant immigrant community. It will be a regional hub for electronics, pharmaceuticals and biotechnology industries, as well as medical and financial services because of its excellent physical and electronic infrastructure. Karachi’s top hospitals will be famous for their diagnostic and therapeutic procedures, based upon the competence of doctors and staff, and diagnostic infrastructure. It will have excellent air and sea links, as well as electronic and satellite connectivity with the world, making it a regional financial and industrial centre, attracting high levels of professionals and multinational activity.

Lahore returns to being a city of intellectual activity and entertainment. Half a dozen foreign universities will have made it their first overseas campus; together with its older well known Pakistani universities, they will offer a variety of studies to people from across the world. The Mall will have a large number of theatres and restaurants, with the walled city and historical monuments becoming a haven for tourists and students. Its industrial estates, technology parks, and shopping centres will rival the best in the region. Its cultural and art festivals will attract a large numbers of domestic and international tourists.

Nankana Sahib will become an international centre for religious tourism. It will have a large infrastructure for the pilgrims, as well as shopping malls and major discount outlets for local and foreign tourists, and other visitors from nearby towns.

Quetta will be an important commercial city on the route between Central Asia and West Asia on to Gwadar. It will be the principal centre of mineral beneficiation in the country, with regional headquarters of several international mining companies. It will be as famous for the orchards and forests in its hinterland, as also for sheep farming and equestrian sports.

Peshawar will vie with Quetta for pride of place on the land routes from Central Asia; it will be the major city between the Indus and the Caspian. It will also be the regional trade and energy hub, on the route from Gwadar to Western China and Central Asia. The excellence of its climate, and educational and medical facilities, will have made it a centre of medical tourism, while also drawing several pharmaceutical manufacturers to the area.
Islamabad will be a medium sized international city of gracious suburbs, parks and watercourses, wooded hills, and clean air - offering a unique quality of life to its residents and visitors. Like ancient Taxila and Gandhara, it should have become a seat of learning, and the intellectual and cultural centre of the region based upon the excellence of its public schools, universities, its think tanks, libraries, and museums, and sports facilities, blending and accentuating its Islamic Heritage with the natural beauty of its surroundings. It shall have several small townships around it, stretching in a 20 km wide swathe from Taxila to Rawat, which should have grown to their optimal size within the hierarchy headed by Islamabad.

A nostalgic look back by an old resident of Rawalpindi:

Fifty years ago, there were perhaps a few dozen motor cars in Rawalpindi, and one more or less knew who was the owner. The President could be found outside the bookstore in Saddar on an evening, and you could walk up and shake his hand without being hassled by security guards. Most people traveled by bicycle, or the horse drawn tonga, or public bus, which always left its stop on time. Intercity transport was again a bus or train, and Rawalpindi generally used to be declared the cleanest and best kept railway station in Pakistan. The railways goods service would deliver your parcel to your home for a nominal fee.

There were no gas heaters and no TV, and all children spent an hour or two outdoors every day. The power behind Pakistan’s prowess in athletics was a retired Brigadier, who would sit outside the lawns of Flashman’s Hotel, and ride around on a green bicycle. Our cricketers and hockey players also were quite human, and deemed it an honour to don Pakistan’s colours and be paid fifty rupees for the pleasure of playing for their country.

Penicillin had only recently appeared, and doctors were affordable and friendly while they sterilized their syringes. There was no HIV or AIDS. Water was piped in and was clean and safe.

One would spot the odd pistol or gun slung across someone’s shoulder (licences were de rigueur then!), and the most horrific crime was one involving knife fights.

The sound of the muezzin was mellow and enthralling, specially when you returned home from several years of studies abroad in a farangi land, and there were no sectarian riots. Women were just beginning to shed their burqa.

Some 10 million refugees had earlier streamed into a country of 60 million people (East and West Pakistan combined) from India in one of the worst human disasters of history, and there were no cries for international help. Everything was managed ourselves.

Going to Murree was considered the height of sophistication, and young army officers were envied for their ability to see the whole of Pakistan.

So much has changed over the last fifty years. What would Rawalpindi look like in 2030?