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Land ownership, control and contestation in Karachi and implications for low-income housing

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Acronyms and local terms

ACHS	Al-Riaz Cooperative Housing Society
AKPBS,P	Aga Khan Programme for Basic Services, Pakistan
AWT	Army Welfare Trust
BoR	Board of Revenue
CBO	Community-based organisation
CDGK	City District Government Karachi
DC	Deputy commissioner
DHA	Defence Housing Authority (formerly the Pakistan Defence Officers' Cooperative Housing Society)
FAR	Floor area ratio
HBFC	House Building Finance Company
KBCA	Karachi Building Control Authority
KCHSU	Karachi Cooperative Housing Society Union
KCR	Karachi Circular Railways
KDA	Karachi Development Authority (formerly the Karachi Improvement Trust)
KESC	Karachi Electricity Supply Company
KIT	Karachi Improvement Trust
KMC	Karachi Metropolitan Corporation
KPT	Karachi Port Trust
KSDP	Karachi Strategic Development Plan
KWSB	Karachi Water and Sewerage Board
LDA	Lyari Development Authority
LERP	Lyari Expressway Rehabilitation Project
MDA	Malir Development Authority
ML&C	Military Lands & Cantonments Group
MPGO	Master Plan Group of Offices
OCHS	Oversees Cooperative Housing Society
OPP-RTI	Orangi Pilot Project - Research and Training Institute
PDOCHS	Pakistan Defence Officers' Cooperative Housing Society (now the Defence Housing Authority)
PECHS	Pakistan Employees Cooperative Housing Society
PQA	Port Qasim Authority
SBCA	Sindh Building Control Authority
SDULO	Sindh Disposal of Urban Land Ordinance
SITE	Sindh Industrial and Trading Estate
SKAA	Sindh Katchi Abadi Authority
SKAA	Sindh Katchi Abadis Authority
SLGO	Sindh Local Government Ordinance
SMCHS	Sindhi Muslim Cooperative Housing Society
<i>Bhatta</i>	Bribe extracted through coercion
<i>Bisi</i>	Community savings scheme
<i>Goth</i>	Village
<i>Katchi abadi</i>	Informal housing
<i>Nazim</i>	Mayor
<i>Thallawala</i>	Builders' merchant

Land ownership, control and contestation in Karachi and implications for low-income housing

EXECUTIVE SUMMARY

This report discusses the formal and informal mechanisms governing the ownership and management of the land market in Karachi. The information is based on primary and secondary research, and presented in a format that is accessible to all the stakeholders and practitioners concerned.

Karachi is a megacity with a population of about 18 million. Although the effects of urbanization on the development of land in Karachi are similar to those in other megacities in the south, three important aspects of this city combine to set Karachi apart from other megacities. The first is its strategic location in the regional conflict associated with the Afghan war. The second is its immense economic power within the general context of Pakistan and the particular setting of Sindh province, of which it is the capital. The third is that fact that the migrant population of Karachi far outnumbers its native Sindhi and Balochi speakers. An understanding of these features is necessary to understand the persistent land management and governance problems in Karachi.

Who owns the land in Karachi?

Karachi division currently covers 3424 square kilometres and is governed by 13 different land management authorities. A review of the roles and amount of land managed by these agencies shows that although state land is easily available, Karachi has been unable to foster commercial growth or provide low-income housing, amenities and utilities.

There are two reasons for this. Firstly, the presence of numerous land-owning agencies with no shared plan or coordinating mechanism results in a serious clash of interests, frequent disputes over land transactions and conflicts between various parties. The increasing incidence of litigation in courts of law, armed conflicts between powerful interest groups, speculative hoarding by landowning agencies and the use of land to grant favours to friends and political allies or win over political opponents has created an inefficient and opaque land market.

Secondly, a clash between the province and the city and Karachi's importance in the Afghan War have left it with a weak and contradictory land governance system. This means that powerful political, ethnic and commercial interests are able to dictate land-use policies and use land conversions to their own advantage rather than act in the interests of the city and its poorer inhabitants.

How is land regulated and managed?

There are numerous laws, statutes and regulations relating to land in Karachi. These include procedures for land disposal, laws on cantonments, railways, informal settlements (*katchi abadis*¹), land acquisitions and land revenues, the Societies Acts, and building control and town planning regulations. The SKAA Act of 1987 (dealing with *katchi abadis*) has sufficient provisions to protect the tenure of low-income groups, and the environmental laws could ensure that development is socially and environmentally friendly. The building by-laws and zoning regulations could also contribute to a healthy physical and social environment,

¹ Informal settlements created through squatting or informal subdivisions of state or private land (see http://www.ucl.ac.uk/dpu-projects/Global_Report/cities/karachi.htm)

despite the fact that they are anti-street, anti-pedestrian and anti-dissolved space. These laws are routinely violated as they are too rigid and take no account of the incremental manner in which poor communities often build their homes. The cantonment laws are anti-poor and do not facilitate the transition from informal to formal settlements. Meanwhile, the Land Acquisition Act has been used to provide land for questionable development projects driven by the government and powerful interest groups, which have displaced a large number of poor settlements.

An evaluation of these laws shows that the method of governance in Karachi makes their implementation problematic. Governance is compromised by an ongoing conflict between the city and the province, bureaucrats and government ministers who violate the objectives of these laws by using discretionary powers for patronage, and powerful mafias who invest their money in lucrative formal and informal real estate businesses. Interestingly, one product of the informal real estate business is housing for the poor; if the 'mafias' did not exist, the poor would not have homes. Another element in the mix is the constant interference in land-related matters by the armed forces and other federal land-owning agencies.

A number of development plans have been formulated for Karachi since Independence, most notably the MRV Plan of 1952, the Greater Karachi Resettlement Plan of 1958, the Karachi Master Plan for 1975-85, the Karachi Development Plan 2000 and the recent KSDP 2020. To date there has been no political ownership of these plans (even though the KSDP 2020 was approved by the elected house), which regrettably function as technical documents rather than a framework for implementation. The absence of a legal framework to coordinate planning and development by the different landowning agencies in Karachi is compounded by a lack of government subsidies, appropriate funding allocations and technical capacity. As a result of financial constraints, the CDGK promotes the commercialisation of the main corridors of movement in Karachi in order to raise revenue from commercialisation fees. This is done in an ad hoc manner and is the cause of considerable environmental and social degradation.

What finance mechanisms are available to consumers?

Like many other major cities in low- and middle-income countries, the finance systems in Karachi do not reflect the economic conditions of most of its inhabitants. People generally have few savings and survive on a monthly salary, but houses are usually only available for outright purchase rather than through easy financing or mortgage options. A review of the nine formal housing finance institutions in Karachi revealed that they do not offer loans to purchase land. This is partly because the absence of a stable, predictable and uniform land registration system makes lending for land purchases a highly unaccountable and protracted procedure, and partly because interest rates are far too high to make loans affordable. This is not because the financial institutions charge high rates of interest, but because of the high KIBOR rate, which currently stands at 12 per cent.²

Who are the main actors in the land market, and what are their relationships with each other?

Contributors to the electronic and print media and members of the research, advocacy, NGO and activist community have identified a number of key land actors in Karachi. These include the armed forces, the national and international corporate sector, and local and provincial

² This is the Karachi Interbank Rate set by the State Bank of Pakistan. For details, see <http://www.investopedia.com/terms/i/interbankrate.asp#ixzz1r4D9R7Bs>

elected representatives. Rather than developing and implementing master plans, land use agreements and regulations, and providing easy entry and exit into the land market, they facilitate land grabbing and land conversions, and have turned land in Karachi into a political and ethnic resource. Serving ministers and members of the provincial assembly claim that they cannot rectify the situation because the police are on the side of the encroachers, while politicians have been known to condone or even support violations of law.

The lack of a unified stake in the city and its land means that those who seek to protect it by fighting encroachment on their site or jurisdiction often turn a blind eye to and/or facilitate the violation of rules, regulations and plans on another site. With no proper documentation, using legal processes to implement the law and resolve disputes is a difficult, lengthy and expensive – if not impossible – process that rarely ends in justice being served. It also makes it hard for families to access credit to build houses.

The old professional elite that used to control the development of the formal sector have been replaced by traders and traffickers, and legally acquired funds largely superseded by funds acquired illegally or through extortion. The availability of large amounts of money has helped informalise formal sector processes. As a result, bribes in money and kind are used to bypass or bend government rules, regulations and procedures. This allows developers to make profits of over 150 per cent on land transactions alone, while informal payments can add up to 25 per cent to the price of the end product. They also make purchasers dependent on middlemen who can help them with the documentation and processes involved in purchasing, building, renting or acquiring housing loans. Although the informalisation of formal processes has given low-income residents access to a large number of affordable plots (something that the formal sector is incapable of doing), these are usually far from their workplace or from the city centre where better social facilities are available.

What is the role of non-state actors?

Non-governmental organisations (NGOs) serve a small segment of the population in the provision of housing. They are mostly involved in social sector issues such as education, health and micro-credit for income generation, and are unlikely to make a difference to the existing gap between the supply and demand for housing in Karachi. This means that the State needs to play a more proactive role in housing. While individual NGOs are unlikely to change state policy, a network of NGOs pushing for change could make a difference. Professional education is theoretical in nature and does not give students a real understanding of the options and realities available to poor communities. Indeed, it has emerged that architects do not wish to work on low-income settlements, and are unaware of their residents' requirements. Until this changes, local contractors and artisans will continue to carry out incremental improvements to housing in poor settlements.

What are the preferences of low-income residents in Karachi?

All housing in low-income settlements is built in the same way (irrespective of its tenure status), with pre-cast concrete block walls and, to begin with, metal or asbestos sheet roofs. Where property is concerned, low-income groups prefer informal deals even when formal processes are available, as they do not trust market operators or government officials, and are not comfortable dealing with them. Information about formal processes is hard to obtain and often difficult to understand. To overcome this, a poor-friendly culture needs to be developed in offices that deal with applicants, and information should be made available in an easily accessible and understandable format and language. The House Building and Finance Company (HBFC) has developed a user-friendly website and materials in order to be more accessible, but few people are aware that these resources exist.

People prefer one-unit houses to apartments, as this allows them to enlarge their home

incrementally and use it for some kind of economic activity. They also prefer to live in affordable locations close to their workplace and relatives. They spend less time and money travelling if they live near their workplace, and derive greater social, physical and economic security from being near their relatives. It is interesting to note that the majority of people with informal jobs work near or within their settlements, while those with formal office jobs travel considerable distances to work. People also prefer to rent rather than live in settlements where tenure is insecure. The most vulnerable group surveyed was tenants, who rent because they cannot own a house (formally or informally) in an affordable or appropriate location. Having to pay both rent and transport makes it even harder for them to support themselves and their families. Housing census statistics show that the number of tenants in Karachi is increasing.

Conclusions

Simplified rules, regulations and procedures could be used to apply Karachi's land laws and statutes in a more equitable manner, with proper monitoring to identify problems in their implementation and help develop more appropriate rules, regulations and procedures.

The first step would be to establish the Karachi Division Planning Agency to coordinate the different land-owning authorities and enact procedures, as proposed by the Karachi Development Plan 2000 in 1989. The aim would be for this body to represent all the landowning agencies, establish consensus between them and work in the larger interests of the city. Creating this kind of mechanism to coordinate multiple land actors and stakeholders within the law would minimise the room for discretion and political patronage, although care will need to be taken to ensure that the agency is not dominated by the most powerful group. This will require a strong and informed civil society that can exert pressure on the agency and monitor its proceedings and decisions. In order to do so, civil society groups and academics will need to be able to access official information.

One of the major constraints in implementing this proposal is the ethnic conflict in Karachi, which has turned land into an instrument of power. The turf wars between ethnic groups exploit the discretionary powers of politicians and government officials, unclear land titles and an ineffective system of justice in land- and property-related issues, manipulation of the market through coercion and the targeted killing of estate agents and property dealers. Moving forward on this agenda will require consensus on the need to resolve these ethnic conflicts, and a willingness among leaders of the ethnic groups to look beyond the politics of 'constituencies' and 'votes' and act in the larger interest of the city and the province.

1. KARACHI: THE CONTEXT

Karachi is a megacity³ with a population of about 18 million. Preliminary analyses of Pakistan's 2011 census suggest that it is the fastest growing city in the world.⁴ Megacities are unique ecosystems whose land-use configurations have a profound influence on the daily living conditions of their residents. Urbanization produces areas of high population density, creates demographic change, and concentrates economic and political power in the megacity concerned. All of these processes are currently under way in Karachi.

In some respects the features of urbanization in Karachi mirror those of other megacities. Karachi's population density is 17,325 people per square kilometre, compared with 44,000 in Dhaka, Bangladesh; 12,700 in Lagos, Nigeria; and 9,500 in Mexico City (Cox, 2012). Its growth rate stands at about 5.4 per cent per annum,⁵ compared with 3.4 per cent in Dhaka,⁶ 3 per cent in Lagos,⁷ and 1.16 per cent in Mexico City. Socially, Karachi has recorded an increase in literacy in the last few decades, and seen the gap between male and female literacy narrow.⁸ There has been a sharp rise in the age at which people get married, particularly women.⁹ Economically, the processes of structural adjustment, deregulation and privatisation have led to 'the emergence of a First World economy with a Third World wage structure'.¹⁰ This has increased both aspirations and poverty (50.5 per cent of Karachi's residents live below the poverty line),¹¹ while privatisation¹² has led to the removal of subsidies in education, health and urban services, increasing urban inequality¹³ and undermining people's ability to fulfil their aspirations.

The subsequent effects on land use and development in Karachi are similar to those of urbanization in other megacities in the southern hemisphere (see Weinstein, 2008, on Mumbai; Sassen, 2001, on New York; Gilbert, 2003, on Nairobi, and Payne *et al.*, 2007, for an overview of literature on urbanization). They include illegal land conversions, the use of funds acquired through coercion and contraband trafficking to develop real estate, turf wars between rival real estate dealers and promoters, large-scale evictions, huge gaps between the supply and demand for housing, and a strong anti-poor bias in planning and policy making.

Despite these similarities, three important aspects of the city combine to set Karachi apart from other megacities. The first is its strategic location in the regional conflict associated with the Afghan war. The second is its immense economic power within the general context of Pakistan and the particular setting of Sindh province, of which it is the capital. The third is the fact that the migrant population of Karachi far outnumbers its native Sindhi and Balochi speakers. An understanding of these features is necessary to understand the persistent land management and governance problems in Karachi.

³ Defined as a metropolitan area with a population of 10 million or more (MPGO, 2007).

⁴ 'Karachi's population explosion far greater than experts' calculations' *Pakistan Today*, 6 December 2011.

⁵ *Ibid.*

⁶ Hossain, 2006; 2.

⁷ Henry L. Stimson Centre, 2010.

⁸ According to Qureishi (2010), 51.18 per cent of Karachi's residents were literate in 1972, rising to 55.04 per cent in 1981 and 67.42 per cent in 1998. Qureishi also reported that 45.02 per cent of women were literate in 1972, compared with 48.84 per cent in 1981 and 62.88 per cent in 1998.

⁹ Hasan and Mohib, 2009.

¹⁰ *Ibid.*

¹¹ Asian Development Bank, 2005.

¹² Hasan and Mohib, 2009.

¹³ *Ibid.*

In the late 18th and early 19th century, the Russian Tsarist Empire conquered Central Asia. It aimed to capture the natural harbour of Karachi and access to the warm waters of the Arabian Sea so that it could contain the expansion of British Imperial power in India and the Middle East. The British responded by annexing Sindh in 1843, and using Karachi as a base to launch the Afghan wars and head off the Russian advance. Karachi became an important British cantonment with strategic links to political and economic events in Afghanistan and Central Asia. In the first world war supplies were sent from Karachi to the White Armies fighting the Red Armies in Central Asia; in the second world war the Allies channelled supplies through Karachi to the eastern front. Supplies were subsequently channelled through the city's port during the anti-Soviet war in Afghanistan in the 1980s and the ensuing wars of attrition in that country. It still serves as a hub for war supplies, which are now sent overland from Karachi Port to NATO troops in Afghanistan fighting the Taliban in the wake of 9/11.¹⁴

Karachi was destabilised by its involvement in the Afghan war as the city became the headquarters of rival interests in the conflict, and some of their local supporters became proxies for different rival international and regional players in the war. The war effort was partly financed by heroin trafficked for local use and export through Karachi Port (Rashid, 2001). Guns were an essential part of the drug trade, with the 1980s marking the beginning of the so-called 'drug and Kalashnikov' culture in the city. It also saw the start of large-scale investments in land and real estate businesses through undeclared and 'unknown' sources, further weakening an already deteriorating governance system. In the early 1990s gun power emerged as a means of settling land disputes and forcibly occupying land and property. The formal governance system was 'informalised' through a system of bribes and coercion, and violations of land-related laws, rules, regulations and procedures became increasingly common (see sections IV and V below).

As Pakistan's only port city, Karachi was a natural nexus for all forces to meet and trade. The city houses 32 per cent of the country's total industrial base, and generates 15 per cent of national GDP, 25 per cent of federal revenues and 62 per cent of income tax.¹⁵ There are also powerful federal interests in the city in the form of the Karachi Port Trust (KPT), Port Qasim, the Customs and Civil Aviation Authority, and the armed forces and their various industrial and real estate activities. These powerful institutions own and administer their own land and manage its development independently of the city government. Their interests often clash with those of the city and provincial governments because the institutional relationship between the different landowning institutions is vague and undefined.

The relationship between Sindh province and the political tier of Karachi is particularly complex. The city contains 62 per cent of Sindh's urban population, 30 per cent of its total population and 22 per cent of all Pakistan's urban population – while the country's second largest city, Lahore, contains only 7 per cent of Punjab's total population.¹⁶ Karachi's large-scale industrial sector employs 71.6 per cent of the total industrial labour force in Sindh; the city produces 74.8 per cent of the province's total industrial output and contains 78 per cent of its formal private sector jobs.¹⁷ Its enormous importance plays into the politics of Sindh, which are increasingly determined by the ethnic composition of Karachi, which is much more heterogeneous than that of other cities in Pakistan.

¹⁴ Chishti, 2011.

¹⁵ Master Plan Group of Offices (MPGO), 2007.

¹⁶ Calculated on the basis of the government of Pakistan census reports, 1998.

¹⁷ MPGO, 2007.

Its ethnic composition also affects governance-related issues, mainly because the Sindhi-speaking population feel that they are becoming a minority in their own province.¹⁸ In 1941, 73 per cent of Karachi's population said that their mother tongue was one of the local provincial languages (Sindhi, Balochi and Gujrati), 6.2 per cent regarded Urdu or Hindi as their mother tongue, and 2.8 per cent spoke Punjabi. There were no Pushto speakers in the province at that time. By 1998, only 14 per cent of residents spoke local languages as their mother tongue, 48.52 per cent spoke Urdu, 14 per cent spoke Punjabi and 11.42 per cent spoke Pushto.¹⁹ This change was due to several factors: the huge migration of Urdu speakers known as Mohajirs, or refugees, from India in 1947; the continuous migration of Pushto speakers from the North West Frontier Province (now Khyber Pukhtoonkhwa) since the 1960s; and the arrival of Punjabi professionals, businessmen and artisans to service the city's expanding services sector.²⁰ These multiple migrations to Karachi have changed the demography of Sindh as a whole, as the Sindhi- and local language-speaking population of the province declined from 96 per cent in 1941 to 62.64 per cent in 1998.

Karachi's transition into a melting pot has been poorly managed, particularly over the last decade. The Sindh Local Government Ordinance (SLGO) of 2001 devolved power from the province to the city. When elected representatives replaced the old bureaucratic colonial system, the major ethnic party (Muttahida Quomi Movement, known as the MQM) representing the Urdu-speaking population came to power. The local Sindhi-speaking population felt alienated by the MQM's control over the city and its resources, and complained that they no longer had access to the city's assets. Their representatives, who mostly belong to the Pakistan Peoples' Party (PPP), pointed out that the SLGO had been enacted by a military government and was unacceptable to them.

When democracy returned to Pakistan in 2008, the PPP had a sweeping victory in the provincial elections, but the MQM emerged as the major winner in Karachi. The PPP could not govern Karachi without MQM support, and the MQM did not have the majority it needed in the Sindh Assembly to govern Sindh. Consequently, a coalition government had to be created. One of the PPP's first acts when it came to power was to suspend the SLGO and replace it with the old bureaucratic system, bringing the city under the control of the province. The MQM resented this because a decentralised system in the province gave the Urdu-speaking population considerable powers in their constituencies. Since 2008 the two main protagonists in Sindh politics have continued to argue over which of the two systems Sindh should adopt: decentralisation or pre-decentralisation. As they cannot do without each other, particularly in a coalition government, they continue to operate a hybrid system or kind of 'marriage' in Karachi, which creates confusion and further weakens governance systems.²¹ Meanwhile, the Pushto speakers who control Karachi's transport system and are major players in its informal economy wish to be represented in proportion to their growing

¹⁸ Khan, 2002.

¹⁹ Calculated from the government of Pakistan census reports, 1998.

²⁰ In Karachi 'the economic base is increasingly shifting from manufacturing to services. Manufacturing growth is slowing due to security problems, inadequate electrical power supply, and high informal payments required to establish and maintain a business. As a result, manufacturing's share of metropolitan output has decreased from 37 per cent in 1985 to 18 per cent today. In the meantime, the service industries have been growing recently at about 8 per cent yearly and now represent a substantial part of gross metropolitan product. Growth has been particularly strong in trade (wholesale and retail) and banking and financial services; the latter has witnessed the arrival of a large number of international banks, the emergence of exchange companies, and a boom in the stock market and consequently in stock brokering, investment management, and financial advice. ICT businesses, such as back office support functions and to a lesser extent software development, are also growing and have the potential to become cornerstones of the future economy of Karachi' (MPGO, 2007; 6).

²¹ Hasan, 2012.

presence, and are demanding a restructuring of the election constituencies. The arms culture and tradition of violent protests and riots dating from the Afghan war means that it takes little for the disagreements between ethnic groups and political parties to turn violent. The current violence in Karachi²² is exacerbated by weak governing institutions, and has spilled over into the land market²³ as political and economic factions seek to establish corresponding ethnic enclaves in the city.²⁴ This is happening in parallel with a surge in the development and construction of real estate in Karachi, driven by increased disposable income and considerable inflows of investment capital from the Gulf States (MPGO; 2008).²⁵ This report needs to be understood in the broader context outlined in this section. Insufficient communication amongst policymakers, administrators and academics leads to misapprehensions about the way that land is linked to issues of governance, economic opportunity and political stability. Therefore, the aim here is to present information about the ownership, management and built urban landscape of Karachi in a format that is accessible to all the stakeholders and practitioners concerned.

The report is divided into seven sections. Section II outlines the various landowners in Karachi and interprets the laws and regulations that are supposed to guide them. It also provides an overview of the history of master plans in Karachi, and voices the views of the city and provincial government on their inability to guide land management in Karachi. Section III evaluates the housing finance available in the city, with a particular focus on access to housing for the low-income residents who make up the majority of Karachi's population. Sections IV and V present the evidence on current land use and real estate management in the city (respectively gained from secondary and primary sources), noting the key players in the land market and their effect on the city's residents. Section VI focuses exclusively on the effects of housing and land markets on low-income and poor communities, and the role that non-state actors can play in improving their living conditions. The concluding section summarises the key themes of the report and outlines the conditions that need to be fulfilled for an equitable land policy in Karachi.

²² Khan, 2010.

²³ Humayun and Jafri, 2010.

²⁴ Das, 2001; Shah, 2010.

²⁵ Karachi is not alone in seeing a boom in real estate driven by Gulf States. See Moreno (2008) on its effects on the London landscape; Desai and Loftus (2012) on the real-estate boom in the wake of the financial crisis in Mumbai; and Ngwane (2010) on South Africa.

2. LAND

2.1 Issues in control and ownership

The land market under discussion in this report includes all the institutions that own land and their actions in transferring land ownership. This section begins by mapping the landowning agencies in Karachi, looking at the impetus behind their creation and the amount of land they own in the contemporary city. A review of the laws, statutes and master plans governing land regulation and management in Karachi in sections 2.2 and 2.3 suggests that the nature of the laws and the manner in which they came about and have been enacted have been rife with political interference, which has largely led to anti-poor outcomes. The level of political discretion with regard to land, and the lack of harmony between competing government agencies is highlighted in the final section, which recounts interviews with three functionaries from different landowning government authorities in the province.

In 2001, the Sindh Local Government Ordinance (SLGO) created the city district of Karachi and divided it into 18 towns. Each had its own elected *nazim* (mayor), and the city also had an indirectly elected *nazim*. Before the SLGO was enforced, Karachi was a division headed by a commissioner. The division was divided into five districts, each headed by a deputy commissioner (DC). The commissioner and deputy commissioners were bureaucrats of the provincial government of Sindh. One of the five districts was rural, consisting of *goths* (villages)²⁶ and their pasturelands. This subsequently became part of three of the new towns created under the SLGO (Gadap, Keamari and Bin Qasim), opening up a large, previously rural area to urban development. The SLGO was suspended in 2009 and the old five-district system was reinstated. However, the once rural district did not revert to its former status, and villages are now being transformed into urban settlements through the Gothabad Scheme (which is explained in Section 2.2 below).

Karachi division covers 3424 square kilometres in all, 298 of which come under the cantonments and other landowning agencies. The three towns that absorbed much of the rural district contained 84 per cent of the land in Karachi division, but a very small percentage of the city district's population. The urbanized area of Karachi covers 1300 square kilometres.²⁷ An urbanized area is land that is developed for various urban land uses, or planned and allotted for such uses (see Map 1 in Appendix 1 of the full report²⁸).

Karachi currently has many authorities that control and manage land.²⁹ These include Pakistan Railways, the Port Qasim Authority, the Karachi Port Trust (KPT), the Defence Housing Authority (DHA), the government of Pakistan, the cantonment boards, the Sindh Katchi Abadi Authority (SKAA), new developments such as Education City and Textile City, the Lyari Development Authority (LDA), SITE, the government of Sindh, the Malir Development Authority (MDA) and the Karachi Metropolitan Corporation (KMC).

These authorities have various levels of powers to plan, develop and maintain land under their jurisdiction, and varying standards and sets of by-laws. This results in conflicts of interest and issues with the overall planning and functioning of the city. According to the law, the origin of landownership rests with the provincial government of Sindh, which exercises this right through its Board of Revenue (BoR). The BoR is authorised to manage land records and keep details of transactions with public and private agencies and the status of

²⁶ The terms '*goths*' and '*villages*' are used interchangeably in this text.

²⁷ CDGK, KSDP 2020, Karachi; 2006

²⁸ Available online at www.arifhasan.org.

²⁹ Interview with Mr. Hafiz Javed, EDO Land Department, City Government, conducted in Karachi in 2011.

land until transactions are completed. It also manages the records of land and properties held by private owners and public agencies as a result of transactions made before Pakistan came into being in 1947 (Farani, 2011). BoR leases land parcels to authorities, organisations and societies for approved land uses, which should ideally be in line with the Master Plan for the town or settlement. The status and duration of leasehold ownership is normally governed by the type of land use. Leases for agricultural use are short-term (lasting 1-5 years), medium-term for agro-based industry such as poultry or dairy farms (10-33 years), and long-term for residential, commercial, industrial and amenity uses (usually 99 years).

During British colonial period the provincial land administration allocated sizeable land parcels to different agencies for different purposes. After Independence, the administration preserved these allocations and accorded them legal cover. Military-related activities dominated the city at the time, and the British enclaves were designated as cantonments. The present cantonment areas of Karachi are a heritage from this period. The allocation of 2.1 per cent of all the land in Karachi for military use was justified by the fact that it was the base for the British army's excursions against the Russian empire, and subsequent campaigns in the first and second world wars. The Military Lands & Cantonments Group (ML&C) is currently responsible for administering Military Lands & Cantonments Boards that do not fall under the jurisdiction of the city's civil administration (Mahmood, 2010). Under Cantonment Ordinance 2002, these boards are supposed to consult the civil administration on development and planning decisions, but are not bound to follow its advice (Mahmood, 2010).

In addition to their military developments the British also established a trading infrastructure, mainly to enable them to send Sindhi and Punjabi cotton to British textile mills via Karachi. This led to the emergence of two more stakeholders in land, the railways and Karachi Port. The first railway line was opened for use on May 13 1861.³⁰ As the railways developed as an organisation, appropriate land rights were transferred to facilitate the functioning and future expansion of the organisation. Land was allocated for rights of way, workshops, stations, marshalling yards and related activities. Some 4 per cent of all the land in Karachi is allocated to the railways, although much of it has been encroached upon by formal and informal developments.³¹

In parallel with this development, the legislative council of Bombay passed Act IV of 1886, which established the Karachi Port Trust (KPT) and led to the designation of land and sea rights to the KPT for the purpose of trade and commerce.³² KPT has since become an important stakeholder due to its strategic location and the nature of its activities. It owns 2.8 per cent of all the land in Karachi.

A municipal commission was set up in 1852 to oversee residential zones outside the specified military and commercial lands, and determine their corresponding land uses. Under the Bombay District Act of 1837, this was extended to Sindh in 1878 and subsequently included the urban areas of Karachi. In 1934, the city of Karachi Municipal Act was promulgated, leading to the formation of the Karachi Municipal Corporation (KMC), which was responsible for developing and maintaining the city. The KMC's mandate as a development and management agency changed after Independence, when the Karachi Improvement Trust (KIT) was created to tackle the unprecedented rise in the city's population following the partition of India. KIT was responsible for developing the first post-Independence master plan for the city, in conjunction with the Swedish firm Merz Randal Vetten (MRV). In 1957 KIT was transformed into the Karachi Development Authority (KDA).

³⁰ www.pakrail.com

³¹ CDGK (2005); Karachi Strategic Development Plan 2020.

³² <http://www.kpt.gov.pk>

In a clear separation of development and management tasks, KDA became responsible for land developments while KMC was put in charge of maintaining developed land in urban areas of the city.

Land was subsequently transferred from the BoR to KDA for development purposes. KDA now had the lion's share of land in the city and a mandate to develop any land that was transferred to it, but not land possessed by federal agencies such as the cantonments, railways and KPT, or provincial land already owned or utilised by the government and its agencies. Following devolution and the ordinance of 2001, KDA was merged into City District Government Karachi (CDGK),³³ which became the development and maintenance authority for Karachi, acting in parallel with other landowning stakeholders. This went on until 2009, when the KMC was revived with a mandate to develop and manage the land under its jurisdiction. Although KMC is considered to be the representative of the city, it only controls one-third of the total urbanised area of Karachi, and its decisions, including the provisions of the Karachi Strategic Development Plan (KSDP), are binding only on the land under its jurisdiction.

The Pakistan (Federal) Estate Office controls 0.5 per cent of the land in Karachi, due to the fact that it was the capital of Pakistan until 1958. Now that Karachi is the provincial capital of Sindh, the Government of Sindh controls 17.7 per cent of its land in the form of virgin land, provincial government offices and housing for government employees (Sehgal, 1990).

Cooperative societies developed under the 1860 Societies Registration Act are also important stakeholders in land. Many societies emerged in the city before and after partition, taking responsibility for the development and maintenance of their respective land parcels. These include the Pakistan Employees Cooperative Housing Society (PECHS), the Sindhi Muslim Cooperative Housing Society (SMCHS) and the Pakistan Defence Officers' Cooperative Housing Society (PDOCHS), now the Defence Housing Authority (DHA). Excluding DHA, these cooperative societies control 6.8 per cent of all the land in various parts of the city (see Map 2 in the full report, Location of cooperative societies³⁴). Of all the above-mentioned cooperative societies, DHA is the largest, having about 7,000 acres of land or 5.0 per cent of the city area.

The PDOCHS started as a normal cooperative housing society that was registered under the 1860 Societies Act, and was part of the welfare received by retired army officers. At the end of 1970s development was proceeding at snail's pace and the society's financial situation was deteriorating. In order to avert a crisis, the then military dictator of Pakistan, General Zia-ul-Haq, dissolved PDOCHS through an order and formed the DHA as an autonomous new authority with extensive development rights.³⁵ Clifton Cantonment was also established as part of this process, with the express purpose and mandate of looking after and maintaining the DHA. The city's newest cantonment was established with very different objectives from those set up by the British, and has evolved from a civilian-controlled organisation to an army-controlled authority whose administration is headed by a serving Brigadier.³⁶ The DHA now has its own development plans, strategies and by-laws, and is not bound to follow development decisions made by the city administration. Like other cantonments, it can share, consult with and receive advice from the city government regarding development decisions, but is not bound to follow its advice. DHA is one of the largest land stakeholders in Karachi, not only because it holds five per cent of all the land in the city, but because this land is located in prime sites (see Map 3 in the full report, Location

³³ Karachi Strategic Development Plan 2020; CDGK, 2006.

³⁴ Full report available online at www.arifhasan.org.

³⁵ <http://www.dhakarachi.org/>

³⁶ Akhtar and Dahnani (2011).

of DHA³⁷). It recently acquired an additional 5080 hectares of land to develop DHA city. Through the power of the army, the DHA and its affiliated cantonments have become major players in land politics, leading to land and property speculation for and by the elite.

As the financial and industrial capital of the country, Karachi houses thousands of industrial units that cover 3.3 per cent of the city's land (see Map 4 in the full report, Location of industrial areas³⁸). These are developed and administered by different authorities, which are also stakeholders involved in land-related decisions. After Partition, most industries developed near the port. The KPT Industrial Area was developed in 1947. This expanded rapidly, and in 1948 the Sindh Industrial and Trading Estate (SITE) was established adjacent to what was then the northern limit of the city. In 1958, the industrial areas of Korangi and Landhi were chalked out under the Greater Karachi Resettlement Plan (Master Plan), and in the 1960s and 1970s small industrial areas of Federal 'B' Area and North Karachi were developed. The government then established three new industrial areas in the 1980s: the Export Processing Zone, Bin Qasim Industrial Area and the Super Highway Industrial Estate. The newest industrial area is being planned with an educational city.³⁹

Port Qasim and the Steel Mills are important stakeholders in industrial land, with a 1.5 per cent share of the city's land. Both were established in the 1970s as part of the government's self-sustenance policy. Port Qasim was established in 1973, when 12,000 acres of land from the Sindh Board of Revenue was allocated for the port and related industrial areas under the PQA Act XLIII of 1973.⁴⁰

The newest land stakeholders are the Malir Development Authority (MDA) and the Lyari Development Authority (LDA). The MDA was created through an act in 1994.⁴¹ It holds 3.9 per cent of the city's land, most of which is rural land within the city limits that used to be managed by the District Council (DC). The DC was responsible for managing rural lands through its six union councils until the devolution ordinance of 2001.⁴² Some of the MDA's land was transferred from the KDA in the form of existing schemes, such as Shah Latif Town. The LDA was established in 1993. It acquired its land from the BoR, different district councils and the KDA, and currently holds 5.6 per cent of the land in Karachi. Like the MDA, the LDA became the owner of schemes already developed by the KDA, such as the Hawksbay Scheme-42.⁴³ The MDA and LDA were both dissolved and merged into the City District Government Karachi (CDGK) after the devolution ordinance of 2001, but have since been reinstated by the Pakistan People's Party (PPP) (see Map 5 in the full report, Location of LDA/MDA).⁴⁴

There are two reasons for their reinstatement. Firstly, both authorities mainly operate in the former rural district of Karachi where large parcels of land are available for development. Secondly, given the ethnic conflict between the local Sindhi-speaking population and the Mohajirs or migrant Urdu-speaking peoples who settled in Karachi during and after 1947 (see introduction), the LDA and MDA can be used to patronise Sindhi-, Balochi- and Brahvi-speaking groups (Mujtaba, 2012). Both authorities have jurisdiction over areas that come under the Gothabad scheme. Converting land from rural to urban use involves formal

³⁷ Available online at www.arifhasan.org.

³⁸ Ibid.

³⁹ Sindh Education City Master Plan prepared by ARCOP/CK-NBBJ, March 2011.

⁴⁰ <http://www.pqa.gov.pk/>

⁴¹ <http://mda.com.pk/>

⁴² Interview with Professor.Dr.Noman Ahmed, Chairman DAP-NEDUET conducted in January in 2012.

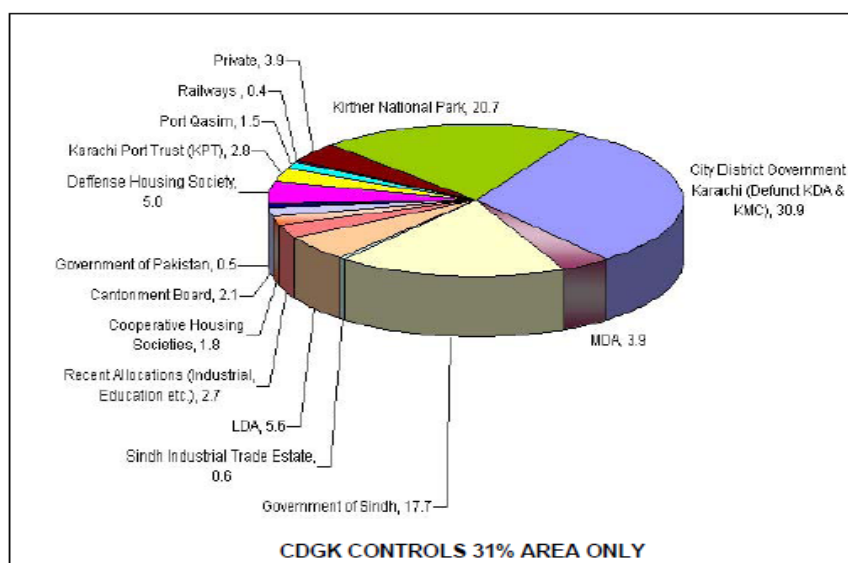
⁴³ <http://ldakarachi.com.pk/>

⁴⁴ See full report online at www.arifhasan.org or CDGK; Karachi Strategic Development Plan 2020.

procedures to officially change land use from ‘agriculture’ to ‘urban’. This change in status increases the value of the land, making the process fraught with opportunities for corruption, money-making and political influence.

In addition to the major stakeholders mentioned above, there are many others who have an impact on land-related issues in the city. For example, land held by the Karachi Water and Sewerage Board (KWSB), universities and other utilities and amenities falls under the jurisdiction of the provincial government. A tract of land around the link road connecting the National Highway to the Super Highway near Malir Housing Scheme–01 has just been allocated for educational and industrial purposes.⁴⁵ The government of Sindh has still not identified institutional arrangements to develop and manage these land parcels, even though they amount to 1.07 per cent of the all the land in the city. A graphic summary of the statistics is shown in Figure 1 below.

Figure 1: Profile of land ownership and control in Karachi



(Source: Karachi Strategic Development Plan 2020: CDGK – 2007)

The pie chart above shows the range of formal landowners in Karachi. They have many, often conflicting claims on the land, and their reluctance to work together is compounded by the absence of a coordinating authority among the landowning agencies. Interviews with former and current employees of CDGK (now KMC), KDA (merged with the KMC) and KBCA (now SBCA) revealed that while the Master Plan Group of Offices (MPGO) is technically the centre of control, officials were unclear about how they were supposed to seek its input and approval. They seemed to view contact with the office as voluntary rather than compulsory.

The emergence of the informal land and housing market in Karachi is often blamed on the failure of formal sector to service the demands of the city’s population. However, it appears that the problem is not land scarcity, but distribution policies and procedures that do not favour the poor (see the figures on land distribution in Table 1 below). Land in Karachi is a precious resource because of its value in a commercially vibrant port city. Control of land ownership comes hand in hand with a degree of power and control over the city, its population and its investors.

⁴⁵ Sindh Education City Master Plan prepared by ARCOP/CK-NBBJ, March 2011.

Land transaction procedures are confusing and lacking in transparency. Land is bought and sold between public agencies and private sector stakeholders in a clandestine manner, and property values are often distorted by shady deals. Public agencies like the KMC suffer due to loss of revenue, and the city's citizens are denied access to open enterprise.

The public agencies' reluctance to sell land is due to its dual role as both an investment and a commodity. Land speculation plays a large part in determining their decisions about supply, reducing the amount of land available on the market and setting it aside for the highest bidder and most profitable use (as a tool for patronage or more direct financial gain).

Unsurprisingly, Karachi consequently has a very strong and dominant informal sector in which housing is developed without official planning permission. A study for the Karachi Strategic Development Plan 2020 found that informal residential developments account for 8.1 per cent of the total urbanized area. Despite its small share of the total occupied land, this sector meets over 50 per cent of the city's housing needs. These informal settlements are known locally as *katchi abadis* (even when they have been regularised). Few are officially documented, although a sizeable number of them acquire legal status by obtaining leases through the Sindh Katchi Abadis Authority (SKAA). This was set up under the Sindh Katchi Abadis Act of 1987, with the mandate to legalise informal settlements by notifying (officially registering) them if they conform to certain prescribed standards. These settlements are usually created by informal developers on land belonging to a government agency, and built on a rectilinear or grid-based plan that makes it possible to regularise them at a later stage. The majority of such settlements have been notified for regularisation.⁴⁶ Once they have been notified and leased, settlements come under the jurisdiction of the SKAA, which is then the landowning authority. Most informal settlements are developed on BoR land, in railway rights of way, along natural drainage systems and on KWSB land (see Map 6 in the full report, Location of *katchi abadis*).⁴⁷

It is difficult to distinguish between developed and vacant areas of the city due to the lack of reliable data and the government authorities' reluctance to determine the extent of undeveloped land, which is often allotted to their constituents, friends and potential political allies for agricultural, mining or development purposes.

The study undertaken in 2007 for the KSDP-2020 can be used for to identify the urbanized area of the city, although it only shows 7.3 per cent of the urbanized area as vacant. The actual amount of vacant land in Karachi is much greater if the total city limit is taken into account, as it contains a good deal of rural land, especially the vacant land available in Gadap Town. Vacant land refers to an area that has been allotted for different planned uses, but has been not used for this purpose for various reasons. According to the KSDP study (Master Plan Group of Offices 2007), 27 per cent of the total urbanized area is residential and 2.2 per cent is commercial. It is important to note that the entire city district of Karachi was administratively considered as an urban area under the repealed SCGO 2001. This generated confusion as the reality was very different.

We have seen that land ownership and management functions are divided amongst many public agencies, which lack a common coordinating mechanism or shared purpose. There is no system of accountability for land transactions or land-related decisions in current governance procedures, and the socio-political culture of the city is such that informal access to and use of peripheral land is seen as a workable alternative – it is not deemed

⁴⁶ Interview with the Managing Director of SKAA, conducted by the architect Rahat Arsalan in his office in September 2011.

⁴⁷ Extracted from map of *katchi abadis* in the KSDP 2020 document, August 2007.

necessary to obtain the documentation or follow the procedures to acquire proper legal status.

Efforts have been made in the past to develop an authority to guide all the landowning authorities in physical planning. The Karachi Development Plan 2000 floated the idea of a powerful physical planning agency for the city with a steering committee composed of members of all the landowning agencies in Karachi, and administrative and technical staff to facilitate policy and coordination. Its functions would include reviewing the status of land ownership by various public agencies; developing a strategic framework for land allocation, utilisation and further transactions; coordinating the planning and development of physical and social infrastructures; facilitating land-related decision making; and developing and managing land-related data bases. In the end this agency was never created because successive governments were reluctant to give the plan legal cover; the desire to retain political discretion over land allocation and development overcame the need for an overarching planning agency.

Table 1: Distribution of different types of land use in urbanized areas of Karachi and the KSDP- 2020 study area

Land use	% of total urbanized area
Formal residential	27.0%
Informal residential	8.1%
Goths (villages, i.e. residential)	1.6%
Commercial	2.2%
Health	0.5%
Educational	2.6%
Government	2.3%
Other institutional	0.9%
Industry	7.1%
Cottage industries	0.0%
Transport	0.6%
Warehouses	0.4%
Mining	0.1%
Vacant land	7.3%
Open space	10.6%
Agriculture	5.6%
Water	1.8%
Road space	17.7%
Other land uses	3.6%
Total	100.0%

(Source: Karachi Strategic Development Plan 2020: CDGK – 2007)

2.1.1 Conclusions

Despite the advantages of easily available state land, Karachi has not been able to meet the need for low-income housing, commercial growth and amenities and utilities. There are two reasons for this. Firstly, the presence of numerous landowning agencies with no shared plan or coordinating mechanism results in a serious clash of interests, frequent disputes over land transactions and conflicts between different parties. The increasing incidence of litigation in

courts of law, armed conflicts between powerful interest groups, speculative hoarding by landowning agencies and the use of land to grant favours to friends and political allies or win over political opponents has created an inefficient and opaque land market. Secondly, a clash between the province and the city and Karachi's importance in the Afghan war have left it with a weak and contradictory land governance system. This means that powerful political, ethnic and commercial interests are able to dictate land-use policies and use land conversions to their own advantage rather than in the interests of the city and its poorer inhabitants.⁴⁸

2.2 Review of the laws, statutes and regulations relating to land management in Karachi

2.2.1 The importance of land

Land ownership, management and government functions in Karachi are fragmented and spread across multiple agencies. The situation is further complicated by a lack of coordination and collective decision-making, a wide array of laws and statutes, and the institutional framework in the city. Because land is an important asset, control over its distribution and development becomes a primary political and administrative objective, with continuous adjustments to accommodate the demands of political parties, military institutions, religious pressure groups, transport operators, builders, developers and international stakeholders. It is useful to bear this in mind when reviewing the various sets of laws, regulations and statutes relating to land.

This section discusses the procedures for the disposal and acquisition of land, the framework for recording land sales and purchases, processes for leasing and switching from public to private land use, and the building regulations that are supposed to be enforced in the city. All these laws are drafted and published in English, with some (but not all) translated into the national language Urdu. Given that the literacy rate in Pakistan stood at less than 43.92 per cent in 1998 (UNESCO, 2012), many people are unlikely to have a good grasp of a second language. In this context, formulating and publishing laws and regulations in English can be seen as a mechanism for excluding a large proportion of the population from land matters.

The numerous offices involved in each stage of changing land use or status make the land market inflexible, create huge opportunities for political and bureaucratic officials to control the way it operates (through balloting, for example), and ultimately inflate land prices. It would be cheaper and simpler for applicants to deal with a single centralised office that coordinates the different agencies, rather than having to navigate complicated procedures involving multiple organisations.

Another point worth noting is the lack of any specific provisions for housing in the land laws. Housing seems to be seen and treated as a separate issue from the land and building industry. This may be partly explained by the fact that many of the laws discussed below originated from unilateral Presidential decrees (on land disposal, for example) or non-accountable bodies (such as the military and cantonment laws), and those that were drafted with cross-sectoral input have not been legally or practically enforced (as with KSDP 2020).

2.2.2 Disposal of urban land

⁴⁸ Enormous sums of money have been generated through heroin, arms and the Afghan transit trade as a result of the Afghan war. Much of this money has been invested in real estate and in supporting forcible land grabbing. Transporters supplying the NATO war efforts from Karachi port have also also invested heavily in land with the proceeds of their trade.

After Pakistan came into being in 1947, land was officially set aside for planned ‘displaced peoples’ townships’ to accommodate the large influx of refugees from India (some 600,000 arrived in three months). Other neighbourhoods and colonies were also developed under the overall supervision of the national Ministry of Rehabilitation and Resettlement. The Karachi Improvement Trust (KIT) was formed in 1951 to provide basic services and infrastructures in these settlements. Although it was created under the auspices of the central ministry, it was assigned the status of a local government organ and upgraded to the Karachi Development Authority (KDA) in 1957, with a mandate to plan, develop and dispose of various types and size of plots in the city. It is worth noting that KDA acquired land from BoR in limited sections, and that the four initial schemes accounted for less than 100 hectares of land. Land allocations increased in the 1960s as the demand for land grew.

The Disposal of Land and Estate Regulations passed by the government of West Pakistan in 1965 were probably a conscious effort to streamline the disposal of urban lands under the jurisdiction and control of the KDA. Defining a clear institutional structure and procedure for land disposal was an important element of this statute. The regulations for transferring ownership included balloting⁴⁹ and discretionary allotments by the Director General of KDA. The KDA used a uniform price list for land parcels, applying the same rates regardless of whether the land was allotted through a discretionary process or balloting. It was assumed that the smaller plots of 60, 80 and 120 square yards would be purchased by people on low and lower-middle incomes, but this did not happen (Hasan, 2000). The statute also laid down procedures to curb malpractices such as speculation, lack of occupancy, multiple land allotments and informal disposals (Government of West Pakistan, 1965).

A few years later, the government promulgated the KDA Disposal of Land Rules of 1971, which streamlined the disposal of lands according to category (as shown in Table 2 below). These rules did not change the discretionary powers vested in the chief executive of KDA, Sindh province and other respective bodies (Government of Sindh, 1971).

Table 2: Land disposal procedures adopted by the KDA since 1971

No.	Type of plot	Distribution	Remarks
1.	120 sq yds or less (Category A)	General public (through discretionary allotments and balloting)	To be allotted to <i>Jhuggi</i> (shack) dwellers
2.	121-400 sq yds (Category B)	15% to provincial government employees 5% to central government employees 10% to defence personnel 35% to construction companies or trusts 35% to general public	To be allotted after inviting applications, scrutiny and disposal (through direct allotment or balloting if the number of applications exceeds the number of plots)
3.	401-1500 sq yds (Category C)	15% to provincial government employees 5% to central government employees 10% to defence personnel 70% to general public (through auction)	Disposal through public auction, except for categories specified for direct allotment

Source: Author’s interpretation of KDA Disposal of Land Rules 1971. These allotments are held under 99-year leases.

The rising demand for land for housing and other uses from the 1970s onwards (due to the Green Revolution, industrialisation and the war in East Pakistan) was reflected in the

⁴⁹ Applications for land parcels are submitted to the landowning authorities with a cash deposit, and processed through a computer ballot. Those whose number comes up get a plot of land. Well-to-do individuals often submit multiple tickets through their servants or dependents, and hold the land for speculation if they obtain more than one plot.

subsequent Sindh Disposal of Plots Ordinance 1980, which laid down some revised considerations. The maximum size for residential plots was kept at 1000 square yards. Most categories of plot were allocated by ballot, although smaller plots that were previously obtained through public auction started to be reserved for civil servants and government employees. Each landowning department was also allowed to use its own procedures to allocate land left over from balloting, with no stipulation for a coordinated public procedure. The new formula for land disposal is shown in Table 3 below.

Table 3: Land disposal procedures adopted by the KDA since 1980

No.	Type of plot	Distribution	Remarks
1.	80 sq yds or less	60% by ballot 8% to civil servants and low-grade government employees 2% to retired civil servants and government employees 5% to defence personnel 5% to uses to poverty-related hardship 20% to displaced or relocated persons	Open applications for balloting announced in the press Remaining categories processed by departments in relevant government agencies
2.	81-120 sq yds	75% to general public by ballot 12.5% to government employees 2.5% to retired civil servants 5% to defence personnel 5% to federal government employees	Balloting for general public. Other categories allocated through departmental applications and procedures.
3.	121-400 sq yds	65% to general public by ballot 8% to government employees 3% to retired government employees 5% to defence personnel 4% to federal government employees	Balloting for general public. Other categories allocated through departmental applications and procedures

Source: Author's interpretation of the Sindh Disposal of Plot Ordinance, 1980.

The promulgation of the Sindh Disposal of Urban Land Ordinance (SDULO) in 2002 marked a departure from the usual approach to land disposal, in using incremental housing development as the procedure for allocating residential plots of less than 120 square yards. In this context, incremental housing refers to housing schemes sponsored by the government of Sindh or another authority that provide plots of up to 80 square yards exclusively for housing. This initiative was the result of learning and lobbying by public-spirited citizens and experts who wished to ensure that certain groups – especially the urban poor – could access land for shelter. However, the SDULO stripped the provincial chief minister of discretionary powers to distribute land to house the poor – although pressure from powerful interest groups forced the provincial legislature to repeal it in 2006 and restore the pre-existing status quo. All land disposal laws left the regulation of day-to-day functioning of various landowning authorities in the city to the discretion of the public agencies, provided they did not contradict the provisions of the main land disposal law or ordinance. None of the documents mentioned a specific regulating authority, to ensure that the ensuing regulations met the criteria set out in the land disposal laws or ordinance.

The rising demand for housing from the end of the 1970s prompted the authorities to institutionalise land delivery and allocation in peri-urban areas of Karachi and other pressure points in the province. Gothabad or village development schemes first emerged in 1987 to deal with suburban and rural housing needs for communities in Karachi involved in farming, livestock rearing, poultry and other agricultural occupations (Government of Sindh, 1987). No independent survey has yet been undertaken to ascertain the actual number of villages and their status, although sporadic estimates have been made over the years (see below).

There is consequently some confusion about the amount of state land used for housing and other land-use schemes, and rural land expropriated from local landowners

According to records maintained by the Provincial Assembly of Sindh, a survey of villages in and around Karachi conducted in 1989-1990 recorded 808 villages. Some 458 of these villages were regularised, with ownership titles issued by various government agencies to 51,421 individual households or clans. This occurred on an ad hoc basis before 1987, and 350 villages still await regularisation (Government of Sindh, 2008). This will depend on whether they meet the criteria set out in the Province of Sindh Gothabad (Housing Scheme) Act of 1987, whose objective was to give settled villagers land ownership rights free of charge.

The process used to dispose of rural land, grant villagers legal ownership and pave the way for village infrastructure and planning soon became accessible to formal and informal developers, who have developed settlements on former rural land in Karachi. Although these developers are often referred to as 'encroachers' or 'mafias', many are supported by local political interest groups as they offer poor families reasonably priced land on the periphery of the city. Indeed, the Orangi Pilot Project - Research and Training Institute (OPP-RTI) regards them as land suppliers for the poor. Their arrival on the scene reflects the growing importance of rural land for urban housing and development, crowding out the claims of rural inhabitants of the village, but making land available to urban residents. In short, the Gothabad scheme was used by land developers to encroach the land and sell it to new residents against the payment of hundreds of thousand rupees.⁵⁰

The enforcement of SLGO 2001 integrated the rural district of Karachi into the towns of the newly created Karachi city district, making all urban and rural areas of Karachi available for urbanization (apart from a few sensitive locations). Under KBCA regulations, the LDA and MDA were responsible for their planning and development. This policy move accelerated the transformation of Gothabad Schemes into peri-urban housing areas like Malir, Gadap and Bin Qasim.

Estimates of the number of *goths* in Karachi after the year 2000 vary. Press reports claim that there are 588 (*The Express Tribune*, February 16, 2012),⁵¹ while the OPP-RTI, which supports the regularisation and upgrading of these villages, puts the figure at 2,173.⁵² It is not clear how many are genuine rural areas used for agricultural purposes, and how many have been informally created and promoted in order to benefit from the current regularisation scheme. The latter is highly likely, as most land records in Pakistan are manually maintained by record-keepers and clerks (*patwaris* and *tehsildars*) who make their own judgements about the nature of the land in question. Efforts to centralise available land records have been very limited (see Section 2.2.7 below for further discussion), and media reports claim that most are a part of a well-organised land scam supported by political parties (for details on this see sections 4.2 and 4.5). As mentioned earlier, there is dire need for an independent verification of the state of land affairs.

2.2.3 Cantonment laws

Cantonments in Karachi are defined as estates with mixed land use that are under the planning and administrative control of the military authorities. Most were originally used for military purposes, but their military functions were phased out over time and the land turned

⁵⁰ National Corruption Perception Survey 2010 (NCPS).

⁵¹ For a complete list, see Appendix 2 of the complete report List of goths in various areas of Karachi, available at www.arifhasan.org.

⁵² Orangi Pilot Project, 127th Quarterly Report (July-September 2011).

over to residential and commercial use as the city expanded. There are now six cantonments in the city: Manora, Faisal, Clifton, Korangi Creek, Malir and Karachi cantonment (See Map 7 of the full report, Location of cantonments⁵³), which exist as separate entities and are still developed for and by the military authorities. However, since the cantonment authorities decided to develop housing schemes in these areas and float them on the market, most residents are now civilians rather than employees of military personnel;

The Cantonment Ordinance of 2002 promulgated by the President of Pakistan has a strict mechanism for dealing with encroachment, despite the lack of a clear and consistent definition of encroachment across different regulations. The management of the cantonment boards act very swiftly in this respect, and have almost absolute powers to remove what they consider to be 'encroachments' once notice has been served. They take a very different approach to civic agencies, and while there are provisions to appeal against their actions, the nature of the statute allows for very little redress from the process. Those responsible for alleged encroachments are liable to have their property confiscated and auctioned to cover the cost of removal operations. The law is anti-poor because it does not define any procedures to safeguard movable or immovable articles on the location concerned. Even push-cart vendors peddling their wares stand to lose their merchandise if they are caught up in eviction operations. There are very few residential encroachments on cantonment lands because swift action is taken against alleged offenders. Poor and less privileged communities routinely suffer the consequences in areas where they work as domestics, painters and plumbers, repairing tyres or providing other small-scale services. Vendors and workers in the informal sector provide essential services for a wide range of people, but operate in precarious conditions where they are as likely to be evicted as they are to find customers. Most of the tyre repair stalls that routinely serve cars and other vehicles operate through informally erected structures. Each eviction and displacement erodes the working capital of these small enterprises and creates financial hardship.

The Cantonment Ordinance 2002 also empowers the cantonment boards to undertake their own spatial planning, according to their own development guidelines and standards. They are expected to consult with CDGK while preparing these plans, but are not bound to do so. This separate approach creates significant management and coordination issues with other landowning agencies, especially in terms of inaccurate assessments of infrastructure requirements.

When asked about his experience of planning with the cantonment authorities, one former employee of CDGK⁵⁴ observed that the agency's priorities reflect commercial rather than public interests, like most other landowning agencies. Board members with a military background may occasionally consider the planning rationale on a city-wide basis, but most think in the short-term and only in their area of jurisdiction. This former employee reflected that half of the meetings with the CDGK to check on planning are cosmetic exercises; recommendations are not taken on board, and members who persistently oppose the plan under consideration run a real risk of being transferred.

The resulting intensive expansion of higher-income residential developments in cantonments is contributing to an exponential increase in vehicles, electricity loads and water and sewage networks. Trunk and bulk services such as electricity, sewage treatment plants and landfill sites for cantonments are located outside the cantonments themselves, and are often shared

⁵³ Available at www.arifhasan.org.

⁵⁴ Interview with Mr. Zaheer ul Islam, former Head of Mass Transit Unit, conducted in Karachi on 27 December 2012.

by other areas. This leads to distortions in estimated need and distribution in other parts of the city.

The Cantonments (Requisitioning of Immovable Property) Ordinance of 1948 empowered the central (now federal) government to requisition any property for cantonment-related activities, with no redress or possible contestation from the court. Although this ordinance is rarely invoked, and then usually only under extreme circumstances, its very existence undermines other planning authorities.

The Cantonment Rent Restriction Act 1963 is similar to the Sindh Rent Control Ordinance 1979. It is a cumbersome process devised to resolve conflicts and disputes between landlords and tenants regarding their premises. Tenancy agreements normally last for 11 months, and are extendable. Landlords are entitled to serve notice of a month or more to repossess their property, while tenants can prolong their stay and may use delaying tactics such as legal action. As legal processes are time-consuming, informal arbitration under the auspices of local political activists is often used to resolve conflicts.

Urban development and management functions are conducted separately on military lands and cantonments in Karachi: the DHA is responsible for executing development works, while the cantonment boards perform urban management functions. Many *katchi abadis* have developed on military lands, in much the same way as in other municipal areas of Karachi. The Clifton cantonment board has 13 notified *katchi abadis* in its remit. They start as informal settlements that provide services for adjoining neighbourhoods, shelter for labourers and service providers and sites for low- and medium-rise mixed use developments, and then go through a similar process of regularisation. As noted above, their relatively advantageous location gives the residents of informal settlements in cantonments better employment and livelihood opportunities, although they may be threatened with eviction if their settlement is on land earmarked for infrastructure or land development schemes. People living in settlements along riverbanks and natural drainage channels, road shoulders and similar locations are routinely evicted. There is no extraordinary provision in the cantonment laws to protect these settlements or extend any compensation to their residents, unlike those in areas covered by the CDGK.

2.2.4 *Railway laws*

According to the Pakistan Railways Commercial Manual (1935), railway lands cannot be used by railway companies or any other agency to erect buildings of a permanent or semi-permanent nature for non-railway related facilities. However, railway land can be leased to other government departments and used for government purposes once the necessary entry has been made in the railway land register. This should be maintained by the Railway Divisional Superintendent of Karachi for all the uses, licences and other forms of land transactions made under his jurisdiction. The authorities may also initiate surveys to ensure the status of land and verify entries in the register.

The leasing of railway land to other government departments for various purposes is subject to considerable political discretion. For example, in 2007, the then Chief Minister of Sindh used his 'discretionary powers' in direct opposition to professional counsel to allow commercial construction exceeding the recommended floor area ratio (FAR) on an amenity railway space that his government had long refused to allow Pakistan Railways to lease (Cawasjee, 2007). Yet in 2012, the Chief Minister made a federal-level complaint about Pakistan Railways selling land for commercial purposes (*The Tribune*, 8 November, 2012). The lack of consistency in state approaches is reflected in regulations and laws that allow for broad exceptions to the rules (see also the section on Land Disposal Procedures).

Railway lands are scattered across the city in station reserves, operational reserves and special facilities. Poor monitoring has allowed a sizeable chunk of railway-owned land to be encroached upon and used for informal settlements and formal residential and commercial functions. Interestingly, the tracks and rights of way of the now defunct Karachi Circular Railways (KCR) and many of its branch lines have been used for low-income settlements since it stopped operating in 1996. Although the laws and procedures allow for the removal of such settlements, the ineffectiveness of the Railway Department has provided some temporary respite for their residents.

2.2.5 Laws on *katchi abadis*

A *katchi abadi* is defined as an informal residential area developed on state land. Originally, these settlements were not organised, but over time they started to follow the same physical planning approaches as planned neighbourhoods in order to optimise their chances of future regularisation. The (SKAA) Act of 1987 set out the criteria and procedures for regularisation. Various studies on Karachi assert that more than half of the city's residents live in *katchi abadis*.⁵⁵

The SKAA Act makes comprehensive provisions for the development and management of these settlements. The core functions of the Sindh Katchi Abadi Authority, which is constituted by this law, include (i) implementing government policies on regularisation; (ii) developing and improving *katchi abadis*; (iii) preparing guidelines for policy implementation; (iv) identifying and monitoring *katchi abadis*; (v) arranging physical and social surveys; (vi) preparing improvement plans and infrastructure development schemes; (vii) evicting unauthorised persons or groups from *katchi abadis* or areas that are being surveyed to determine their legal status; (viii) developing low-cost housing, resettlement schemes and redevelopment schemes; (ix) following up legal and administrative matters relating to *katchi abadis*. The SKAA is authorised to charge residents a prescribed betterment fee, whereby payments for leases are used to fund subsequent works and develop the locality. Over the past few years the focus has shifted to the provision of leases, as 'most settlements have already acquired basic services like water and electricity through their own initiatives, through NGOs, or by directly applying to the service and works departments.'⁵⁶ The public works agencies then write to the SKAA and ask for a No Objection Certificate (NOC) before services are officially provided to the settlement. Most of the time, the SKAA approves.

The authority is also empowered to notify and regularise *katchi abadis* that fulfil the conditions for regularisation. All *katchi abadis* established before 30 June 1997 are eligible to apply. The criteria for regularisation include a minimum size of 40 households, and a location clear of hazards such as embankments, high-voltage overhead electricity conduits, waterways, sensitive installations and coastal wetlands covered by compulsory conservation orders. The relevant landowning public agency or department on whose land the *katchi abadi* is located also needs to be willing to allow it to be regularised and to cooperate in the process. The settlements then become eligible for various kinds of development scheme, which usually require individual occupants of plots or properties to acquire leases before the work starts. The time period for processing lease applications varies between six months and two years. Detailed schedules of payment for the leases are prepared, with instalments normally set according to local socio-economic conditions. None of the regulations stipulate that residents should improve their homes before or after getting a lease.

⁵⁵ Hasan, 2008.

⁵⁶ Interview with Deputy Director of the SKAA Karachi Field Office, Riaz un Nabi, conducted in Karachi on 25 September 2012.

The *katchi abadi* laws are reasonably pro-poor if they are applied effectively and the prescribed actions undertaken on a regular basis. It is essential to conduct continuous surveys of squatter settlements, adjust jurisdictions, articulate physical boundaries, register new *katchi abadis* once the procedural work has been completed, promote and collect lease and development charges, and prepare and execute infrastructure development schemes in identified areas. However, very little progress has been observed since 2003-2004, mainly due to the limited political interest in upgrading these settlements. By 2010, just 376 of the 702 settlements surveyed had been notified for regularisation.⁵⁷ As a result, the poor are unable to access formal housing credit and are increasingly dependent on informal transactions, the relevant public institutions have lost revenue, and political patronage has increased.

2.2.6 *The Societies Act*

The Societies Registration Act of 1860 is a law inherited from British colonial times. It lays down the provisions for the creation and management of a society for a wide variety of purposes, including housing, and applies to the land owned and controlled by the CDGK and the province of Sindh.

Key steps in creating a cooperative society include preparing a formal constitution, enlisting members, completing registration formalities, and opening a proper bank account controlled by the society's office bearers. Once they have fulfilled all the procedural requirements, registered societies are eligible to apply to acquire land from the government to develop housing. All residential units must be constructed and developed in accordance with the local zoning and building by-laws promulgated by the local or provincial government concerned. The society's trustees and executive staff are responsible for managing and maintaining the area. A 2006 amendment to the Act sets out the framework for acquiring land and property for seminaries (*deeni madarassahs*), and regulating them.

The Societies Act provided a formal option for all social groups to acquire land, including the urban poor, who were meant to be major beneficiaries of residential schemes like Gulzar-e-Hijri (KDA Scheme-33). Most of these schemes targeted low-income and lower-grade employees of large public or autonomous organisations, giving them an opportunity to acquire land. The enormous KDA Scheme 33 managed to develop 26,000 acres of land,⁵⁸ but was ultimately of little benefit to the urban poor due to the extremely slow pace of development, encroachments onto the site (often by armed gangs), opportunities for speculation and the fraudulent re-allocation of land parcels. Informal operators usually seek protection from political parties or their clandestine armed outfits, which often leads to the emergence of competing informal conglomerates that clash over land-grabbing ventures (see Map 8 in the full report, Location of Scheme - 33⁵⁹).

2.2.7 *Laws on land revenue*

According to these laws, land is owned by the provincial government, which transfers or delegates it to other government or private agencies as requested. All land and revenue records for the province are kept by the relevant provincial Board of Revenue Department. In the case of Karachi, this is the government of Sindh.

⁵⁷ Interview with the Managing Director of SKAA by the architect Rahat Arsalan in his office in September 2011.

⁵⁸ KDA MPMGO, Karachi Development Plan 2000, 1989.

⁵⁹ Available online at www.arifhasan.org.

Land revenue laws apply to non-urban lands, determining the rental status and land tax schedule applicable to various categories of land. Rural areas of Karachi were clearly demarcated in the district and union council jurisdictions until 2001, when the promulgation of SLGO 2001 amalgamated all of Karachi Division into the newly constituted Karachi district. The SLGO was repealed in November 2011, creating a temporary void. Sindh Assembly is now contemplating a new law to determine the future local government structure in the province, and thus in Karachi.

The amount of revenue generated by land is based upon its categorisation. Applicable land categories include *barani* (dependent on rainfall), *sailaba* (flooded or kept permanently moist by river), *abi* (watered by lift from tanks), *jheels* (streams or flow from streams), *nahri* (irrigated by canals by flow or lift), *chahi* (watered from wells), *banjer jadid* (land that has remained unsown for eight successive harvests), *banjar qadim* (land that has remained unsown for more than eight successive harvests), and *ghair mumkin* (land that has become uncultivable for any reason, such as land under roads, buildings, streams, canals, tanks and suchlike, or barren sand or ravines). Much of the peri-urban land in Karachi can be classified as *banjar qadim*, *banjar jadid* and *ghair mumkin*. This land is incrementally incorporated into urban development through formal and informal processes and procedures (Farani, 2011).

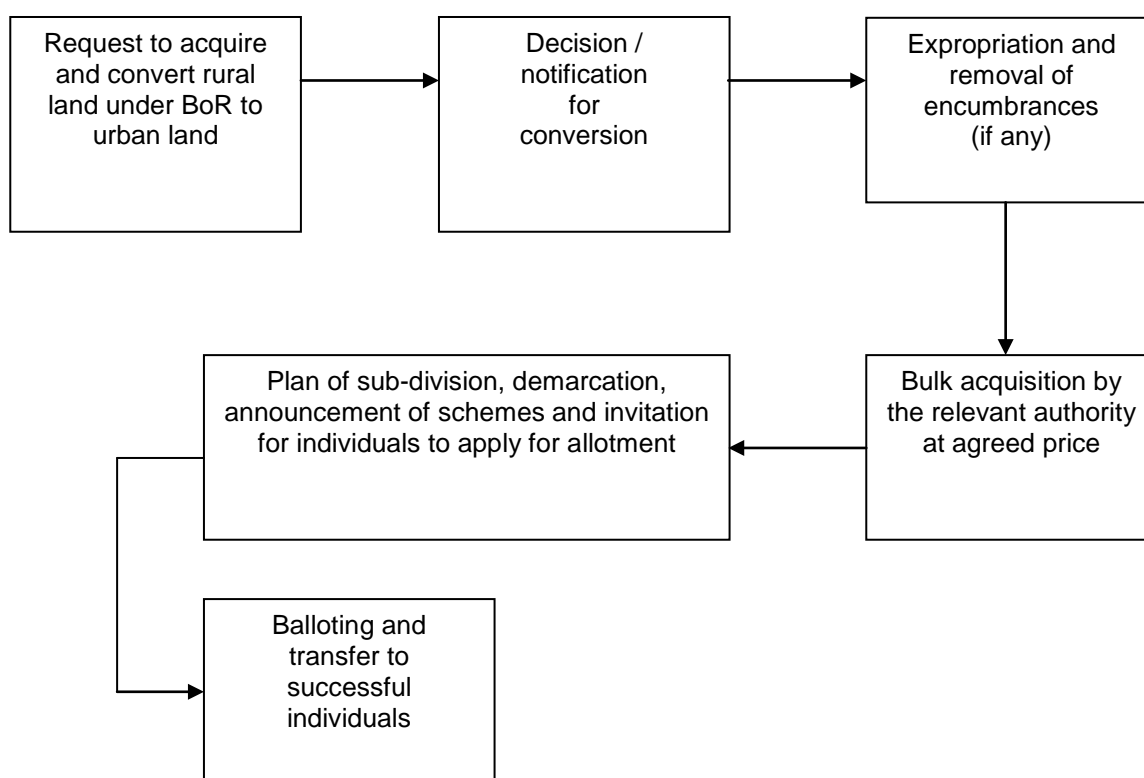
The Land Administration Manual (2011) lays down the system for managing such land when it is used for agricultural production. Staff are responsible for record keeping, maintaining crop production statistics and filing agricultural returns and mutations. The Land Record Manual sets out the procedure for listing, updating and revising the land records in a *tehsil*, *taluka* or town. The statute also includes binding clauses for transferring and altering common village lands (*shamilat*) used for grazing, sand or stone quarries, or containing trees for fuel wood or construction. The key land administration functionary in a rural territory is a *patwari*, or village registrar cum accountant, whose main duties include recording the crops grown at every harvest, noting changes and preparing statistical records of production and land status. Their functions have survived various changes in the overall administration of the province and city.

The Land Settlement Manual (2011) outlines the various kinds of land rights and privileges enjoyed by village communities. Different types of land tenure include *zamindari* (full proprietary rights), *pattidari* (land divided between different owners according to ancestral or customary shares), and *bhaichara* (normally inferior land held on customary basis). Regular record-keeping and updating are a key aspect of land settlement, undertaken by a land survey unit constituted under the provincial Board of Revenue. As a standard operating procedure, the provincial government used to appoint a settlement officer to reconcile land records, address and settle conflicts and disputes, and incorporate extraordinary territories that were naturally generated or vacated by humans. Land settlement was a pre-colonial practice that continued into the 1970s but has since been largely abandoned as an administrative task, causing unresolved disputes and conflicts that often turn into prolonged social clashes between extended clans and other actors. The outskirts of Karachi have been affected by this situation.

It is easy to exploit this facet of land management for political purposes because land records are managed manually, and there are no readily available or accessible centralised computer records. Karachi's land records came under judicial scrutiny in 2012, when the Supreme Court took notice of the fact that the revenue department of the government of Sindh had 'deliberately' avoided restoring the land revenue records burned after the assassination of Benazir Bhutto (the leader of Pakistan People's Party). Government officials had allowed land in different districts of Sindh to be allocated, converted and changed without verifying its actual ownership. There were instances where land leases granted for 30 years had been 'informally' converted into 99-year leases, causing substantial financial losses to the city and provincial exchequers (Sahoutara, 2012).

Land revenue laws are important tools in land governance, but they need to be implemented through the proper procedures and institutional mechanisms to be effective. Land use needs to be monitored periodically to determine the availability of land for various uses, and land uses requiring amortization need to be identified. The lack of clear land titles and status makes it difficult for indigenous communities and low-income groups to invest in places that they have occupied for several years, and opens the way for corruption when information on land status is routinely traded through informal channels. In normal situations, an undeveloped tract of land can become urban land through the cycle shown in Figure 2 below.

Figure 2: Transformation of rural land to urban land



2.2.8 Laws on land acquisition

Land acquisition laws are applied for a range of different infrastructure and development functions. The Land Acquisition Act of 1894 allows the Electricity and Railway Authorities to apply to relevant Boards of Revenue or other authorities to acquire land to generate, distribute and transmit electricity or operate railway networks. The same provision exists and is normally applied for other forms of development and infrastructure, such as waterways, canals, telecommunications networks, etc.

These laws also cover the acquisition of land for urban development by various development authorities and autonomous bodies. The KDA, MDA and LDA have historically acquired land for general urban development according to the provisions of respective acts. The KDA was created in 1957, and the LDA and MDA were set up in 1993. The KDA was mandated to oversee planning and development in the entire Karachi Metropolitan Area; while the LDA and MDA respectively focused on facilitating planning and development in peri-urban areas of Lyari and Malir. The new format for urban management under the SLGO 2001 resulted in the repeal of earlier laws and subsequent devolution of these authorities to the CDGK,

although many land management functions, regulations and procedures were protected and carried over into the new dispensation, including land acquisition.

The implementation of SLGO slowed down as the provincial government of Sindh attempted to increase its power and control over local affairs. Local government has numerous advantages for poor urban communities, such as local-level representation, participation in the selection of development schemes, basic control of lower-level management functions, and the ability to communicate local issues to higher levels of decision making. The SLGO also empowered local institutions at the city level to prepare urban and district master plans. However, the initiation, completion and notification of the much-delayed master plan for Karachi reflect the difficulty of reaching a consensus on local government. Although Karachi is the capital of Sindh province, only 11 per cent of its residents speak Sindhi as their mother tongue, while 67 per cent of the province's total population speak Sindhi and local languages as their first language. The province wishes to control Karachi, which wants to be autonomous.

2.2.9 Building control and town planning regulations

These regulations are framed under the Sindh Building Control Ordinance 1979. Their general provisions set out the procedures for individuals and corporate bodies who wish to develop land, the schedule of areas where such development is possible, and the procedure for public notices regarding changes in land use.

The regulations lay down the framework for managing the built environment in designated locations and areas of Karachi, covering key areas such as licensing professionals, procedures for public sales, projects and real estate development, dealing with land development violations, identifying dangerous buildings, managing construction sites, space requirements in and around buildings, safety provisions, heritage conservation, widening existing roads, standards for land development, procedures for land subdivision, amalgamation and change of land use, classification of urban land use, and parking and right of way requirements.

Many of these regulations are difficult to implement and enforce, especially for low-income communities. They may need to be facilitated by consultants and their agents, which entails substantial management costs including fees and levies. In addition to this, provisions are often altered on ad hoc basis due to political influence or commercial pressures. For example, in 1995, the NGO Shehri⁶⁰ helped the citizens of Karachi campaign against the city government and KBCA, seal about 260 unauthorised structures and initiate disciplinary action against 29 KBCA officers who had colluded with the builders' mafia (Cawasjee, 2001). Despite these proceedings, 15 of the 29 KBCA officers remained on the KBCA payroll because of their status as political favourites. (See section V below for more on the development of the builder's mafia).

Although building control and town planning regulations apply to informal low-income settlements that have been regularised, they are seldom enforced. The densification of informal settlements continues without any recourse to formal approval from the KBCA (now the Sindh Building Control Authority, or SBCA).⁶¹ The relevant authorities are only

⁶⁰ In 1988 a group of concerned citizens formed the group Shehri-Citizens for a Better Environment under the Societies Registration Act XXI of 1860. It is based in Karachi city, and operates as a non-political, non-commercial NGO that aims to provide citizens with a platform where they can effectively voice their concerns, determine their future, take action to prevent the further deterioration of their living environment and initiate proper reforms to improve it.

⁶¹ For details of densification in Karachi, see www.urbandensity.org

approached for approval or endorsement in rare cases where a formal transaction such as an HBFC loan is involved. It is difficult to enforce regulations or manage settlements when so few of them are covered by regularisation and improvement plans. As a result, they become stagnant, unable to attract investment for formal real estate initiatives, and increasingly subject to the influence of political groups (see section III below for details).

The Sindh Assembly recently passed the Sindh High Density Development Board Act 2010 to ensure the coordinated and integrated development of high density zones in urban centres across the province, including Karachi. This empowered the board to identify and demarcate high density zones, bearing in mind the general principles of the KSDP 2020. Professional bodies of architects and planners and certain civil society groups were sceptical about the proposed creation of such zones, given the poor regulatory framework for development, fragmentary land management control by various agencies, their adverse impacts on city infrastructure and the composition of the Board, most of whose members are ruling party appointees or government agency bureaucrats.⁶² It is generally believed that attempts will be made to use this instrument to generate profits for developers, by increasing the population density and activities in the already congested central business districts. Preliminary work to identify and demarcate the first zone in Karachi began in 2010, but has yet to yield any conclusive results.

2.2.10 Environmental laws

According to the Pakistan Environmental Protection Act 1997, every development project that affects the local ecology and community should be subject to an environment impact assessment (EIA), conducted under the auspices of the provincial environmental protection agencies. The objective is to mitigate the harmful impacts that development schemes, including residential developments, might have on the physical and social environment. In Karachi, this is managed by the Environmental Protection Agency (EPA) of Sindh. Professional consulting firms conduct an assessment on behalf of their clients, which is then deliberated in public hearings that are advertised and open to all citizens. These hearings provide a platform where objections and observations are recorded and considered for further deliberation. So far this procedure has done little to safeguard the urban environment due to the influence of powerful interest groups that promote laissez faire construction practices. Nevertheless, growing public interest has seen a number of schemes modified and two cancelled as a result of public hearings.⁶³

2.2.11 Building control laws

The Sindh Building Control Authority (SBCA) regulates the built environment under the framework of Sindh Building Control Ordinance, 1979 (see 2.2.9 above). The authority was originally set up as the Karachi Building Control Authority (KBCA), but the present regime extended its jurisdiction to cover the entire province. In 2002 the government issued a set of regulations known as the Karachi Building and Town Planning Regulations. Builders and

⁶² The committee consists of eight members. It is chaired by the Governor of the province, co-chaired by the Chief Minister, and the Chief Controller of SBCA is the secretary. The other five members are the Minister for Local Government and Housing, Town Planning Department, the Chief Secretary of Sindh, the Secretary for Local Government housing, the Nazim of the district, the Executive District Officer, and the MPO or Head of Master Plan for the district concerned. NO.PAS/Legis-B-14/2010.

⁶³ A hearing on the Karachi elevated expressway project EIA was held April 3 2007. It was inconclusive but the project has been shelved due to strong public reservations. The EIA hearing for Behria Town Icon Towers, a 60 storey building, was held in April 2010 and major changes to the design were agreed upon. The EIA hearing for Noman Castello Tower, a 20 storey building, was held on October 14 2010, and permission for construction was not given for social and environmental reasons.

developers are supposed to follow these regulations, but often flout them in connivance with KBCA functionaries. Building practices and procedures are widely perceived as riddled with malpractice, procedural irregularities and approvals of inappropriate proposals. One reason why these laws are not followed is because they are not enforced. During an interview, an SBCA official⁶⁴ observed that all the SBCA district representatives are based in the head office some distance from the areas under their jurisdiction, and that the corridors are full of applicants waiting to negotiate and get approval on commercial FARs. The SBCA seems to function as a demand-led agency that responds to applications in its offices, but has neither the manpower nor the political will to go and inspect buildings to ensure that they conform to building control laws.

2.2.12 Conclusions

There are numerous laws, statutes and regulations relating to land in Karachi. The SKAA Act of 1987 has sufficient provisions to protect the tenure of low-income groups, and the environmental laws and EIA process could help ensure socially and environmentally friendly development. The building by-laws and zoning regulations could also contribute to a healthy physical and social environment, despite the fact that they are anti-street, anti-pedestrian and anti-dissolved space. These laws are routinely violated as they are too rigid and take no account of the incremental manner in which poor communities often build their homes. The cantonment laws are anti-poor and do not facilitate the transition from informal to formal settlements. Meanwhile, the Land Acquisition Act has been used to provide land for questionable development projects driven by the government and of powerful interest groups, which have displaced a large number of poor settlements. Some 40,900 houses have been demolished since 1992, displacing 286,300 persons.⁶⁵

The problem is not the laws, but governance. It is difficult to implement and enforce laws when the city and province are locked in conflict; when bureaucrats and government ministers use their discretionary powers for patronage rather than to serve the objectives of these laws; when powerful mafias invest their money in the lucrative formal and informal real estate sector and openly flout plans and laws with the help of a willing establishment; and when the armed forces and other federal landowning agencies constantly interfere in land-related matters. In the case of the Land Acquisition Act, the term 'public good' needs to be revisited and redefined and proposed development projects judged accordingly, to make it more difficult to bulldoze homes.

2.3 Review of land and urban master plans

A number of development plans have been prepared for Karachi since Independence, most notably the MRV Plan 1952; the Greater Karachi Resettlement Plan 1958; the Karachi Master Plan 1975-85; the Karachi Development Plan 2000; and the recent KSDP 2020. (A synopsis of the technical aspects of these plans is given in Appendix 3 of the full report: Synopsis of Karachi Development Plans⁶⁶). A review of these plans is given below.

The macro form of urban Karachi was shaped by the Greater Karachi Plan and the Greater Karachi Resettlement Plan 1958. The former laid down the key corridors of movement and growth, while the latter opened up satellite towns in the relatively remote locations of Korangi and North Karachi. Land and housing for low-income residents was located far from the key

⁶⁴ Interview with Mr. Badiuzzaman, Engineer for the Sindh Building Control Authority, conducted on 31st December 2012.

⁶⁵ Younis Baloch, *Forced Evictions in Karachi: Socio-economic and political consequences*. <http://www.urckarachi.org/Eviction%20watch%20report%20Sept%202010%20draft%202.pdf>

⁶⁶ Available online at www.arifhasan.org

manufacturing areas and city centres where employment opportunities are found, establishing an inbuilt social injustice that forces the urban poor to survive on the peripheries of the city.

The Karachi Development Plan (1975-1985) was a pioneering initiative in terms of urban and regional planning. Various possibilities for growth and development were considered, along with short- and long-term proposals for land use and development. This plan laid down the principles for distributing plots to low-income communities and individuals through the Metrovilles Programme scheme. This aimed to supply sites and services for the growing low-income population, using massive public sector initiatives and state subsidies to develop four 10,000-plot schemes per annum. These schemes did not achieve the desired targets due to administrative shortcomings, handicaps to occupancy, the parallel development of *katchi abadis* in more desirable locations, and speculative land acquisition by middle-income groups wanting to profit from future sales. Nevertheless, the plan provided a useful framework for land management and development, through strategic interventions such as proposals to safeguard and conserve agricultural lands, adjust cantonments and defence lands, and consolidate coastal recreation areas.

At the end of the planning period for the Karachi Development Plan (1973-1985), the KDA's Master Plan and Environmental Control Department (MPECD) started preparing the Karachi Development Plan (1986-2000). The fieldwork and design surveys undertaken for the final report and detailed sectoral studies for this plan generated useful land data, and the final document included valuable information about the large reservoir of vacant land on the outskirts of the city; bulk infrastructure provisions; the overwhelming proportion of public land ownership; the growing number of 'squatters' who accounted for 40 per cent of the population; increasing land prices; rising unemployment; and increasing affordability. Several strategies were proposed to streamline land distribution and management in different areas, by prioritising the completion of existing housing and land development schemes, providing new development areas (with a special focus on low-income communities), planning new KDA schemes towards the end of the planning period, consolidating existing land development schemes by prioritising the provision and consolidation of infrastructure, and mechanisms to reduce the population concentration in core areas of the city and establish partnerships between key land-related interest groups. Few of these provisions have been implemented because the government did not fulfil the institutional commitments to provide legal cover for the plan.

The most recent planning exercise was the Karachi Strategic Development Plan 2020. This was undertaken by a relatively powerful local government that came into being after the KDA, KMC and many other local authorities were devolved under the umbrella of the CDGK. Since the objective of the plan was to transform the city into a world-class metropolis, the provision, distribution and development of land and infrastructure were linked with investment, business and trade. The importance of mixed-use development was recognised and promoted through liberal provisions for the densification of existing core locations, the promotion of high-density developments in and around the city centre, exclusive land development schemes for higher education, textiles, bus terminals, truck terminals and the media, a new site for an airport and provisions for coastal development. The plan was passed and officially notified by the CDGK in its council deliberations, and work has begun on several developments, with land distributed in the educational, textile and other industrial zones. However, the CDGK has since been dissolved, and implementation of the plan has been heavily compromised by political uncertainties.

2.3.1 Conclusion

The municipal authorities have identified multiple ownership and the control of land management as major issues. These might not have emerged as a hindrance to effective

planning and development if a competent, overarching platform for decision making and implementation had been in place above all the authorities. Various plans prepared for the city consistently identified the need for this, and a decision-making and implementation framework was even identified in plans prepared in 1973-1985 and 1986-2000 (the Karachi Division Physical Planning Agency), but the different authorities and their controlling federal or provincial ministries never actually agreed to this proposition. The government of Sindh, which is the largest public landowner through the Board of Revenue Department (BoR), preferred the short-term, scheme-based approach of releasing raw land to the defunct Karachi Development Authority (KDA), the port authorities, the Sindh Industrial and Trading Estate (SITE), the Defence Housing Authority (DHA) and other agencies.

The supply and allocation of urban land has been and continues to be regarded as a key political tool in negotiations between stakeholders. Land management institutions have lost much of their bargaining power due to rising market pressures, and land supply has become ad hoc and haphazard. The urban and regional planning principles and axioms of social justice enshrined in various statutes have proved ineffective against prevailing laissez faire attitudes. Thus, balloting is still used as a procedure to supply residential land, even though it is known to accelerate speculation and limit the chances of genuine target groups to access land (see section IV for details on how balloting is used).

Most of the provisions of the current plan, KSDP 2020, are technically valid and socially relevant. The failure to implement proposals to develop and re-designate certain core areas as mixed land-use zones, regularise informal low-income settlements, complete older housing schemes, limit spot land-use conversions and develop closer coordination between local and provincial government can be ascribed to the uncertain status of local government and lack of consensus (backed by appropriate laws and institutions) between major political stakeholders.

2.4 Views of the provincial government and the CDGK on the Karachi Strategic Development Plan-2020

2.4.1 The views of the provincial government⁶⁷

In principle, the government of Sindh owns all land in the province of Sindh. It can allocate, lease and dispose of land through its Board of Revenue (BoR) and, as the ultimate landowner, revoke leases. Although the government of Sindh has a special housing office in its local government department, it does not act on the issue of housing provision, but relies on local governments in the cities of Sindh to provide housing for their urban poor. The BoR in the government of Sindh transfers under-developed land parcels to city development agencies and different departments of its own in Sindh for development and disposal. Planned developments in Karachi include the Education City, the IT City, the Super Highway-National Highway Link Road, and many other similar projects.

Under the Sindh Urban Land Disposal Act, which is administered by the government of Sindh Land Utilization Department, the BoR can convert parcels from their original agricultural land use to commercial, housing or industrial use (see section 2.2 above for details). The disposal, conversion and development of land does not always follow the guidelines laid down by the CDGK in the KSDP 2020. Although the KSDP 2020 is a legal document, the government of Sindh is not bound by it because it is not a provincial act or law applicable to all projects. All the private developers, cooperatives and individuals who

⁶⁷ This section is based on an interview with Mr. Khalid Siddiqui (Chief of Physical Planning and Housing, Government of Sindh), conducted by Asiya Sadiq, Associate Professor, Department of Architecture & Planning, NED University, on 14 October 2011.

provide formal planned housing for low-income groups take advantage of this provision by approaching the BoR directly in order to obtain land for their developments. This creates a conflict of development priorities and real estate allocations in the city, and leads to incoherent densification, urban sprawl and ad hoc land-use patterns that bear no relation to the city's infrastructure, transport networks or land use plans. All this places considerable strain on the city's resources and the agencies responsible for its operation and maintenance.

The development and planning agencies of the federal government in Karachi and the cantonment boards of Clifton, Kemari and Manora do not follow BoR laws when executing their respective area plans and projects. The autonomous LDA and MDA do follow CDGK and SBCA rules because they cannot make independent decisions on development. The aforementioned agencies, cantonment boards and federal development authorities can also buy land directly from the BoR and develop projects on it, in further violation of the KSDP 2020.

This leaves the CDGK as a spectator to the situation, trying to accommodate the GoS, BoR and federal government agencies as development partners and adjust the master plan to fit in with their projects. If their proposed projects impinge on CDGK jurisdiction, they use the 1984 law for public good to forcefully assert themselves.

In 2002, the CDGK proposed the ad hoc densification of certain major roads in Karachi to reflect current commercial trends. It was decided to consolidate the existing trend for multi-storey developments and transforming residential spaces into commercial spaces, and use land conversion fees to generate income for the CDGK. The legal instrument for this initiative was the Change of Land Use by-laws of City District Government, Karachi 2003. Modified versions of the same by-laws were promulgated and notified in 2004 and 2006. It may be noted that the erstwhile KDA had allowed the commercialisation of plots on Shahrah-e-Pakistan, University Road, Nazimabad 'B' Road, Rashid Minhas Road, Shahrah-e-Faisal and Tariq Road since 1998, on payment of a conversion fee and other charges (see government of Sindh Notification dated 20 July 1998). The initial proposal for six corridors by 2011 was increased to 27 corridors, including all the major arteries in the city irrespective of their location, existing transport and infrastructure load and social and cultural fabric. The floor area ratio (FAR) for these corridors was increased from 1:1 and 1:1.5 to 1:5.5,⁶⁸ partly as a result of pressure from the real estate development sector, which wants to maximise the profit on investments. Although this ad hoc plan has been heavily criticised amid concerns that it will lead to unplanned densification and land-use changes, the CDGK is pressing ahead with preparations for the first cluster of densification plan and regulations, hoping to swell its coffers with this easy money-making exercise.

In an attempt to explore real estate potential of the central business district and adjoining areas, the government of Sindh set up a committee to deliberate on this matter through the Sindh Building Control Authority. Committee members included the Chief Minister of Sindh, GoS functionaries, the controller of KBCA (committee secretary) and selected professionals from four organisations: the Institute of Architects (IAP), the NGO Shehri-CBE, the Department of Architecture and Planning at NED University, and the Pakistan Council for Architects and Town Planners (PCATP).

⁶⁸ The FAR for residential areas is normally between 1:1 and 1:2, depending on their location. It can be as high as 1:5.5 for commercial areas, which include markets, offices and related functions. If an area is converted from residential to commercial use, its existing residential units can be used for commercial purposes.

The committee met several times. After some deliberation, the representatives from the professional organisations suggested that randomly chosen transport arteries should not be densified in isolation, as this would create development hazards at the city level. A proper densification scheme requires a city-wide plan, in accordance with KSDP 2020. In the interests of transparency and accountability, it was proposed that neither the chief minister nor any other GoS officer or official be allowed to be sole executor of the plan, and that all stakeholders should be taken on board to ensure that the plan is implemented effectively. These recommendations have yet to be acted upon, as the Chief of SBCA has not convened a meeting to address the issue. In the meantime, the CDGK and other agencies regularly receive applications for land-use conversions and increased FARs, which are dealt with on a case-by-case basis.

When the GoS, BoR, cantonment boards and other agencies have many contested cases of jurisdiction over land in Karachi, the CDGK may plan the land use, but can never be sure that it will be implemented. Development directions keep changing due to the involvement of so many stakeholders who are only interested in profitable ventures and not particularly concerned about the provision of affordable housing for low- and lower middle-income groups. In this situation, such communities rely on the informal sector and private developers. The absence of government support and subsidies for the provision of land, credit and infrastructure has led to a large housing backlog.⁶⁹ There are no hard figures available to gauge the exact situation, but several studies put it at about two-thirds of the total formal supply. This shortfall results in overcrowded formal housing stock and informal expansions in old and new settlements.

2.4.2 Views of an official in City District Government Karachi (CDGK)⁷⁰

The City District Government Karachi (CDGK) owns and manages only 31 per cent of the land in Karachi. The rest is controlled by other authorities, such as provincial and federal government agencies, cantonment boards, and the Malir and Lyari Development Authorities. The Karachi Strategic Development Plan 2020 (KSDP 2020) proposed by the CDGK provides guidelines for the development and growth of the city, but it has not been possible to implement it fully due to the multiple landowners involved. Although KSDP 2020 suggests that most of the planning proposals, vacant land allocations and land use suggestions will be formulated solely by the CDGK, and provides a plan of action (Table 6.1, KSDP 2020), this has not been the case (for details see the aforementioned interview with Mr. Khalid Siddiqui).

The KSDP 2020 was completed in 2007, but little progress has been made in implementing the master plan since then. According to the Master Plan Group of Offices (MPGO), this is largely due to the fact that jurisdiction over land is divided between independent authorities that do not have to accept any other agency's proposals and sanctions. They have their own development and planning authorities, and do not necessarily need the CDGK to approve their development initiatives. The MPGO has been involved in discussions with the other landowning authorities on behalf of the CDGK, and the following five initiatives are under way to facilitate the effective implementation of KSDP 2020:

⁶⁹ A backlog is the gap between the number of housing units required in the city at six persons per unit, and the existing number of housing units. It is calculated from the most recent population and housing census and/or its projections.

⁷⁰ This section is based on an interview with Mr. Hafiz Javed, EDO (Land Department, CDGK) conducted by Asiya Sadiq, Associate Professor, Department of Architecture & Planning, NED University, on 30 September 2011.

- Develop 11 new high-rise, high-density mixed land use real estate zones. Most of these lie within the existing inner city, central business district (CBD) and high-income residential and commercial areas bordering the port, the coast and wholesale markets and businesses. Documents outlining the by-laws and regulations for the development of these zones are being prepared. This development is geared towards middle- to upper-income groups in the city, offering living, work and recreational opportunities on the open market.
- Regularise illegal and/or de facto low-income settlements. The MPGO has been working with various authorities on this, including the Lyari Development Authority (LDA), the Malir Development Authority (MDA), the Sindh Katchi Abadi Authority (SKAA) and the CDGK, Karachi Port Trust and cantonment directorates for *katchi abadis*. Various regularisation and improvement projects are under way, which will benefit the poor who already own properties in these settlements. There are no plans to develop new low-income schemes.
- Complete old housing schemes, as the CDGK is not in a financial or administrative position to launch new housing schemes. These schemes were launched years ago but have not been completed due to lack of funds, political will, administrative capacity and corruption. Efforts to complete them will help control urban sprawl, increase the density of existing areas and make use of the physical infrastructure that has been developed. However, it may still take many years before these settlements are fully occupied.
- The CDGK is playing a proactive role in helping the government of Sindh Board of Revenue to regularise its land parcel developments on the outer periphery of the city. These plots are slated for residential, commercial and industrial use, and the CDGK is trying to bring them into line with the KSDP 2020 to facilitate coherent future development.
- The MPGO is regularly involved in investigating and approving land use conversions for the CDGK. Many of these cases lie on corridors in the city that have recently been declared commercial areas, leading to the conversion of houses into apartment blocks or commercial plazas. These conversions often spill over into surrounding settlements, and the subsequent legal and illegal conversion of houses is causing problems with densification, congestion, infrastructure breakdowns, traffic and limited privacy.

2.4.3 Views of an official from the Sindh Katchi Abadi Authority (SKAA)⁷¹

The Minister for *katchi abadis* plays a big role in deciding which settlements are dealt with by the SKAA. This means that field offices sometimes have to switch focus when a new government comes to power, so that its supporters are rewarded and non-supporters sidelined. Otherwise there is little demand for leases and tenure as people value informal security more than formal security. Having the right paperwork for a lease is no protection against evictions that may well occur at midnight when the media and judicial system are not available to help prevent them. Regularisation is largely determined by political discretion, both at the top and at the local level., Although the SKAA does follow the procedures

⁷¹ This section is based on interviews with Riaz un Nabi, deputy Director of the Karachi Office of the Sindh Katchi Abadi Authority, conducted by Moizza B Sarwar between July 2011 and December 2012.

specified in the Act of 1987, its success rate often depends on the director of the field office and head offices,⁷² and their degree of support for work in the field.

For instance, bureaucratic procedures were reduced when Tasneem Ahmed Siddiqui was Director of SKAA. The authority set up lease camps in the *katchi abadis* that were due to be regularised so that people who had day jobs did not have to take time off work to go to the office to get a lease. This has continued, but there are sometimes not enough staff to deal with the workload or follow up cases that are stuck in other government departments; contacting all the departments whose approval is needed before the SKAA can start work is a full-time job in itself.

The time taken to issue leases to most of the residents in the area marked out for regularisation varies. It can take anything between two months (as in Chakra Goth) and two years (if legal proceedings are involved).

Legal disputes over land ownership occur when other landowning authorities in Karachi refuse to give the SKAA a No Objection Certificate (NOC) because they want to control the land. The KDA and CDGK have been involved in numerous disputes over sites occupied by longstanding *katchi abadis*. It can take years to settle these disputes in court, and in the meantime public agencies cannot develop the land because of its suspended status.

2.4.4 Conclusions

The current activities of the MPGO and CDGK (now KMC) suggest that there is little political will to implement the KSDP 2020. The absence of a legal framework to coordinate planning and development by the different landowning agencies in Karachi is compounded by the lack of government subsidies, appropriate funding allocations and technical capacities. The CDGK is short of money and promotes the commercialisation of the main corridors of movement in Karachi in order to raise revenues from commercialisation fees. Politicians, bureaucrats and developers are often more interested in the informal financial benefits offered by development than the advice of the professional committees established to look into the adverse effects of commercialisation. This leads to ad hoc developments that cause considerable environmental and social degradation. Meanwhile, the MPGO/CDGK accept the constraints faced by the State and rely on private developers and investors to develop and deliver housing. While the KDA was a major provider of housing in the decades leading up to the 1980s, the CDGK now acts as little more than a regulator. Given this situation and the absence of private and government banks willing to give loans to low-income groups, the poor have little choice but to live in informal settlements awaiting eventual regularisation.

⁷² The SKAA has a head office in Karachi, and separate field offices in Karachi, Larkana, Sukkur, Hyderabad and Mirpurkhas.

3. CREDIT FOR PURCHASE OF LAND AND HOUSING

3.1 A review of housing finance

The information in this section is based on interviews with key staff members in nine formal housing finance institutions, and a review of their records and literature on housing finance. The details, facts and figures for the institutions are shown in Table 4 below, and a synopsis of the interviews is given in Appendix 4 of the full report, Synopsis of Interviews with Financial Institutions that Fund Housing.⁷³

Like many other major cities in low- and middle-income countries, the finance systems in Karachi do not reflect the economic conditions of most of the city's inhabitants. People generally have few savings and survive on a monthly salary, but houses are usually only available for outright purchase rather than through easy financing or mortgage options.

It has been established that the minimum amount required to build a house for a poor family (that can be increased incrementally) is PKR 500,000 (US\$ 5,556). A family that earns PKR 15,000 (US\$ 166) per month should not pay more than PKR 5,000 a month to repay this amount over 15 years (Hasan, 2011). The most important requirement for low-income groups is funding to buy a plot of land in a formal sector housing scheme, especially given that the housing backlog has increased to more than half of total annual supply.⁷⁴ It is against these realities that the financial institutions in Karachi have been analysed.

The most important source of funds for housing is the House Building Finance Company (HBFC). Now a private company, this was originally a federal government institution founded in 1952 called the House Building Finance Corporation. It has the largest portfolio of disbursement and active loans relating to housing finance, a strong, dependable relationship with formal sector developers and builders, and staff at every level who understand the housing market, operations and trends. So far it has financed 456,256 houses through PKR 47.82 billion (US\$ 0.53 billion) of loans. Most formal housing projects and initiatives automatically include a loan facility from HBFC. The corporation does face various constraints, however, such as incomplete documentation of its previous dealings, political pressure to approve loan programmes and credit lines, inordinate delays in the completion of projects, a lengthy litigation cycle to deal with wilful defaulters, and general tendency for customers to delay loan repayments. HBFC staff believe that increasing awareness among ordinary customers could enhance the efficiency of credit disbursement and recovery processes. To develop their awareness, its website explains how to purchase land and property from the open market, lists the documents required to do so, outlines the precautions to be taken against fraud and cheating, and sets out the procedures and benefits of HBFC loans.⁷⁵

The stringent and often cumbersome procedures for assessing the credit worthiness of prospective clients were also cited as a core problem that prevents HBFC from utilising its full potential. A company representative agreed with this, saying that although HBFC claims to work for low-income groups, its rigid rules make it only accessible to middle-income

⁷³ These interviews were conducted by Samia Shahid and Madiha Salam, researchers at the Urban Research & Development Cell, NED University, Karachi, between 25 June and 30 November 2011. A list of the persons interviewed is given in Appendix 4 of the complete report, which is available at www.arifhasan.org

⁷⁴ See www.sbp.org.pk

⁷⁵ For details see the House Building Finance Company website http://www.hbfcl.com/nc_eligibility_criteria.html

groups.⁷⁶ Details of loans conditions can be viewed in Table 4 below. For example, the 'Ghar Asan Flexi' scheme for home purchases and/or house construction and renovation requires 23 documents *before* an application can be made. This means that applicants have to go to at least nine different agencies to get them validated and attested. Not surprisingly, households below a certain level of income will be deterred by the amount of time and money this entails.⁷⁷

The 60 per cent balance of funding that the HBFC can provide is particularly beneficial for middle middle-income groups who have been able to purchase land in formal sector schemes and have the wherewithal to pay for up to 40 per cent of the land and construction costs themselves.

The housing credit option offered by Tameer Microfinance Bank is more useful for those in lower-income and lower middle-income groups. It has reduced the minimum disbursement to PKR 50,000, which can be very useful for people seeking small loans to renovate, maintain, extend or consolidate their house. However, documentary evidence of income and property is required to finalise these loan agreements, thereby excluding the huge number of people who live in un-regularised settlements and peri-urban localities, and limiting the chances for those employed in or associated with informal trades, businesses and enterprises to access a loan package. Although the interest rate is high at 36 per cent, the 3-5 year repayment period makes it relatively feasible for small loans for home improvements and extensions.

The Managing Director of Tameer Bank noted in an interview that for most lending institutions, 'the biggest issue in housing finance is a clean title to guarantee that a default will not be made'.⁷⁸ This institutional focus on clean titles automatically sidelines working households in informal settlements that have not been regularised. It also shows how the institutional inefficiencies of the public sector seep into the private sector. Most importantly, widespread corruption in the dispensation of titles by public sector agencies, and the lack of a uniform one-window operation for dispensing leases to low-income households (under CDGK, BoR and SKAA regulations on *katchi abadis*, for example⁷⁹) compromises their use as collateral by formal institutions. Poorer sections of the population consequently have to rely on informal and sometimes exploitative loans from political patrons, relatives or employers.

The rise of political Islam has seen a number of banks promote Islamic banking. Loans under the Islamic system conform to Shariah law on financing, ownership and trade. Home loan contracts therefore involve co-ownership of the property because the transaction is not based on lending or borrowing money. The Meezan Bank's Easy Home Programme provides 85 per cent of the cost of the house, but the bank does not fund land purchases or cater to anyone with an income of less than PKR 20,000. For details of the system, see Appendix 4 of the full version of this report.⁸⁰

Commercial banks (as opposed to housing, micro-credit and Islamic banks) normally focus on the middle- and upper-income groups, offering a wide variety of loans and packages for repairs, renovations, purchases, construction, modification and re-development. Loans can be for as much as 10 million rupees, and are negotiable in exceptional cases.

⁷⁶ Interview with Mr. Riazul Haque, HBFC Assistant Manager, in 2011 in Karachi.

⁷⁷ Based on forms obtained from the HBFLC Offices at Civic Centre, Karachi.

⁷⁸ Interview with Nadeem Ahmed, Managing Director, Tameer Bank, Karachi conducted on 2 January 2013.

⁷⁹ See section II above.

⁸⁰ Available online at www.arifhasan.org.

Housing loans and credit lines are not aggressively marketed by bankers. There are several reasons for this. Commercial banks view housing loans as a high-risk business to be undertaken only when all the stringent conditions have been met, and advise their clients to examine prospective purchases closely to ensure that they are free of any legal or documentary shortcomings. This limits the chances of this business expanding in a market characterised by informal transactions and limited options for clean formal business. Bankers appear to adopt a cautious approach to avoid increasing the number of bad loans in their portfolio.

The housing finance options on offer have changed radically over the last three decades, which have seen a surge in consumer finance. In the fiscal year 2003 alone, the amount of housing finance available jumped by 400 per cent to PKR 3.5 billion (US\$ 38.88 million). In January 2004, it was estimated that there was an unmet demand for PKR 70 billion (US\$ 777.77 million) of this type of funding (*The Dawn*, 25 January 2004). Data from the State Bank of Pakistan show that housing loans increased by 7.6 per cent in the first seven months of 2007, compared with 15.5 per cent over the same period in 2006 (The Asia Foundation, 2008). Formal housing credit institutions have also proliferated, and are now willing to offer credit for house construction, repairs and renovations, extension, reconstruction, re-purchase, modification and fresh purchases. The ceilings for loans have become fairly flexible although the core conditions for documentation remain unchanged.

HBFC, which has been transformed from a public corporation to a private company, offers the widest range of options and greatest flexibility. As a specialist housing finance institution, it extends numerous packages to a broad clientele. Tameer Microfinance Bank also provides useful housing loans of between PKR 50,000 and PKR 500,000 for low-income households. Nationalised commercial banks and Islamic and private banks offer a range of loan options with a ceiling of PKR 30 million over a maximum period of 20 years. Yet they still fail to address the huge emerging needs of households that are unable to comply with current banking conditions due to lack of documentary evidence of ownership, informal employment, non-verifiable assets and/or high interest rates. It is important to note that 24 per cent of applications for construction, 11.5 per cent for purchase and 7 per cent for land are rejected due to the lack of proper documentation. This also delays the processing of loans, as does applicants lacking the expertise and knowledge to fill out forms and follow procedures correctly (The Asia Foundation, 2008).

Table 5 below shows that the Islamic banking system and the HBFC offer the most attractive 15-year loan schemes available in Pakistan. Yet none of these banks cater for over half of the population of Karachi, who live in informal settlements, have no lease or ownership papers and earn PKR 15,000 or less. They do serve families that earn PKR 20,000 to PKR 25,000, provided they can invest in land, cover some of the construction costs and have a formal job or formally registered or tax-paying business – which few do.

3.2 Conclusions

Although there has been a surge in finance for house building, there is still not nearly enough funding to meet the rising housing deficit. This is because housing finance institutions do not cater for the needs of lower-income groups, who account for over 70 per cent of the unmet need for housing finance. The scarcity of institutions offering housing finance to lower-income groups is indicative of a public sector reluctant to facilitate a link between the market and the housing needs of the majority of Karachi's population.

Low- and lower middle-income families need to be able to obtain loans to purchase plots of land in formal sector settlements where they can build their houses incrementally. This would give them both security of tenure and an asset, but housing finance institutions do not currently offer loans for land purchases. One reason for this is the absence of a stable,

predictable and uniform land registration system, which makes lending money to buy land a highly unaccountable and protracted procedure.

Interest rates are also far too high for loans to be affordable. This is not because the financial institutions charge high rates of interest, but because of the high KIBOR rate,⁸¹ which currently stands at 12 per cent. Various methods of subsidising interest rates for low-income groups have been suggested, but banking institutions are unwilling to pursue them because it would reduce their profit margins (Hasan, 2009).

It is also difficult for low-income groups to fulfil the conditions for obtaining a loan, as many do not have the requisite formal employment, registered business or income tax certificates. As a result of these restrictions, the majority of people seeking a home do not even consider applying for a loan with a banking institution.

The banks do not have a programme to facilitate group or community credit, although there are a number of successful community initiatives that the banks could support involving mutual saving groups.⁸² These are particularly relevant in homogenous communities where there is some form of credible community leadership based on social or religious bonds. Another possible avenue would be to give employers guaranteed finance to enable lower-grade employees to access such loans.

Surveys undertaken for this report⁸³ also show that people wish to become homeowners but do not think the existing schemes are appropriate to their income and savings status. About 15 per cent of the households surveyed live in rented accommodation due to the lack of suitable home ownership options, which are compounded by rising fuel costs, poor public transport options and fluctuating fares.⁸⁴

Developers have built numerous apartment blocks around the eastern and northeastern edges of the city, but high prices and stringent loan conditions make these a limited option. Developers and estate agents interviewed for the study indicated that levels of corruption in regulatory authorities like the KBCA (now SBCA) are such that people use estate brokers and other middlemen to deal with documentation issues. This increases costs and the chances of fraud. In fact, developers claim that their product prices would be 20 per cent lower if the KBCA and utility agencies were not corrupt. If this is true, it would represent a major saving for both lower and middle middle-income groups.⁸⁵

The studies also show that it is important to establish the ability of the poor to pay for housing, and the factors that contribute to this. Field surveys on the diverse geographical mix covered by this exercise revealed high levels of dependency, with just one member of most households earning. This makes proximity to the workplace a determining factor in deciding where to live.⁸⁶ Some form of security is needed to obtain loans for non-leased properties, and the availability of loans increases the incentive to get a lease. This is also important for people who are looking to buy land to build a house, regardless of whether it is serviced or has some kind of infrastructure on it.

⁸¹ The Karachi Interbank Rate, which is set by the State Bank of Pakistan. For details, see <http://www.investopedia.com/terms/i/interbankrate.asp#ixzz1r4D9R7Bs>

⁸² See section VI of this report.

⁸³ See survey analysis in Appendix 12 of the complete report, available online at www.arifhasan.org

⁸⁴ See sections V and VI of this report.

⁸⁵ See section V of this report.

⁸⁶ See sections V and VI of this report.

Table 4: Profile of financial institutions that fund housing

MICROCREDIT BANKS		
INSTITUTE	HOUSE BUILDING FINANCE COMPANY LIMITED	TAMEER MICROFINANCE BANK LIMITED
TYPES OF LOANS OFFERED		
CONSTRUCTION	<p>Under this loan plan, customers can construct a residential property on land they already own or add to an existing residential unit. HBFC will facilitate up to 60% of total projected cost of construction (Land cost + Cost of construction).</p> <ul style="list-style-type: none"> • <u>FINANCE LIMIT</u> <ul style="list-style-type: none"> ➤ Up to PKR 10,000,000 	<p>MICRO MORTGAGE – TAMEER MAKAAN</p> <ul style="list-style-type: none"> • <u>PRODUCT AND SERVICE PROMISE:</u> <ul style="list-style-type: none"> ➤ Urdu: ‘<i>Makaan Hamara Banay Sahara</i>’ ➤ English Translation: ‘Our property (house) is our support’ • <u>PRODUCT ADVANTAGE</u> <ul style="list-style-type: none"> ➤ Loans from PKR 50,000 to PKR 500,000 ➤ Lead time (availability of finance) 15-21 days ➤ Loan tenure up to 3 years ➤ Embedded life insurance
PURCHASE	Customers can access housing finance conveniently up to a limit of PKR 10 million	
RENOVATION	<p>Finance of up to PKR 2.5 million is available to renovate existing houses, apartments or bungalows in urban cities; and capped at PKR.0.5 million in rural cities.</p> <ul style="list-style-type: none"> • <u>FINANCE LIMIT</u> <ul style="list-style-type: none"> ➤ Up to PKR 2,500,000 	
TERMS AND CONDITIONS, ELIGIBILITY CRITERIA	<ul style="list-style-type: none"> • Pakistani citizens aged between 18-60 for salaried individuals, and 18-65 for businesses/self-employed persons/professionals. A blood relative will be accepted as a guarantor if the customer does not have sufficient income. • Customers should be employed or self-employed, and have the capacity to repay the loan. • Proof of income should be presented in the form of salary certificate, affidavit and tax return. • Legal documents, utility bills, bank statements, proof of employment, etc. required for home finance. 	<ul style="list-style-type: none"> • Any customer with an income of between PKR 20,000 and PKR 50,000. • Proof of income should be presented in the form of salary certificate, affidavit and tax return. • Legal documents, utility bills, bank statements, proof of employment, etc. required for home finance.

MARKUP RATES	<ul style="list-style-type: none"> • 3.6% service charges + KIBOR • For <u>salaried persons</u>: Last available 1 year KIBOR offer rate + 3.25% • For <u>business persons</u>: Last available 1 year KIBOR offer rate + 3.50% • (Note: Insurance premium @ 0.463 paisa per thousand per month) 	<ul style="list-style-type: none"> • Tameer microfinance bank follows a flat rate. For example, the return on a 1 lakh loan repayable over 3 years would be 19% per annum. The internal interest rate is 36%.
MINIMUM AND MAXIMUM AMOUNT OF LOAN	Maximum 10 million as per rules of State Bank Pakistan	Minimum PKR 1 lakh and maximum PKR 5 lakh.
MORTGAGE REQUIREMENTS	<p>Requirement for HBFC equitable mortgage for urban leasehold residential properties:</p> <ul style="list-style-type: none"> • High market value with memorandum of deposit of title deeds • Red entry on record of rights • General power of attorney in lieu of HBFC Requirements: • The maximum age of houses of 'A' Class construction should not exceed 45 years (from the date of the approved building plan) • Investment may be made in all coastal areas except the front row of Sea View Township and Darakhshan Villas, Clifton Karachi. • House purchase product is available in Urban Area at district quarter, and 'Tehsil' on the basis that construction should be 'A' Class and all basic amenities should be available. The value of the house as per existing policy has been evaluated by PBA-approved valuers. • Sale agreement, title deed, valuation and soundness certificate from an approved architect are required. The loan will be released in one instalment, with a cheque delivered in the presence of the sub-registrar when the Islamic Housing Finance Agreement is executed. 	<ul style="list-style-type: none"> • Persons who can pay loan instalments of 50% of their monthly salary are eligible. In rare cases, 60% is acceptable with very small loans. Applicants must also have a genuine salaried job or small business with a certain amount of monthly revenue.

MINIMUM /MAXIMUM PERIOD OF LOAN RETURN	20 years standard, depending on applicant's age.	5 years
ADDITIONAL DETAILS	<ul style="list-style-type: none"> • HBFC has financed around 456,256 houses to the tune of PKR 47.82 billion. • In 2010 the annual disbursement was PKR 679 million, and recoveries were PKR3.4 billion. • As of December 2010, the operative account stood at PKR 77,666. • In December 2010 the total workforce was about 951, and the loan portfolio stood at PKR14.6 billion. 	<ul style="list-style-type: none"> •

COMMERCIAL BANKS						
INSTITUTE	MEEZAN BANK	DUBAI ISLAMIC BANK	UNITED BANK LIMITED	NATIONAL BANK OF PAKISTAN	MUSLIM COMMERCIAL BANK	ASKARI COMMERCIAL BANK
TYPE OF LOAN OFFERED						
CONSTRUCTION	Finance for up to 70% of the appraised value or PKR 40 million.		Homebuilding	Finances up to PKR 35 million over 3-20 years. Maximum debt to equity ratio of 85:15	Housebuilding on land owned by borrower; should be disbursed in tranches.	Housebuilding with halal Istisna'/Musharakah Finance specifically tailored to match clients' cash flows and needs.
PURCHASE	Finance for up to 85% of the appraised value of a new home or a maximum of PKR 40 million.	House purchase	United Bank Limited finances up to 70% of the appraised value for house purchases.	Finances up to PKR 35 million over 3-20 years. Maximum debt to equity ratio of 85:15)	Purchases ready property	Finances 85% of the cost of the property up to PKR 50 million.* Other terms apply
RENOVATION	Finances up to 30% of the appraised value	Purchases undivided share (home renovation).	Renovation	Finance of up to PKR 15 million over 3-15 years. Maximum debt to equity ratio 80:250	Renovation of existing home with documented end use; should be disbursed in tranches.	Facilitates house renovations.

<p>TERMS AND CONDITIONS, ELIGIBILITY CRITERIA</p>	<ul style="list-style-type: none"> • Salaried customers must have minimum gross income of PKR 20,000 per month. • Businessmen must have a minimum gross salary of PKR 50,000 per month. • Requires legal documents, utility bills, bank statements, proof of employment, etc. • Primary customer must be at least 25 years old, and. co-applicants over 21. • Applicants must be residents of Pakistani nationality. 	<ul style="list-style-type: none"> • Pakistani and non-resident Pakistanis as per policy. • Age 25-65. • Minimum monthly net income of PKR 15, 000. • Copy of utility bill. • Professional degree (for self-employed professionals only). • Salary certificate/proof of profession. • Latest salary slip. • Bank statements for the last 12 months and bank certificate. 	<ul style="list-style-type: none"> • Minimum monthly income: PKR 50,000 • Age: 23 to 65 years • Resident Pakistani • Self-employed businessmen/professional or salaried individuals • Minimum loan: PKR 500,000. • Employment certificate confirming last 12 months' work experience. • Tax documents for the past 24 months. • Current salary slip • Bank statements for the last 12 months. 	<ul style="list-style-type: none"> • Must be resident Pakistani national aged between 21 and 65. • Minimum income requirement PKR 5000 for government. employees, PKR 10,000 for other salaried persons and PKR 15,000 for the self-employed and businessmen. • Requires legal documents, utility bills, bank statements, proof of employment, etc. 	<ul style="list-style-type: none"> • Applicants must be Pakistani nationals. • Salaried, self-employed businessmen (SEB) and self-employed professionals (SEP) are eligible to apply. • Requires satisfactory verifications and bureau checks; estimated income, property valuation and legal opinion. 	<ul style="list-style-type: none"> • Pakistani nationals aged 21 to 65. • Permanent employment, at least six months with present employer. • Self-employed individuals need at least 3 years business track record. • Requires legal documents, utility bills, bank statements, proof of employment, etc.
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MARKUP RATES	<p>For salaried customers including SEP, NRP and merchant navy:</p> <ul style="list-style-type: none"> •Fixed 1st Year K *+ 3.00% p/a •Annual re-pricing: K ** + 3.00% p/a • (floor 8.00% p/a and capped at 30% p/a.) <p>For businessmen:</p> <ul style="list-style-type: none"> •Fixed 1st Year K *+ 4.00% p/a •Annual re-pricing: K ** + 4.00% p/a • (floor 8.00% p/a and capped at 30% p/a) <p>* For first year fixed rate, 'K' denotes KIBOR (Karachi Inter Bank Offer Rate), announced on 1st working day of each calendar month</p> <p>. ** For annual revision, 'K' denotes 90 days average of 12-month KIBOR announced for each calendar quarter by the Bank.</p>	<p>Applicable Profit Rate = Relevant KIBOR + Margin.</p> <ul style="list-style-type: none"> •* Based on the arbitrary 12-month KIBOR and the bank's rate. •** In year 2, the KIBOR is increased by 3% from year 1; the bank's margin remains constant. •*** In year 3, the KIBOR is reduced by 5% from year 2; the bank's margin remains constant. <p>The bank's margin is 4.00% Amount financed: PKR 10,000,000.</p>	<p>For salaried customers</p> <ul style="list-style-type: none"> • Applicable mark-up rate = KIBOR + 3.5% <p>For SEB/SEP</p> <ul style="list-style-type: none"> • Applicable Mark-up Rate = KIBOR + 4.5%. 	<p>Variable rate option:</p> <p>SBP discount rate + 2% with 12 months re-pricing (with life insurance)</p> <p>SBP discount rate + 4% with 12 months re-pricing (without life insurance)</p>	<p>Salaried 1 year KIBOR (offer) + 4.0%</p> <p>SEB/SEP 1 year KIBOR (offer) + 4.5%</p>	<p>Salaried KIBOR + 4.0%</p> <p>SEB/SEP KIBOR + 5.0%</p>
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MINIMUM AND MAXIMUM AMOUNT OF LOAN	PKR 5 lakh to PKR 40 million.	<ul style="list-style-type: none"> •House purchases PKR 500,000 to PKR 50 million •Home renovation PKR 500,000 to PKR10 million • Finance transferred from another bank PKR 500,000 to PKR 50 million 	PKR 5 lakh to PKR 30 million.	Maximum amount for all products except home improvement is PKR 35 million; maximum amount for home improvement is PKR 15 million.	Minimum loan of PKR 500,000; maximum loans: <ul style="list-style-type: none"> •HP: 20 million •HC: 10 million •HR: 5 million 	Minimum amount is PKR 300,000; maximum PKR 30 million.
MORTGAGE REQUIREMENTS	<ul style="list-style-type: none"> • Compliance with eligibility criteria. •Profit margin charged by Meezan Bank equal to conventional mortgage market trends. •Shariah allows any market factor to be used as a benchmark to determine the profit rate of a particular product. 	Compliance with eligibility criteria	Compliance with eligibility criteria			<ul style="list-style-type: none"> •Must be a tax payer. •Must have a valid computerised national identity card (CNIC). • Must have a mobile phone. No landline required at current or potential residence for house purchases or construction; any mobile or wireless connection at residence is acceptable for home renovations if there is no PTCL land line.

MINIMUM /MAXIMUM REPAYMENT PERIOD	3 - 20 years	3 - 20 years	3 - 20 years	3 - 20 years	2 - 20 years	1 - 20 years
ADDITIONAL DETAILS	<ul style="list-style-type: none"> •The bank developed a finance product based on the concept of 'Wakalah', to encourage the development of financing partnerships between Islamic banks and micro-finance banks. •The bank demonstrated robust business growth in 2010, closing the year with deposits of PKR 131 billion and PKR 143 billion in import/export business. 	<ul style="list-style-type: none"> • Caters to middle-income groups with a minimum gross monthly income of PKR 20,000. •Up to PKR 3.5 to PKR 4 billion has been dispatched. <p>Loans not given in areas such as F.B.Area, Gulzar-E-Hijri, Orange, Baldia, Surjani.</p> <p>100% Shariah compliant.</p>		<ul style="list-style-type: none"> •Islamic banking has seen deposits increase by 356% and finance and investments by 148% over the last year. <p>The bank had total assets of PKR 1.035 trillion at the year end, representing a 9.6% increase on the year end in 2009, and appreciable growth in a challenging economic environment.</p> <ul style="list-style-type: none"> •Pre-tax profits increased by 15%, from PKR 21.3 billion to PKR 24.4 billion. 		

Table 5: Credit for Housing

	Bank	Age limit	Interest rate	Preference	Minimum amount	Maximum amount	Minimum salary requirement	Loan tenure	Monthly instalments on PKR 500,000 over 15 years	For land purchases	For construction, house purchase and renovation
1	Bank Al-Islamic	65 years BP and SP	Average 17%	Salaried class		PKR 10 million		5- 20 years	PKR 9500		
2	Dubai Al-Islami	BP=65 SP=60	Average 14% per cent	Salaried class	PKR 1,000,000	PKR 30 million	PKR 40,000	3-20 years	PKR 6658		
3	HBFC (without KIBOR)	18 to 59 for BP and SP	3.47% for 15 years and 4.08% for 20 years						PKR 4634		
4	HBFC (12% KIBOR)	18 to 59 years for BP and SP	15.55 % for 15 years and 16.08% for 20 years	35% of net income		PKR 10 million			PKR 7134		
5	Meezan Bank		17%					3- 25 years	PKR 7170		

Legend

BP	Business person
SP	Salaried person
	Not allowed
	Allowed
	HBFC with KIBOR

Meezan Bank called it Masharq, claim to finance 20 to 50 per cent of the total value and term repayment amount as rent

4. ACTORS AND FACTORS IN LAND-RELATED CONFLICTS: FINDINGS FROM SECONDARY SOURCES

4.1 Introduction

The previous two sections presented a picture of the 13 formal institutions that govern the land market in Karachi, and the finance options available for housing, which mainly cater for middle-income groups. The land situation is complicated by the political tussle between Karachi's city and provincial governments, which allows other forces of supply and demand in the land and housing market to exploit the weaknesses in its governance structure.

The land market differs from other markets because land is more than just a capital asset. It is the product of a number of site-specific qualities, which means that land use and occupation in Karachi is coloured by political, ethnic and corporate interests. This section uses secondary sources to identify the actors and processes that currently govern the development of land in Karachi. Secondary data were collected for two purposes. One was to gain more detailed knowledge about various aspects of land-related issues that are not commonly known or understood. The other was to make this material available on the websites of Karachi's leading urban centres; specifically, NED University, the Urban Resource Centre (URC) and Arif Hasan's website. It was felt that this would be a huge resource for researchers, journalists, academics, students and politicians, and be helpful in re-designing courses in planning, architecture, public policy and law.

The structure of section 4.2 is determined by the nature of the data sources. The first part introduces information from news reports, films produced by NGOs, and television shows accessed on YouTube. It is based on 35 videos, 83 per cent of which are television reports and productions,⁸⁷ and 13 per cent of which were made by independent producers.⁸⁸ A synopsis of this material is provided in Appendix 5 of the full report.⁸⁹ The discussion on local media reports is supplemented by the portrayal of land markets in seven renowned feature films on land in India, Pakistan and the United States.

Section 4.4 examines five case studies that describe the processes, actors and legal and political issues involved in the land market in Karachi. These studies focus on the way that residents, the non-governmental sector, the corporate sector and the law courts affect the environment and landscape of Karachi.

Section 4.5 outlines the massive land conversions that are under way along the coast of Karachi, with a brief description of the nature of these developments, the parts played by international capital and companies based in Dubai and Malaysia, and civil society opposition to these developments.⁹⁰

Finally, Section 4.6 is based on 5,602 news clippings on land issues kept at the Urban Resource Centre Karachi. These are regularly compiled from the daily newspaper *Dawn*, *Jang* (Urdu), *the News* and *the Daily Times*. The clippings are divided into six broad

⁸⁷ Broadcast on various TV channels, such as Samaa TV, Geo News ARY News, Express TV and CNBC.

⁸⁸ Apart from two videos filmed and uploaded by independent users, the independent productions were made by the NGO Shehri-CBE, which focuses on urban issues.

⁸⁹ Available online at www.arifhasan.org.

⁹⁰ Details are given in Appendix 8: The Gentrification of Karachi's Coastline, which is available online at www.arifhasan.org

categories and further sub-categories (shown in Table 6 below), and each news item is accompanied by key words. The methodology for collecting and analysing the clippings is described in Appendix 9 of the full report, which also lists a number of unanswered questions.⁹¹

Table 6. Classification of news clippings on land matters

<i>Land acquisition</i>	<i>Land development</i>	<i>Changes in land use</i>	<i>Land disputes</i>	<i>Disasters</i>	<i>Money matters</i>
Allotment, encroachment, regularisation, auctions, real estate, leases and bookings.	Construction, development, housing facilities and amenities, loans, leases, civic amenities, town planning, housing schemes, and land use.	Conversion, reclassification of plots, auctions, demolitions, relocation, transfers, evictions, commercialisation, illegal construction and heritage conversions.	Court orders, land grabbing, legislation, murders, riots, <i>katchi abadis</i> and informal settlements, differences between actors.	Demolition, collapse, disaster, and commercialisation	Revenues, taxes and other monetary issues.

4.2 Data gathered from visual media on land in Karachi

These television news reports graphically illustrate the determinants and actors in contemporary conflicts over land in Karachi, and the impact of land conversions and encroachment on the general public and the environment. In these videos reporters and interviewees (politicians, elected representatives, police officials, citizens) repeatedly use the term ‘land mafia’ to describe powerful land grabbers in Karachi: powerful organised groups that systematically identify, capture and develop land to sell at a profit. Political patrons from a few key political parties that hold constituencies in Karachi and the surrounding areas provide security and backing for these land-grabbing groups. At the other end of the spectrum are the squatters, whom one government official describes as desperate homeless ‘encroachers’.⁹² Case studies on the illegal sub-division of land in Karachi in the 1980s (Kool *et al.*, 1988; Hasan, 1999) identified the *dallal* as informal developers with a key role in the division of land. They can no longer operate outside political affiliations, and have become cogs in the political land-grabbing regime. As one former government official in the Master Plan office observed, ‘Each informal developer, who previously would switch allegiances as he saw fit is now bound for his own safety and sustenance to one political party....his lot is now tied to theirs’.⁹³

Formal and informal estate agents and developers play an important role in land grabbing and conversion,⁹⁴ while political parties and government authorities are involved in encroachments (see section V for primary evidence on the nature of State involvement).⁹⁵

⁹¹ Available online at www.arifhasan.org.

⁹² Mohammed Salahuddin of ARY News, reporting on land grabbing. See <http://www.youtube.com/watch?v=LMiKWwZsEtM&feature=related>

⁹³ Interview with former KDA (now KMC) metropolitan planner Islamuddin Siddiqui, conducted in Karachi on 2 January 2013.

⁹⁴ See Geo TV interview with estate agents and scam victims in Gulistan-e-Jauhar, Karachi <http://www.youtube.com/watch?v=FhfF5STy1fo#>

⁹⁵ See Aap ki Baat speaking to MNA (MQM) Sufyan Yusuf on Samaa TV, <http://www.youtube.com/watch?v=HFN-lykk3VA#> and a clip from talk show Agenda 360 on CNBC with guest speaker Qudsia Kadri (Chief Editor of the *Daily Financial Post* and President, MWPJO), http://www.youtube.com/watch?v=kSI44_YRjk

People who are employed to protect land at various sites are 'bought' by land grabbers and support them for a share in the development. Nazims who have tried to oppose land grabbing say that they are helpless because the police protect the encroachers;⁹⁶ a claim corroborated by serving ministers who maintain that the police cannot act as arbiters because they are firmly believed to be on the land grabbers' side.⁹⁷

Other stakeholders identified as breaking land rules and regulations include international and local business corporations, religious organisations and the Pakistani military.⁹⁸ Public landowning agencies support these actors even though they ignore the express purpose for which land was initially leased or reserved (see section 4.4. below on the case of Gutter Baghicha and the Dutch concern Makro-Webb), as their commercial enterprises provide lucrative financial rewards for facilitators in public sector bodies (see below on the role of the courts and NGOs in opposing illegal usage).

Different types of land have been encroached upon. Graveyards are flattened or flooded with sewage discharge to make them unusable for their true purpose, opening the way for subsequent illegal occupation.⁹⁹ A neighbourhood public library has been demolished, and Google images taken in 2004 and 2009 clearly show that parks have been converted into residential areas, even though it is technically not possible to change the use of amenity plots.¹⁰⁰ In the case of the demolished library, residents blame a court judgement that did not take public interest into account when upholding a claim.¹⁰¹

The land mafia reclaims coastal land by filling it with garbage, dividing it into plots and selling them informally.¹⁰² Drainage channels are also being reclaimed for construction, which causes flooding during the monsoon season: in 2010 a four-storey building illegally constructed on reclaimed land in Orangi Town collapsed, killing seven people. Residents hold a politician from a key political party responsible for the land reclamation and construction of this building.¹⁰³ The land mafia has also managed to prevent the government from beginning the construction of cottage industries on 468 acres (187.2 hectares) of land that belong the city government, which has had little success in combating land grabbers.¹⁰⁴ One independent production shows that land grabbers are able to access trucks, tankers and heavy machinery for their operations, in collusion with large industrial or political concerns.¹⁰⁵ Commercial imperatives seem to be more important than the vision of the city set out in a series of master plans.

⁹⁶ See report on land grabbing by ARY News correspondent Mohammed Salahuddin:

<http://www.youtube.com/watch?v=LMiKWwZsEtM&feature=related>

⁹⁷ See Amir Bhatti for the FIR programme on Geo TV: <http://www.youtube.com/watch?v=bR-1sYSz8tg#>

⁹⁸ See film produced for Samaa TV by Hussam Khan and Asif Jameel:

<http://www.youtube.com/watch?v=KJLY9rJxfPE>

⁹⁹ See Salman Lodhi's special report for ARY News: http://www.youtube.com/watch?v=x_FEjocw9I8

¹⁰⁰ The NGO Shehri-CBE produced a film on the land mafia's takeover of Karachi city parks. See http://www.youtube.com/watch?v=NHVII_QXaxg

¹⁰¹ See report by Amer Ahmed Khan of Samaa TV and Mohammed Salahuddin of Geo News on the operation against park encroachments initiated by a Supreme Court order.

<http://www.youtube.com/watch?v=eREsRxd8MY4>

¹⁰² See Amir Bhatti for the FIR programme on Geo TV, <http://www.youtube.com/watch?v=bR-1sYSz8tg#>

¹⁰³ See Quaid Ali Shah for Samaa TV on the collapse of a 4-storey building in Orangi Town during the flood season, <http://www.youtube.com/watch?v=vUvsPEjC4Rw&feature=related>

¹⁰⁴ See clip from a Samaa TV programme affirming the City Government allotment of 468 acres of land in Baldia's Ittehad Town for Cottage Industries.

<http://www.youtube.com/watch?v=hCVWgoAtUE&feature=related>

¹⁰⁵ <http://www.youtube.com/watch?v=iXbV5pP9JE&feature=related>

Video evidence shows that the land mafia caters to commercial enterprises and interests, often at the expense of the city's citizens and their needs. The connivance of government officials and police officers in regularising and allowing land grabs in some areas while protecting land or protesting about grabs in others is indicative of the way that fractious relationships between different agencies allow them to act as both usurper and protector.

Meanwhile, the government has established a six-member anti-encroachment cell under the authority of a provincial minister. Like the planning agencies discussed in section I, this cell has run into difficulties because of conflict between political forces, in this case the Pakistan People's Party (representing the Sindhi-speaking population) and the Awami National Party (representing the Pushto-speaking population). A number of videos show the extent to which land grabbing has been politicised.¹⁰⁶

Resistance to land encroachment and conversion is fraught with danger, as guns have been readily accessible in Karachi since the Afghan war (see section I for details). Violence enables encroachers to illegally settle people and industries on land, and resist those who strive to regain legal possession of land. This is often done by settling poor people on illegally occupied land, as reclamation projects lose public support if they result in homes being razed, violence and the arrest of dozens of people from lower-income groups, including women.¹⁰⁷ In the last ten years battles over real estate have escalated into turf wars, with gun battles between opposing groups who prevent the police and paramilitary forces from intervening by firing on them.¹⁰⁸

Karachi's citizens and NGOs are constantly struggling against land encroachment and conversion. A number of activists have emerged on the scene, protesting at their own peril. Nasir Baloch opposed encroachment on the Gutter Baghicha amenity plot and was murdered the day after he attended a press meeting where he identified the political party that had threatened his life. No arrests were made for his killing due to lack of evidence and witnesses.¹⁰⁹ Other citizens fighting illegal conversions who have received death threats have resultantly withdrawn from the court cases they had filed,¹¹⁰ while news reporters covering land-related conflicts also face death threats. In 2011, a reporter for Geo News was killed after reporting on the political parties' involvement in turf wars over land and its repercussions.¹¹¹ Since then all the witnesses who came forward have been killed in targeted drive-by shootings, including members of the police force (Jawad, 2011).

The city's ecosystem has been unbalanced by these profit-motivated land encroachments, which do not follow any plans or guidelines on adjoining areas or urban construction, and destroy farmland bearing fruit, flora and fauna. Fishing communities and landowning

¹⁰⁶ Clip from ARY News report on land grabs in Karachi, <http://www.youtube.com/watch?v=-ho9hocHeYY>

¹⁰⁷ See clip from Express News report on a police operation against the land mafia on National Highway: <http://www.youtube.com/watch?v=QdlgWTQ58hA&feature=related>

¹⁰⁸ See report on a land ownership dispute by Zille Haider of Geo News: http://www.youtube.com/watch?v=3lf_ixc9opU&feature=related and Express News report on the forced encroachment of rooftops on residential flats in Gulistan-e-Jauhar (Rabia City Block 11 & 13), <http://www.youtube.com/watch?v=hubBd2LOWrY&feature=related>; also the case of Katti Pahari, 2011

¹⁰⁹ Hassam Khan of Samaa TV narrates the story of Kidney Hill/ Ahmed Ali Park/ Faluknuma, see <http://www.youtube.com/watch?v=TWcJpSoJY7E&feature=related>

¹¹⁰ See film produced by the NGO Shehri-CBE on the land mafia's takeover of Karachi city parks: http://www.youtube.com/watch?v=NHVII_QXaxg

¹¹¹ See the late correspondent Wali Khan Baber reporting on Pehlvaan Goth for Geo News: http://www.youtube.com/watch?v=sML_DYGUac8

agencies have been deprived of their land and livelihoods, and the city's natural drainage channels have been blocked. The reclamation of such channels and outfalls to the sea is not limited to low-income localities, as the federal government and defence authorities have also encroached on outfalls for land to house for the elite.¹¹²

Citizens from both middle- and low-income backgrounds have been deprived of their legally owned properties,¹¹³ and live in insecurity in areas where the land mafia operates. Intermittent gunfire and violent incidents regularly cause shops and neighbourhoods to close down, making groceries unavailable and social interaction impossible, and severely affecting residents' quality of life.¹¹⁴ There are numerous individual accounts of the inconvenience caused by the illegal activities of builders, the Karachi Electricity Supply Company (KESC), the police and the KBCA, which plague the lives of ordinary citizens seeking a piece of land or an apartment in Karachi.¹¹⁵

This section shows that the main demand for land in Karachi comes from commercial and business interests and ordinary citizens. However, the supply of land is controlled by politically aligned formal and informal developers who operate in association with state functionaries, police agencies and armed groups to ensure that land supply is geared towards commercial use, at the expense of housing. The connivance of state functionaries in land grabbing influences the land market's entry and exit procedures, making it more expensive for genuine buyers to acquire land. It appears that 'squatting' is rarely possible now; migrants coming into the city can no longer occupy a piece of land for housing or temporary accommodation without engaging with local political and land networks.

4.3 Observations on feature films about land issues

Feature films that focus on India depict conditions very similar to those in Pakistan, showing situations that closely mirror reality and resonate with the background stories documented in the videos discussed in the previous section. Debt leads to the sale or confiscation (often by a bank) of a house or piece of land that may be the family's only asset, causing immense and often irrevocable harm to individuals and livelihoods.¹¹⁶ Strong caste biases fuel opposition to the sale of land or its reservation for lower castes (in India)¹¹⁷ or low-income communities (in Pakistan, where caste biases are not so prevalent). The courts frequently fail to adequately address the forcible occupation of homes, creating situations where victims feel obliged to take the law into their own hands.¹¹⁸ Films like *Khosla ka Ghonsla* show how muscle power, connections with the establishment and an inadequate legal system allow

¹¹² See Parts 1 & 2 of the film produced by independent filmmaker Mahera Omar for the NGO Shehri-CBE on Gutter Baghicha (respectively) <http://www.youtube.com/watch?v=PJXSg7WkhFY> and <http://www.youtube.com/watch?v=OokvKHrVRos> and another Getz Pharma and Shehri-CBE film produced by independent filmmaker Mahera Omar, <http://www.youtube.com/watch?v=dAJUxPaenss&feature=youtu.be>

¹¹³ See Qazi Hasan's report on Karachi's land scams for the FIR programme on Geo TV: <http://www.youtube.com/watch?v=U3rIHIZDY-g#>

¹¹⁴ The late correspondent Wali Khan Baber for Geo News reports on Pehlvaan Goth http://www.youtube.com/watch?v=sML_DYGUac8

¹¹⁵ An episode from a series called 'Benaqab' on Aaj TV, on builder's 'mafia' in Karachi, Parts 1, 2 & 3 (respectively)

<http://www.youtube.com/watch?v=6CXb7afR8yQ>
<http://www.youtube.com/watch?v=YFGnYFIK2Rs&feature=related>
<http://www.youtube.com/watch?v=JDuu4ODcmI&feature=related>

¹¹⁶ See the films 'Do Bigha Zameen' and 'Peepli Live'.

¹¹⁷ See the film 'Aarakshan'.

¹¹⁸ See the film 'Lago Raho Muna Bhai'.

those who encroach upon land or operate land scams to deprive people of land that they have paid for.

4.4 Data on land in Karachi from five case studies

This part of the report is based on data on various cases documented by several NGOs that work on urban issues in Karachi. It builds on information garnered from five case studies, which are detailed in Appendix 7 of the full report.¹¹⁹ The data in these case studies reveal the relationship between land and the politics of ethnicity in Karachi, and the role of multinational corporations, their Pakistani partners and the army in supporting illegal land conversions. They also show the struggle that NGOs and activists in Karachi are waging against illegal and environmentally and socially damaging land conversions.

These case studies were chosen to reflect different stakeholders, their impact on the land market and the way that it is managed in Karachi. The first case study looks at the role of residents in fighting demolition; the second shows how certain characteristics have made an NGO an influential partner of the government; the third examines the way that the corporate sector interacts with landowning bodies in contravention of the city's master plan; and the final case study shows the role that a court of law plays in managing land in Karachi.

Zubo Goth

Zubo Goth is an old informal settlement situated on the outskirts of Karachi in Union Council Manghopir, Gadap Town. *Goths* were originally defined as rural settlements or villages, but as Karachi expanded its footprint grew to include adjacent *goths*. Decades ago many low-income households moved to outskirts like Zubo Goth as the cost of land in central Karachi became exorbitant. Settlers in Zubo Goth were granted land by the District Commissioner, paying cash to purchase their plots and giving the police another PKR 5,000 per house 'for security' once the building was completed. Land values increased phenomenally after the construction of the nearby Northern Bypass, and numerous attempts have subsequently been made to demolish Zubo Goth. It has since survived three demolitions, one in 2007 and two in 2008 (Ismail, 2009).

In 2001, the SLGO replaced the District Commissioner system with elected mayors. In 2004, the MQM, the political party representing the interests of Urdu speakers, captured every level of local government in Karachi, obtaining the patronage to acquire valuable land where it could settle its supporters and thereby control an important route into and out of the city.

In July 2007, Zubo Goth was demolished under the supervision of the the Nazim of Orangi Town, who was an MQM candidate. The stated aim was to build a road (Shahrah-e-Gaddafi) that required 100' of land, which was already available. All that was needed was a further 7' strip of land, yet a 700' strip was identified and the houses on it razed to the ground. It is alleged that the demolition was carried out under the Nazim of Orangi Town, despite the fact that Zubo Goth came under the jurisdiction of Gadap Town. It was not the only *goth* to be destroyed, as several others were bulldozed, their land taken over, divided into plots of 120 square yards and sold at PKR 45,000 (US\$ 445) per plot. This made them affordable to lower-income groups from the city who were looking for somewhere to live. The demolition of 'rural' villages thus allowed the urban poor to acquire land for housing themselves. Another demolition occurred in March 2008, supervised by the Nazim of Orangi Town, officials from the Land Department and the police.

¹¹⁹ Available online at www.arifhasan.org, with links to further case study resources.

After the first demolition, the residents of Zubo Goth organised themselves and took the matter to court, but found no relief from the judiciary. The Nazim of Gadap Town supported the people in his area and advised them to form a committee, which received technical support and help from the OPP-RTI in obtaining people's land titles and relevant maps showing the settlement's boundaries. Some of these documents were supposedly 'lost' in government files, others were held by influential individuals from the *goth* who use them for deals with the land mafia. Thus the committee acquired maps and official records and reached out to political and social leaders, who in turn activated the media and focused public attention on the situation in the settlement.

The committee's cause was helped by changes at the provincial level when the elections of 2008 put the PPP (which is mainly supported by the Sindhi-speaking majority in the province) into government at the national and provincial level in Sindh. Residents of the *goths* in Gadap Town contacted the PPP leadership, which helped secure their settlements and mandated the BoR to grant them titles to their land.

The strategy in Zubo Goth succeeded for several reasons: because experienced activists helped mobilize the community; officials and nazims whose jurisdictional authority had been encroached upon by other elected officials became involved; residents set up their own committee chaired by the UC Nazim; residents used their tribal, social and political networks and contacted the media and other *goths* in similar situations; help from the OPP-RTI raised awareness of the need for the correct information on land demarcation and status; learning from other evictions where recourse to the official channels of justice had failed.

This case study shows that political involvement is necessary to resist demolition, and that residents play an important role attracting the attention of the media. This is particularly useful if they are not closely linked to the local nazim, and a means of gaining support in a city like Karachi where opposing political parties are always on the lookout for an opportunity to gain political points. Technical expertise from NGOs is helpful, but not sufficient in itself to stem incursions, particularly into low-income areas.

The development of goths in Karachi and the role of OPP-RTI

The second case study is based on an overview of the work done by OPP-RTI since 2008.¹²⁰ It identifies its core strategies and mechanisms for successfully developing and safeguarding the interests of low-income and poor areas in and around Karachi, with a particular focus on its work to regularise land titles in the *goths* of Karachi and achieve the status of *abadis* or regular settlements.

OPP-RTI focuses on several key areas:

- i) **Advocacy to secure land and land titles.** This involves initiating and maintaining regular contact with government officials from the Board of Revenue (BoR) and the Sindh Katchi Abadi Authority (SKAA), related ministers and their teams, political parties, community groups, *goth* activists and the media. Efforts in this field helped extend the cut-off date for informal settlements in Sindh to be eligible for land tenure from March 1985 to June 1997.
- ii) **Bringing community activists together in the Secure Housing Group (SHG).** These activists come from a number of towns, localities and informal settlements in Karachi. OPP-RTI has worked with them on mapping their areas and submitting the maps to the Sindh Katchi Abadi Authority (SKAA). The SKAA has

¹²⁰ See OPP website at <http://www.oppinstitutions.org/>

accepted them and is using them to identify and notify *goths* regarding the provision of leases.

- iii) **Mapping and infrastructure development.** OPP-RTI prepares plans for external (off-site) infrastructures, which are executed by local government; and internal (on-site) infrastructures, which are executed by communities. Sewage and drainage is being designed and implemented in 133 *goths*.
- iv) **Technical support to the Cooperative Housing Savings and Loan Programme.** This programme provides house-building loans for residents in low-income areas. OPP-RTI supports communities by providing technical advice, supervising infrastructure and house building, and running workshops on housing design, construction techniques and technical guidance on proper ventilation and foundations. These are attended by young people from the *goths*.

The Makro-Habib/ Webb Playground

The third case study relates to corporate sector involvement in illegal land conversions in Karachi.¹²¹ Steenkolen Handels-Vereeniging (SHV) Holdings is the largest private company in the Netherlands. It is one of the world's top liquefied petroleum gas companies, and also runs the Makro chain of stores in Asia and South America. Makro is a cash-and-carry wholesaler that serves small and medium size retailers. Makro-Habib was formed as a joint venture between SHV Holdings and the House of Habib, a giant Pakistani company with broad commercial interests.

In 1938, the General Officer Commander-in-Chief of the British Indian Army sanctioned a lease for the Webb Ground in Karachi to be used as a recreational facility by Karachi Grammar School. In 1976, under an agreement between the Ministry of Defence, the provincial government of Sindh and the KDA, the Webb Ground became part of the Lines Area Redevelopment Project, but retained its purpose as a recreational facility. However, in 2002 the Ministry of Defence laid claim to Webb Ground and violated the agreement by issuing a 99-year lease for the land to the Army Welfare Trust (AWT) for commercial purposes. In 2006, the AWT then leased the land to Makro-Habib Pakistan Limited for 30 years as a site for a cash-and-carry store.

The NGO Shehri contacted the mayor of Karachi in order to address this violation of the legal use of the plot. He responded by saying that the city government had a claim to this land. Shehri then wrote a series of letters to SHV Holdings in Holland, which went unanswered. Various article and protests in the print media drew attention to the illegality of the deal between AWT and Makro. Meanwhile, in 2007, a local resident filed a case in the High Court against the CDGK, the chief controller of buildings, the secretary of environment, the government of Sindh, AWT and Makro, demanding a halt to construction and reinstatement of the Webb Ground as an amenity plot. The High Court responded by issuing a status quo order, which Makro openly defied by advertising and continuing the construction work within a week of the ruling.

The case developed by the residents of Webb Ground maintained that the land ownership and subsequent construction constitute legal violations: zoning violations (including illegal land transfers and unauthorised land conversion); defiance of court orders; violation of national environmental regulations and compliance procedures; environmental degradation

¹²¹ See the Shehri-CBE website at <http://www.shehri.org/>

in the locality and associated human rights violations.¹²² As result of the publicity generated by the case, the Supreme Court of Pakistan took *suo moto* action and passed an order commanding Makro-Habib to move its premises to an alternative site on land belonging to the AWT. Despite this, Makro-Habib is still operating from the same site and shows no signs of relocating the store. In its documentation of this case study, Shehri notes that 'it remains to be seen if the Dutch giant would have been able to conduct itself the same way in its own country – or continent for that matter – where stores of this scale are limited to the suburbs and are consistently scrutinized under strict laws.'

It seems that the landowning authorities pay no heed to master plans or the limitations on land use that have been put in place in the interests of the city as a whole; and that law enforcement agencies are either unable or unwilling to carry out court rulings. This shows a huge lack of governance in Karachi's institutions, which are vulnerable to exploitation by powerful commercial interests. The next two case studies highlight the role of the judiciary and the extent of its influence in controlling land management and the land market in the city.

Kidney Hill and Ahmed Ali Park

The fourth case study looks at successful efforts by the management of cooperative societies to convert amenity land into residential plots, and the role of provincial government ministers, local government, developers, NGOs and concerned citizens in supporting and/or resisting their attempts to do so.¹²³

In 1996, 68 acres (27.2 hectares) of land in KDA Scheme - 32 were marked out as a park called Kidney Hill. This park is adjacent to the Karachi Cooperative Housing Society Union (KCHSU), Faran Society, Overseas Cooperative Housing Society (OCHS) and the Al-Riaz Cooperative Housing Society (ACHS). In 1997, the OCHS and ACHS reallocated Kidney Hill for residential development, in collaboration with officials in the Federal Ministry of Works (MoW). Due to public hue and cry, the matter was referred to the President of Pakistan, and Kidney Hill was eventually handed over to the KMC to be maintained as an amenity. As a result of this decision, the allocation to OCHS and ACHS was cancelled.

The last two decades have seen multiple litigations between government agencies and land-grabbing claimant societies and individuals (such as the Minister of Cooperatives in 1990) seeking to restore the land to OCHS and ACHS. OCHS also held meetings with the Governor of Sindh and proposed the creation of 120 residential plots, which would generate approximately PKR 10 billion (US\$ 111 million) in revenue. Various attempts were made to reach a compromise between Shehri, the CDGK and residents who oppose the commercialisation of Kidney Hill. The CDGK took a principled stand, stating that under law no amenity plot reserved for a specific use can be converted to or utilised for any other purpose.

In mid-2006, a settlement was finally agreed between OCHS, KCHSU, the MoW, the government of Sindh and CDGK, allowing 20 acres (8 hectares) of Kidney Hill to be retained as a park. The Supreme Court disposed of the case by sanctioning the agreement in January 2007, regardless of the compliance issues, but gave local residents permission to seek separate remedy under the law within 15 days. In February, the NGO Shehri and 14 residents of Faran Society working in collaboration with OCHS filed a constitutional petition at the Sindh High Court, which conferred an interim order prohibiting the creation of third-

¹²² Details of these various violations are given in the case study in Appendix 7 of the complete report, which is available at www.arifhasan.org

¹²³ Shehri-CBE website at <http://www.shehri.org/>

party interest in Kidney Hill. The 14 residents subsequently withdrew from the case after they received death threats, leaving the NGO Shehri as the sole complainant apart from four concerned citizens who were not directly affected as they do not live in the area. The Kidney Hill case is still being debated in court as encroachments into the area continue; the park is 'inching towards assimilation with the adjacent housing societies with only a handful of people standing in between'.¹²⁴

Gutter Baghicha

The fifth case study concerns encroachments on Gutter Baghicha (sewage farm).¹²⁵ This is the largest continuous open green space in the most densely populated part of the city, covering 1,017 acres (406.8 hectares). Since 1947, 55 per cent of the land has been encroached upon and developed for non-amenity use. Gutter Baghicha has had the KMC and then the CDGK as its caretakers. According to the case study, CDGK staff and politicians have cut down countless old-fruit bearing trees to occupy land, and illegally burned garbage and dumped factory waste in the area. Only 430 acres (172 hectares) of the original 1017 acres (406.8 hectares) are left as open space. Large chunks of land have been built over due to fraudulent manipulation and backdating of documents by officials in the KMC/CDGK and government of Sindh.¹²⁶

The main illegal leases concern:

- i) The KMC officer's housing society. In March 1993, the KMC (now CDGK) allotted itself 200 acres for plots for its officers, using a fake process that resulted in police cases being registered against two KMC/CDGK officials.
- ii) Ten residential plots.
- iii) A petrol pump.
- iv) A local UC nazim occupied 50 acres of parkland in 2003. A case is in progress in the City Courts and is to be taken up by the National Accountability Bureau (NAB).
- v) Ismailia Garden Cooperative Housing Society, which was allotted 7.2 acres (28.8 hectares) of land. The Society has agreed to move from the plot if alternative space is provided.

In 2002, the President of Pakistan responded to pressure from the NGO Shehri and concerned urban activists by promising to establish a public park on the Gutter Baghicha site. However, local government officials managed to use their influence to reduce the size of the park from 430 acres (172 hectares) to 163 acres (65.2 hectares) to protect their illegal allotments. Many of these officials were members of the KMC/OCHS

After the construction of the park began, the High Court issued a *status quo* order on all vacant areas of Gutter Baghicha. This order was violated in June 2009 when encroachers supported by the city and town governments occupied 30-50 acres of the park with armed guards, and constructed 100 homes without approved plans. It was difficult for officers of the judiciary to ascertain the extent and nature of the encroachment, as every time the Court or civil administration sent inspectors to the site they were mobbed by hundreds of women brought in by vans and motorcycles, and were unable to examine the encroachments.

The battle to guard the land on Gutter Baghicha took a serious turn when two activists from the Gutter Baghicha Bachao Tahreek (Save Gutter Baghicha Movement), Nisar Baloch and Nadir Baloch, were shot dead in separate incidents. On the day before he died Nisar Baloch attended a press conference at the Karachi Press Club, where he identified the persons he

¹²⁴ Ibid.

¹²⁵ Ibid.

¹²⁶ Ibid.

felt were sponsoring the encroachment on the public park in Gutter Baghicha, and appealed to the government and the Chief Justice of the Supreme Court to take action to preserve the amenity space.

Over the past 16 years, numerous cases concerning Gutter Baghicha have been fought in the Supreme Court and Sindh High Court. Suit 1484/2008, which was filed against CDGK/KMC-OCHS by Ardeshir Cowasjee, Abdul Sattar Edhi, Shehri and local residents (including Nisar Baloch of Gutter Baghicha Bachao Tehreek), requires evidence to be recorded, and is pending in Sindh High Court. None of these cases have resolved the issue in a satisfactory manner. Little or no action has been taken because the wrongdoers are affluent, able to hire expensive lawyers, and often either include or influence the government officials concerned.

Taken together, these two case studies show the immense uphill struggle facing residents committees, as there are few agencies that they can approach for recourse against the violation of land regulations. The most obvious agency – the landowning authority – is often complicit in the violations, and the remaining agencies that could help, such as the courts and the media, do not seem to have enough influence in the city to facilitate a simple resolution in accordance with the regulations.

4.5 Land conversion along Karachi's coastline

The 1999 military coup in Pakistan brought a strong neo-liberal lobby to power. The military quickly promulgated the Sindh Local Government Ordinance (SLGO), which gave considerable powers to the elected nazim of Karachi. In 2002 the Nazim of Karachi and the Prime Minister were very keen to attract direct foreign investment for real estate development. Between 1991 and 2006, Dubai-based companies with multi-billion dollar portfolios entered into negotiations with the government of Pakistan and prospective private sector partners in the country. These international companies included Dubai World, Emaar, Limitless and Nakheel.¹²⁷

Three major projects were planned as a result of these negotiations. The first consisted of real estate development along 14 kilometres of coastline in the DHA by the world's largest real estate company, the Dubai-based Emaar. This project also involved 74.5 acres (29.8 hectares) of land for a high-end hotel complex that would make parts of the beach privately owned, a seven-star hotel and 4,000 super-luxury apartments with private beaches and lagoons.

The second project, Sugarland City, was initiated in 2006. This involved developing (privatising) the city's public beaches at Hawksbay, Sandspit, Manora and Cape Monze. Around 26,000 hectares of land was to be given to Limitless, a company owned by Dubai World, with US\$ 68 billion invested in a 'new city' containing residential, commercial, recreational and entertainment facilities 'in state of the art, master-planned communities'.

A memorandum of understanding was signed by the Pakistani Minister of State, Privatization and Investment and the chairman of Dubai World. At a meeting chaired by the Prime Minister of Pakistan on June 24 2006, a number of directives were issued to different ministries in the country, including Ports and Shipping and Defence, and the government of Sindh. It was decided that the leases issued to Pakistani citizens who had huts in the area would be cancelled prematurely, and that there should be a proper mechanism for shifting

¹²⁷ A profile of these companies is given in Appendix 8 of the full report, The gentrification of Karachi's coastline, which is available online at www.arifhasan.org

the navy and cantonment board facilities on Manora Island to navy land in Cape Monze, to make vacant land available to Limitless.

The third major project was a proposal to build Diamond Bar City. Port Qasim Authority (PQA) had decided to sell two of the islands under its control off the coast of Karachi (Bundal and Buddo) to Emaar. These islands cover a total of 4,800 hectares, and were to be sold for US\$ 42 billion. As they can only be accessed by boat, the federal government proposed that a US\$ 50 million bridge be constructed to connect the islands to DHA. A memorandum of understanding was signed by the PQA officials, Irfanullah Marwat (representing the Sindh government) and representatives from Emaar. The PQA also planned to develop a project in collaboration with Emaar, to create 15,000 housing units and commercial facilities in Defence Phase VIII (*The Dawn*, June 1 2006), and construct residential, commercial and leisure real estate projects, an industrial park, free trade zones and port terminals at an estimated cost of US\$ 43 billion within 13 years.

Civil society organisations opposed these projects on legal, environmental, cultural and social grounds, and because they would adversely affect the livelihoods of fishing communities by blocking their access to the sea. Work began on the illegal demolition of several villages to make way for the project, and people from Karachi were deprived of access to beaches that tens of thousands of them have traditionally used for recreation and entertainment. The media initially highlighted the negative aspects of the project but soon stopped focusing on it after one TV channel informally told the chairperson at URC that television channels were not in a position to criticise Emaar's projects because its advertisements were a major source of revenue.

The network of civil society organisations that opposed the projects included Sahil Bachao, which is composed of prominent citizens including two retired judges from the Supreme Court of Pakistan; Shehri for a Better Environment, a Karachi-based NGO popularly known as Shehri, which has a long tradition of struggling for better governance and the imposition of by-laws and building regulations pertaining to land use; the Pakistan Fisherfolk Forum and Mahigeer Tehreek, both networks of fishing communities; Dharti, a civil society organisation that promotes a better physical and social environment in Karachi and was created in response to the three aforementioned projects; and the Urban Resource Centre, which collaborated with OPP-RTI in collecting 5,000 signatures from low-income areas and schools that oppose the project.

Civil society opposition took the form of court cases, forums, demonstrations, walks, press articles and various visual media productions. The projects were eventually suspended and the President of Pakistan presented the DHA beach to the people of Karachi as a 'gift'. However, Emaar has continued with its US\$2.4 billion project to develop 4,000 luxury apartments on reclaimed land in Crescent Bay.

The city government was working on the Karachi Strategic Development Plan (KSDP) 2020 during the debate on the beach projects, which naturally became an important issue in the KSDP – especially because some of people consulted by the KSDP team opposed the projects. The KSDP developed a number of strategies for the development of the coast, some of whose provisions are considered below.

Section 4.8 of the KSDP states that 'reclamation along any section of the sea front either on the landward side or the bordering sea would not be advised. The same restriction holds for the mud flats, marshes and back water creeks, which in no way be allowed to undergo artificial morphological change detrimental to the existing hydrological environment.' Furthermore, 'the coastal sea and its back-water and creeks provide source of livelihood to fishing communities who live on the coast. The fishermen must enjoy free access to their traditional grounds in the sea, backwaters and creeks. For any development to be

sustainable and acceptable, the historical rights of the communities to the sea and the coastal village land they occupy ought to be respected.’

The same section talks about environmental and socio-economic provisions, stating that ‘the coast must be protected as an environmental asset, and environment quality, including reduction of pollution of the coastal zone must be improved. Green turtle sanctuaries and mangrove ecological system along the beach, in the back-waters and creek must be preserved and measures against its degradation should be urgently taken to control pollution.’ Also, that ‘the sea-shore and the beaches should be preserved and promoted as public assets. Public access to the beaches and the coast must remain free and unhindered, and to keep the enjoyment for the general citizens, no development should be allowed in land area up to 150 metres from the high water mark.’ The KSDP 2020 also talks about ‘a programme to promote the sea-shore and beaches as a public asset’. It accepts the concept of real estate development along the waterfront, but in these terms: ‘together with the coastal development programme given above, the coastal area has a potential for development such as housing, business offices, commercial establishments and public amenities in suitable sites. However, any development scheme designed in the area must adhere to the above mentioned guiding principles’. Another important provision states that ‘development plans should be finalised with public participation and be presented for soliciting public opinion.’

The city council approved the KSDP 2020 in December 2007. Under the provisions of the plan, none of the three waterfront projects described above can be undertaken. However, two of these projects do not come under the jurisdiction of the city government; they lie within military cantonments, which are not obliged to follow the provisions of the KSDP (see Section II above). While it is not obvious why the projects in the cantonments have been abandoned, it is clear that the protests against their inequities played a large role in their ‘suspension’.

4.6 Synopsis of data on land in Karachi from the print media

Land acquisition

Control over the **allotment** of land extends beyond landowning bodies in the city. A number of individuals and authorities are involved in allotting land: various development authorities (see section II), the CDGK/KMC, the nazim of the city, the Board of Revenue, the judicial courts, foreign investors, service-providing companies, the KBCA (see section II), the Governor of Sindh and the Chief Minister of Sindh.

Land allocation and acquisition is a key land management policy instrument. The nature of this process and the difference between its stated and actual outcomes show the need for a change of focus in public interest policies. The process of land allocation in Karachi lacks transparency and is characterised by nepotism, favouritism, political pressure and financial interests. The decision makers who influence this process are senior board members on landowning bodies such as the Board of Revenue (as discussed in section I). In the political sphere, the Chief Minister of the province is authorised to allocate land. This power was devolved to the office of the nazim at the city level with decentralisation, and has been disputed by the provincial and city tiers of government since the end of the decentralised system (*The Dawn*, July 30 2009).

Land is allotted without any preliminary dialogue, debate, consultation or participation by the stakeholders who represent public, legal and landowning interests in the area concerned (Cawasjee, 2002). Instead, the process takes place almost exclusively behind the closed doors of executive offices, and plots for sale are carved out of land intended for civic infrastructures without consulting local residents or the civic bodies concerned.

Public infrastructure construction and/or improvement often results in residents of the site being allocated plots in new locations. The costing of such projects takes no account of the direct costs of relocation or the indirect costs of rehabilitating families that have been moved away from their jobs, schools, child care and social networks. An extreme example of this kind of venture is the construction of the Lyari Expressway (LEW), which was built in Karachi between 2002 and 2009, and led to the eviction of between 30,000 and 77,000 households along the Lyari riverbed (Gazdar and Mallah, 2011).

In some cases allotment occurs in the same way as land grabbing. Government-sponsored housing schemes are a recurrent example of this, facing regular delays because plots are often allocated before a survey, price or master plan has been finalised.

Some claim that the time lag in housing schemes serves another purpose (*The Dawn*, August 24 2004; *Pak Tribune*, August 14, 2004; Aligi, 2009). 'After a scheme is announced publicly in newspapers and so on, applications are invited for balloting. People who want to purchase submit a completed application along with a down payment and they are not told when they will hear and when balloting will occur. Delays happen for a couple of reasons. They delay balloting sometimes so that the collected deposits in a bank accrue profit. Then in some cases such as Taiser Town officers in government organizations are told that their numbers will be guaranteed in balloting for an extra price.'

Relations between the allocating authorities, accountability bodies, developers and the public often result in compromises that contravene established rules and regulations. When a compromise cannot be achieved, records are burned so that the allotments can be redefined, which means that ownership has to be investigated all over again. For example, the revenue records of the Board of Revenue were destroyed in a fire in the violence following the assassination of Ms Bhutto, and had yet to be reconstructed in 2012, despite the existence of central records in Hyderabad. In view of this 'inefficiency', the Supreme Court froze the BoR's right to allot and convert land in Karachi until the record was reconstructed, finding that 'land belonging to a genuine owner was being mutated in others' names' by the BoR (Siddiqui, 2012).

The administration has never tried to analyse or establish the effect of **encroachment**, and therefore lacks a functional approach to this issue. To date it largely consists of periodic anti-encroachment drives by landowning bodies in the city (Ghori, 2010). The main course of action has been demolitions, which are brutal, highly insensitive to the capital invested by the encroachers, and sometimes lead to violent retaliation. Encroachments take place on public space, *nullahs*, riverbeds, fire stations, school buildings, footpaths, graveyards and in the past, even the grounds of the Governor's House (*The News*, March 31 2004). They are a perennial phenomenon, seemingly independent of any change in the city's governance. Encroachers are usually members of the working class, driven by commercial motivations to occupy land near bus stops, major shopping centres, rainwater drains and apartments. While their main aim is probably to optimise their working space, the fact that they are voters adds a political element to this phenomenon.

Encroachers include individuals and institutions alike, ranging from grocery vendors, rag pickers, makeshift auto workshops and fast food outlets to police stations, transporters and multi-national ventures. At one time even the US Consulate in Karachi was accused of encroachment (*The News*, March 31 2004). Interestingly, no press reports were found on the encroachments by McDonalds and banking institutions – something that may well be due to the lucrative advertisements they place in the newspapers.

The encroachment by grocery vendors around apartment buildings illustrates an interesting dichotomy: residents view them as a nuisance but continue to buy goods from them as they are easily accessible and therefore save time and resources. Pedestrians and footpaths are

the main targets of encroachment; parks and playgrounds come a close second. Encroachers are generally insensitive to the ecology of an area.

When the government launches anti-encroachment drives against push-cart vendors and roadside sellers, the encroachers tend to move away until the campaign is over and then return to recreate the situation. This continuing pattern of encroachment, anti-encroachment drive and re-encroachment makes these campaigns redundant, even though they are organised by some of the highest offices in the country. Politically, they serve to reassure the middle class, media and car and motorbike users that government agencies are doing something about congestion in the city. Anti-encroachment drives are thus primarily dictated by and conducted against the commercial interests of the working class rather than the big businesses that encroach on parking spaces or other land set aside for amenities (see the section on land development below).

The government authorities regard demolition as a legal necessity and inevitable element of **regularisation**, even though it destroys the huge investments that people have made in their homes and the city's economy. Builders' associations are not usually in favour of regularising structures in poorer areas of the city, but are prepared to 'regularise' illegal structures put up by corporate interests (Cowasjee, 2002). Informal developers, on the other hand, do support regularisation as illegal buildings need a completion certificate to qualify for regularisation, implying that the KBCA has inspected the building to verify that it complies with approved plans. According to one newspaper, 'Constructions with 20 per cent violation of the approved plan will not be given the facility of regularization' (*The News*, 6 February 2008).

Only 20 per cent of existing illegal structures have been regularised, and a lot of poor localities have remained out of the regularisation loop, despite being relatively old. There are also illegal constructions on government land, including land belonging to the Board of Revenue and Excise & Customs. There have been sporadic initiatives to regularise *katchi abadis*, illegal constructions and *goths* in urban and peripheral Karachi, but they have been hampered by inter-departmental rows, the extremely slow pace of bureaucracy within the CDGK, and the cumbersome nature of the process.

In 2009, the Provincial Revenue Minister called the entire process of regularisation 'fake', implying that it was ineffective in the extreme (*The News*, 18 April 2009). One reason is that the officials involved in land acquisition stand to lose the income they receive from transactions that occur behind closed doors. Buyers and sellers would benefit from a more fluid land market and clearer and better-regulated procedures for selling and acquiring land. Even so, many are put off by the long-winded procedures for regularisation, which affect their entry into and exit and from the land market. It takes at least 12 steps to obtain a construction permit from the KBCA, and each of these has many sub-steps involving different public agencies in the city.¹²⁸ Every landowning authority and public agency has its own regulatory requirements because regularisation procedures are not centralised. This has an impact on the way that consumers operate and the implementation of master plans for the city.

The same cumbersome procedures infect the process for **land auctions**, which are said to be deliberately complicated in order to discourage genuine buyers and leave the field open to brokers and real estate speculators. In 2002, the city government auctioned off various portions of unutilised land in order to generate revenue for its development schemes (*The News*, 10 October 2002).

¹²⁸ See <http://www.doingbusiness.org/data/exploreconomies/pakistan/sub/karachi/topic/dealing-with-construction-permits>

The **real estate** market in Karachi is linked to and thus influenced by the global market. Pre-9/11, the real estate market was experiencing a slump and predicted recession; post-9/11, increased remittances and tougher new immigration rules resulted in bullish trends. In 2008, the slump in the UAE market directed investors towards Pakistan, Malaysia and Turkey, all to the disadvantage of the poor as land prices and speculative buying increased even in low-income areas. Karachi has seen a five-fold increase in land values in the last ten years or so (Qureishi, 2010), prompting proposals to form real estate investment trusts and enact a law to control the exponential price rises in Sindh. The launch of the trust is pending upon rules and regulations drawn up by the Securities and Exchange Commission of Pakistan (Rind, 2012).

Leases and security of tenure are important factors in the regularisation of Karachi's informal settlements and *katchi abadis*, but are actually more of a political issue than part of the human rights agenda, as political parties capitalise on the situation by promising residents security of tenure in return for votes and a chance to gain power in the city (van der Linden and Selier, 1991)

Potential beneficiaries are disadvantaged by the lack of information about the procedures and cost of leasing, and unhappy about the disparity in lease rates between different authorities. The Sindh Katchi Abadi Authority (SKAA) in Karachi and other landowning bodies with informal settlements on their land are responsible for leases for *katchi abadis*. The process is often delayed due to flaws in the lease policy, or disputes between different public agencies over ownership and the right to lease land. There have been periodic attempts to deal with these issues, but like the anti-encroachment drives, they have not had any sustainable impact.

The information that does exist on land acquisitions shows that much is left to the discretion of the officials involved in land allocation. Their control over land records and the lack of transparent procedures mean that that allotments, encroachments and regularisations go unregulated. The regulations on land acquisition fail as a policy instrument because they do little to control entry and exit from the land market, making the master plan subservient to interest groups that are able to influence landowning agencies. As the section on land development shows, their focus is generally on commercial interests.

Land development

Global construction is set to outpace growth in GDP over the next 10 years, with China and India accounting for 38 per cent of the \$4.8 trillion increase in output by 2020 (*The Indian Express*, 5 March, 2011).

Formal and informal developers are generally more interested in maximising their profits and serving commercial interests than in pursuing land developments or housing projects in the social interest. Unknown parties offer financial incentives for residential units on the outskirts of the city, and regularisation is used as a tool to 'facilitate' customers and promote the construction industry.

Mega-projects in Karachi are regularly preceded by demolition and displacement. This causes major disagreements between the political parties that represent the interests of different ethnic groups or constituencies in various localities, shifting the debate from arguments against demolition to discussions about which locality should be demolished and which should be safeguarded. Bearing in mind the relationship between the location and the land value of an area, one political party leader made the following argument during an anti-encroachment drive in 2010: 'Since the land in urban parts of the city such as Nazimabad, Mohammad Ali Society Park and that in Gutter Baghicha is costlier than the value of land in

Baldia or on the outskirts of the city, anti-encroachment operations should be carried out in the centre instead of the peripheral localities inhabited by the poor people.’ (Ghori, 2010)

Individuals who pay their fees late or delay construction on recently purchased property are penalised with hefty non-utilisation fees, but there is no accountability framework that allows the planning institutions to sanction those responsible for the frequent delays in completing mega-projects. The relevant authorities justify their actions against individuals as effort to curb speculation.

Karachi’s **development** is shaped by the fact that it is a melting pot for a multitude of foreign and national immigrants who add to the city’s cultural and linguistic diversity. As a result, it lacks a singular socio-economic, administrative and/ or architectural identity, especially in terms of development.

The traditional lifestyles of indigenous communities are being suffocated by new trends in development politics, which are invariably driven by financial motivations, selective development and self-serving political priorities. Rampant, largely informal development continues along the city fringes, and the development of necropolises within the city is an as yet dormant issue (*The News*, 2 December 2012). It is essential that the institutions of higher learning in Karachi have research and advocacy units that can take up the issues associated with its development.

Home ownership remains a dream for the millions of people who live in informal settlements and rented accommodation across the city. The situation has changed for the worse over the last 40 years, with the need for 4 million housing units in Pakistan identified in 2004 increasing by 570,000 units each year (*The News*, May 05, 2004). Building a house has become a difficult task, especially in the cantonment area. It carries considerable financial risks, as the down payments that interested buyers have to make – which often represent their life savings – will not be returned if the housing scheme is subsequently cancelled. The authorities’ failure to resolve this issue causes stress, uncertainty and homelessness among lower- and lower middle-class social groups, and increases the disparity between the rich and the poor.

A decade or so ago, the country’s economic performance was tolerably good. Today, the situation seems to have changed drastically: hordes of people now live on footpaths, under bridges and in front of shrines and mosques. The city government virtually ignored the housing problem in 2003, allocating the sector just PKR 150 million in its annual budget, when it could have met much of the demand for housing with a hybrid solution of micro-finance and funding for housing. Around 27,000 building permits were issued that year, against a need for 80,000 housing units. Successive governments have paid lip service to good housing policies and promoting a better housing industry, and the government continues to disassociate itself from its own housing schemes, both conceived and developed.

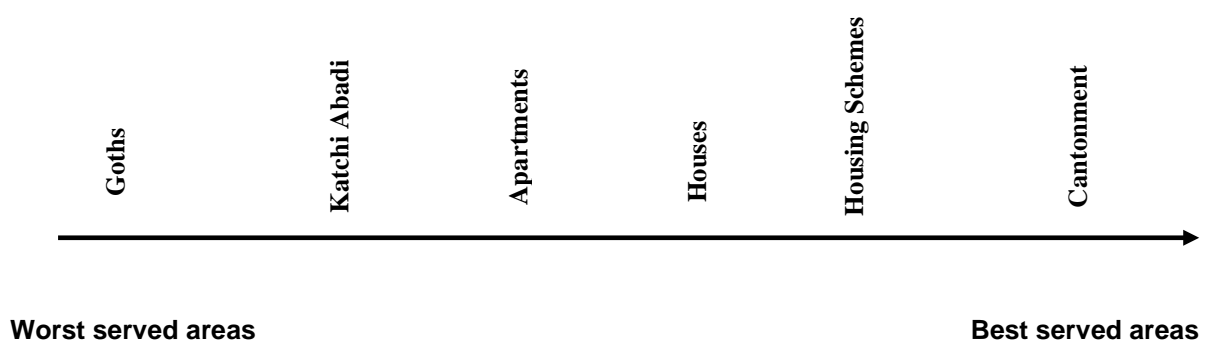
Lyari is regarded as an area where housing problems are rife. Many residents have lived there for decades, and there is a constant influx of new arrivals in search of housing even though the area reached saturation point years ago. Innovative pilot projects like *Khuda ki Basti* provide hope for the millions of citizens without their own homes, but their replication by government agencies remains a dream.

The authorities do not seem to view the provision of **amenities** as a basic constitutional right. Many government projects to relocate informal settlements lack any infrastructure or amenities, despite the fact that residents have been moved to the new site. One example of this is the Hawks Bay site, where people were resettled as part of the Lyari Expressway Resettlement Project (URC, 2004). This lack of services is not limited to social projects. The

ship breaking industry in Gaddani on the coast of Sindh has no on-site medical facilities for workers who are involved in accidents; the nearest healthcare facility is an hour away in Karachi. In addition to this, the labour colony that services the industry currently has no water, electricity or gas (Rana, 2009).

Reluctant service providers exhibit a blatant class bias in the provision of amenities, which benefits higher-income and/or politically strong areas (Water and Sanitation Project Report, 2010). Figure 3 below shows that *goths* are the worst served areas, and cantonments and armed forces settlements the best served, although there are always a few exceptions to this general trend.

Figure 3. Provision of amenities in different areas of Karachi



For decades, political leaders have filled the media with lofty but empty promises to provide uninterrupted services. They usually use market mechanisms to provide essential services, which consequently only reach those with sufficient finances and purchasing power. Meanwhile, the design and planning capabilities of city authorities leave much to be desired. They cannot even provide rain-proof infrastructures: storm/rainwater drains are usually laid parallel to the main arterial roadways, which are often significantly higher than the plinth-level of houses. These roads are liable to flooding by the drains and sewage system, which then flows into adjacent homes and link roads.

There is some debate about the provision of amenities to high-rise buildings. Some argue that this would burden existing facilities; others that these buildings could be 'sustainable', with their own power generation, sewage treatment and water filtration plants. The Environmental Protection Agency remains sceptical about such ventures.

Town planning has changed. This is largely due to the United Nations, the World Bank and the International Monetary Fund pushing the concept of 'Global Cities', an idea that has altered the parameters of urban planning. The focus has shifted from citizens' quality of life to the city as a site for events, privatisation, investment-friendly infrastructure and direct foreign investment (*The News*, 11 November 2009).

It is worth noting that the institutions that give practical shape to planning in Pakistan have been destroyed and replaced with an ad hoc approach to planning. Karachi is not well served by the architectural and planning professions, due to poor education in these disciplines, the culture among local representatives and decision makers, the mindset of the elite and the state of its civic agencies. There is also excessive reliance on incompetent foreign consultants brought in to advise on housing and planning policies, who unintentionally turn a blind eye to the city's real functions and the need for sufficient parking spaces and transport services. Meanwhile, greedy developers misuse mandatory KBCA

parking spaces for commercial purposes in order to maximise the return on their investment, leaving little room for local residents and businesses to park. This has led to an unregulated 'parking mafia', which operates like a valet service, particularly in the central business district of Karachi (Hashim, 2008). Each morning employees and workers in the area leave their cars with unregistered parking agents who then park illegally in side streets and nearby lanes, returning cars to their owners at the end of the working day.

Attempts to resist demolitions may result in settlements being burned and their residents losing all of what little they possessed. This is a serious problem in Karachi. The authorities have long turned a blind eye to the unauthorised mosques that have mushroomed all over the city. Building mosques is a well-known tactic for fending off demolition and anti-encroachment drives and encroaching upon amenity land, as public and private agencies are reluctant to be seen to damage them. For instance, in Sector 7-D/3 of north Karachi 11 mosques have been built on land that the North Karachi master plan had reserved for community centres, parks and schools (Baloch, 2011). The Sindh Home Department responded to this situation in 2005 by banning the unauthorised construction of mosques.

Housing schemes are heavily promoted, with very mixed results. Unfortunately, builders across the city use these schemes to fleece potential homebuyers, luring them in with misleading advertisements for housing projects. Another problem is the rampant corruption in government-owned housing schemes (see above). The government has initiated thorough investigations into malpractice – sending officials from the National Accountability Bureau to investigate at least 55 housing schemes in 2011 – but has not published the results of these exercises (*Financial Post*, 2011). Other issues that need to be addressed are the timely delivery of housing schemes, and refunds for unsuccessful applicants to the balloting process, whose financial woes are compounded by a long wait for their refund.

The public-private partnership between the city government and financial institutions spearheaded by the city's nazims was envisaged as a means of providing housing for the poor. However, it has failed to meet its objectives, as the supposedly low-cost housing is unaffordable for the stated target group. Foreign investors in the housing sector promise quality housing at exorbitant prices, and thus cater only to the needs of the elite.

The housing and construction industry could have a huge impact on direct and indirect employment and income generation, given its high employment potential and strong forward and backward linkages with a number of sectors and sub-sectors. Housing sector finance rose by 400 per cent in the fiscal year 2003, possibly due to remittances and more liberal government lending policies. Yet a sector-specific breakdown of consumer credit for the fiscal year 2003-2004 shows that investment in the housing sector was low: housing finance accounted for just 8 per cent of credit, compared with 35 per cent on car buying, 15 per cent on credit cards, 1 per cent on consumer durables and 41 per cent on personal loans (*The Dawn*, 25 January 2004).

Land surveys and resurveys are supposed to be undertaken to ensure proper **land use**. Unfortunately, they are often carried out in order to usurp state land rather than support socially and environmentally responsive planning. Experts fear that Karachi's 60-kilometre coastline is the most exploited stretch of the country's coastal belt, despite the desire of local and indigenous communities to preserve the natural landscape and boundaries of their habitat. Unplanned land reclamation has already started to alter the profile of the land, increase sub-soil salinity and affect groundwater levels; while parks and amenity plots are used for private functions, in violation of constitutional provisions and zoning by-laws.

In 2007, it was observed that the city government's Land Auction Department lay completely dormant: the department had not recorded a single instance of land auctions.

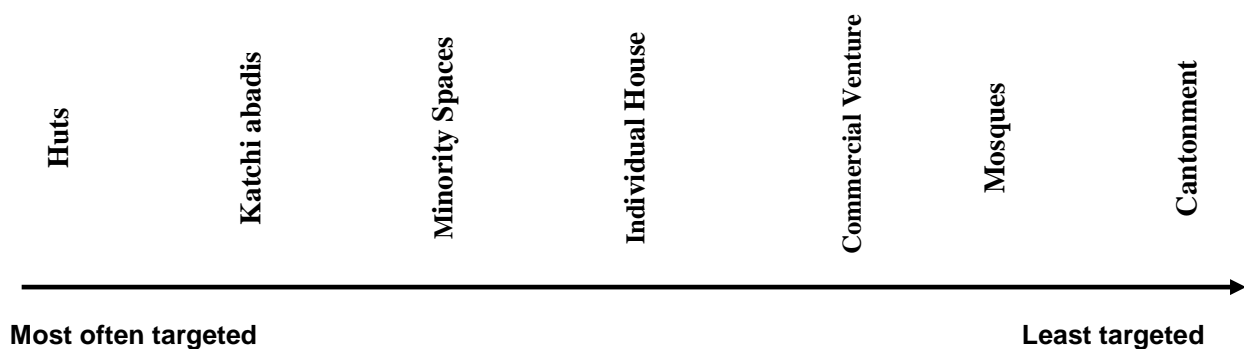
The data on land development shows a distinct bias towards commerce in the construction industry and the public provision of amenities. Town planning seems to be directed by commercial interests, while housing schemes that are supposed to provide homes and amenities in low-income areas are fraught with political pressure on residents to vote for certain parties. The situation is further exacerbated by the lack of help from government staff, who deal with commercial and political interests behind closed doors.

Changes in land use

Unauthorised changes in land use are constantly taking place in Karachi, with legal and illegal conversions of libraries, residential plots, parks, government-owned land, amenity plots and footpaths. These conversions are instigated by schools, multinational food outlets, banks, religious authorities and other commercial interest groups. A few attempts have been made to address this issue through conservation projects, but they have not been able to prevent the ad-hoc commercialisation of the main arteries of the city.

Demolitions are common in Karachi (see sections on case studies and the visual media), but public agencies deal with illegal land conversions and encroachments in very different ways, showing a clear bias towards supporting commercial and profitable ventures over and above social housing and spaces, regardless of their legal status. This inequitable approach is illustrated in Figure 4 below.

Figure 4. Types of land use targeted for demolition



The process of survey-eviction-demolition is widely perceived as unjust and highly insensitive to people's cultural heritage and investment in the locality. These demolitions usually target informal settlements whose land is required for development and infrastructure projects, while formal settlements earmarked for these purposes are cleared under the Land Acquisition Act. There have also been accusations that many demolitions are initiated by the city government in support of the land mafia.

The lack of coordination between the state actors responsible for planning and implementing demolitions makes the process more violent and compromises the proper planning of resettlement. **Relocation** raises various issues: resistance by the affected population, which often leads to a breakdown in law and order, disagreements about land compensation and inappropriate resettlement sites. Little thought seems to be given to the social and economic consequences of resettlement, especially when the new site is far from people's workplaces.

It has become common practice to claim and/or transfer property titles through allotment letters issued to land purchasers by an authority, society or developer. This raises the critical question of whether it is possible to create legal and equitable mortgages by depositing such allotment/transfer letters. It seems not.

Evictions are carried out to make way for mega-projects, clear encroached spaces and make elite and middle-class residential areas 'secure'. Increasing demographic pressure within the city is also forcing indigenous communities off their native lands. Efforts to free encroached land are selective and fail to meet any goals, especially when the encroachers themselves happen to be state institutions.¹²⁹ In Pakistan, key issues in the eviction debate only emerge in public discourse after a controversial decision has been implemented. In the absence of any clear policy on evictions, the whole process is influenced by powerful lobby groups driven by the desire for personal financial gain.

It has been argued that changing land use to commercial purposes puts pressure on civic amenities and utilities, as it means providing a higher floor area ratio and changing land use from purely residential to office/retail. Unplanned **commercialisation** is one of several manifestations of bad governance in the city, emerging as a severely problematic issue with far-reaching implications. The scale of commercialisation can be gauged from the fact that in 2004 alone, the KBCA forwarded 800 commercialisation cases to the city government's Master Plan Group for action (*The Dawn*, 27 July 2004). It has been observed that land owned by minorities is a soft target for both encroachers and proponents of commercialisation.

Illegal construction is common in Karachi. The city has 38,000 illegal buildings, including 259 frozen high-rise structures built in direct violation of building and town planning by-laws (*The Dawn*, 16 October 2001). Most of these structures have appeared in the last decade, many appearing on public utility and amenity spaces. Authorities such as the KBCA have initiated numerous surveys of illegal constructions, which have led to buildings being sealed and builders blacklisted (*The Dawn*, 31 July, 2005). Any plans to improve or rehabilitate the city's built environment need to start with an understanding of the scale and causes of this phenomenon, which is often ascribed to the gap between supply and demand for housing. Figure 5 below illustrates the vicious cycle that contributes to illegal construction.

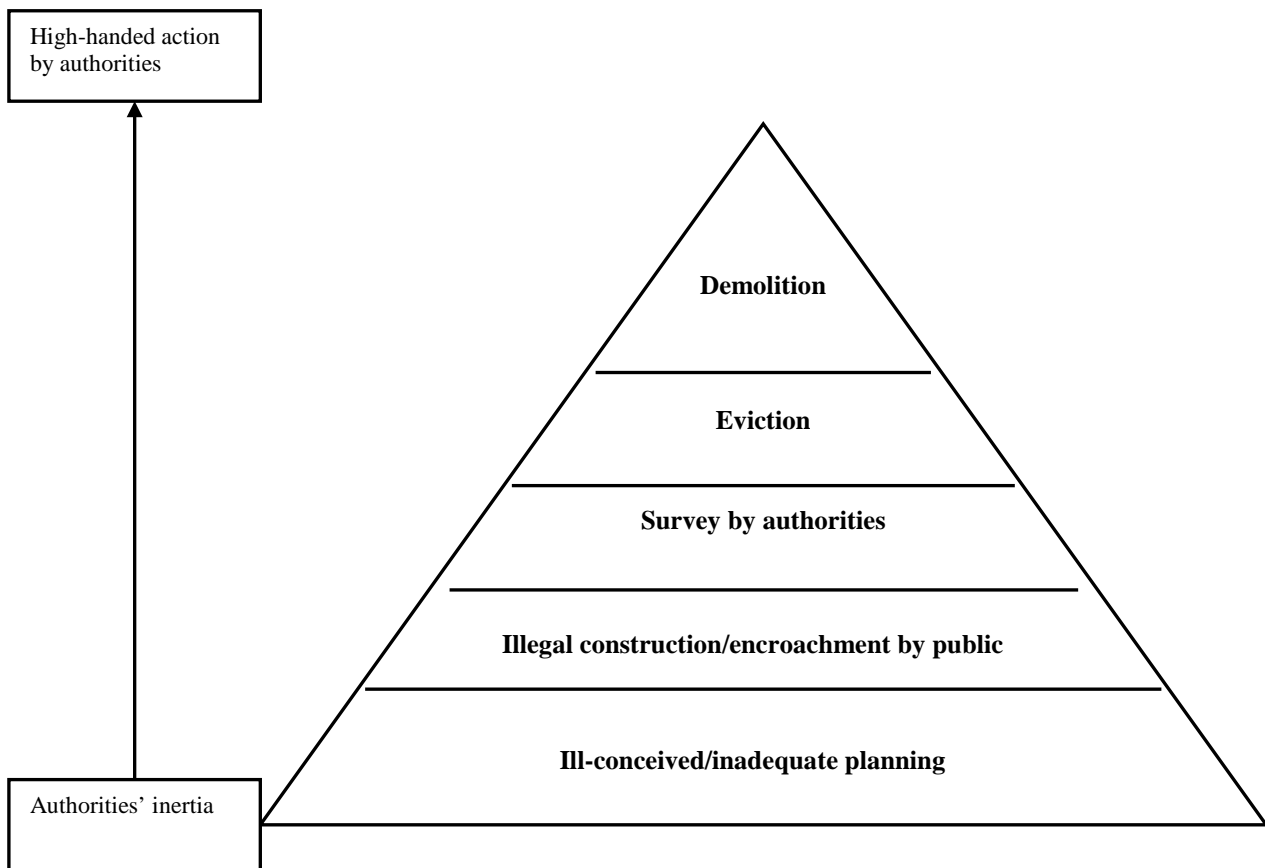
Like their anti-encroachment drives and periodic attempts to shake up bureaucracies, the authorities' attempts to report and seal illegal buildings have had little impact on the landscape of Karachi. Owing to inefficiency or connivance with the KBCA, only 116 illegal buildings were reported in 2008 in 3 of the 18 towns (Lyari, Saddar and Liaquatabad). There were as many as 27 unreported illegal buildings on Shahrah-e-Feisal alone, one of the city major arteries (*The News*, 24 September 2008).

Karachi has numerous **heritage** buildings, listed in 2001 under the Sindh Cultural Heritage Act. Old buildings that reflect the city's multiple religions and multi-ethnic urban cultures are under serious threat from increasing religious homogeneity and the fact that houses planned in the old style are no longer considered feasible due to changing lifestyles, the rising cost of land and the introduction of new building materials and techniques. The constant increase in trade activities puts huge functional pressures on the old city and surrounding quarters where most of the heritage buildings are located. As a result, a substantial number of buildings in the area have been converted into warehouses to service the needs of the port and nearby wholesale markets.

Changes in land use by officials in landowning agencies result in losses to the city's exchequer (Sahoutara, 2012), encourage land grabbing and violate master plans for the city.

¹²⁹ Politically powerful communities are not evicted. Evictions often take place on land with a high commercial value, through a nexus of government agencies, developers and politicians.

Figure 5. Factors in illegal construction



Land disputes

Court orders are normally reported in the press. These cover a range of land-related issues, such as: (i) abuse of power by authorities; (ii) restoration of a plot's original status; (iii) restoration of land rights to someone whose property has been usurped; (iv) cognisance of illegal demolitions; (v) petitions against the commercialisation of residential units; (vi) refunds in housing schemes.

It has been brought to the courts' attention that the KBCA and KDA do not follow standard operating procedures for the demolition of illegal structures, and that demolitions are carried out before notices are issued. There are also cases where the authorities have illegally changed the use of plots that the court has classified as amenity land. Stern action is always taken against officials involved in the misuse of authority. Builders and contractors have also been charged for poor construction after their buildings have collapsed, but often manage to evade court orders for their arrest.

Land grabbing has been witnessed all across Karachi. This is often done by manipulating co-operative housing societies, grabbing land and then selling it off at nominal prices or under fake allotment papers. In the process, countless innocent citizens are deprived of their life savings and hopes of acquiring a home of their own; while the disposal of land at throwaway prices also robs the national exchequer of revenue.

Professional land grabbers blatantly encroach upon areas earmarked for graveyards or areas adjacent to graveyards. No action is taken against the land grabbers until local residents create a hue and cry, meaning that the burden of regulation comes to lie on the

citizenry rather than the regulating authorities. The city government has been allocated huge budgets to construct boundary walls around these graveyards, but has yet to build them (*The News*, 7 May, 2001). They therefore remain a vulnerable target, despite several warnings and operations in the Mororo, Khamosh Colony, Maula Madadd and Gora Qabristaan graveyards, and graveyards in District West that were reportedly under illegal occupation for a long time. Schools and amenity plots are also regularly targeted, and continuous retrieval operations have had little effect as they are simply re-occupied when the operations end.

There have been many instances where members of the army, rangers, police and revenue officials have been found guilty in land grabbing cases. For example, MDA officials conspired with the land mafia to grab plots and different sectors of Scheme 25-A in Shah Latif Town. There has also been mention of collusion between the land mafia and members of CDGK staff to grab plots belonging to former KMC employees.

Over the years numerous pieces of **legislation and policies** have been proposed to promote more uniform town planning and building by-laws, prohibit illegal construction activities and encroachments, sanction violations of the law, regularise and dispose of land, and document changes in property ownership and high-rise developments. There has been talk of making the laws designed to protect cultural land and architectural heritage more stringent and implementing them more strictly, but no real action has been taken in this respect.

Some of the policies that have been introduced over the past decade are summarised below:

- The Sindh government has amended the Land Grant Policy to allow agricultural land to be allotted to unemployed graduates. The Sindh Land Utilisation department has duly advised all unemployed graduates to register with their respective Deputy Commissioners (2001).
- The Registration Stamps and Executive Property Wing of the Board of Revenue has strongly recommended that the Sindh government ban the right to delegate authority for the sale, mortgage, exchange or gift, etc. of all properties through Power of Attorney (2002).
- In 2003, the Chief Secretary of Sindh asked the local government department to simplify the procedure for mutating and transferring plots. Soon after this, having completed the first phase of investigations into the illegal disposal of amenity lands in the area, the CDGK partially lifted its ban on sales, purchases, mutations and other land transactions in Gulistan-e-Jauhar. There is no mention of the ban being lifted in any other area.
- With the devolution of the KBCA to the city government in 2002, the Sindh Housing and Town Planning Department amended the Karachi Building and Town Planning Regulations 2002 with the approval of the authorities concerned. According to news reports, the CDGK approved a new commercialisation policy in 2004 under these amendments, with six major roads to be constructed in the first phase of its implementation: Shahrah-e-Faisal, Tariq Road, Rashid Minhas Road, University Road, Shahrah-e-Pakistan (Super Highway) and Nazimabad 'A' Road. Sources in the cash-starved KDA said that it expected to generate about PKR 3.6 billion through the commercialisation of roads in the city, but was unable to do so because of reservations expressed by its governing body (*The News*, 25 January 2001). No area studies were undertaken to justify the policy, which was formulated to 'fill the pockets'

of greedy officials and would eventually ruin the physical and social environment of the areas in which it was implemented.

- In 2004, the Governor of Sindh, Dr. Ishrat ul Ibad, urged members of the housing industry to launch low-cost housing schemes to meet the growing needs of lower-income groups. In a review meeting with the Association of Builders and Developers (ABAD), he mentioned that foreign investors were interested in the sector, but nothing was done to follow this up. In 2006, the acute housing shortage was further aggravated by increasing land prices, the rising cost of building materials and higher interest rates on house-building loans, which are hard to obtain because banks tend to prefer short-term loans that are not suitable for housing.
- The government implemented a number of measures to liberalise housing loans, but there is still insufficient finance available to service the housing industry, which is estimated to need between PKR 64 billion and PKR 70 billion (US\$ 711 and US\$ 777.7 million).

Over the years there have been a number of **murders** related to land disputes. They usually take place in the middle- and lower-income areas of Karachi, and are often dismissed as ethnic violence. Victims include estate agents who have been targeted in disputes with the politically backed land mafia over properties and plots in their areas of operation (Ayub, 2009).

Katchi abadis are a direct indication of society's failure to integrate local-level planning into urban development. The authorities that do accept and publicise this fact have yet to provide a proper low-income housing solution. The All-Pakistan Katchi Abadi Association estimated that 36 million people (25 per cent of the country's population) were living in 8,352 informal settlements across the country in 2003.

Many articles allege that *katchi abadis* are a haven for criminals, convicts and prostitutes, and the best solution is to demolish them. Conversely, various housing experts and politicians argue that they are the homes of our future politicians, and that every possible measure should be taken to improve them. This view is supported by visiting experts from international financial institutions and development agencies.

Work to upgrade *katchi abadis* is divided between the SKAA and the city government. This causes conflict between the two organisations, whose cost in terms of time, money and insecurity is ultimately paid by the supposed beneficiaries of the programme. There have been many plans (as in 2006) to follow the example of Mumbai in India, and build multi-storey flats in the *katchi abadis* of Sindh with the aid of investors with newly acquired land. They were approved by the Governor, but were still in cold storage in 2008, and have since gone unmentioned in the press.

The court tends to take a passive role in this area, as law enforcement agencies sometimes refuse to enact court orders. This is another contributing factor that allows unregulated commercial interests to build wherever they want in the city, sidelining local residents and migrants and leading to an increasingly volatile social situation.

Land-related disasters

There seems to be little press coverage of land-related disasters in Karachi, perhaps because they are not seen as particularly important. However, in 2009, there were several reports on the collapse of buildings in densely populated low- and lower middle-income areas of Saddar Town, Liaquatabad Town and Mithadar.

Buildings in lower Sindh (including Karachi) have been classified as being unable to withstand earthquakes of moderately high intensity. Although it is alleged that most of them are not built according to their original design, or were not designed to resist earthquakes, many buildings, civic utilities, important installations and public places were unaffected by the earthquake that struck Karachi in 2009.

Money matters

KBCA suffered a financial blow in 2001 and was unable to generate sufficient revenue to meet its needs. At the time the government of Sindh did not allow it to charge for the regularisation of buildings, completion certificates, occupancy certificates and permits for additional floors. This was because of the conflict between the province and the city over the SLGO 2001, which created the City District Government Karachi and its offices. In 2001, the government of Sindh lost the authority to collect property tax from almost a quarter of the city as the military authorities put pressure on civil institutions to transfer more areas to the cantonment boards. Their influence was substantially increased by the presence of a military government. Today, land continues to be transferred to cantonments whenever it is requested.¹³⁰

In 2008, the charges for scrutiny fees for the approval of building plans increased for six main types of building on residential, commercial, industrial and amenity plots. The KBCA made these increases without the public notification required by law, and also decided to levy infrastructure betterment charges on all buildings with more than four storeys above the ground floor.

The revival of housing finance can be mapped through news clippings from the past decade. On average, profit margins and recovery rates are higher for mortgage finance than for project and corporate lending. Many organisations have been involved in attempts to boost housing finance, such as the Pakistan Industrial Credit and Investment Corporation (PICIC), the World Bank, the International Finance Corporation (IFC) and the House Building and Finance Corporation Limited (HBFCL).

In 2005, a major policy shift within HBFCL resulted in the initiation of a few schemes focusing on the lower- and middle-income groups that constitute 95 per cent of the country's potential residents. The corporation also began projects aimed at the retail and wholesale housing markets in order to meet the annual demand for 1.2 million housing units, and designed the 'Sponsor a Shelter' programme in which philanthropists would finance underprivileged applicants for house loans.

In 2006, the National Bank of Pakistan planned to offer about PKR 2.5 billion (US\$ 27.77 million) over a four-year period in loans for house-building and purchase aimed at lower-income groups. In 2008, senior bankers outlined a number of factors that were directly linked to the progress and expansion of the country's nascent primary mortgage finance market, ranging from the lack of documentation on the national economy to rising bank credit and land prices and the murky political scene.

4.7 Conclusions

Contributors to the electronic and print media and members of the research, advocacy, NGO and activist community have identified a number of key land actors in Karachi. These include the armed forces, the national and international corporate sector and local and provincial

¹³⁰ Personal communication with Noman Ahmed, Architect and Planner, NED University, Karachi, 14 February 2013.

elected representatives. Rather than developing and implementing master plans, land use agreements and regulations, and providing easy entry into and exit from the land market, they facilitate land grabbing and land conversions, and have turned land in Karachi into a political and ethnic resource.

This state of affairs is due to increasingly weak governance. It began with the politicisation of governance institutions during the Afghan war against the Soviets in the 1980s, when Karachi became the centre for war supplies for Afghanistan. This conflict and the following war of attrition were largely funded by the heroin trade from Afghanistan (Rasheed, 2001). This went through Karachi, generating large sums of money that were used (legally and illegally) to acquire land and fund real estate ventures. Politicians and government agency officials were 'bought' to facilitate activities such as land grabbing, encroachment and land conversion. This further weakened governance in a vicious cycle that created a powerful nexus of political, ethnic and criminal groups that have become increasingly polarised along ethnic lines due to the complex politics of Sindh in general, and Karachi in particular.

Serving ministers and members of the provincial assembly claim that they cannot rectify the situation because the police are on the side of the encroachers, while the Nazim supports violations of law in one case and actively condones them in another (amid claims of his personal involvement in this case). The lack of a unified stake in the city and its land means that those who seek to protect it by fighting encroachment on their site or jurisdiction often turn a blind eye to and/or facilitate the violation of rules, regulations and plans on another site. Decisions on both types of site are shaped by political pressure, demands for illegal favours and nepotistic 'requests'.

There are numerous land-related laws, but the rules, regulations and procedures are often unclear and subject to interpretation by officials with discretionary powers. As a result, conflicting interests are difficult to resolve and departmental rows are common. Attempts to reach a compromise through negotiations generally end with the stronger party dictating the terms, which often run counter to the law and principles of equity and justice. As higher-income areas are politically strong, they benefit from this arrangement and the type of development it engenders, to the detriment of lower-income and minority groups.

The main victims of this poor governance are citizens who own or wish to purchase land and property, and the physical and social environment. The nexus between politicians, developers and bureaucrats facilitates fake development projects and scams, and leaves the public with no protection from the extortion rackets run by developers and estate agents in both the formal and informal sectors.

Another result of weak governance and conflicts over land is that land records no longer depict the real ownership and tenure patterns. With no proper documentation, using legal processes to implement the law becomes a difficult, long and expensive – if not impossible – process that rarely ends in justice being served. It also makes it hard for families to access credit for house building, which they should be able to obtain.

What Karachi needs is a major public sector reform that seeks to reconcile the differences between the different tiers of political office, and enable the enforcement and regulatory agencies to resist the commercial and political pressures that violate the principles of good land management. This will only be possible if there is the political will for it, and if all the political parties and ethnic groups that are fighting over land and votes can rise above their party and group interests and reach a consensus that serves the wider interests of the city and its environment.

5. ACTORS AND FACTORS IN LAND-RELATED CONFLICTS: FINDINGS FROM PRIMARY SOURCES

5.1 Introduction

The first part of this section presents an account of the builder's mafia and the role of real estate agents and developers in Karachi. It is based on a set of interviews with developers, estate agents, real-estate lawyers, individual buyers and sellers of property, and people looking for a home to rent, which are summarised in section 5.2 below. A summary of the interview transcripts is given in Appendix 11 of the full report: Interviews with persons involved in real estate business and transactions.¹³¹ This appendix also contains a number of as yet unanswered questions about land-related relationships and processes.

The second part of this section conveys the aspirations and motivations of consumers who live in different types of housing. They were investigated through questionnaire surveys of 25 people in each of the following categories: (i) middle- and lower middle-income apartment buildings; (ii) lower-income housing built by developers; (iii) self-built middle-income housing; (iv) a notified *katchi abadi*; (v) an informal settlement not marked for regularisation. An analysis of the results of the questionnaires is given in Appendix 12 of the full report: Analysis of 125 Questionnaires related to house building and property purchase.¹³² This appendix also contains a map showing where the surveys were undertaken. The analysis of the housing and land situation and people's views on their situation is summarised in section 5.3 below.¹³³

5.2 What the interviews tell us

The dominant theme that emerged from these interviews was the role of the builder's mafia in the informal land market. The next section considers how the mafia developed, describes the various stakeholders in Karachi's informal land market, and then gives an overview of their effect on certain low-income settlements.

5.2.1. The emergence and role of a builder's 'mafia' in Karachi

The Association of Builders and Developers (ABAD) became very active in the 1970s, when remittances from Pakistani nationals working abroad fuelled a big building boom in Karachi. The government responded by providing land and finance to enable builders to construct apartments. The Karachi Building Control Authority (KBCA) set the 'moral' standards for this activity. It had strong ethics, everyone abided by rules and regulations, and any corruption that did occur was at the individual rather than the institutional level. At the time members of ABAD were professionals who could be said to belong to the educated elite. However, what they produced fell far short of the demand for housing.

The sale of cloth and yarn became extremely profitable at the end of the 1980s, which also saw the development of the garment industry. Stitchers and their contractors paid high interest rates on instalments for their sewing machines, and cloth market traders and sewing machine dealers ploughed their profits put back into the construction industry. They were not professionals themselves, and because they were only interested in making a quick profit they did not hire professional staff but worked through petty contractors to minimise their overheads. This meant that they had to bribe various departments and utility agencies in

¹³¹ Available online at www.arifhasan.org.

¹³² Available online at www.arifhasan.org.

¹³³ Tabulated questionnaire results and sample questionnaire forms are available from Arif Hasan (arifhasan@cyber.net.pk) and/or Mansoor Raza (mansooraza@gmail.com).

order to register with the KBCA and get it to approve their substandard designs and construction – thereby creating the so-called builder’s mafia that now shapes the architecture and physical environment of formally planned Karachi. Much of what the builder’s mafia does today is made possible by the discretionary decision-making powers of a few high-ranking officials and politicians. This leads to over-booked development schemes (which go unpunished), post-dated cheques being issued to buyers who wish to withdraw from development schemes (which are often not honoured), various hidden overhead charges, and the illegal conversion of amenity land into housing estates. The Afghan war led to huge increases in contraband and transit trade, drawing contraband traffickers into the land market as they invested their profits in real estate. They then became part of the builder’s mafia, further strengthening it and weakening the state agencies concerned with land and building affairs.¹³⁴

All builders now have to pay the KBCA bribes to get their plans approved, obtain the necessary documents for approvals, and advertise their schemes in the print and electronic media. They also have to pay bribes for utility connections. All these illegal payments increase the customers’ costs, to the extent that developers claim that projects would be 25 per cent cheaper for the public if they did not have to pay such bribes. Builders and/or developers also charge 19 per cent of the purchase price for the documentation needed to acquire an apartment and connect the utilities. Needless to say, the advertisements for such developments never mention these hidden costs.¹³⁵

Vendors and buyers usually only see each other when their transaction is recorded at the registrar’s office. Police corruption and the presence of armed gangs in the land business mean that developers have to cultivate good relations with the police by giving them money, plots or apartments. The system is so convoluted that many land actors have to rely on the middlemen who arrange about 60 per cent of profitable transactions.

The absence of laws and regulations published in the national language Urdu or the regional and local languages of the area where they are implemented has already been noted in section II. The informal market also capitalises on consumers’ unfamiliarity with complicated procedures, giving developers the upper hand in disputes with their clients or less well-connected rivals. This asymmetry of information increases transaction costs and impedes entry into the housing market.

Disputes over land-related transactions between builders, estate agents and their political patrons are settled through various manifestations of power – money, connections, the possibility of using the police to pressure other protagonists, and even killing and making an example of the opponent. A total of 14 estate agents were killed in 2010 and 2011 alone.¹³⁶

5.2.2. Land in the informal domain – the nexus of builders, politicians, police and developers

Land is released through the BoR or may be allotted to a builder by the Chief Minister. These allocations are viewed as political and are often cancelled when the government changes, leading to disputes over ownership that often end up in court. In the Gothabad Scheme, there are cases where villages that covered 0.8 hectares of land paid bribes to have their area increased by 30 to 50 times. When these irregularities were investigated, the building housing the BoR’s land records was burned down to cover up the fraud.

¹³⁴ Interview with Mr. Nur-ud-Din, former developer, now advisor to the chairman of the Pakistan Institute of Engineers, Karachi, conducted on 15 August 2011.

¹³⁵ Ibid.

¹³⁶ See Appendix 10 of the complete report: List of murdered estate agents, which is available online at www.arifhasan.org

There are a numerous fake housing and residential schemes in Karachi. They invariably have an office and some staff, but do not advertise in the print and electronic media as this is very expensive. This is the giveaway for such schemes, which normally advertise through cable operators on movie channels like Star Plus, Sony and Star One, but avoid the newspapers and hoardings around the city. Therefore, the best advice for the public is to stay away from poorly advertised schemes.¹³⁷ The situation in Karachi is such that people prefer to live with their caste and ethnic groups, which means that the majority of plots in these schemes are reserved for members of the developer's ethnic group or caste.

Some schemes fall through because the land is encroached upon by powerful interest groups with greater political and/or armed backing than the developer. One developer spoke of his experience in starting a housing scheme in Manghopir (the Mir Mohammed Housing Scheme). 'The first phase of the Scheme was successful, but the second phase failed as the land mafia occupied the area. We fought the case for eight years and ultimately won but by that time development costs ran so high that the scheme didn't seem profitable anymore.'¹³⁸

The legal process is so slow that even land that has been developed becomes inaccessible. This creates a manufactured scarcity of land that directly affects the residential market, especially because court cases often concern developments in the informal market, which are the only recourse for low-income residents. There are a number of lawyers in the city who deal exclusively with issues related to land rights. Many of their cases involve properties that were acquired through pressure or by fraudulent means and supporting the cause of settlements that have been demolished in violation of laws. Because the courts take years to deal with these cases, people often prefer to settle matters out of court, even if the terms are unjust. Lawyers fighting these cases are frequently threatened and attacked by gunmen sent by the developers who set up the scheme or the group interested in evicting residents, to dissuade them from continuing with the case. As a result, lawyers now have their own guards and gunmen, and form networks with the informal nexus in the land market in order to buy police support for their own protection and to help their clients.

Some developers think that there are advantages to living on the periphery of the city: lower shopping costs, less socialisation (which reduces expenses), and the ability to opt out of late-night weddings due to the security situation. Living in the city centre, the poor are surrounded by rich residential areas where lavish lifestyles are the norm. This constant reminder of the gulf between social classes can cause great psychological distress to poorer residents, so it could be argued that there are some comparative advantages to developing schemes for low-income residents on the outskirts of the city, in addition to affordability. Approximately 1 to 1.2 million plots have been developed along the Northern Bypass, mainly through the Gothabad schemes. Plots of land can be purchased and the necessary approvals obtained by bribing the relevant government agencies. Purchasers would save about 20 per cent if such they did not have to make such payments to officials and utility companies.¹³⁹

Builders acquire land from the KBCA and pay to obtain a lease. They carve out plots and sell them to buyers on a sub-lease, normally charging 150 per cent of the land price in development charges, which include utility connections and roads. A lot of invisible money is

¹³⁷ Interview with developer Rao Muhammad Mazahar of Rao Mega City, conducted in Karachi on 6 October 2011.

¹³⁸ Interview with developer and civil lawyer Sheikh Moinuddin, conducted in Karachi on 22 November 2011.

¹³⁹ Interview with developer Junaid Khan of Momal Pride, Al-Adil Builders, in his site office in Karachi, conducted on 21 July 2011.

involved in this process. Buyers need six documents to purchase land, and have to pay bribes to obtain them. The simplest process is to hire an estate agent and get him to fulfil the necessary formalities. Getting a loan from the HBFC involves seven steps, each requiring informal payments. Here too, it is simpler and cheaper to do this through an estate agent or middleman, who charge fixed rates for their services.

Builders operate in partnership with the city's political leadership, who they pay informally to acquire utility services and basic amenities. They used to employ army officers to facilitate the approval process with the KBCA and utility departments; nowadays, this is done by political party workers.¹⁴⁰

Typically a neutral lower-level bureaucracy would have acted as a buffer in translating political pressure from both above (elected politicians) and below (workers supported by the politicians), but bureaucrats have been robbed of their power by police complicity in the nexus. Some interviewees claimed that before devolution bureaucrats used to follow the rules and regulations scrupulously; nowadays the political representatives who control the bureaucracy do not. Claimants stated that one reason why land and housing rights are increasingly violated is because politicians are corrupt and favour members or supporters of their political parties. As noted above, other contributing factors include the enormous capital generated by NATO supply trips, drug money and the Afghan transit trade, and the combination of financial and muscle power.

Government land can only be acquired – legally or illegally – with the help of mid-level revenue officers, and allotted land can only be occupied with police protection. Sixty per cent of allotted plots in KDA Scheme - 33 are occupied today. Land grabbers rent entire families to illegally occupy land and premises, paying them about PKR 15,000 (US\$ 167) a month to do so. These families usually belong to the traditional 'lower castes', which have a semi-nomadic culture.¹⁴¹

People who rent out property have enormous problems because of the existence of rent laws that favour tenants, and the long legal process involved in getting rid of tenants. Great care is needed when renting, selling or purchasing property because estate agents may turn out to be accomplices of aspiring buyers or renters. This means that property owners can end up losing their property or being landed with unmanageable tenants.

Buyers are not compensated for major delays in construction projects (which are very common), and have to deal with very rude and aggressive reminders and threats of cancellation if they are late paying their instalments. The builders who are considered the most reputable in the industry and deliver on time are those with sufficient funds to complete their projects in time – money that is usually acquired from the underworld.¹⁴²

5.2.3. House prices and market mechanisms in settlements

There are few property transactions in informal settlements in the city centre or on the main corridors of movement because these settlements are saturated. This applies whether or not they have been earmarked for regularisation. House prices in these settlements have

¹⁴⁰ Interview with estate agent Mansoor Hussain, Pak Estate Agency, North Nazimabad Karachi, in his office in Karachi on 22 June 2011.

¹⁴¹ Interview with developer and civil lawyer Sheikh Moinuddin, conducted in Karachi on 20 November 2011.

¹⁴² Interviews with property salesman Fakhr-e-Alam Zaidi, Federal 'B' Area, Block 10, conducted in Karachi on 6 July 2011, and Ali Raza Abbas Jaffery, the purchaser of a flat in Al-Ghafoor Residency, conducted in Karachi on 26 July 2011.

increased by over 1,000 per cent in the last two decades, compared with an increase of just over 200 per cent in the price of wheat (from PKR 17 per kilo to PKR 36 per kilo). Estate agents in these localities have little work, and think that big developers are unlikely to succeed in convincing local people to abandon their houses by paying them large sums of money, especially when a number of facilities are available on site and most residents work nearby. Most land in the settlement is bought and sold between residents, and homes are improved through *bisi* committees.¹⁴³ When transactions do take place, estate agents have to make informal payments to the relevant authorities to get them registered. These payments are charged to the seller.¹⁴⁴ If no estate agent is employed then the seller has to make the payments himself or find a middleman to do it on his behalf for an affordable fee.

Lyari Town is one of the oldest areas of Karachi. It has a large number of neighbourhoods that originally consisted of single- or double-storey stone houses, but are now filling up with five- to seven-storey apartment blocks. Developers buy a plot of land with a house on it, convert it into an apartment block and give the owner one or two apartments in addition to the payment for the land. Most of these apartments, which are two-room affairs, are sold on *pugri* basis (i.e. with significant security deposit) for PKR 700,000 to PKRs 750,000 (US\$ 7,778 to US\$ 8,334), plus rent of PKR 200 (US\$ 2.2) per month, which increases by 5 per cent each year.¹⁴⁵ Without *pugri* the rent is PKR 3,000 (US\$ 33.4), increasing by 5 per cent each year. There are now so many apartment blocks that Lyari is becoming very congested and has almost no open spaces.¹⁴⁶

Lyari was the starting point for Karachi, and is the home of the city's original Baloch population. They are now becoming a minority due to the trend for apartments, which are mainly promoted by Memon developers.¹⁴⁷ This creates resentment, and it is claimed that the current gang wars in Lyari are due to the increasingly multi-ethnic nature of the area and the availability of old warehouses whose leases have expired, which are targeted for real estate development.

Decisions were traditionally made by elders in the Baloch community, but are now controlled by nazims and councillors. Influential people carry arms to impress their influence upon the surrounding community. Baloch residents feel that the government does not want stability in Lyari because it is intimidated by the area's cultural and political affinity with Balochistan, where there is anti-federal government insurgency.¹⁴⁸

Under the Gothabad scheme developers acquire land from villages that have been recognised as beneficiaries of the scheme. They often work with owners on the regularisation process and pay the costs involved. They then pay the MDA informally so that they can claim to have its approval for a scheme, as this payment ensures that the MDA will not interfere or comment on any such claim. Every strip of land secured by developers has a set share of plots for local police officials who protect the development site. Villagers are relocated some distance away, and their land is sold on the market as affordable plots for low-income groups.

¹⁴³ Community saving schemes.

¹⁴⁴ Interview with estate agent Sohail Bismallah Estate, Taiser Town, Scheme- 45, conducted in Karachi on 21 July 2011.

¹⁴⁵ Interview with estate agents Mr. Farid and Rana Sadiq, Omer Colony No. 1, PECHS, conducted in Karachi on 8 September 2011.

¹⁴⁶ For details, see Hasan, Sadiq and Ahmed (2010).

¹⁴⁷ A Sindh-based trade community now active in formal real estate development.

¹⁴⁸ Interviews with Naser Khan and other estate agents conducted at Maula Madad bus stop, Lyari, in Karachi on 8 October 2011.

The players involved in developing land in informal settlements through the Gothabad schemes and the land market in Karachi in general have changed. In the past, land acquisition and development was mainly financed by Pathans and people from financially strong and acknowledged backgrounds. Nowadays the main players are more likely to be Mohajirs and political activists backed by their parties.¹⁴⁹

Interviews show that the urban poor who do not have the means to acquire formal or informal homes are constantly being displaced. They often find it impossible to pay the advances required to hire a space to live; and when they can rent somewhere they may be thrown out at a month's (or even less) notice because the rent laws do not apply to informal and/or unregistered transactions. Even where they do apply, tenants rarely have the capacity to fight their 'musclemen' landlords or go to a court of law. As a result, they are constantly in debt because they have to borrow money for each advance. The lucky ones work as domestics or office boys, employed by influential families or establishments that provide them with accommodation or the means to acquire it on a temporary basis. However, this is not a permanent solution.¹⁵⁰

5.3 Public views on housing

The questionnaires confirmed the impression derived from our review of the laws in section II, that consumers and those who draft the laws see land and housing markets separately, even though land supply is crucial for housing developments. Developers and real estate agents in Karachi are driven by short-term profit goals and pressure from land lobbies with powerful political backing. The informal sector cannot provide adequate housing, whose key requirements include privacy, access to employment and good schools, physical security, security of tenure, basic physical and social infrastructures and local services. What is needed is integrated urban planning that considers housing in conjunction with the building industry.

The areas where the surveys were carried out are described in Appendix 11 of the full report.¹⁵¹ Although the 125 questionnaires do not constitute a large enough sample to provide any definite conclusions (25 were administered in each of the five different types of housing and income group), they do give some indication of property values, family size, aspirations, place of employment and the reasons for choosing the locality.

The different types of settlement surveyed included: (i) middle and lower-middle class apartments; (ii) self-built housing; (iii) housing built by developers; (iv) listed *katchi abadi*; (v) an unlisted informal settlement. The first three are formal settlements, the fourth began as an informal settlement but is protected by being listed, and the fifth has a sizeable circulating population and no chance of being regularised. The differences between these settlements are determined by their origin and tenure status.

Residents of the formal settlements work far from home in the central business district and its surrounding and link areas, or in formal and informal zones. Residents in the informal settlements work nearer to home or in the settlement itself. Families in the informal settlements can have up to 22 members, and are much larger than in the formal settlements where the largest families had 14 members. All children in the formal settlements and the listed *katchi abadi* go to school; most in the informal settlement that cannot be regularised do

¹⁴⁹ Interview with Mr Shahid, manager of the Khuda-ki-Basti - 3 site, conducted in Karachi on 21 July 2011.

¹⁵⁰ Interviews with Janti, an office boy and messenger in a foreign mission, conducted in Karachi on 21 October 2011, and Bilqees, a domestic helper, conducted in Karachi on 22 October 2011.

¹⁵¹ Available online at www.arifhasan.org.

not. The formal settlements are homogenous in terms of ethnicity and religion, while the other two settlements have mixed ethnicity and different religions.

Despite these differences, there are similarities between the settlements surveyed. Almost all respondents chose the area where they live because it was affordable, and respondents in the listed *katchi abadi* and informal settlement said that family relationships and ethnic links also played a role in their choice. The majority of homeowners in the formal settlements bought their properties from developers and estate agents rather than owners. People there pool their resources, take loans from friends and family, and purchase or build their properties. Property prices have increased substantially everywhere apart from the informal settlement. The greatest increases seem to occur over a 10-year period. Some apartments have gone up by 400 per cent in a period of five years, while others purchased in the last one to four years have lost value. This is attributed to the deterioration of law and order in the area. The greatest property price increases have been in self-built housing and in the listed *katchi abadi*, for properties with the longest ownership tenure. Residents in the informal settlement do not know the land value or even the correct name of the place where they live.

A number of residents in the formal settlements said that they want to move to higher-income residential areas because they are 'better' and cleaner. Others want to move to safer locations as they have experienced ethnic conflicts in their neighbourhoods or on the way to work, and claim that there is ethnically-motivated crime in their areas. On the other hand, residents of the *katchi abadi* do not wish to relocate. Those in the informal settlement have nowhere else to go, although some do go back to the farmlands that they were 'evicted' from to provide labour during the harvest.

There are other trends as well. A sizeable number of residents in the formal settlements were dissatisfied with their children's schools. This is perhaps because they compared their neighbourhood schools to those in the more affluent areas of the city, which are regularly advertised in the media and through news items about their activities. Many households in the formal settlements prefer a one-window shopping facility whereby they can make best use of the time and money spent travelling. A good number of them also prefer malls and mega-stores to the existing neighbourhood shopping facilities, which do not provide the products they require. Interestingly, a majority of those who live in flats mentioned that they had moved to apartments to detach themselves from the joint family system, which they see as a major impediment to their children's education.

All respondents were reluctant to state how many members of their household work, and a majority skipped the question about informal commercial activities in their homes. This may be because they are worried about the tax authorities and/or the KBCA taking punitive action against commercial activities in residential areas.

The survey enumerators made a number of observations based on the questionnaires and conversations with respondents during the survey process. These are presented in a paper produced by a member of the survey teams who visited all five settlements (Hussain, 2012), and are summarised below:

- People who live in the informal settlement do not see any upward social mobility. One person said that he feels he cannot have a house on his own because he lost his land in rural Sindh and has no assets. He and his family 'are living on day-to-day basis and barely make ends meet. If the government can do anything for us, fine, and if not, we will remain like this till our death.'
- Because of their high density, apartments provide opportunities for political parties to recruit members and secure a captive audience (observations from Rofi and Saima

Towers). It is relatively easy for a political party to establish its influence in a densely inhabited apartment building rather than a settlement where households are more spread out. Furthermore, points of access and services in apartment buildings are under comparatively localised control, making them easier to influence and obtain bargaining power over residents.

- Community and clan-based dwellings suffer from xenophobia and prefer to remain secluded. This tends to isolate them from outside influences. Fear of people outside the clan creates social and political ghettos, hampers understanding of other communities in the vicinity and creates volatile situations (observation from Rizvia-III).
- Respondents in under-serviced settlements were more willing to spare time and express themselves than their counterparts in relatively affluent settlements. They were also more hospitable.
- Most respondents stated that they want to live in peaceful and affordable areas where there are livelihood opportunities. Planners do not provide for this ideal mix.
- Community and clan-based mechanisms for the provision of housing are gradually emerging as an alternative to government mechanisms (observations from Ali Tower and Rizvia - II).
- Respondents were generally wary of taking loans from banks as they think that they will be financially entangled for the rest of their lives. They also think that they will be charged interest, which is against their religious beliefs.
- People want to live near their workplace to minimise time and travel costs. The distance between home and employment centres recurred as a key criterion for housing during interviews with members of the community, developers and estate agents.
- Residents in informal settlements noted that the city government demolition squad demolishes minority places of worship first (although *imambargahs*¹⁵² are an exception to this generalisation).
- Unions and associations are of immense value in protecting residents' interests as they negotiate with authorities and political groups in the interest of the settlements (observation from Pahar Ganj).

5.4 Conclusions

These interviews confirm many of the conclusions reached in the previous section, particularly with regard to the adverse effects of bureaucrats' and politicians' discretionary decision-making powers. They also reinforce the feeling that corruption has increased as a result of elected local government representatives replacing the old bureaucrat-controlled system.

They also tell us that there has been a change in the actors and nature of formal development since the 1980s. The old professional elite that used to control the development of the formal sector have been replaced by traders and traffickers, and legally acquired funds largely superseded by funds acquired illegally or through extortion. The

¹⁵² A gathering place for Shia Muslims.

availability of large amounts of money has helped informalise formal sector processes. As a result, bribes in money and kind are used to bypass or bend government rules, regulations and procedures. This allows developers to make profits of over 150 per cent on land transactions alone, although they have to share some of these profits with others who 'help' them develop land. Informal payments can add up to 25 per cent to the price of the end-product, and make purchasers dependent on middlemen who can help them with the documentation and processes involved in purchasing, building, renting or acquiring a loan for home. The purchaser pays for all the extra expenses, often through hidden charges that are only revealed after the purchase has been agreed.

Underworld involvement in property development has also led to land and property scams and forcible occupation of other people's properties. Although the informalisation of formal processes has given low-income residents access to a large number of affordable plots (something that the formal sector is incapable of doing), these are usually far from their workplace or from the city centre where better social facilities are available. The informal sector needs the protection of the police and elected local government representatives, meaning that justice is sacrificed to expediency and profit.

New informal settlements are developing all over Karachi, driven by a different impetus from their predecessors. Residents in the older settlements came to Karachi in order to improve their living conditions and educate their children. They made a conscious choice to move to the city, and were often better off than others in the poor segment of the population. People who live in the new settlements seem to have been pushed off their land by corporate farming or natural and man-made disasters such as wars and regional conflicts. These residents also tend to be more mobile.

As a result, old inner city areas that were originally ethnically homogeneous are becoming more densely populated and ethnically diverse. Both these trends are causing conflict and leading to the emergence of gangs and crime. Many residents in lower middle-income areas wish to move to areas that are free of conflict. Security is becoming an increasingly important criterion in deciding where to live, creating a preference for neighbourhoods dominated by the residents' own ethnic or religious group.

Planners and reformers need to take note of and address these issues. The legal processes used to resolve disputes and dispense justice need to be simplified and shortened. Planners and developers should recognise that lower middle-income and lower-income families want better education and shopping facilities in their neighbourhoods, and that rent laws that overtly favour tenants make it difficult to obtain rented accommodation through formal transactions. Another important consideration is the shift among more upwardly mobile families from living in joint family systems to more nuclear units.

6. SUPPORT TO POOR COMMUNITIES; RESIDENTS' VIEWS ON AFFORDABILITY AND LOCATION ISSUES

This section of the report presents the views and opinions of non-state stakeholders in Karachi's land market. It starts by focusing on the role of NGOs and their influence on the land market, and then analyses the data on a cross-section of homeowners and tenants from different parts of the city.

6.1 NGO and CBO support to poor communities

A number of NGOs support poor communities in Karachi, working to improve their physical and social environment. However, it is doubtful whether more than 15 per cent of the poor, who are estimated to account for over 50 per cent¹⁵³ of the city's 18 million residents, benefit directly or indirectly from their work. A major part of this outreach is the result of sanitation-related work done by the Orangi Pilot Project-Research Training Institute (OPP-RTI) with local communities, and its advocacy work with the KWSB and the CDGK.

Most of the NGOs contacted for this paper operate through local community-based organisations (CBOs) and other social activists. Many communities have their own local CBOs, which are often supported by NGOs. We interviewed a number of CBOs and NGOs in their survey areas and/or offices in order to understand what they do and the impact they have on the lives of poor communities. These interviews focused on bodies whose work was believed to relate to land and housing, or which were interested in working on these issues. Some of these NGOs and CBOs also participated in group discussions during a workshop at the Department of Architecture and Planning, NED University, Karachi. The methodology for the workshop, a list of the NGOs and CBOs interviewed, their areas of intervention, scope and profiles are given in Appendix 13 of the full report, NGO/CBO workshop methodology and profiles.¹⁵⁴ A synopsis of the interviews and workshop discussions and their conclusions is given below.¹⁵⁵

6.1.1. Main focus of NGO work

Most of work done by the NGOs and CBOs that operate in Karachi is issue-specific. It may be based in one or more locations, and will depend upon (i) the organisation's objectives; (ii) its leaders' professions; (iii) donors' funding directives; (iv) the available human resources and technical capabilities. NGOs do not necessarily link up with local CBOs, but when they do form alliances (as in Shah Rasool Colony, where the NGO HELP and the CBO Clifton Welfare Organization work together) they can achieve positive and concrete results in improving health indicators, literacy and social and physical conditions. Lack of interaction between the two types of organisation is usually due to the NGO having difficulty in meeting its stated objectives or experiencing budget over-runs.

Most NGOs and CBOs are run by professionals such as doctors, engineers, sociologists, lawyers and concerned citizens from various backgrounds. They tend to prioritise poverty alleviation, health, education and social issues rather than physical improvements, which means that social indicators in an area often improve with very little change in the physical environment. This can limit the positive effects on health and economic programmes.

¹⁵³ Karachi Strategic Development Plan 2020, CDGK 2007.

¹⁵⁴ Available online at www.arifhasan.org.

¹⁵⁵ These interviews were conducted by assistant Professor Asiya Sadiq, assistant Professor Saeed ud Din Ahmed, research assistant, Madiha Salam and research assistant Samya Shahid. The workshop was held on 1 December 2011.

NGOs and CBOs also tend to be charity-based rather than funded by the communities in which they work. This can lead to a lack of community ownership and empowerment, sometimes to the extent that communities become dependent on the NGO concerned and lose their former ability to act and organise themselves autonomously. This is a sign that the NGO does not have the vision, capability or capacity to interact with poor communities and build on their existing strengths – often because NGOs and CBOs do not interact with each other or know about each other's work.

Of the 10 NGOs and CBOs contacted for this report, OPP-RTI is the only one that trains community members and CBOs in building- and survey-related skills and promotes a housing-related savings programme. It also helps bring together diverse CBOs so that they can learn from each other's experiences.

None of the NGOs worked on land supply, apart from Saiban and the Aga Khan Programme for Basic Services, Pakistan (AKPBS,P). Saiban works in collaboration with a body that provides land at a subsidised rate, planning the settlement and using a filtering process to identify beneficiaries. These beneficiaries have to move onto the new site immediately and construct a shelter. They pay for the land in instalments, and incrementally develop onsite infrastructures and their homes. Saiban helps develop off-site infrastructures and contacts NGOs to work on education and health facilities. So far, four such schemes have been developed. Although they have attracted international recognition, the methodology has not become government policy. Therefore, Saiban's intervention can be said to have had little impact in Karachi.

AKPBS,P works primarily for the betterment of the Aga Khan community. These are followers of the Aga Khan, who is the spiritual head of the Muslim Ismaili community. Cheap land is bought on the outskirts of the city, small affordable units are built on it and given to community members. This model does deliver, but is far too small to make a difference and would be too expensive to replicate on a large scale. During discussions at the NGO/CBO workshop, it became clear that the majority of poor communities access land through the informal sector. This is part of the expansion or densification of existing low-income settlements, and the creation of new settlements by a new breed of informal developers who operate with support from different political parties (see section 5.2).

6.1.2. Accessing credit through NGOs

NGOs and CBOs may provide micro-finance themselves, or help communities obtain it from commercial banks, the HBFC or local loan providers. Although loans are often given for small businesses, housing loans are rare and it is difficult to determine whether these enterprise loans help generate funds to improve housing or access land. Community saving schemes (*bisi*) do help with house improvements, but it is not clear whether they also help with land purchases. There is a need to better understand the role they play as informal credit providers, so that they can be promoted if they are found to be effective. NGOs and CBOs rarely provide direct loans; when they do these are usually given at low rates and on personal guarantees. A few NGOs and CBOs also help organise savings groups that can operate as revolving funds, but the scale of all these operations does not benefit more than 2000 families per year.

6.1.3. NGOs and housing

OPP-RTI is the only NGO that offers technical guidance on home improvements and construction. Due to a lack of vision and/or expertise, none of the other NGOs and CBOs provide assistance in constructing sanitation and water supply systems. Poor communities often install these themselves without any technical advice or support, which leads to poor

construction, wasted resources and bad environmental conditions. Some NGOs and CBOs have contacted engineers and architects, but they are generally not comfortable working with low-income communities in general, and in low-income areas in particular. As a result, communities and individuals seek technical advice on housing design, alterations and maintenance from the local builders' merchant (*thallawala*), whose services include house layout, providing materials on credit and skilled labour.

OPP-RTI trains local youth as para-architects who then set up resource centres that provide technical guidance and supervise house building and sanitation. The organisation also trains local masons and has upgraded *thallas* by providing loans so that they can mechanise and improve their production. In addition to this, OPP-RTI has introduced new building materials and components that have helped reduce costs. Although its sanitation intervention has reached over 100,000 families in Orangi alone and influenced many other neighbourhoods in Karachi,¹⁵⁶ it has not made a significant impact on the overall provision of housing in the city.

6.1.4. NGOs and advocacy

NGOs like Shehri provide indirect benefits to the poor. This organisation has been fighting encroachments on amenity plots, illegal land conversions and violations of building by-laws and zoning regulations by builders, developers, corporate sector institutions and the military. Its struggle for a better physical environment has benefited many poor communities and the larger urban environment in which they live.

Although the NGO/CBO sector does not have much to do with land and housing issues, it does help communities organise themselves in their struggle against evictions, and in negotiations with government agencies over access to infrastructure and development funds, government packages and housing rights.

6.1.5. Conclusion

The discussions at the workshop highlighted the need for NGOs and CBOs to replace their charity model mindset, recognise and build on the assets that communities have and thereby empower them. To do this they will need to upgrade their technical and social skills and cooperate on cross-cutting initiatives in order to increase their impact. This is currently limited to enabling residents in low-income areas to acquire the technical skills and information to improve their bargaining position with the State and the private sector. It was also agreed that NGOs and CBOs cannot and should not replace the State, which is the major landowner and has the potential to provide land and housing for poor communities. Their role needs to be defined so that they can help develop and implement more equitable land policies. At present their involvement is too sporadic and issue-based to have much effect on the land market.

6.2 Issues associated with affordability and location

In order to understand the issues associated with affordable land and housing and location preferences, four types of resident in low-income settlements were interviewed and asked to complete a questionnaire. Twenty-seven of the residents were tenants, 74 were homeowners, 52 had been resettled and 57 lived in settlements under threat of eviction. The interviews with tenants and homeowners were carried out in different types of settlement: regularised informal settlements, formally planned settlements and settlements whose status

¹⁵⁶ See OPP website for details: www.oppinstitutions.org

is undefined.¹⁵⁷ The location of these settlements is shown in Map 10 of the full report, Location of poor settlements, informal businesses and hawkers.¹⁵⁸ They include developed settlements, those that are undergoing development and those that are under-developed.¹⁵⁹ The surveys also covered 2 relocation settlements and 2 settlements under threat of eviction, as well as 30 informal businesses¹⁶⁰ and 27 hawkers in various locations, as they employ and cater to their needs of the poor, unlike formal sector shops and businesses. Details are given in Appendix 14 of the full report, Socio-economic survey of poor settlements, informal businesses and hawkers.¹⁶¹ This appendix contains a comparative matrix of the survey areas, a questionnaire analysis and profiles of the survey settlements.¹⁶² The surveyors also interviewed local residents, informal businesses and hawkers. Their observations are included in the following sections.¹⁶³

6.2.1. Household size

There are strong similarities between the residents of these settlements, the settlements themselves and their socio-economic situation. Overall, family size usually varies between 6 and 10 members, although about 20 per cent of families have more than 10 members and tenants tend to have between 5 and 7. A majority of respondents who are not tenants or have not been resettled have lived in their home for over 20 years. Around 44 per cent of tenants have rented their present accommodation for less than one year, and 33 per cent for between one and five years. This high turnover shows that tenants are vulnerable. Most of the residents surveyed (tenants and owners) have moved to their present location from other areas of Karachi; 17 of the 74 homeowners and 21 of the 57 resettled respondents moved to Karachi from rural areas over 20 years ago.

6.2.2. Quality of housing

All the settlements surveyed have similarly constructed houses, irrespective of their tenure status, with load-bearing concrete block walls and corrugated iron or asbestos roofs or T-iron and pre-cast concrete roofs. There was some variation among the 74 homeowners, 14 of whom have reinforced concrete roofs. The vast majority of homes are built on plots measuring 50 to 80 square yards, and most are single storey (apart from 24 of the 74 houses belonging to homeowners, 6 of the 27 rented homes, and 25 of the 57 homes in settlements threatened with eviction). A substantial number of houses are one- or two-room affairs (22 of the 27 rented homes, 16 of the 72 owner-occupied homes, and 28 of the 57 homes in threatened settlements). Most of the rest have three to four rooms (4 of the 22 rented homes, 42 of the 72 owner-occupied homes, and 19 of the 57 homes in threatened settlements). Fifty per cent of homeowners have documentation of their ownership, and resettled residents have proper leases, but the other respondents have no 'legal' ownership papers. Only 10 of the 74 homeowners have obtained formal permission to build their homes; the rest were either unaware that permission was required or do not need papers because they live on encroachments – although the latter keep their utility bills as proof of

¹⁵⁷ Regularised settlements include former *katchi abadis*; formally planned settlements were planned by development agencies; and those with undefined status are *katchi abadis* that have not yet been notified.

¹⁵⁸ Available online at www.arifhasan.org.

¹⁵⁹ Developed settlements have local government-supported infrastructure; developing settlements are in the process of acquiring it; under-developed settlements have yet to acquire it.

¹⁶⁰ Businesses that are not registered in land-use plans or tax registers.

¹⁶¹ Available online at www.arifhasan.org.

¹⁶² Detailed tabulation can be obtained from the architect Saeed-ud-Din Ahmed of UDRC at NED University, Karachi, by emailing him at architectsaeed@yahoo.com

¹⁶³ Interview with two survey supervisors (Younis Khan and Amir Iqbal) conducted by Arif Hasan on 30 May 2012, Karachi.

tenure because this can help their case in any subsequent regularisation process. All respondents expressed a preference for single-unit houses on a plot that they own rather than an apartment.

6.2.3. Employment status

The survey revealed other similarities and differences between different groups. Tenants are for the most part skilled and unskilled workers, while homeowners included rickshaw drivers who own their vehicles and a small percentage of white-collar workers and shopkeepers. Most members of the households surveyed walk to work, except those who have been resettled far from the city centre, and home-owning households with white-collar jobs in the city (9 of the 74). Those who do not need transport to get to work save a good deal of money. There has been a phenomenal increase in property prices across the survey sites. Homeowners have seen average values rise from PKR 100,000 (US\$ 1,100) to PKR 1-10 million (US\$ 111,110) since their property/plot was purchased, while property values in threatened settlements have increased from PKR 30,000 (US\$ 333) to PKR 500,000 to PKR 1 million (US\$ 5,555 to US\$ 11,100). Tenants and respondents from other settlements chose to live where they do to be near their workplace, because the area is affordable or because their relatives live nearby. Resettled residents had no choice in the matter. Respondents said that they heard about their properties through relatives and friends, who helped them strike the deal. They did not use estate agents or market mechanisms to purchase properties because it is expensive and they do not trust market operators.

Most tenants earn between PKR 7000 and PKR 15,000 (US\$ 78 to US\$ 156) per month. The majority (14 out of 27) pay PKR 2000 to PKR 4000 (US\$ 22 to US\$ 44) per month to rent two rooms, and 18 pay less than PKR 2000 (US\$ 22); while 13 of the 27 tenants surveyed rent a single room, living with 5 to 7 people in very cramped conditions. Contracts with landlords are verbal and can be terminated at a month's notice as a month's rent is paid in advance. Written contracts are not required because the properties are owned by local 'musclemen'. Almost all the tenants surveyed (20 out of 27) thought it highly unlikely that they would ever own a house themselves; 10 of the 27 have never even considered it; and 21 of the 27 said that they would not want to move to a non-regularised informal settlement where they might be able to own their home because it would be illegal and insecure. Therefore, they prefer to rent. Although 15 tenants said that they could raise the down-payment of PKR 10,000 to PKR 30,000 (US\$ 110 to US\$ 330) needed to buy a house, this would not help them obtain a formal loan and they have no assets to secure a mortgage. In any case, they would not be able to pay more on loan instalments than they currently pay for their rent; 17 of the 27 tenants surveyed said that they cannot save any money at the end of the month.

The group of homeowners contains some upwardly mobile and better-off households. As noted above, they include white-collar workers, and 38 out of the 74 homeowners surveyed have plots of more than 80 square yards. They have also raised the funds to build their homes – from savings (38 out of 74), loans from relatives and friends (19 out of 74), selling assets (16 out of 74), and loans from the HBFC (2 of the 74). Most of the people that had taken out loans (14 of the 19) did so without mortgaging their assets or properties. Only five of them purchased their properties through estate agents. Most of the houses/plots were bought through cash deals, and only 13 of the 74 homeowners purchased their property on instalments. Of these, 5 had to make down payments of around PKR 10,000 (US\$ 110), while 7 paid between PKR 50,000 and PKR 100,000 (US\$ 555 and US\$ 1,100). Instalments varied between PKR 1000 and PKR 10,000 (US\$ 11 and US\$ 110) each. None of the tenants surveyed could purchase a house on these terms.

6.2.4. Legal status

As mentioned earlier, 50 per cent of homeowners have documented ownership. Most of the papers relating to their property (45 out of 75) are sale deeds on paper stamped by the court. Banks that offer housing finance do not accept these documents, requiring a proper lease from the landowning authority before they will issue a loan. Only 11 of the 74 respondents have lease documents. It is worth noting that about one-third of these respondents live in formally planned and/or regularised settlements, hence the large number of ownership documents in their possession.

When asked how long it took to build their homes, 52 of the 74 respondents said that it had taken between one and ten years. Only 15 of the 74 respondents completed construction in one year. In all, 56 of them bought materials from their local builders' merchant, and 21 obtained materials on credit from him. This shows the importance of incremental development and the merchant's role in providing materials, technical assistance and credit for house building.

6.2.5. Issues associated with relocation

The survey also covered 52 residents from two settlements that had been displaced by the construction of the Lyari Expressway along the Lyari River Corridor. The Expressway relocation began in 2002. Residents were given a plot in the resettlement site measuring 80 square yards (meaning that 32 out of them moved to smaller plots), PKR 50,000 (US\$ 556) and asked to move as soon as their homes had been demolished. One of these sites is about 20 kilometres from the original settlement; the other is about 12 kilometres from the original site but is in an under-developed area that had no public transport until recently. Most of these residents (38 out of 52) built one- to two-roomed houses, using the same construction materials and roofing as their former homes.

There are two advantages to the move to the current sites. Firstly, residents that did not have a lease before are now formal property owners; secondly, the area is planned, with more open spaces and the potential for a better physical environment. As 28 of the 52 resettled respondents were tenants before they moved, they have benefited by becoming homeowners and saving on rent.

However, there are many disadvantages to this relocation, both in terms of the moving process and in the comparative quality of life in the two settlements. People were unable to move off the original site immediately because there was no accommodation on the new land. Therefore, 28 of the 52 respondents rented a house while they constructed a shelter on their new plot. This was expensive because the construction process took an average of about five months. Getting to and from work from the new settlement is more time-consuming and expensive than it was from the original settlement, and 47 of the 52 families have been adversely affected by this. They used to be able to walk or take local neighbourhood transport to reach their workplaces, markets, and education and health facilities, but can no longer do so. And although primary school facilities are available in the new settlements, college and hospital facilities are not.

Ethnic, clan and neighbourhood affiliations have also been badly damaged. When people moved to the new site they were unable to obtain food items on credit from the local shops. This is a common practice in most low-income settlements, where the customer pays at the beginning of every month. Now, one decade on, it is possible to make some purchases on credit, but 38 of the 52 respondents said that they could not get credit from the local *thalla*. In addition to this, 39 of them said that the *bisi* system has declined since the move because the close ties of mutual trust on which the system is based have been ruptured. The most serious problem for respondents is their inability to find part-time jobs in the area (47 out of 52 are affected by this). Previously, jobs were not only available but were also in the neighbourhood or near workplaces in the city; now they are not worth having because it

takes too much time and money to reach them. Some 50 per cent of respondents said that their income had fallen because of this.

There are also administrative issues associated with relocation. The new settlements were to be developed, monitored and maintained by the Lyari Expressway Rehabilitation Project (LERP), which set up its offices on site. Respondents and local residents claim that once the new arrivals had moved in and settled, LERP staff started illegally subdividing the green belt and amenities and selling them as plots on the open market. Water supply tankers disappeared, and so did teachers in the newly constructed schools. Local communities have constantly petitioned officials and politicians about LERP staff activities, but have not had their concerns addressed. Respondents believe that this is because the LERP staff share the proceeds of this illegal activity with their superiors and local politicians, and therefore enjoy political patronage. The administration's lack of interest in addressing the petitions is also ascribed to the fact that the community's relationship with the town nazim and higher government officials has declined since the move out of the inner city. The relationship with ward councillors has improved, but they are not very effective in dealing with larger issues.¹⁶⁴

Just over 4600 households in settlements along the city's existing circular railway are to be relocated as a result of the Karachi Circular Railway (KCR) Rehabilitation Project (according to a project estimate). A survey was conducted with 57 residents from four informal settlements along the circular railway track that are threatened with eviction. The circular railway passes through densely populated areas of the city. Most respondents are labourers and hawkers (15 of the 57 have office jobs), many walk to work as 34 of the 57 work within the settlements, and most of their children's schools are within walking distance (40 out of 57). In all, 32 of the 57 have utility connections, and 39 have sale agreements with the persons from whom they purchased the land recorded on court stamp paper.

While the majority (25 out of 57) did not express their views as to whether the KCR should be built or not, they did agree that it might be beneficial for the city. A total of 19 respondents said that they did not think it should be built at all, and that they were not willing to vacate their land at any cost; 32 said that they do not wish to be part of any government scheme to move them out of the city, but that they would be willing to move if the government compensates them for their property at the market rate. This would give an average value of PKR 600,000 (US\$ 6,667) per property,¹⁶⁵ and a total of PKR 2.76 billion (US\$ 30.66 million) for the 4,600 properties concerned. The government could explore this option, saving itself from a politically unpleasant task and the residents from life in an inhospitable location that they have not chosen.¹⁶⁶ It is also worth noting that 34 of the 57 respondents claimed that they will continue to live in the vicinity of their settlement even after they have been evicted. This shows the importance of place and its relationship to work and social facilities.

6.2.6. Informal businesses and their locations

The survey covered 30 informal businesses and 27 hawkers in different locations. In addition to the survey, the researchers and their supervisors also held conversations and interviews with the respondents and their neighbours. Informal businesses were surveyed in five settlements: two were low-income settlements surrounded by affluent areas; two were developed low- and lower middle-income settlements with cottage industries on the site; and

¹⁶⁴ Ibid.

¹⁶⁵ Based on the average market value of respondents' homes.

¹⁶⁶ The cost of rehabilitating 26,071 families affected by the Lyari Expressway Project would be PKR 8.7 billion. The government is considering a similar package for those affected by the KCR project (see Lyari Expressway Resettlement Project and Karachi Circular Railway Rehabilitation Project website).

one was a poor under-developed settlement with a large minority of migrants from Bangladesh.

Many businesses in the settlements that are surrounded by affluent areas cater to their wealthy neighbours, working as domestic staff, producing handicrafts and utensils like wooden spoons, clay cooking pots and flowerpots, paintings by artists who live in the settlements, and even fake medicines in one settlement. Other businesses include eateries for local residents that sell food prepared by local women.¹⁶⁷

Businesses in the settlements with cottage industries include weaving, thread production, and the manufacture and sale of leather goods such as slippers, wallets, and jackets. These are supplied to the Karachi wholesale markets. The main informal business in the under-developed settlement supplies prawns and shrimps to be cleaned and fishing nets to be repaired by local families. In some cases, businessmen have built shacks where this work can be carried out instead of in people's homes.¹⁶⁸

In all, 28 of the 30 respondents live near to their businesses and 11 of them walk to work. Most of the 30 businesses are located on plots of 10 to 60 square yards. Only 2 were acquired through estate agents; 12 businesses own the property they operate out of, and 18 are rented. It is interesting to note that rents have hardly increased over the last decade. Only two of the 30 businesses pay regular *bhatta* (bribe extracted through coercion), but unofficial payments are made periodically to political parties as a part of their unofficial fund-raising campaigns. The main complaints made by informal businesses relate to power outages, irregular water supply, growing insecurity because of crime, and the lack of affordable credit to expand their businesses.

Hawkers were also surveyed and interviewed in five different settlements. One is near an affluent area and has become a centre for fresh fish, which is bought by residents from wealthier localities. Another settlement is next to a formally planned and developed middle-income area. The majority of hawkers here work along the footpaths, selling meat products, vegetables and fruit to local residents. They have established a union, collectively purchased an electricity generator whose running costs are shared, and collectively dispose of their waste and keep their operating area clean. The city government has 'regularised' them. They pay PKR 30 per day as tax to the union council. Some doubt that this goes to the union council, suspecting that the money is pocketed by officials and that this scheme is fake. However, it provides them with the protection they need.¹⁶⁹

Saddar is an important location for hawkers. It is in the centre of the city, and most intra-city transport passes through it. Hawkets have been in Saddar since Independence when refugees flooded the city. They have since grown to occupy footpaths and even road space, resisting all attempts to relocate them. They service the commuting public, the vast majority of which is poor, selling old shoes, second-hand clothes, caps, trinkets and cheap cooked and uncooked food. They come from different ethnic groups and are protected by their ethnic political parties in return for protection money. The researchers conducting the survey had to seek permission to do so from these political parties, as the hawkets were not willing to cooperate without their permission.¹⁷⁰

¹⁶⁷ Interview with two survey supervisors (Younis Khan and Amir Iqbal), conducted by Arif Hasan on 30 May 2012, Karachi.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid.

¹⁷⁰ Ibid; see also Hasan, Polak & Sadiq (2008).

Hawkers in the other settlements surveyed mainly sell food to the local population – apart from newspaper hawkers, who deserve special mention. They exist in all settlements and have a city-wide union. Because they have the backing of powerful media houses, they have not been affected by the periodic campaigns to evict hawkers launched by successive local governments.¹⁷¹

Of the 27 hawkers surveyed, 21 work and live in the same locality, and 19 walk to work. The majority of them (14 of the 27) say that the best location for business is near markets as a lot of people go there. Hawkets who have a permanent space or a cabin collectively employ watchmen (13 of the 27) to look after their site and stored goods at night and on holidays. Some do not take their pushcarts home, leaving them chained together where they work. These pushcarts owners also employ watchmen.

Yet watchmen alone cannot ensure that their goods are safe or protect their sites. This is guaranteed by paying *bhatta* to the local government, police or political parties that control their work area.¹⁷² Some respondents refused to discuss the topic; 3 of the 27 claimed that they will be tortured if they do not pay *bhatta*; 7 said that they would not be able to work in the area; and 2 said that they would be 'relocated'.

6.3 Conclusions

A number of conclusions and policy directions emerge from the discussions in these two sub-sections with regard to the role of NGOs, physical planning and housing credit. NGOs and CBOs serve a small segment of the population in the provision of housing. They are mostly involved in social sector issues such as education, health and micro-credit for income generation. Discussions with these organisations suggest that most of them are unlikely to make a difference to the existing gap in housing demand and supply. This means that the State needs to play a more appropriate role. While individual NGOs are unlikely to be able to change state policy on their own, a network of NGOs pushing for change can make a difference. It has also emerged that architects do not wish to work with low-income settlements, and that incremental housing improvements in these areas will be largely at the mercy of untrained architects until this attitude changes.

The surveys on affordability and location point to a number of ways that housing and land policies could benefit low-income communities. These surveys show that all low-income settlements are built in the same way, irrespective of their tenure status, with pre-cast concrete block walls and, to begin with, metal or asbestos sheet roofs. Almost all houses are built incrementally, and homeowners are heavily dependent on local builders' merchants (*thalla*) for technical advice, purchasing materials and often for credit as well. These findings support the work done by the OPP-RTI housing programme in upgrading the *thallas'* products and technical capacities, providing training for para-architects and support through OPP-RTI resource centres.¹⁷³

The surveys also make it clear that low-income groups prefer informal deals in property matters, even when formal processes are available. This is because they do not trust market operators or government officials, and are uncomfortable dealing with them. It is also hard to obtain information about formal processes. Officialdom needs to develop a poor-friendly culture to overcome this, making market information easily available in accessible formats. The HBFC website is a step in the right direction in this respect.¹⁷⁴

¹⁷¹ Ibid.

¹⁷² Ibid.

¹⁷³ For details see OPP-RTI website: <http://www.oppinstitutions.org/Rsearch%20and%20training.htm>

¹⁷⁴ See HBFC website at <http://www.hbfc.com/>

People prefer one-unit houses rather than apartments, as this allows them to increase their homes incrementally and use them for economic activities.¹⁷⁵ They also prefer to live in affordable locations near their work place and relatives. Living near their work saves time and money on travel, and being near their relatives strengthens their social, physical and economic security. It is interesting to note that the majority of people with informal jobs work in or near their settlements, while those with formal office jobs travel considerable distances to work.¹⁷⁶ People also prefer to rent rather than live in settlements that have insecure tenure.

The surveys of relocated settlements show that displacement has various adverse effects on the communities concerned: their transport and utility costs increase, job opportunities diminish, and community support systems are destroyed. They also lose the social facilities that were available in the original settlement. Another major issue is the time lag between being evicted and building a home in the new settlement. This causes immense problems with their children's education, and is expensive because residents have to rent accommodation while building their new homes, and frequently have to move into unfinished houses. In addition to this, office staff in relocation project sites are often inefficient and corrupt, illegally subdividing and selling amenity plots. This could be resolved if residents affected by such projects set up organisations to negotiate the eviction and rehabilitation process.¹⁷⁷

Low-income groups need to be able to live near their workplace or the city centre, but have been forced to survive on the outskirts of the city since the Greater Karachi Plan and Greater Karachi Resettlement Plan of 1958 ordained that land and housing for low-income residents should be far from the key manufacturing areas and city centres where employment opportunities are found (see section II). The 2011 federal government task force report on urban development recommends that state land in or near the city centre should be used for low-income settlements,¹⁷⁸ with planned high-density settlements that can grow incrementally near residents' work places. Densities could be increased to more than double housing provision in the resettlement areas surveyed, while reducing development costs and the amount of land required.¹⁷⁹

Tenants are the most vulnerable group surveyed, as they are unable own formal or informal housing in affordable and appropriate locations. Housing census statistics show that the number of tenants in Karachi is increasing.¹⁸⁰ Many live in extremely cramped conditions, with five to seven family members crammed into one room. The survey shows that they cannot feed themselves and their families if they have to pay both rent and transport. With low incomes and no savings, they have no prospect of owning a house at any time in their lives. Any serious policy must address the problems of this most vulnerable of all groups.

Renting is a highly pertinent issue because the last decade has seen development literature urge governments to shift the focus from home ownership programmes to rental programmes (UN-Habitat, 2003; The World Bank, 2010), which are seen as a neglected area of housing. However, while rented housing does need attention and regulation, it

¹⁷⁵ Hasan, Sadiq and Ahmed (2010).

¹⁷⁶ This is also borne out by the survey results for section 5.3.

¹⁷⁷ Similar to the National Slum Dwellers' Association and support from SPARC for communities that are being relocated by the World Bank-funded improvements to Mumbai's suburban railway system.

¹⁷⁸ Planning Commission, Government of Pakistan (2011).

¹⁷⁹ Hasan, Sadiq and Ahmed (2010).

¹⁸⁰ Government of Pakistan census reports.

should not replace the drive for homeownership. The interviews conducted for sections V and VI show that people aspire to home ownership, and only rent because they feel so disempowered by the formal market.

The *pugri* system used to rent residential and commercial properties (discussed in section V) reflects the inaccessibility of land. Under this system, the landlord lets a 'tenant' use his property in return for a sum that is less than the market price (which the tenant cannot afford). The tenant pays rent each month and operates from the premises without any fear of eviction. The property remains in the name of the landlord, who pays taxes on it. None of this is reflected in a written agreement.

Almost all the informal businesses covered by the survey link into the skills available in the locality, and are run by people who live in or near the settlement. These businesses are important because the majority of jobs in Karachi are in the informal sector, but they require better utilities, informal credit and improved skills to expand and create more jobs. The surveys also showed the importance of hawkers, not only for low-income settlements, but also for middle- and high-income areas. Proper by-laws and zoning regulations need to be put in place to provide secure sites for hawkers in new public and private development projects. They should also include rules and procedures to safely accommodate hawkers in existing public spaces without disrupting the flow of traffic or pedestrians.

7. CONCLUSION - TOWARDS A MORE EQUITABLE LAND POLICY

The findings presented in this study establish the existence of laws and statutes that could support the development of equitable land policies in Karachi. However, they require simplified rules, regulations and procedures to ensure that they are applied in a more equitable manner, with proper monitoring to identify problems in their implementation and help develop more appropriate rules, regulations and procedures. The situation in Karachi is detrimental to its citizens, planning processes and land and housing market. These are also adversely affected by conflicts over governance and turf wars between different political parties and ethnic groups, which often involve criminal gangs.

Evictions in Karachi continue to cause considerable suffering. This could be reduced if the processes set out in certain portions of the law were followed, such as giving adequate notice, agreeing resettlements on suitable land, and addressing resident's grievances through the proper channels. Agreement on these rules and criteria is hampered by a lack of coordination between different agencies, from landowning entities and individuals to local government/cantonment board officials and politicians, and the communities themselves. Due to pressure from bureaucrats, politicians and landowners, the police often act on their own without notifying the community 30 days before demolition, as required by law.¹⁸¹

The notification process, whereby informal settlements and *katchi abadis* are formally accepted as legal settlements, is hampered by conflicts between the SKAA, the CDGK and landowning agencies. Resolving such disputes can take well over a decade as it is not a priority for the protagonists. This creates considerable insecurity for the communities that live in these settlements, which may be notified for regularisation and then have their notification withdrawn when it is discovered that the land titles are unclear. Even though they are the most important stakeholders in the system, most communities do not properly understand the processes for leasing and regularisation because little information is available or accessible to them. The ballot system for allotting plots is also problematic because the advance payments submitted by unsuccessful applicants stay tied up in the system, sometimes for well over a year, and retrieving them involves a number of time-consuming formalities.¹⁸²

The problems with both the eviction and the regularisation processes can be only overcome if they are recognised and analysed, and the necessary rules, regulations and procedures established to oversee their implementation. In order to resolve the issues raised by hawkers, the link between commuters, poor communities and hawkers needs to be accepted and their importance to the city's economy recognised, before the necessary zoning regulations can be developed to give them space. One of the real challenges in implementing a reform agenda is acknowledging these issues and the need to address them in order to improve poor communities' living and economic conditions and their physical and social environment.

Land for 'public good' is acquired under the Land Acquisition Act 1884. According to the law, all legal property owners should be compensated at the market rate for the demolition of their property, and for any additional damage that they may suffer as a result of their relocation. Those with proper leases and freehold documentation are considered for compensation, but are not always given proper redress by 'priority' projects, so find themselves forced to go through long and expensive court processes. Some communities that have lived in rural and urban areas for centuries without any legally documented ownership have to fight long battles to establish their ownership rights. The government has

¹⁸¹ For an example of this, see section 4.4.

¹⁸² See section 5 for details.

also started offering compensation and relocation plots to residents without ownership documents, who are technically encroaching upon the land. This ad hoc compensation is not given in accordance with any law. The Land Acquisition Act needs to be amended and properly implemented in order to address these issues.

The market also faces a number of constraints in functioning freely and effectively. The land allocation processes used by local governments and landowning agencies lack transparency, and the auctioning of public land by government agencies is also manipulated. Politicians and government officials flout the prescribed rules and regulations, using their discretionary powers to allot land to friends and family members or for political purposes. This undermines the confidence of more scrupulous developers and entrepreneurs, and opens the way for speculation.¹⁸³ Discretionary powers over land allocation need to be reviewed, as they are a major impediment to the smooth functioning of the land market.

Rental laws are strongly in favour of tenants. Because of this, there is no formal development of rental accommodation even though it is in great demand. It is being developed in low-income settlements, however, where tenants have little or no security.¹⁸⁴ The federal government task force on urban development has recommended changes in the rent laws to make this market more attractive to developers and individuals. Developing 'formalised' low-income rented accommodation could also improve informal rental conditions in low-income settlements.

The lack of information and established processes means that tenants have to be careful who they rent from, landlords mindful of who they rent to, and both parties wary of estate agents and property dealers. Karachi's reform agenda contains proposals to establish a network of property dealers who follow the rules and regulations. Such an association does exist, but it mainly consists of agents who work in elite and middle-class areas, and is too small and ineffective to have much impact. There are constant conflicts due to bad relationships between owners and tenants, forced evictions of tenants, and occupancies that end in violence and court cases.¹⁸⁵ Many people go to court, but legal processes are long and expensive, and lawyers involved in these cases have been threatened with violence and death. Those who get fed up with the court system and seek out-of-court solutions find that they are dictated by the party with the strongest connections and/or greatest muscle power.¹⁸⁶ There is a need for special courts that can dispense justice quickly and have the power and capacity to enforce their judgements.

The market also functions poorly in other respects. It does not address the housing needs of the poor (who are potentially its largest target group), and has difficulty in providing appropriate locations for commercial and industrial development. There are no incentives for poor and lower middle-income groups, who cannot afford market prices or obtain affordable credit to access the market. Developers are not comfortable working with low-income groups because the Pakistani elite and middle class are strongly biased against the poor. In addition to this, market operators pay bribes to obtain land, utilities and approval for construction (which add 18 to 25 per cent to the cost of their end product¹⁸⁷), and get away with fleecing the public. This nexus between developers and official planning and building agencies makes it hard for 'good' developers to function. The interviews in section V reveal that well-established developers have opted out of the business because they could not stomach the corrupt practices that dominate today's real estate and development business.

¹⁸³ For details see sections IV and V.

¹⁸⁴ For details see section 6.2.

¹⁸⁵ For details see section 5.2.

¹⁸⁶ Ibid.

¹⁸⁷ For details see sections 5.1 and 5.2.

Another constraint to the market is the inability of most low- and lower middle-income groups to obtain loans to purchase land and housing or improve their homes. There are three reasons for this. First, strict banking rules and regulations require applicants to be credit worthy, which means that they need a regular job or proper registered business. The vast majority of low- and lower middle-income groups do not have either of these. Second, banks do not lend money to buy land, which is what most low- and lower middle-income groups want to do. They lend to individuals who have leased properties, something that poorer people can rarely afford. Third, interest rates and repayment schedules are too expensive for families and individuals who earn less than PKR 15,000 (US\$ 167) a month.¹⁸⁸ NGOs and micro-credit organisations have demonstrated that poor and lower middle-income groups are credit worthy even though they have no assets to mortgage. The housing-related banking sector needs to be reformed to provide incentives for the market to cater to the needs of low- and lower middle-income groups.

In the meantime it is important to recognise that the formal residential market in Karachi does not work well for the majority of its inhabitants. Access to land and housing needs to be based on the kind of non-exploitative informal mechanisms traditionally used by the poor.

The other major issue facing the market is the unavailability of land for development in appropriate locations. This problem could be overcome, as the landowning agencies have hoarded large amounts of notified urban land for speculation or to create housing estates, facilities and commercial developments for their current and previous employees, often in violation of official land-use plans. In order to address this serious constraint to the market, an effective system for surveying and registering land needs to be considered, and a tax levied on unutilised land.

There are also broader planning issues that need to be addressed. Each of the numerous landholding agencies in Karachi has its own building by-laws, zoning regulations and allotment and development processes. With no mechanism to encourage them to work together, they protect their own interests rather than promoting the social and physical environment of the city as a whole. Thus, while the power of the military has led to better governance and processes to prevent land-related frauds and scams in cantonments, they are strongly anti-poor and have the de facto power to evict poor people (including hawkers) from their area, in violation of state laws. They are creating elite settlements on land near the city centre whose proximity to the city makes it ideal for low- or lower middle-income settlements,¹⁸⁹ and have exacerbated problems with flooding by encroaching upon the city's drainage outfalls. Meanwhile, political patronage has played a large hand in shaping the development of land controlled by the city government (including the illegal conversion of amenity plots into residential and commercial areas), with highly adverse effects on the built environment.¹⁹⁰

One way of tackling this serious problem with coordination and planning would be to establish the Karachi Division Planning Agency, as proposed by the Karachi Development Plan 2000 in 1989. This body should represent all the landowning agencies, establish consensus between them, and work in the larger interests of the city. Creating this kind of mechanism to coordinate multiple land actors within the law would minimise the room for discretion and political patronage, although care will need to be taken to ensure that the agency is not dominated by the most powerful group. This will require a strong and informed civil society that can exert pressure on the agency and monitor its proceedings and

¹⁸⁸ For details see section III.

¹⁸⁹ For details see section 4.5.

¹⁹⁰ This is discussed throughout the report.

decisions. In order to do so, civil society groups and academics will need access to official information, which they are currently denied. If this state of affairs continues, it will greatly hamper the transparent functioning of any such agency. Karachi is lucky in having a very active civil society and well-researched literature on its problems and their possible solutions. Both have the potential to counter the reluctance that state institutions have shown in promulgating information about procedures. However, civil society needs to use this research and information more effectively in order to help build more equitable relations between the different actors involved in the city's land and housing drama.

One of the major constraints to implementing these proposals is the ethnic conflict in Karachi, which has turned land into an instrument of power. The turf wars between ethnic groups exploit the discretionary powers of politicians and government officials, unclear land titles and the inability of the justice system to deal effectively with land- and property-related issues. They manipulate the market through pressure, coercion and the targeted killings of estate agents and property dealers. Moving forward on this agenda will require consensus on the need to resolve these ethnic conflicts, and a willingness among the leaders of ethnic groups to rise above the politics of 'constituencies' and 'votes' and behave as statesmen, acting in the larger interests of the city and the province. However, recent ethnic conflict in Karachi has sapped the political will for reform and change, leaving the city undecided about its governance system.¹⁹¹ At the moment, it is torn between a highly decentralised system proposed by the MQM and the bureaucratic system supported by the PPP, which has been provisionally imposed upon the province.¹⁹²

¹⁹¹ For details see section 2.4.

¹⁹² For details see section I.

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Land ownership, control and contestation in Karachi
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