INFRASTRUCTURE UPGRADING
IN PAKISTAN

Lessons from Experience and Directions for the Future

Kevin Tayler

GHK Research and Training

Infrastructure Upgrading
in Pakistan

Lessons from Experience and Directions
for the Future

Kevin Tayler

ҪHK
Research & Training

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF BOXES

ABBREVIATIONS/ACRONYMS

ADP	Annual Development Programme
ADB	Asian Development Bank
AERC	Applied Economics Research Centre (Karachi)
BCCI	Bank of Credit and Commerce International
CAP	Community Action Plan
CHAIP	Collaborative Katchi Abadi Improvement Programme
CIP	Community Infrastructure Project
FAUP	Faisalabad Area Upgrading Project
KESC	Karachi Electricity Supply Company
KWSB	Karachi Water and Sewerage Board
LGRDD	Local Government and Rural Development Department
NGO	Non-government organisation
NWFP	North West Frontier Province
OPP	Orangi Pilot Project
OPP-RTI	Orangi Pilot Project - Research and Training Institute
PHED	Public Health Engineering Department
PIU	Project Implementation Unit
PMU	Project Management Unit
QSSP	Quetta Water and Sewerage Project
SDC	Swiss Development Cooperation
SDP	Special Development Programme
SUDP	Second Urban Development Project
SKAA	Sindh Katchi Abadis Authority
WAPDA	Water and Power Development Authority
WASA	Water and Sanitation Agency
WEDC	Water and Engineering Development Centre
YCHR	Youth Commission for Human Rights

EXECUTIVE SUMMARY

Background

The rapid growth of cities in Pakistan creates a need for extended and improved infrastructure and services. This presents difficulties for government which are exacerbated by the fact that the majority of development occurs informally with minimal levels of infrastructure and services in the first instance The subsequent provision of services puts great strains on limited government resources. Piecemeal attempts to provide services by municipalities and the residents of informal areas help to alleviate the situation but are inadequate in scale and often poorly planned and executed There is a clear need to tackle the service deficiencies of low income informal areas through systematic programmes that are linked with wider attempts to strengthen municipal administrative systems and hence improve governance.

Actors in the upgrading process

Residents are the prime movers in the development of informal areas They normally manage the provision of their own housing, hiring specialist tradesmen and contractors as and when required They are also responsible for the provision of on-plot facilities and, in the absence of government action, may join together with their neighbours to provide local facilities and services, including lane sewers, solid waste collection services and, less commonly, branch water mains Such activities take place in an essentially ad-hoc way with a minimum of planning and often use materials and methods that are less than adequate Municipalities are also involved in the provision of local infrastructure but, like residents, tend to work through a large number of small-scale ad-hoc initiatives. Some NGOs, most notably the Karachi-based Orangi Pilot Project (OPP), work with community groups to facilitate better approaches to the planning and execution of local projects Some facilities are provided to low income areas by specialist agencies and departments but these tend to be restricted to higher order facilities and rarely take the initiatives of local residents and municipalities into account In Sindh and Punjab, funding for the upgrading of katchi abadis (informal

settlements on government land) is routed through special provincial level organisations.

The integrated approach to upgrading

International agencies and Federal Government have attempted to address service deficiencies in low income areas through integrated upgrading projects These invariably include a range of infrastructure facilities and, in some cases, components relating to community development, health, education and enterprise development While integrated projects have had local impacts, it has proved difficult to replicate them and absorb the lessons from them into mainstream government programmes. Particular problems have been experienced in relation to operation and maintenance One reason for this is that integrated projects have often been managed and financed through special project management units (PMUs) which hand over facilities to mainstream government departments for operation and maintenance once they are complete Where the latter are not fully involved in the implementation process, they often make no provision for the facilities and therefore have no budget available for their continued operation An additional problem arises when facilities provided through a specialist unit do not conform with the standards of the intended operating agency.

The inclusive option

A more fundamental problem with integrated projects is that they are structured in a way that tends to exclude many with the potential to contribute to upgrading efforts The essentially 'technical' approach to facilities planning and provision excludes those who are not seen as technically competent, even though their knowledge and skills may be more than adequate to deal with the provision of facilities and services at the local level. This exclusion of potentially useful resources is particularly important given the fact that limited resources constitute one of the main constraints on the expansion and improvement of the upgrading programme. This suggests the need for a shift in emphasis from **integrated projects** to **inclusive programmes** The aim should be to draw organisations into the upgrading

process in a way which validates and strengthens them

A danger with this approach is that it will tend to increase complexity, leading to difficulties in coordination This danger will be reduced if the roles of organisations can be clearly set out and agreed by the various stakeholders. In this respect, there is a need to bridge the divide between those working within and outside formal systems The former include government departments, consultants and registered contractors. The latter include community members, tradesmen and petty contractors and the organisations that support them. In general, community members and local authorities should be involved with the provision and management of local facilities while specialist departments and agencies take the lead in managing provision of higher order facilities The aim should be to develop a linked programme with activities at the national, provincial, municipal and local levels supported and managed separately This will only be possible if legislation and procedures which support the involvement of stakeholders from the informal sector are introduced. In framing legislation and developing procedures, t will be important to recognise the essential differences between formal and informal sector activities The former must, in theory at least, be planned in advance of implementation and conform to strict regulations designed to ensure accountability. The informal sector, on the other hand, is essentially self-regulating and open-ended and involves a minimum of formal planning Any attempt to regulate it in the same way as the formal sector will destroy its dynamism The challenge is to develop procedures that recognise this fact

Structuring the inclusive process

It will be important to develop an overall structure for managing this process This should involve links between equal partners rather than a rigid integrated hierarchy Upgrading policy guidance units, drawing in people from both the government and the non-government sectors, would provide an important link with senior policy makers Each upgrading policy unit would be linked to an upgrading support unit which would in effect be its executive arm Upgrading support units could be developed from existing government bodies, for instance provincial katchi abadi directorates and

project management units However, where this is done, it will be important to ensure that they include a non-government dimension and are not unduly hampered by restrictive regulations A similar structure could be developed to coordinate and support the activities of non-government organisations. In each province, an NGO coordination body could provide a lead while support to individual NGOs could be provided by an NGO support unit

Towards an inclusive approach

The implementation of an inclusive approach will only be possible if its basic premises are accepted by the various stakeholders, not least those who are responsible for developing policy. This can only be done through a process of dialogue involving senior government officials and representatives of organisations working in the non-government sector The first step in this process may be to hold workshops on the inclusive approach, first at national and later at provincial and city levels One outcome of the national workshop might be the formation of a task force to further explore and promote the inclusive approach In parallel with this, there is a need for a forum through which donors can coordinate their activities and share lessons from their experience Action should be informed by investigation of the several ongoing initiatives that throw light on aspects of the inclusive approach. These can be supplemented, where necessary, by pilot activities to investigate specific aspects of the approach, for instance, appropriate standards, the links between different stakeholders and the possibilities for streamlining operational systems and procedures Good practice should be promoted through a range of demonstration projects and activities. Beyond this, there is a need to institutionalise improved practices. An important aspect of this will be the development of appropriate institutional structures Where possible, these should build on existing practices, maximising strengths and minimising weaknesses.

One prerequisite for the implementation of the inclusive approach is the development of effective funding mechanisms. Funding for smaller-scale local initiatives might be provided through a new 'social infrastructure fund', accessible to community groups, NGOs, municipalities and other government

departments   Alongside this, a special financial facility could be set up to support larger scale infrastructure schemes intended to benefit low-income communities. It is likely that both funds should have a grant element

Sustainable change will only be possible if action is taken to build the capacity of the various organisations involved in upgrading These include government departments and there is a need to pay particular attention to the needs of small local government departments   Beyond this, the need to build capacity in non-government and community-

based organisations and private firms cannot be ignored   The latter include both contractors and consultants   In addition to developing the capacity   of   those organisations that   are already involved in upgrading, there is a need to encourage an increase in the number of organisations with the knowledge, skills and experience to become involved.   It may be necessary to change the way in which government procedures are framed and interpreted in order to encourage greater private and community-sector   involvement   in   the upgrading process.

CHAPTER 1 - SETTING THE SCENE

1.1 Urban growth and the problem of unserviced development

Urban areas in Pakistan are growing rapidly The 1995 urban population was estimated to be about 35 million and to be growing at a rate of about 4 6% or over 1 6 million per annum. At least 40% of this population increase is accommodated in unauthorised or informal settlements These rarely conform with government rules and regulations and are not normally supplied with infrastructure and social services at the time that they are first inhabited Approximate calculations indicate that unauthorised or informal settlements are growing at a rate of at least 80,000 housing units per year[1]

Informal development in Pakistan occurs on both publicly and privately owned land. Unauthorised settlements on publicly owned land, which are commonly referred to as katchi abadis, predominate in Sindh and also exist in all the other provinces. Government regularised most katchi abadis that contained more than 40 houses in 1985 Regularisation involves government recognition of a katchi abadi's right to exist and provides residents with de-facto security of tenure They can then obtain long-term leases on their land in return for payment to government based on the size of plot and the appropriate rate of payment for the size of plot

Unregulated subdivision of privately owned land is the most common form of informal development in Punjab and North West Frontier Province (NWFP) Land ownership is legally transferred to those who buy plots but buildings constructed on that land could often theoretically be demolished because they fail to meet building and planning regulations.

People living in katchi abadis and unregulated subdivisions are rarely the poorest of the poor A high proportion own their own plots, either legally or in the sense that they have paid something to a land dealer for the right to build on a piece of government land Owner-occupiers generally enjoy a high degree of security of tenure Most residents improve their houses incrementally over time as resources become available and, like those living in officially sanctioned developments, aspire to better living conditions and improved services. The latter include infrastructure, access, health and education facilities. In addition to the physical improvements which they bring, improved services should also help residents of informal settlements to feel that they are accepted as an integral part of society

The problem is that the provision of such services puts a great strain on the Government of Pakistan's administrative and financial resources. In fact services in most settlements continue to be more or less inadequate This report is concerned with the ways in which the challenge presented by this situation can be met

1.2 Upgrading - an appropriate response

The incremental improvement of the housing stock results in a physical upgrading of informal areas and this process of gradual upgrading or improvement generally includes local services Government in Pakistan has accepted the need to provide services to informal areas, at least those that are on private land and those katchi abadis that have been recognised However, limited financial, institutional and human resources, the lack of priority given to the needs of informal areas, the tendency to work in a more or less piecemeal way and difficulties with operation and maintenance have meant that the services to most informal areas remain, to a greater or lesser extent, inadequate In the most recently developed areas, there is an almost complete absence of officially provided services while in more established areas the main problem is the poor quality of the services that do exist

This report is concerned with the options for moving beyond such partial and fragmented approaches to services provision to an approach that is more pervasive and systematic It examines various attempts to develop systematic approaches to upgrading, many of which are embodied in clearly defined projects and programmes It is these initiatives that are commonly referred to as upgrading by government planners and international agencies However, the report does not discount more piecemeal efforts to improve services and is concerned with ways in which they can be brought into a more systematic whole. With this in mind, it

examines a range of efforts by individuals, community groups, NGOs, government bodies and international agencies in order to suggest ways in which they can be consolidated into a systematic approach to the upgrading of facilities and services. The report aims to combine theory and practice in a way that enhances both. It is concerned with all aspects of upgrading, from overall policies through programme development and project implementation to the ongoing management of facilities and services

1.3 Scope of upgrading projects

The core concern of most upgrading projects is the provision of infrastructure including water supply, sanitation and drainage, electricity supply, street paving and lighting and solid waste management. A wider definition could also include the provision of social facilities such as schools, health facilities and parks It might also include support to people's efforts to improve their houses, regularise their tenure and obtain improved access to income earning opportunities The report focuses mainly on infrastructure upgrading but other aspects of upgrading are addressed where appropriate.

1.4 Upgrading in context

Upgrading is concerned with the improvement of conditions in low income urban areas and should be seen as a component of an overall development strategy which aims to improve governance and reduce poverty in both rural and urban areas Efforts to stimulate rural development can reduce the rate of in-migration to urban areas but the available figures show that 67-75% of Pakistan's urban growth rate is due to natural population increase There is thus likely to be continued urban growth, regardless of the actions taken in rural areas Failure to invest in urban areas will result in deteriorating living conditions for their inhabitants, particularly the poor At the same time, the persistence of poorly serviced low income areas may have adverse social, economic and environmental consequences for cities as a whole

There is a common perception that informal areas are slums which provide a living environment that is physically and socially unacceptable In fact, much of the housing provided in Pakistan's informal areas is of a reasonable quality The layouts of most

informal subdivisions are regular, suggesting that a degree of planning has taken place and most informal sector residents are respectable citizens who are integrated into city-wide economic and social systems. The investment that people make in the informal sector cannot be ignored and the basic issue should not be whether housing is formal or informal but whether it has the potential to provide decent living conditions. In Pakistan, the answer to this question is usually yes

In recent years, the emphasis of international development organizations has been on the strengthening of municipal administrative systems and upgrading has sometimes been seen as an outmoded concept. This is a simplistic view Municipal systems exist to provide services to people, including those who live in informal unserviced settlements The latter are likely to be a feature of urban development in Pakistan for the foreseeable future The upgrading of local services should therefore be seen as one part of a wider strategy to improve municipal management systems **Progress will only be made if local services upgrading, the strengthening of higher order services and strengthening of municipal administrative systems are tackled in a coordinated way**

Upgrading efforts have rarely been scaled up from individual projects to effective programmes and there is clearly a need to move forward and explore ways in which this situation can be remedied. One of the main concerns of this report is with the need to expand and consolidate upgrading activity

1.5 Report aim and audience

This report is intended primarily for those who are likely to be involved in the planning and conceptual design of initiatives to improve utilities and services in informal settlements Its aim is to provide information on various aspects of upgrading practice in the light of experience in Pakistan. This is achieved by evaluating the various approaches to upgrading used in Pakistan in recent years in order to identify their strengths and weaknesses and the lessons that can be learnt from them. Initiatives involving government departments, international agencies, private sector operators, NGOs and community members themselves are examined. The main emphasis is on shared infrastructure but some attention is given to the provision of on-plot facilities The evaluation covers, inter-alia.

- project planning,
- service levels and standards,
- affordability and cost recovery,
- community participation,
- project management,
- implementation; and
- operation and maintenance

Particular attention is paid to the different ways in which upgrading work can be organized and supported

The potential audience includes Pakistani government officials, representatives of NGOs representatives of development banks, UN organisations and bilateral aid organisations

with an interest in urban problems, and the consultants that work for those organisations

The report is primarily concerned with concepts and approaches although the intention is that the treatment of these should be firmly based upon practical experience. Those who are interested in different aspects of the 'how to' of upgrading are referred to "Urban Upgrading Options and Procedures for Pakistan" which is available from WEDC at Loughborough University in the UK and the "Manual for Rehabilitation Programmes for Informal Settlements based on Orangi Pilot Project Model" which is available from OPP-RTI in Karachi. More general information is provided in the "Urban Projects Manual" published by Liverpool University Press in the UK.

CHAPTER 2 - THE EXISTING SITUATION

2.1 Introduction

This chapter is concerned with the present status of infrastructure facilities and services in Pakistan with particular reference to the problems faced by informal areas. Section 2.2 provides a brief overview of the current situation with regard to the provision of facilities relating to public health, access and circulation and utility services Section 2 3 reviews institutional responsibilities for the provision and maintenance of these services Section 2.4 examines 'official' approaches to upgrading - those in which government or its agents take the role of provider. Section 2 5, on the other hand, is concerned with the efforts of residents to improve services together with the support provided for such efforts by a range of non-government organisations. Finally, section 2 6 examines attempts to link government and community initiatives

2.2 Services in informal areas

Services in informal areas are normally provided incrementally through a mixture of private, community and public sector effort Present responsibilities can be summarised as follows

- on-plot facilities - householders,
- local/neighbourhood facilities - community groups, local government and specialist agencies,
- district/city-level facilities - government bodies (often specialist agencies)

The widest variation in responsibility for provision occurs at the local (lane) level with some facilities provided by specialist agencies, some by municipalities and some by the residents themselves, with or without external assistance

A major problem is the inability of the various actors involved in service provision to coordinate their actions The need to improve coordination is a major theme of this report Another theme is the need to go beyond the provision of utilities to consider the arrangements for their subsequent operation and maintenance. This is a subject that is very much neglected at present.

It is possible to group infrastructure facilities and services into three broad categories, those relating to public health (water supply, sewerage, drainage and solid waste management), access (street paving, improved circulation and street lighting) and

utilities (electricity, gas and telephones). There are some important links between these categories. For instance, street paving may form part of the drainage scheme and may provide significant secondary benefits in relation to sewerage (reduced erosion of surface material leading to reduced rates of siltation) and solid waste collection (improved access for collection vehicles) The current situation in relation to specific services is outlined in Box 2.1

2.3 Institutional responsibilities

Pakistan is a federal republic with the Federal Government seated in Islamabad and provincial governments in the four provinces. Government is involved in upgrading at all levels from Federal Government down to individual municipal and town committees. The roles of the various levels of government as they affect urban development in general and upgrading in particular are briefly outlined below.

Federal Government provides much of the funding for the programmes of the four provincial governments and, through the **Ministry of Environment and Urban Affairs**, determines the policy climate within which urban infrastructure issues are addressed Electricity is the responsibility of a national body, the **Water and Power Development Authority** (WAPDA) while all gas services are provided by two government-owned companies. The south of the country, including Karachi, is served by **the Sui Southern Gas Company and Sui Northern Gas Pipelines Limited** supplies Punjab and NWFP.

Under Pakistan's constitution, provincial government has responsibility for housing and housing-related policy, including the provision of infrastructure It discharges its responsibilities through a range of provincial and sub-provincial departments. **Local government and rural development departments** (LGRDD - titles vary slightly between provinces) have overall responsibility for the working of local councils in their provinces The **provincial departments of katchi abadis** also come under their overall control. The latter were set up to manage the development of services in katchi abadis following the regularisation procedures referred to in Chapter 1. **Development authorities** are responsible for overall planning tasks and

Box 2.1 - Present situation with regard to various utilities

Public health-related facilities

The percentage of urban dwellers in Pakistan with piped water on plot increased from 58% in 1980 to 68% in 1990. Figures for the country as a whole, including both urban and rural areas, show a continued gradual improvement in the percentage of people with water connections. However, even these figures show that, because of population increase, the total number of people without an adequate water supply is increasing[2]. Even where a distribution system is present, the limited period of supply and low pressure combine to increase the likelihood of cross-contamination from nearby sewers and to endanger water quality.

In many informal areas, pour-flush systems are rapidly replacing crude 'dry' toilets The situation with regard to sewerage and drainage is more problematic. Most informal areas are not sewered and those sewers that do exist are often in poor condition, badly silted and in need of frequent maintenance. Virtually none of these sewers discharge to proper treatment facilities Where official sewers are not available, most householders discharge sewage to open drains, either directly or through septic tanks. It is not uncommon for community members to join together to build local sewers which discharge to the nearest sewer or open collector drain. These are often of poor quality Where disposal is to leachpits, increased levels of water supply sometimes result in overloading of the leaching capacity of the sub-soil and consequent drainage problems.

Stormwater drainage facilities in cities in Pakistan are generally poor. The situation in informal areas is made worse by the lack of overall settlement planning, poor maintenance and encroachment on drainage channels resulting from weak controls on development. Many informal settlements are located in poorly drained low-lying land and can be subject to flooding during and after heavy rain. Poor drainage means that ponds of stagnant water remain for months, providing breeding grounds for mosquitoes.

Formal solid waste management services in Pakistan deal with less than 50% of the solid waste produced. The situation is worst in low income areas and uncollected solid waste is evident in most informal settlements. Waste material is burned, dumped in open space, used for uncontrolled landfill or thrown into nearby water courses. Some is taken by scavengers or eaten by animals. Uncollected waste quickly becomes a nuisance and presents a risk to public health. It is fairly common for householders to pay sweepers small amounts (Rs 15-25 per month) to remove solid waste from their houses, even in relatively low-income informal areas.

Access and circulation

The streets providing access to informal areas are usually narrow and poorly maintained. This restricts circulation and the scope for improvement is limited without massive demolition and road widening which is normally politically and socially unacceptable

No data are available on the overall percentage of streets and lanes that are paved. Observations suggest that there are wide variations both between and within cities and that poor standards of construction and inadequate maintenance often result in significantly reduced pavement life Lack of paving restricts access, adversely affecting the operation of services such as solid waste collection, and tends to increase the duration and impact of flooding.

The coverage of street lighting varies but is generally higher in well established inner city areas. Even where lighting is provided, the majority of lamps often do not function.

Utilities

Electricity is usually the first utility to be provided to informal areas and observation suggests that few houses in most informal areas are now without electricity Most electricity networks in informal areas have grown incrementally and they are often overloaded and offer considerable scope for rationalisation and improvement. The availability of gas in informal areas varies considerably but surveys reveal that connection to the gas distribution network is a high priority for most residents

some infrastructure provision in many large cities They fall under **provincial housing and physical planning departments** in NWFP through the intermediary of the **Provincial Urban Development Board** Some of these are involved in upgrading works funded by Federal Government and international agencies **Water and sanitation agencies** (WASAs) have been set up in the larger cities. These semi-autonomous bodies are normally agencies of the city development authority[3]. The various **provincial public health engineering departments** (PHED) are responsible for the development of water supply and sewerage schemes in all but the largest municipalities. Many of these schemes serve informal areas **Provincial departments of health and education** are responsible for some but not all health and education-related services in urban areas, others being provided directly by municipalities

In the past, much of the funding from Federal Government and external agencies for the upgrading of informal settlements has been channelled through development authorities Most of this funding has been disbursed through integrated projects managed by special project management units created within either the relevant development authority or an appropriate provincial government department

Katchi abadi departments were set up in Punjab and Sindh in the mid 1980s to manage the process of katchi abadi regularisation and to channel funds to upgrading schemes in informal areas. In the 1990s, the Punjab Directorate of Katchi Abadis has become almost moribund, perhaps because there are few katchi abadis left to upgrade on Provincial Government land. The Sind Katchi Abadis Authority continues to do work that is both innovative and useful although on a limited scale.

The servicing of low income informal areas is not generally a priority for specialist departments The public health engineering departments are usually more concerned with the needs of rural areas while specialist water and sanitation agencies tend to concentrate on the higher income areas where they can expect to obtain higher levels of cost recovery Nevertheless, both do provide some services to informal areas with the emphasis being on secondary rather than tertiary level facilities Local government

organisations play a significant role in the provision of facilities and services. Municipalities vary in size and complexity from town committees serving populations of less than 30,000 through municipal committees and municipal corporations to the metropolitan corporations in Karachi and Lahore serving populations of around 10 million and 5 million respectively. Municipalities are responsible for the provision of basic services such as water supply, street paving, sanitation, drainage and solid waste collection and disposal unless responsibility for these services has been vested in another organisation. This happens for instance with the water and sanitation services that are provided by WASAs in some of the larger cities. In smaller municipalities it is common for water supply and drainage facilities to be provided by the provincial PHED and then handed over to the municipality to operate and maintain

Table 2.1 summarises the responsibilities of different organisations and agencies in respect of upgrading while Figure 2 1 provides information on the linkages between these organisations and agencies.

At a national level, local government contributes about 5% of total government revenue and is responsible for about 4% of total development expenditure These low overall figures tend to obscure the fact that local government's share of shelter related expenditure, including infrastructure, is relatively high[4].

2.4 'Official' approaches to upgrading

Approaches to upgrading which are rooted in the formal sector range from integrated upgrading projects supported by external development banks and agencies to small-scale initiatives, mostly undertaken by municipalities Between these extremes lie multi-sectoral upgrading projects supported by federal or provincial government and single sector initiatives undertaken by specialist departments and agencies.

Internationally funded 'integrated' projects

Internationally funded projects initiated in the 1980s grew out of a concern to meet basic needs and focused fairly narrowly on infrastructure infrastructure provision They took an 'engineered' approach to development, driven by the desire to maximise the use of scarce resources The

TABLE 2.1 - RESPONSIBILITIES FOR AND INVOLVEMENT IN SERVICE PROVISION

	Provincial Government	Specialist Agencies	Development Authorities	Municipalities	Others
Water Supply	Design and implementation through PHED in smaller towns and cities	WASAs in larger cities (All aspects of provision)	Design for new housing schemes Some integrated upgrading projects	Some installation of local systems. Operation of systems where there is no WASA	Householders responsible for provision within house and some local shared facilities
Sewerage and Drainage	As for water supply (Relatively few schemes)	WASAs in larger cities All aspects of provision apart from open tertiary drains	As for water supply	As for water supply	As for water supply
Street Paving	Some main roads but these do not affect upgrading work	Special agencies responsible for some main through roads in large cities	As for water supply	Local schemes often funded through councillors	
Solid Waste Management			Some provision of facilities through integrated schemes	Responsible for all aspects of management	Some formal and informal private sector involvement
Street Lighting			As for water supply	Provision and operation of street lighting	
Gas Supply					Specialist gas companies deal with all aspects of provision
Electricity Supply					WAPDA deals with all aspects of provision (KESC in Karachi)
Health	Provide specialist services such as vaccination			Provide and run clinics and Dispensaries	Private provision
Education	Provide and run schools			Provide and run schools	Private provision

Note the role of provincial katchi abadi departments and authorities in channelling funding for katchi abadi upgrading from Federal Government to municipalities and development authorities Katchi abadi upgrading normally includes the provision of water supply, sewerage or drainage and street paving In Sindh the SKAA has taken a more proactive role in katchi abadi upgrading

underlying assumption was that this could be done by adopting an **integrated approach** to the design of a range of utilities and services, generally including water supply, sewerage, stormwater drainage, street paving, street lighting and solid waste collection

In the 1990s, there has been an increased emphasis on the need to reduce poverty At the same time, some projects have attempted to go beyond infrastructure upgrading to deal with health, education, income generation and the provision of credit There has been an increased emphasis on the need to respond to demand and to involve

potential users of services as active partners rather than passive beneficiaries This has led in turn to recognition of the need to develop the abilities of community members to participate in projects through community development activities. There has sometimes been a tendency for this increased emphasis on participation to replace rather than supplement the concern with overall project efficiency found in more 'engineered' approaches

Brief details of three typical projects reflecting the range of approaches outlined above are given in Box 2 2
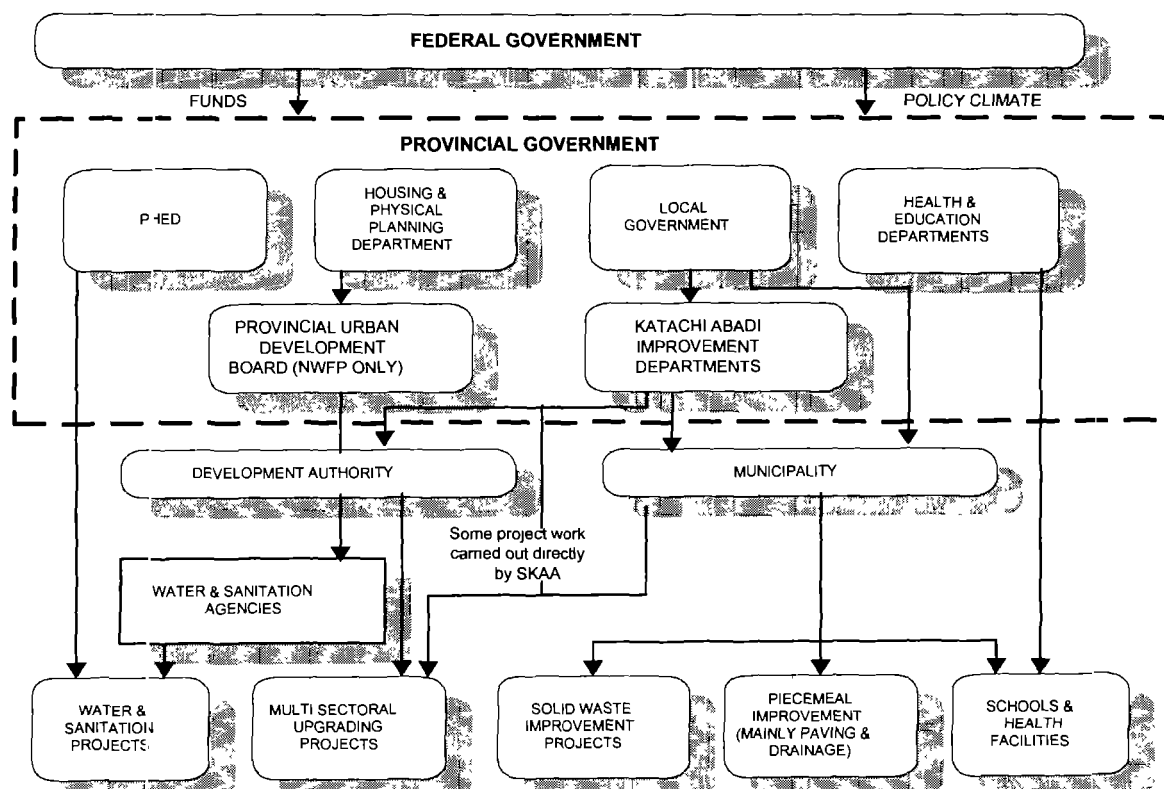
FIGURE 2.1 GOVERNMENT STRUCTURE AND LINKAGES

Katchi abadis upgrading programme

Improvements in recognised katchi abadis began in the late 1970s and early 1980s Schemes were carried out by municipalities and in some cases by development authorities and the intention was that the cost of services, together with some payment for land would be recovered through charges levied on occupiers for the regularisation of their tenure. The Punjab Katchi Abadi Directorate and the Sindh Katchi Abadi Authority (SKAA) were created in the mid 1980s and became responsible for overall management and funding of the upgrading programmes in their respective provinces Most of the responsibility for execution remained with municipalities and development authorities. The larger and better planned of the internally funded katchi abadi upgrading projects carried out by government in the 1980s were similar in some ways to their externally funded counterparts but were typically divided into smaller contract packages[5]. Schemes in smaller towns and cities were usually planned and implemented by municipalities and appear to have had many of the characteristics of municipality schemes which will be described shortly.

Schemes prepared by development authorities in the larger cities appear to have been rather better planned but problems sometimes arose when they were handed over to the municipality for operation and maintenance

Municipality initiatives

Municipalities implement a large number of small schemes each year Most involve paving and drainage improvements. The impact of such schemes is limited by·

• the lack of overall planning; and
• the poor standard of some of the work

The failure to plan is exacerbated by the practice of routing funds through elected representatives who tend to spread funds over many small schemes. The end result is that municipality schemes tend to be piecemeal in nature and often fail to realise their full potential benefits because they are not integrated with complementary activities In this respect, municipality activities have much in common with those of the informal sector

Line agency schemes

Some conventional water supply and sewerage schemes implemented by line

Box 2.2 Three typical integrated upgrading projects

The **North-east Lahore Upgrading Project**, which was implemented between 1988 and 1995, was in many ways typical of the schemes initiated in the 1980s. Financed partly by the World Bank, it was designed to provide a comprehensive scheme to upgrade services in an area containing about 270 hectares of developed land. The design was very much supply driven, starting from an analysis of overall requirements and proceeding to professionally developed proposals for action to meet these requirements. Implementation took place through a series of conventional contracts, typically covering 20-30 hectares and costing the equivalent of $500,000 to $1 million Other conventional integrated projects have been similar in scale although some have covered a number of separate settlements rather than one large settlement as in North-east Lahore. The focus of the North-east Lahore project was on the provision of basic infrastructure with some funding provided for new community centres.

The largest of the more recent projects is the **Community Infrastructure Project (CIP)** in NWFP which commenced effectively in 1996. This is intended to cover about 3500 hectares in a total of about 55 distinct locations. Although it remains to be seen if this target can be achieved, progress on engineering components at least is promising at present. The project involves communities in the identification of needs and the prioritising of those needs through an action planning process. Physical upgrading schemes are supported by community development training activities. Community members contribute 20% of capital costs and are involved in tertiary works programmes through community contracting procedures. It is intended that they should take over responsibility for operation and maintenance of completed facilities The Provincial Government, through the Local Government, Elections and Rural Development Department, takes the lead in developing the demand driven approach and providing any necessary primary infrastructure. It also defines standards, provides training opportunities and develops a range of costed options from which communities can choose in order to meet their perceived needs.

The **Faisalabad Area Upgrading Project (FAUP)** is modest in comparison. Its first phase, started in 1994 and ongoing (mid 1998), is intended to serve a population of about 60,000 in four areas within Faisalabad. In pursuit of its underlying aim of poverty alleviation, it emphasises social development and includes health, education and enterprise development activities as well as infrastructure. Community members contribute 50% of the cost of tertiary level infrastructure facilities and have a major role in identifying needs and managing project implementation. The standards used have often been based on the best non-government practice rather than official government standards. An interesting point about the FAUP is the extent to which the planning and procurement procedures approximate to those used by municipalities. It is much less 'engineered' than the other two projects with the emphasis being on the processes through which the project interacts with local communities rather than the development of the most 'efficient' overall scheme for planning, design and implementation. There has been a strong emphasis on training, particularly that relating to the social aspects of the project.

agencies impact upon informal areas, although these agencies carry out relatively little work intended to benefit such areas directly The standards adopted in line agency schemes are rarely adapted to the situation in low income areas and this can result in facilities that are unnecessarily expensive and poorly adapted to the environment in informal areas The issue of standards is discussed further in Chapter 3. There have been a few examples of schemes located in line agencies and specifically aimed at the needs of low income areas, for instance the sanitation component of the Quetta Water and Sewerage Project (QSSP), but these have had very limited impact.

2.5 Community/Self-Help initiatives

Residents are the prime movers in the development of informal settlements in Pakistan Their role in providing housing has long been recognised but they also play an important part in service provision. Individual householders are responsible for the provision of the on-plot facilities, for instance individual tubewell water supplies, sanitation facilities and on-plot drainage, which are clearly private goods Where these on-plot facilities are connected to public systems, the boundary between public and private provision normally occurs at or near the plot boundary.

In many areas, groups of householders join together to provide shared services. Such cooperative efforts between groups of householders can be found throughout Pakistan. Although most are on a small scale and many suffer from technical deficiencies, they demonstrate people's willingness to cooperate in tackling common problems. Most are concerned with the provision of local sewers although there are also examples of community involvement in solid waste collection and, more rarely, the laying of water mains and paving of lanes

Support is needed to encourage and guide self-help efforts if they are to make a significant impact on conditions in informal areas The **Orangi Pilot Project** (OPP) in Karachi is the best known example of the provision of such encouragement and support. It has had a significant effect, both as a catalyst and through direct motivation and technical assistance on the process of sewer provision in Orangi, Karachi's largest katchi abadi. Improved sanitation and drainage emerged as the priority for people in Orangi when OPP started to work in the area. The focus on sewers arose because sewerage proved to be their preferred option for achieving the desired improvements. An important aspect of OPP's approach is its identification of four barriers to the achievement of improved facilities and its recognition of the need to overcome them These barriers are

- the **psychological barrier** - the belief that the provision of infrastructure and services is always the job of the state,
- the **social barrier** - the absence of the organisational structures necessary for people to come together to tackle shared problems,
- the **economic barrier** - caused by the unaffordable expense of conventional engineering solutions, and
- the **technical barrier** - the lack of technical know-how within the community.

OPP's success in overcoming these barriers can be gauged from the fact that over 85,000 households[5] in Orangi have provided themselves with a lane sewer and house sewer connection to date[7]. About one third of these receive direct technical support from OPP In recent years, OPP has extended its operations Through its research and training

institute OPP-RTI, it now provides advice and guidance to local NGOs working with community groups in around 30 locations in various parts of Pakistan. Its example has influenced other organisations, both directly and indirectly, and there is an increasing number of initiatives to encourage, facilitate and support local service provision by community groups. While impressive overall, the work of OPP and other NGOs could be improved technically in some respects There is some evidence that NGOs lack the technical knowledge and resources to deal with secondary infrastructure facilities.

2.6 Attempts to link official and community initiatives

Attempts to link official and community initiatives have been made from both sides of the formal - informal sector divide. The FAUP and CIP are examples of projects from the 'official' side which attempt to draw informal sector actors into the formal process. OPP has attempted, with mixed success, to work from the community side, stressing that its aim is to involve the government in the people's process An important aspect of its approach to roles and responsibilities is its recognition of a distinction between what it terms 'internal' and 'external' facilities[3] The former include facilities at the household and tertiary or lane levels and most of what would normally be defined as secondary facilities while the latter include trunk and disposal facilities OPP's view is that internal facilities should be the full responsibility of users with government or its agents dealing with external facilities This relatively simple division of responsibilities provides a conceptual framework for efforts to develop joint approaches to services upgrading.

OPP's success in Orangi has given it some influence on international agencies and projects such as the **Sukkur Urban Basic Services Project (Sukkur UBS)** and the **Collaborative Katchi Abadi Improvement Programme (CKAIP)** in Hyderabad provide examples of its working both from the grass-roots level and through its links with the international agencies involved at the policy and planning levels However, sustained links with government agencies which are not dependent on relationships with individuals have yet to be achieved.

CONDITIONS IN INFORMAL SETTLEMENTS BEFORE UPGRADING

PESHAWAR

Poor drainage and lack of surfacing

(photo - author)

NORTHERN LAHORE

Lack of overall planning

(photo - author)

TYPICAL PROBLEMS

PESHAWAR

Solid waste dumped in low-lying area

(photo - author)

KARACHI

Poor design and lack of maintenance sometimes lead
people to adopt ad-hoc solutions to problems

(photo - author)

USING LOCAL RESOURCES

A Local 'Mistry' (Mason) Laying an FAUP Sewer in Faisalabad
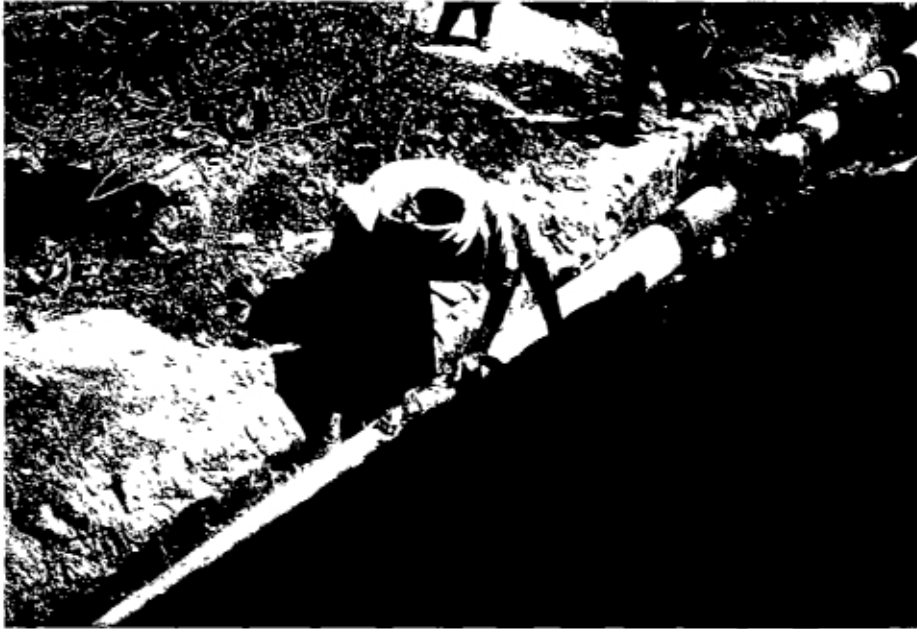
LAYING THE SEWER

Note locally manufactured concrete pipe
Shallow sewer in non-vehicular lane

(photo - FAUP)

CHAMBER AND HOUSE CONNECTIONS

Chamber cast using standard OPP shuttering

(photo - FAUP)

USE OF LOCAL TECHNIQUES AND MATERIALS

DRAIN UNDER CONSTRUCTION IN PESHAWAR

(photo - Jelle van Gijn)

'TRADITIONAL' BRICK PAVING, NORTH-EAST LAHORE

(photo - author)

LANES IN NOOR PURA, FAISALABAD BEFORE AND AFTER
PROVISION OF SEWER

House connections and earth filling still to be completed

(photo - FAUP)

THE IMPACT OF UPGRADING (2)

A LANE IN NORTH-EAST LAHORE NEARS COMPLETION

Some work remains to complete covered drain on the right

(photo - author)

AN UPGRADED LANE IN PESHAWAR

(photo - Jelle van Gijn)

CHAPTER 3 - CRITICAL ISSUES

3.1 Introduction

The impact of the various approaches to upgrading outlined in chapter 2 has been less than anticipated This chapter examines some critical issues relating to this lack of success. Section 3 2 looks at the policy context within which upgrading projects operate, paying particular attention to the relationships between upgrading, municipal strengthening and good governance Financial issues are considered in Section 3 3 with particular attention paid to options for cost recovery Section 3.4 is concerned with technical issues, covering service levels and standards and leading into discussion of the technical resources necessary to implement upgrading works. Section 3 5 examines issues relating to organisation and management with particular reference to the need to ensure good operation and maintenance of facilities Finally, Section 3 6 deals with the important issue of the community's role in upgrading

3.2 The policy surround

The political context

Upgrading can only be successful if the political will to provide services to informal development exists Pakistan has shown itself more ready than many countries to view informal development in a positive way Efforts to formalise and upgrade katchi abadis have existed since at least the 1970s and politicians and government officials have accepted that infrastructure and services should be extended into unregulated subdivisions However, current legislation is such that no katchi abadis developed after 1985 can be considered for regularisation It is probably true that many decision-makers view upgrading as a necessary evil rather than as a positive contributor to the provision of shelter. This perhaps helps to explain why the level of effort given to services upgrading in informal areas is insufficient to meet the demand for services

A particular issue is that of political and official attitudes to the participation of community groups and NGOs in upgrading projects In recent years, most externally funded projects have had some degree of commitment to a participatory ethos, and government theoretically accepts the proposition that local communities should take a major role in the management of facilities that serve them directly In general, much remains to be done to ensure that this theoretical acceptance of participatory approaches is reflected in action in the field[9]

The importance of `champions' and the need to move beyond them

As a general rule, the most successful projects have been those which have been directed or supported by committed and dynamic individuals Thus, for instance, an important reason for the comparative success of the North-east Lahore work was the ability and willingness of the project management to get things done Part of OPP's success can be traced to its charismatic leadership and its ability to convince key figures in government and the international agencies of the validity of its approach The transformation of the SKAA from a fairly moribund organisation to an effective and innovative force was very much due to the vision of its Director General When he was temporarily removed, the performance of the organisation immediately suffered

While the support of convinced individuals is essential in the short term, it is not in itself a basis for sustainable activity If upgrading is to be institutionalised, there is a need to move from over-dependence on individual 'champions' to a more general acceptance of key upgrading concepts In some cases, the very success of champions and the high profile that they enjoy mitigates against the possibility of other politicians and government officials accepting their approach.

Upgrading, municipal strengthening and good governance

Many of the first generation of integrated projects were implemented through special project management units The decision to work through these special units is understandable, given the fact that the alternatives were weak municipal departments which lacked skilled staff and were often subject to the whims of politicians However, it can be seen in retrospect that

working through project management units often solved immediate problems at the expense of longer-term sustainability so that project results were still less than adequate over time

The alternative is to involve existing departments in upgrading projects in an effort to develop their capacities Rather than trying to integrate all activities within a single unit, the aim should be to coordinate the activities of the various stakeholders This approach is also not without its problems Many of the potential participants have very limited financial and technical resources and have limited interest in participating Possible ways of dealing with this problem are considered later in this report

Upgrading and poverty reduction

Upgrading can improve the physical conditions in low income areas, leading to improvements in health, increased economic activity and, last but not least, increased status for informal areas and their inhabitants. These in turn improve the poor environmental conditions, poor health and social isolation that help to cause poverty. Living conditions in Pakistan's informal areas are often worse than might be expected from data on the incomes of residents. This, together with the fact that many residents of informal areas are prepared to invest their own funds in improved services suggests that there is an unmet demand for basic urban services The conclusion must be that physical upgrading has a role in poverty reduction

There is, however, a legitimate concern that upgrading may exclude the poor or place undue financial burdens on them For instance, when street levels are raised and sewers are installed, those with the lowest existing house plinth levels, who are often among the poorest, have to pay the most to benefit from the improvements. Another danger is that upgrading will result in rent increases that will force the poorest out of their accommodation There is a need to explore ways in which these dangers to the poorest can be avoided without adversely affecting upgrading activity that brings benefits to many of the slightly less poor

3.3 Financial issues

Upgrading schemes cannot be viable in the long-term if they do not have a sound financial basis Capital and recurrent costs

must be met by the provider, the user or some combination of the two If user charges are non-existent, all costs fall on the provider. If tariffs are designed to cover the full cost of facilities, the main issue becomes the affordability of facilities to users At present, the cost recovery on the provision and operation of urban services in Pakistan is limited and many projects are funded through grants from the Federal Government Operational costs are partly covered through user charges but, in the case of water supply and sewerage at least, these rarely cover recurrent expenditure, let alone the costs involved in replacing and extending facilities[10]. Residents of informal areas are rarely charged for the capital costs incurred in providing services to informal areas The first question then is whether the costs of an expanded and improved upgrading programme is affordable to government

Approximate analysis of development expenditure of urban councils in Punjab province suggests that the budgets available in the late 1980s should have gone a long way towards meeting the capital costs of infrastructure provision in informal areas On the other hand, recent analysis of expenditure by typical municipal authorities in Sindh shows that capital expenditure levels are generally low, particularly for the smaller municipalities (Zaidi 1998) Whatever the theoretical position, the inability of local and provincial governments to provide adequate services to many informal areas suggests that a comprehensive country-wide programme of upgrading is unlikely to be feasible without increased cost recovery Even more telling than the failure to provide new facilities on the scale required is the failure to adequately operate and maintain those facilities that already exist. The overall conclusion must be that there is a need to:

• improve levels of cost recovery, and

• improve management systems so that available funds are used more effectively

This will allow scarce grant funds to be used more effectively to achieve key objectives

The options for improved cost recovery are briefly considered below while issues relating to the management of upgrading initiatives are considered later in this chapter

Direct payment by users It is normal for householders to pay the cost of facilities within the boundaries of their property There

are also numerous examples of groups of residents joining together to pay the cost of shared local facilities Projects such as the FAUP and CIP attempt to share capital costs between the government authorities and users Direct payment for local facilities does not provide full cost recovery since arrangements still have to be made for recovering the capital and recurrent costs of off-site or 'external' facilities Nevertheless, it is an attractive option in that there is a direct link between payments made and benefits received. The questions to be addressed with regard to direct payment include·

• can efficient arrangements for the administration of shared contributions be guaranteed? and

• can generally agreed arrangements be put into place to reduce connection charges and user tariffs to reflect the fact that users have financed part or all of the cost of local facilities and may be willing to maintain them?

User charges for specific services There are two problems with user charges for services such as water supply and sewerage

• tariffs are generally too low to cover recurrent costs, let alone to provide for the replacement and expansion of facilities, and

• many users either make illegal connections or cease to pay utility bills

Reluctance to pay bills often stems from user dissatisfaction with the service provided and it is easy for services to be caught in a downward spiral Poor service results in poor cost recovery and this leads to financial problems which in turn lead to a further decrease in the quality of service The key question is how increased tariffs and efforts to increase the number of users paying for services can be coordinated with action to improve services so that a virtuous circle of improved cost-recovery and improved services is created

Payment for tenure regularisation is possible in those katchi abadis which have been recognised by government but where residents do not enjoy *de jure* security of tenure The normal procedure is for residents to make a payment to government in return for the granting of a fixed term (normally 99 year) lease Analysis of katchi abadi schemes carried out in Karachi and Lahore in the late 1980s suggests that overall cost recovery rates from plot regularisation seldom exceeded 25% of the cost of

infrastructure provision. None of the land value was recovered. SKAA has recently taken steps to increase the rate of take-up of leases by simplifying procedures and using lease camps to take the regularisation process to the people[11]. While this and other SKAA initiatives will undoubtedly increase the rate of cost recovery, they are unlikely to take it up to 100%

In theory, it would be possible to levy a betterment charge on infrastructure improvements in private subdivisions Such a course of action would require political will and the introduction of appropriate legislation. It is doubtful whether this exists at present. Nevertheless, the possibility of introducing betterment charges might be examined in relation to the development of a medium to long-term cost-recovery strategy

Increases in property taxes provide an indirect way of covering the costs of infrastructure improvements. In the 1980s, the World Bank favoured this approach to financing the upgrading of areas where residents already held legal title to their land. Problems with cost-recovery strategies which rely on increases in property taxes include:

• the low number of properties in many informal areas with values above the threshold figure for the imposition of property tax,

• the fact that the organisations responsible for upgrading and collecting property taxes are different and have different procedures and priorities

It is doubtful whether cost recovery through increased property taxes can be linked directly to upgrading initiatives unless there are significant changes in procedures

There is a case for investigating the possibilities for such changes with a view to the long term but it is doubtful whether significant change can be achieved in the short to medium term.

3.4 Key technical issues

Appropriate levels of service

The financial deficits associated with upgrading are increased by the use of inappropriately high levels of service. On the other hand, levels of service which do not bring significant improvements over existing conditions may be unacceptable to users. Conventional projects approach levels of

service from a technical viewpoint In theory, the most appropriate option is chosen by professionals on the basis of a comparison of

- the costs for different levels of service, and
- user ability and willingness to pay for the service

This approach is not always applied rigorously Even when it is used, it does not always produce good results The alternative, to ask users what they want and attempt to provide it, will only be appropriate where users pay a significant percentage of the cost of services and are aware of the costs of different alternatives There is a need to explore shared approaches to determining appropriate levels of service, drawing on the knowledge and opinions of both professionals and users.

Design and construction standards

The purpose of design and construction standards is to ensure that facilities fulfil their intended functions and will continue to do so over their intended lifetimes Standards must be technically appropriate and at the same time should ensure that unnecessary costs are avoided. The latter condition, which is often neglected, is essential if facilities are to be affordable to the intended users. In order to achieve these requirements, **standards must relate to the location and intended function of facilities**. The standards that are appropriate for use in low income areas are often different from those accepted as the norm in higher income areas, not just because there is a need to reduce costs but also because the conditions in low income areas may be very different from those assumed in the development of conventional standards.

The design standards used by specialist agencies in Pakistan are largely based on western practice and often take insufficient account of local conditions and knowledge. In contrast, the priority of community members is to minimise costs. This concern can lead to the adoption of inappropriately low standards that lead to premature failure of facilities. OPP and some of the integrated upgrading schemes funded by the World Bank and Asian Development Bank have attempted to introduce more appropriate standards, each in its own way. However, it has been difficult to persuade specialist agencies, development authorities and

municipal bodies to accept the amended standards and their use remains confined to the projects and programmes within which they have been introduced Operating agencies have generally been reluctant to accept responsibility for facilities that have not been constructed in accordance with their own standards.

There is a need to reach broad agreement on the standards that are appropriate for use in different situations and to take action to ensure that these standards are widely accepted and implemented Possible first steps towards gaining general acceptance of more appropriate standards are discussed in Chapter 7

The skills and technical capacity required for upgrading

Different approaches to upgrading make different demands on the 'technical' capacity of government departments, NGOs and private sector organisations Can these be met in relation to a significantly enlarged upgrading programme? The experience in North-east Lahore provides an interesting case study in this respect The approach adopted was dependent on the availability of good survey information and a high quality of design while the accurate implementation of designs was dependent on the abilities of the contractors and the site supervision staff The knowledge and skills required to plan, design and implement the North-east Lahore project are unlikely to be available on the scale required for an expanded upgrading programme. Possible ways forward include.

- action to improve the skills of professionals working for government agencies, private sector companies and non-government organisations, and
- greater use of technical support staff to carry out simpler tasks at the local level

OPP's efforts to train selected community members to use simple surveying equipment to plan and set out construction of lane sewers provide one example of the latter approach Another is provided by the same organisation's efforts to improve the skills of local contractors and masons. There is a need to assess the effectiveness of such training activities.

Various examples from both the government and non-government sectors suggest that there is no substitute for well trained professional engineers when it comes to the

planning and design of higher order facilities The challenge is to develop the ability and willingness of engineers to adopt appropriate responses to the needs of low income areas. These must be based on sound engineering principles but must also take into account social, financial and environmental factors

3.5 Issues relating to organisation and management

There is a general need to strengthen the government organisations that are involved with upgrading This strengthening must tackle structures and systems, the implementation of appropriate incentives and human resource development in an integrated way This is a task which goes far beyond upgrading and the emphasis here is on those aspects of organisation and management that impact directly upon upgrading activities.

Problems with implementation

In recent years, upgrading initiatives have been increasingly constrained by problems with the implementation of contracts Two particular problems are

• stay orders taken out in the courts by disaffected contractors, individuals or groups from the community, and

• interruptions of work because of delays in payment to contractors.

One response to such problems has been to advocate increased use of 'community contracting' for tertiary facilities and 'departmental works' (direct labour) for secondary facilities In some schemes in Karachi, SKAA is encouraging the use of local government direct labour for the construction of 'external' facilities with supervision provided by local 'peoples project committees' The latter are made up of lane activists who are advised by OPP OPP claim

• a reduction of construction cost to one third of that required using conventional contracts,

• the elimination of delays, and

• improved quality of construction

The approach seems to have worked reasonably well when implemented by SKAA itself However, it has been less successful when applied through the Hyderabad Municipal Corporation in the course of the

Collaborative Katchi Abadi Improvement Programme.

Operation and maintenance

Deficiencies in operation and maintenance are a wide ranging problem which impact particularly on facilities in low income areas The reasons for these deficiencies include:

• inadequate finances,

• the lack of human resources and appropriate equipment,

• the lack of a 'maintenance culture', and

• the division of responsibilities between organisations

The reasons for the inadequacy of finances and their impact on the quality of service provided have already been discussed in Section 3 2. Training and provision of appropriate equipment must be a part of any strategy to improve operation and maintenance but are unlikely to be sufficient on their own There is also a need to develop a maintenance culture in all organisations with an involvement in the operation and maintenance of services This is true for organisations in the public, private and community sectors In the case of government, one clear factor is the fact that the 'informal' incentives that do exist tend to encourage administrators, politicians and engineers to give more priority to new works than regular maintenance However, the experience with community-managed facilities suggests that this is not the whole story. Even though the maintenance of these facilities is probably better than that of government-managed facilities, problems remain A 1991 OPP survey of lane sewers in Orangi installed with its assistance illustrates this point Only 18% of the sewers surveyed had all their manhole covers present At the time OPP suggested that the production of standard manholes by local thallas (building component manufacturing yards) would improve the situation. However, a survey of five settlements sewered early in the OPP programme and reported in the OPP Quarterly Report for October - December 1996 found that 23 6% of all manhole covers were missing, suggesting that the problem remains.

Division of management responsibilities between two organisations can affect operation and maintenance in two ways. First, maintenance problems are likely to

increase when one organisation is responsible for planning and design and a second for operation and maintenance This is a particular problem for large integrated projects but is sometimes also a factor with facilities provided by elected representatives Second, there can be problems when different organisations are responsible for the operation and maintenance of facilities at different levels in a vertically integrated system In such situations, the efforts of those responsible for lower order facilities can be nullified by the failure of those responsible for higher order facilities

3.6 The community's role in upgrading

The experience of conventional supply-driven projects such as North-east Lahore shows that problems are likely to arise when community members have little or no say in decisions relating to the services that they receive As a result, most professionals involved in upgrading activities accept, at least passively, the need for user participation in service delivery. However, there is a need for greater clarity about a number of issues relating to the community's role in participation These include the following.

• **who should participate in whose process?** - should the government participate in the community's process or vice-versa.

• **what are the objectives of participation?** - is greater participation an end in itself or a means to the more efficient delivery of more appropriate services;

• **what approach or approaches to participation are most appropriate?**

Whose process?

The underlying assumption in most 'official' projects is that community members should participate in a process started and managed by government. In contrast, OPP and other NGOs have started by mobilising and guiding community efforts and suggest the need to involve government in processes started and managed by the people. To date, there has been little rapprochement between these apparently contradictory views. It is arguable that an emphasis on the government's involvement in the people's process is the more compatible of the two views with approaches that emphasise the enabling role of government. However, the best way

forward would appear to be to recognise that, whoever initiates upgrading activity, there is likely to be a need for negotiation between government and the community, leading eventually to cooperation to achieve shared goals. Ideas on how this might be achieved in practice are outlined in later chapters

The objectives of participation

Should participation be seen as a means to the end of improved services or as the vehicle for empowering community members to take greater control over their own lives In the context of Pakistan, it could be argued that one objective of participatory processes should be to strengthen the democratic process at the grass-roots level. The two objectives do not have to be mutually exclusive The challenge is to develop procedures and relationships which provide better services in the short term while strengthening community organisation and leading to greater levels of community empowerment in the longer term

Approaches to participation

There have been many attempts to classify approaches to participation in terms of the degree of user involvement achieved[12]. There are clear overlaps between these classification systems and they tend to share the assumption that the greater the degree of participation achieved, the better Although the FAUP and CIP have different starting points from OPP, they share the assumption that the users of facilities should have an involvement in their planning, management and financing

A more useful starting point for analysis of processes is assessment of the form that participation has taken in various initiatives and the way in which this has developed over time Following Schuebeler (1996) it is possible to distinguish between **community-based, area-based** and **functionally-based** approaches to participation. The first approach tends to work through initiatives originating in the community and require **support** strategies, the second are generally based on the **involvement** of local people in a government programme while the third involves **collaboration** between government and citizens for the provision of a single service. Schuebeler suggests a fourth category of approach, which is **process** based and involves **decentralisation** both within organisations and in the opening of

processes downwards to make them more responsive and accountable to users This is perhaps an ideal to be aimed for but the investigations for this report suggest that there is still some way to go before it can be implemented in Pakistan

Early OPP activities in Orangi had many of the characteristics of a community-based approach but its efforts to work with local councillors to plan area level sanitation facilities moved it towards a functionally-based collaborative approach[13] Building on earlier OPP experience, the Sukkur project took this approach from the beginning The FAUP was intended to take a process approach within the context of specific areas. In fact, its early activities had many of the characteristics of a community-based approach, despite the fact that the project was located within the government sector. In some project areas, the model that has developed is one of area-based community organisations attempting to interact with both the project and relevant government departments and agencies. A similar model has been developed by the Youth Commission for Human Rights (YCHR), an NGO based in Kot Lakhpat, Lahore These models are in some ways hybrids between the area-based and functionally-based approaches. The community organisations are area-based but they interact with the

appropriate government agencies in a functionally-based way

The case studies and investigations of other projects reveal that all approaches to participation have potential problems and limitations Important questions include the following.

• how can small-scale community-based initiatives be transformed into either an area-based or a functionally-based collaborative approach?

• can the ethos and skills necessary to support area-based and collaborative approaches be developed within government departments?

If participatory approaches and particularly community management of facilities are to grow, there is a need to clearly define the roles and responsibilities of the various actors in the process These need to have appropriate legal and procedural backing although there is a need for further clarification on what this might mean in practice Regardless of this, problems are likely to occur at every point where facilities provided by different individuals, groups and organisations meet There is a need for improved coordination and one of the key issues to be examined is how this might be achieved in practice Some ideas on this are discussed in the remainder of the report

CHAPTER 4 - OPTIONS FOR THE WAY FORWARD

4.1 Introduction

The first two chapters of this report suggested that informal development is likely to be a feature of the growth of Pakistani cities for the foreseeable future, creating a need for the provision of basic infrastructure and services to newly developed areas. At the same time, it is clear that the combined impact of the action undertaken to date has fallen some way short of providing the quality and quantity of services required to meet this need. Chapter 3 has summarised the important factors that contribute to this situation and has suggested some issues that need to be addressed if change for the better is to be achieved

The challenge is to develop a strategy that addresses these issues in an effective way, making the best use of available resources and providing opportunities to develop those resources that are in short supply. This chapter prepares the way for the exploration of strategy options by examining the scope for improving the various approaches to upgrading identified earlier in the report It starts by considering the key question - what combination of approaches and actors is most likely to be effective <u>in the Pakistan context?</u> It first examines the **integrated** approach to infrastructure upgrading which has been the preferred approach of government and international agencies until now The possibility of taking an **inclusive** approach, emphasising the need to make the most of the wide range of existing initiatives, is then examined An inclusive approach would require a greater emphasis on the need to **coordinate** the activities of a range of organisations and actors.

4.2 Integrated projects - a way forward?

Over the last twenty years or so, most international funding for upgrading activity has been channelled into integrated projects. The assumption has been that an integrated approach will ensure that services are provided efficiently in a way that ensures compatibility between different sectors Integrated projects are attractive to central government and international agencies because their progress and performance are relatively easy to monitor. The best of such projects have used appropriate technologies

and standards in adequately engineered schemes. They have provided facilities at a reasonable cost and have achieving generally good impacts <u>within project areas</u> However, their overall impact has been limited Approximate calculations suggest that the rate at which World Bank funded upgrading projects extended services in the Punjab in the late 1980s and early 1990s was less than 20% of the rate of informal settlement growth This would not be a problem if successful practice from integrated projects had led to changes in the practice of mainstream government departments and agencies However, integrated projects have often been isolated from mainstream government activities. One reason for this is that, in order to ensure the required integration and achieve targeted outputs, projects have been managed by specially created project management units (PMUs) These draw some staff from mainstream departments and agencies but their links with these departments and agencies are not strong The normal practice has been to disband project management units once international funding has ceased and this clearly does little for continuity and institutional development Consequences of this isolation from the activities of line agencies and departments include the following

- a failure to translate appropriate levels of service, standards and procedures from externally funded projects to mainstream practice;

- limited impact on the technical capacity of lane departments and agencies, indeed it is arguable that project management units can undermine mainstream departments by diverting resources away from them and encouraging undue dependence on international consultants,

- the operation and maintenance problems that have arisen because operating agencies have not been sufficiently involved in the design and implementation process, and

- discontinuities in provision at the 'edges' of projects - at worst facilities provided in the course of integrated projects have not been connected to city-wide facilities or have proved incompatible with them,

In earlier projects, the lack of community consultation meant that there were also discontinuities at the interface between privately and publicly provided facilities The FAUP's strongly participatory approach has shown how the problems at the plot boundary can be overcome but there still remains the problem of making effective links between community-managed and agency-managed facilities.

Some, although by no means all, of these problems could be overcome if integrated projects could be expanded and accepted as the normal way of carrying out upgrading activities This would require not only political will but also the commitment of the bureaucracy to the integrated approach. To date, integrated projects have received limited support from politicians and decision-makers and it must be doubtful whether the support necessary to ensure the expansion of integrated project activity can be achieved in the foreseeable future In short it seems clear that integrated projects have failed to address many of the issues identified in Chapter 3

Another important point is that it is doubtful whether 'conventional' integrated projects can be structured in a way that enables full use to be made of the various resources which are currently being used to undertake upgrading activity A better approach would appear to be to develop a programme which supports and encourages a range of activities in order to encourage more effective use of those resources We now turn to what such an approach might entail

4.3 The need for an inclusive strategy

An inclusive strategy would aim to build on the strengths and minimise the weaknesses of the wide range of existing initiatives that were identified in Chapter 2 The emphasis would be on developing a framework within which these initiatives could be accommodated and supported rather than a detailed blueprint for action. This approach has the advantages that.

• **It works through and strengthens existing organisations and agencies**

• **It is inclusive rather than exclusive** In other words, it draws organisations into the process rather than limiting itself to a small number of actors

• **It has potential for flexibility** In particular, it offers the possibility of moving from an area-focused project approach to a

wider programme approach which addresses the problems of cities as a whole

Such an approach would include efforts to:

• strengthen and improve local government provision,

• improve provision by line agencies;

• reactivate the katchi abadi improvement programme and extend it to include unregulated private subdivisions, and

• strengthen and support community service delivery efforts at the local level;

Existing PMUs could perhaps be retained but given a policy development and support function

The move from an emphasis on integrated projects to one that stresses the need to build on the activities of a wider range of organisations and individuals is not without its problems. Difficulties associated with it include the following

• **Increased complexity,** arising from the number of organisations that are likely to be involved Particular problems are likely to be encountered in ensuring effective coordination between the different organisations involved in the upgrading process.

• **The need to bridge the formal-informal divide** There are various aspects to this The most critical is the need to ensure that formal and informal sector organisations accept the legitimacy of those in the other sector and are prepared to consider their role in a shared process The presence of the divide is illustrated most obviously by the official refusal to recognise the validity of much informal sector activity but it can also occur in the other direction Supporters of community-based activity must recognise the limitations of that activity and the need to interact with government organisations.

• **The possible lack of response of some key stakeholders** International agencies have often found that some key stakeholders are not interested in cooperating in externally initiated and funded projects This is likely to be true of any attempt to improve coordination that is introduced from above

In addition to these difficulties, attempts to expand upgrading activity face difficulties that are not exclusive to one strategy or approach One of the most critical is the **general lack of capacity** to plan and

implement an expanded upgrading programme. Others, relating to political attitudes, sound finances, operation and maintenance, service levels and standards and community participation have been identified in Chapter 3. The remainder of the report examines the ways in which these problems might be overcome. Chapter 5 looks at the key requirements for the introduction of an inclusive strategy Chapter 6 considers the context, structure and management of an inclusive programme and Chapter 7 then puts forward an outline action plan for implementing an inclusive approach.

CHAPTER 5 - TOWARDS AN INCLUSIVE STRATEGY

5.1 Introduction - key requirements of the strategy

Chapter 4 concluded with the suggestion that the upgrading strategy for Pakistan must be an inclusive one which encourages and supports the development of a range of activities involving actors from various sectors This chapter looks at the way in which such a strategy might be developed It starts from a recognition that many of the organisations that need to be involved in the strategy have significant weaknesses, not least of which is their failure to liaise and work together Improved coordination between the different stakeholders is required but this will only come about if there is.

• acceptance of the principle of the inclusive approach by the various stakeholders,
• clear demarcation of roles and responsibilities, where necessary, supported by legislation, and
• acceptance of this allocation of roles and responsibilities by the various stakeholders

A specific issue in relation to the last is the need to bridge the gap between the formal and informal sectors so that each can come to recognise the other's role in the upgrading process.

All the above relate to the need to reduce, or at least clarify, complexity and bring the various stakeholders to a recognition of the desirability of an inclusive approach This, in itself is not enough. There is also a clear need to develop the organisational capacity required to implement the approach The remainder of this chapter looks at the actions needed to move towards an inclusive approach in a little more detail

5.2 Acceptance of the need for an inclusive approach

Acceptance of the need for an inclusive strategy involving a wide range of formal and informal sector actors cannot be achieved overnight At present, the main stakeholders in the upgrading process have different viewpoints and some do not recognise the value of the activities of other stakeholders The first step in any programme to improve and expand upgrading activity in Pakistan must be to build links and facilitate dialogue

between key stakeholders This dialogue must take place over a period of time and at a number of levels simultaneously. It must be informed by case studies of good practice and, where necessary, pilot and demonstration projects and initiatives International agencies such as the World Bank can provide useful support for all these activities. Indeed, what is proposed here corresponds very closely to the early stages of the World Bank's New Project Cycle.

5.3 Allocation of roles and responsibilities

Allocation of roles and responsibilities should start from an understanding of the objectives of the various actors in the upgrading process, the roles that they currently undertake, their strengths and weaknesses and the ways in which they operate These can be summarised as follows

Local authorities execute local improvements, usually in a piecemeal fashion which involves little or no overall planning On the positive side, their efforts are to some extent responsive to local needs and procurement processes are reasonably simple. On the other hand, the lack of planning means that local schemes are often not integrated with wider municipal systems, there is currently little or no cost recovery and the quality of construction is often below an acceptable standard. Many local authorities, particularly the smaller ones, have very limited financial resources Their role should probably be restricted to the provision of local facilities, at least in the short term

Line agencies are normally involved in single sector improvements that are, to a greater or lesser extent, planned The standards adopted are often inappropriate to the needs of low income areas, partly because there is little user involvement in planning and design. Many schemes are restricted to primary and secondary level facilities with little thought given to the way in which tertiary and household facilities will be provided The capacity of line agencies to fund infrastructure improvements in low income areas is constrained by their poor financial position

Katchi abadi departments and authorities do not have strong technical capacities and

have a limited remit in that they do not deal with unregulated private subdivisions Katchi abadi upgrading schemes can suffer from similar problems to those experienced by larger integrated schemes, not least a failure to link local provision to higher order city provision. There is some cost recovery on katchi abadi schemes but not enough to cover more than 25%-33% of capital costs on average f katchi abadi departments and authorities are to continue as part of a coordinated attempt to improve upgrading activities, they must be strengthened to perform a clearly defined role. We will shortly return to what this role might be

Community managed provision is clearly a significant factor at the local level, utilising local financial resources to provide demand driven facilities at a relatively low capital cost. Implementation arrangements are flexible and there are few of the hold-ups which currently bedevil government schemes An inclusive strategy must support community financed and managed provision at the local level It must also aim to improve the quality of such provision and ensure that, where necessary, it can be fully integrated with higher order provision Action is required to provide support to community efforts, to define the legal status of community-financed facilities and to ensure that operational costs are shared fairly with those who operate the higher order facilities to which community-managed schemes are connected.

Support to community initiatives can overcome some of the technical problems noted above Experience suggests that this support can usually best be provided by the non-government sector. However, there are currently insufficient NGOs with the willingness and skills required to provide this support on the scale required. Action to improve capacity in the NGO sector is therefore urgently required

Bearing in mind, the points made above, Table 5.1 sets out a possible framework for the allocation of roles and responsibilities It recognises that the technical and managerial skills required for a task depend on the scale and nature of the task In general, government should continue to provide district and city-level facilities, either directly or through contracts with private sector organisations Householders should provide facilities within the plot boundary but options for providing facilities at the local level need

to be explored. There is scope for community provision of local services but local government also has a part to play While this could theoretically be that of an enabler and partial financier, the reality is that municipal authorities, including elected representatives, are unlikely to relinquish their role as provider, at least in the foreseeable future. A better approach might therefore be to allocate responsibilities for the provision and maintenance of specific local facilities to either the community or the municipality For instance, the community might take responsibility for local sewers and the municipality for street paving While this arrangement already exists in a *de-facto* way in some places, some means of formalising it will probably be necessary if it is to be widely replicated. Contractual arrangements which allow line agencies to recover their share of the operating costs of facilities will be required. One approach will be to allow community groups and municipalities to pay a reduced tariff if they agree to manage tertiary level facilities

Table 5 1 contains proposals for a possible division of roles between different organisations and groups The suggested division of responsibilities rests on the following assumptions

1. A higher percentage of capital costs will be recovered if users pay for local costs directly than if efforts are made to recover these costs through connection charges or other less direct methods

2. Users are more likely to use services carefully and maintain them adequately if they have invested in their construction

3. Agreement can be reached between community groups and institutional providers on the standards and procedures to be used for facilities provided by the former and connected to higher order facilities provided by the latter

4 Agreement can be reached between users and institutional providers on the payments to be made by the former to cover the capital and recurrent costs of higher order facilities provided by the latter

5 Local authorities with limited resources can improve their financial situation.

5.4 The need to bridge the formal /informal divide

An inclusive approach must aim to bring out the best from the formal and informal sectors.

TABLE 5.1 - POSSIBLE ALLOCATION OF ROLES AND RESPONSIBILITIES

	Household	Lane/street	Neighbourhood/ district	Town/city
Finance for provision	Householder	Community group or organisation, perhaps in conjunction with government	Normally government through municipality or appropriate line agency	Normally government through appropriate department or line agency
Planning	Householder with help from local tradesman as required	1 Community group or organisation with assistance provided by intermediaries, usually NGOs, and inputs from government specialists as required 2 Municipality	Technical inputs from municipality or appropriate line agency, perhaps through consultant Choices at the very least discussed with community representatives	Appropriate line agency or department Plans should, as far as is possible, grow out of needs identified in more local planning exercises
Implementation	Householder or local tradesman	Generally local petty contractors In some cases, for instance water supply, the personnel of a government agency may be hired	Appropriate line agency or department generally through recognised contractors although the departmental works option should be explored	Appropriate line agency or department through recognised contractors
Operation and maintenance	Householder, occasionally using specialist local services	1 Community organisation, hiring specialist services as required from the private and public sectors 2 Municipality	Appropriate line agency or department	Appropriate line agency or department
Financing of operation and maintenance	Householder	Community organisation through householder contributions	Line agency or department - recovered through tariffs	Line agency or department - recovered through tariffs

A problem arises in relation to the very different procedures followed in the two sectors

Formal sector activities must, in theory at least, be planned in advance of implementation and conform with strict rules and regulations In contrast, informal sector activities are essentially self-regulating and open-ended with a minimum of formal planning. Governments need to work to targets while some of those working at the community level argue that targets are inimical to true participation How can these apparently opposing approaches be brought together?

Acceptance of the need to divide responsibilities for the planning and implementation at the tertiary/secondary level boundary as suggested in Table 5 1 will go some way to dealing with this dilemma

Once secondary facilities are in place, it is possible for individual tertiary facilities to be provided independently of one another so that there is no overwhelming need for their

provision to take place in accordance with a strict programme. The important thing will be to ensure coordination between government plans and activities and those in the local informal sector

For this to become a reality, there is a need to legislate for community involvement in the management of local facilities

There are two aspects to this

• definition of the roles and relationships of the government departments, private sector operators and community organisations responsible for different aspects of infrastructure management; and

• development of standards and procedures that are acceptable to both government professionals and community members.

One particular issue to be addressed in relation to the second concerns the documentation needed to support agreements between the various stakeholders in upgrading activities. Those working in the formal sector have to

demonstrate accountability. They therefore tend to put their faith in formal agreements and memoranda of understanding. Many working outside government question whether such agreements will not tend to kill the initiatives that they are designed to support Some work on this issue has been carried out in the course of both the CIP and the FAUP but it clearly needs to be explored further.

5.5 The need to strengthen capacities

Progress towards the implementation of an inclusive approach will be restricted unless community sectors. Capacity-building should the capacities of potential contributors is

increased These include individuals and organisations in the government, private and include.

- **changes in institutional structures and systems,**
- the introduction of **appropriate incentives** which reward initiative and cooperation, and
- appropriate **training**, intended to introduce those involved in upgrading practice to new possibilities

These must be linked in a way that ensures that different initiatives build on one another Further details of a possible capacity-building programme are given in Section 7.5.

CHAPTER 6 - THE CONTENT, STRUCTURE AND MANAGEMENT OF AN INCLUSIVE PROGRAMME

6.1 Introduction

Chapter 5 spelt out the broad requirements for the implementation of an inclusive approach to upgrading It suggested the need for dialogue between stakeholders leading to acceptance of clearly defined roles and responsibilities, action to bridge the formal-informal divide and efforts to build the capacities of government departments, NGOs and the private sector This chapter moves on to provide initial ideas on how these broad requirements can be combined into an overall programme It recognises the serious objection that the move from an integrated to a coordinated approach will tend to increase complexity Instead of dealing with one integrated project management unit, government and international agencies will have to deal with many organisations, each with its own interests and priorities While this is true, it misses an essential point. Part of the problem with integrated projects is that, in attempting to avoid the complexity that exists, they have pushed the problems to the points at which integrated projects interact with other systems. Thus the problem has been transferred rather than addressed Nevertheless, it is clearly necessary to develop systems that enable all concerned in the upgrading process to deal with complexity

6.2 Elements of a linked programme

The experience with current upgrading efforts suggests that parallel initiatives do not have to be managed together but rather should be seen as separate but linked entities An overall programme might involve the following elements

- **Action at national and provincial level to introduce the enabling legislation necessary to make public/community partnerships possible** This could be supported by national and international specialist advisers funded by international agencies as appropriate

- **Action to introduce generally agreed standards, agreements and procedures suitable for use in informal areas and with community and private sector stakeholders** This may start at the local level but proposals will have to be endorsed and supported at provincial government level if they are to have a general impact Again, support may be provided by national and international advisers, funded where necessary by international agencies.

- **The planning and implementation of primary and secondary infrastructure facilities to serve informal areas** Given the limited design capacity of many specialist agencies, the services of consultants will be required for much of this work. In the short to medium term, these are likely to include companies and individuals from outside Pakistan but the longer-term aim should be to develop local capabilities and reduce dependency on outside resources Another obstacle to increased line agency involvement in low income areas is the unsound financial position of many such agencies Action to improve income is needed and there is no doubt that this must be a priority However, it must be linked with attempts to improve the efficiency with which that income is used and the quality of service provided

- **Action to expand the activities of community groups and municipalities and improve their quality** This should be focused on the provision and subsequent management of local services and facilities, designed where necessary to connect with primary and secondary facilities. Financial and technical support is needed, at least in the medium term Much of this may be provided by those currently working with communities **and willing to accept the principles of a coordinated inclusive approach.** Action to improve local government provision is likely to be accelerated if mechanisms can be found to ensure that users have a greater say in the quality of the services provided to them but these must be linked with greater emphasis on the payment of realistic user charges

- Where necessary, **action relating to facilities and practices at the household level.** This activity can, to a large extent, be combined with the improvement of tertiary level provision.

These actions will need to be supported by efforts to **increase the capacity** and **improve the financial status** of service delivery organisations.

Capacity building elements will have to be integrated into the various elements of the programme, in particular those relating to the provision of primary and secondary infrastructure and the roles of community groups, the NGOs that support them and municipalities

One option for improving the financial status of service delivery organisations is that of privatisation. This is attracting considerable interest within Pakistan at present The examples given in this report suggest that there is scope to build on existing informal private sector involvement in local service provision and this is one of the assumptions underlying the division of responsibilities suggested in Table 5 1. While there is undoubtedly scope for greater private sector involvement at higher levels of infrastructure provision, care needs to be taken to ensure that this does not have adverse effects on the services received in low income areas. The linked programme should include a component designed to explore this issue.

An important aspect of capacity-building will be the development of improved coordination mechanisms within and between organisations An overall management structure intended to improve coordination and to ensure that representatives of both the formal government and less formal non-government sides are heard is described in Section 6.3.

6.3 Overall structure for managing the upgrading process

Figure 6 1 shows an outline structure for managing the overall upgrading process and in particular the linked programme proposed in Section 6.2 It is intended to be a starting point for discussion rather than to provide a definitive statement of the form that the structure should take. Nevertheless, it recognises the need to manage a wide range of activities in a flexible and constructive way, drawing on the knowledge and insights of the various stakeholders in upgrading processes The structure is intended to allow devolution of decision-making wherever possible but recognises the need for a strong lead from the top on a number of critical issues
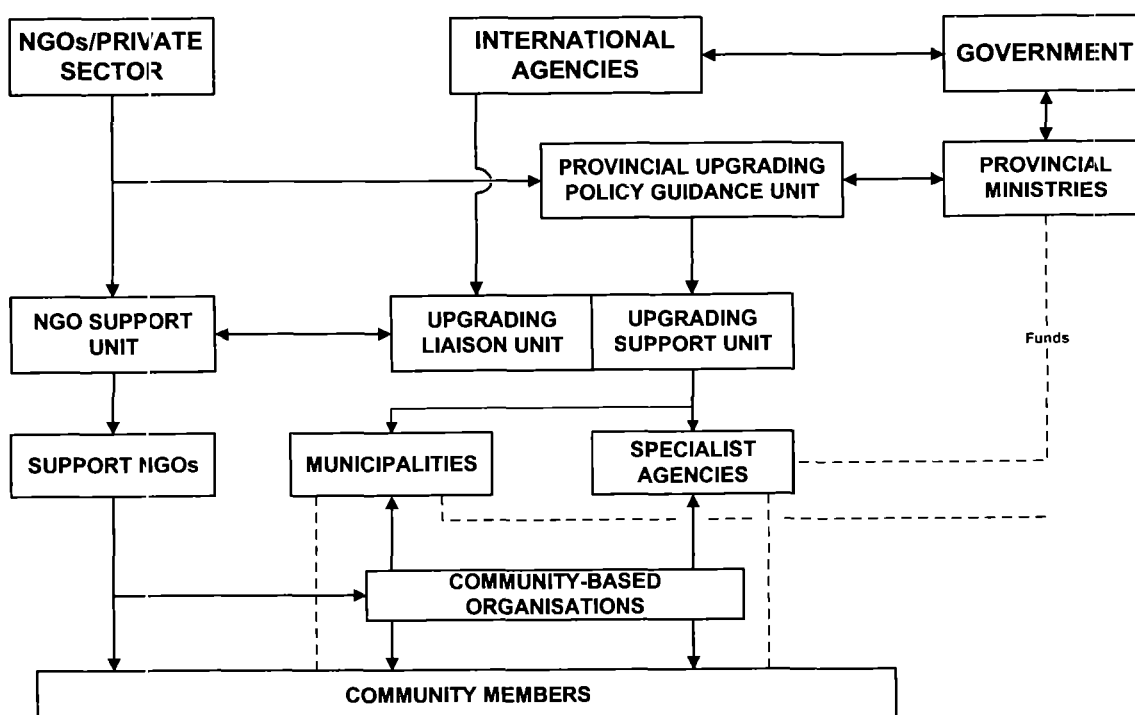

FIGURE 6.1 POSSIBLE STRUCTURE FOR MANAGING A COORDINATED UPGRADING PROGRAMME

The roles of the various bodies proposed in the structure are briefly discussed below.

Provincial upgrading policy guidance body

This would be a fairly small body which would meet at regular intervals, perhaps four times a year to provide formal guidance to government on critical issues. In the first instance, these are likely to relate very much to the need to develop regulations and procedures that will provide the framework for an unbundled and coordinated process. The body should include representatives of key provincial departments, with at least one member from the provincial Planning and Development Department. It should also include sufficient members drawn from the non-government sector to ensure that the concerns and insights of that sector are not overlooked in the decision-making process

Upgrading support unit

This would in effect be the executive arm of the policy guidance body It would be responsible for providing the information required by the latter body in order to reach decisions. In this respect, its role would be to research key issues, develop ideas about the way in which they might be addressed and test the ideas through pilot projects where appropriate Beyond this, it would aim to promote better approaches to upgrading, using seminars and workshops, demonstration projects and training activities as appropriate In order to do this it would need to interact with elected representatives and the staff of municipalities and specialist agencies.

The support unit could be developed from an existing government body, for instance a provincial katchi abadi directorate Another option would be to develop the role of an existing project management unit Regardless of the route taken, it would be important that the unit should be reasonably autonomous and able to attract and retain high calibre staff This suggests the need for a hybrid form of organisation, taking an ethos of public service from government but with procedures and ways of working that owe more to the private sector A key need would be to free the organisation from unimaginative and restrictive auditing procedures although there would be a need to develop more appropriate ways of ensuring accountability The remit of the unit could include the channelling of funds from

government and other sources to organisations operating at the municipal level. However, it will be better to place this responsibility elsewhere if it seems that it might compromise the independence of the unit

Upgrading liaison cell

This would be a small cell, funded by the international agencies and including some local and expatriate consultants where appropriate It would be located within the upgrading support unit to which it would provide advice and guidance It would also provide feedback to the various international agencies providing funds for upgrading activities in Pakistan Its tasks in the short to medium term would include.

• working with the Upgrading Support Unit to plan and implement pilot and demonstration projects, and

• providing advice on issues such as appropriate standards

The cell would eventually be absorbed into the Upgrading Support Unit with the need for international inputs being gradually phased out These should, in any case, only be provided when the necessary knowledge and skills cannot be obtained within Pakistan.

NGO coordinating body

One of the problems for the provincial policy guidance body will be how to select members to represent the non-government sector. The NGO coordinating body would help to overcome this problem by offering a forum for NGOs to coordinate their approach and decide who should represent them and present that approach to government and donors The full details of the body and its operating procedures could be defined at early workshops with representatives of NGOs that are active in upgrading work

NGO support unit

The relationship of this to the NGO coordinating unit would be similar to that of the upgrading support unit to the provincial policy guidance body. It would be a development of the role played by OPP-RTI in Sindh and to a lesser extent in other provinces Indeed, it could possibly be played by a strong NGO such as OPP-RTI If this was the case, it would be important for the NGO to have a degree of openness to ideas other than its own, a willingness to

learn from experience and recognition that compromises with other stakeholders will sometimes be necessary.

In the short term, it is likely that funding for this unit will need to be provided by an international agency. Options for longer-term funding need to be explored.

A key task for the NGO support unit will be to first develop and then support the capacity of local NGOs to engage in the upgrading process The first might be done through the creation of provincial and district level NGO associations and/or networks The options need early investigation.

6.4 Funding the inclusive approach

Funding mechanisms for the elements of an inclusive approach must be able to respond to the needs of a large number of relatively small organisations and initiatives At the same time, there must be an increase in funding for higher-order facilities to serve the needs of low income areas How can these objectives be achieved? One part of the answer to this question must be to improve levels of cost recovery and the options for doing this have already been discussed in section 3 3. Beyond this, there is a need to provide funding mechanisms to support an increased level of upgrading activity A two-pronged approach to the need for funding would appear to be appropriate.

Funding for local initiatives, including tertiary and some secondary level infrastructure, could be provided through a new 'social infrastructure' fund which is accessible to community groups, NGOs, municipalities and other government departments. Similar social funds in other countries are financially and technically supported by international agencies. They are normally linked to mainstream government systems but enjoy a high degree of financially and managerial autonomy. A relatively autonomous fund could be linked with the upgrading support units in various provinces to provide effective support to upgrading initiatives at the local level

Possible secondary benefits of such an arrangement include.

• the development of a model for the improved operation of mainstream government departments; and

• strengthening of municipalities through more direct access to finance and the accountability that this direct access brings

Funds provided through the social infrastructure fund could be grants or loans. It would obviously be important to work out the ground rules for determining the nature of the funding provided One important lesson to be learnt from social funds elsewhere is that it is important to consider arrangements for the maintenance of infrastructure from the outset

Some funding for the infrastructure needed to support upgrading at the local level could be made available through the social infrastructure fund but this would need to be augmented by funding for primary and secondary infrastructure from conventional government sources At present, the normal procedure is for federal government to provide project funding through the Annual Development Programme (ADP) and Special Development Programme (SDP). Possible mechanisms for earmarking some of this funding to meet the needs of low income areas need to be considered A special programme might be created for this purpose although more study is required as to exactly how it would operate

In view of the social group being targeted, an argument can be made for providing a grant element in this programme. The extent of the grant would need to be based on affordability to Government but may initially be suitable for donor support Programme funds could be made available to provincial line departments, specialist infrastructure agencies and municipalities that are prepared to take an inclusive approach, recognising the part to be played by the non-government sector. The funding conditions should ideally make explicit reference to the need for some form of community involvement in site supervision Another role of the programme would be to provide a link between projects funded under a social infrastructure fund and the facilities provided through mainstream government channels

CHAPTER 7 - AN ACTION PLAN FOR IMPLEMENTING THE INCLUSIVE APPROACH

7.1 Introduction

The proposals contained in chapters 5 and 6 are ambitious and involve some radical changes to current rules, regulations and procedures. These changes are not likely to come about overnight and indeed they should not be adopted unless there is clear evidence that they enjoy a reasonable degree of acceptance at the national, provincial and municipal levels. This chapter sets out outline proposals for an action plan intended to promote an inclusive approach to upgrading and move towards the management arrangements set out in Chapter 6

The suggested approach is similar to the World Bank's New Project Cycle in that it stresses the importance of dialogue and the need to pilot and demonstrate new ideas before attempting to mainstream them. It includes the following five elements.

- dialogue on ideas, approaches and methodologies,

- opportunities to pilot new concepts,

- demonstration of concepts and approaches as a means of gaining acceptance by key stakeholders,

- efforts to consolidate gains by institutionalising approaches, and

- efforts to build capacity among the various actors involved in upgrading

Each of these is considered in turn below

7.2 Dialogue

Several components of an approach to the promotion of dialogue are briefly considered below These are intended to

- develop understanding of inclusive upgrading concepts,

- ensure that the efforts of the various actors are coordinated as far as is possible; and

- develop a consistent approach to the management of the overall upgrading process based on the proposals made in Chapter 6

National and provincial workshops

Before it can be implemented, the inclusive approach to upgrading must be accepted by the key stakeholders, in particular government decision makers and the representatives of bilateral, international and non-government support agencies An early step in gaining this acceptance of the approach could be to bring the main donors and key government actors together in a shared workshop or conference. The main aim would be to discuss the requirements of the approach in order to develop a realistic understanding of how they might be met in practice

This workshop would take place at a national level and would be informed by presentations on past or ongoing projects that illustrate some aspects of an inclusive approach. It should lead to similar initiatives at the provincial level

Formation of a national task force

Another possible outcome would be the formation of a task force to further explore the issues surrounding the introduction of an inclusive upgrading strategy Representatives of both government and the non-government sector would be included and they should liaise closely with representatives of the national and international organisations and agencies that support upgrading activities. The aim of the task force should be to produce practical recommendations that can be accepted by government and which will provide a first step towards policy changes in the areas identified in Section 6 2 In particular, it could form the basis for the policy guidance bodies proposed in Figure 6 1 and Section 6 3 The relationship between actions and initiatives at the national and provincial levels needs to be discussed further and no definitive recommendations are made in this respect It will probably be advantageous if the task force can be provided with some form of financial and technical support through one or more of the donor agencies

Donors forum

Many upgrading initiatives in Pakistan are currently supported by donors Different donors adopt different approaches to issues such as cost recovery and there is a need to harmonise these approaches, as far as is possible At the same time, it is desirable that donor organisations learn from each other's experience. These needs could be met by an effective donor's forum which meets regularly, perhaps yearly, to coordinate activities and share lessons from experience This could be initiated at a meeting or workshop intended to

• set out the present and proposed urban programmes of the various donor organisations; and

• reach initial agreement on how the proposed donors forum could be organised.

It will be advisable to provide links between the task force and the donors forum.

Investigation of ongoing initiatives

Dialogue and the development of new ideas and approaches must be based on sound information. There is already a considerable body of information on a range of ongoing upgrading initiatives Some of this information is available in the form of case studies of particular projects. This information could be used as a starting point for further investigations of completed and ongoing initiatives These would be intended to identify key opportunities and constraints relating to the effective implementation of a large scale inclusive upgrading programme

7.3 Pilot activities

Previous chapters in this report have highlighted the wide range of approaches to upgrading already practiced in Pakistan There is no point in repeating this experience and pilot activities should therefore be designed to explore specific issues These might relate to:

• technical issues such as appropriate standards,

• organisational issues relating to the way in which the different actors in the upgrading process relate with one another; and

• management issues such as the streamlining of existing operational systems and procedures

An example of the first is provided by recent efforts in Faisalabad to develop standards for the fabrication of sewer pipes that are acceptable to both WASA and community groups An example of the second would be the testing of local administrative arrangements that bring together the formal and informal sectors An example of the third might relate to the handover arrangements for facilities implemented by one organisation or department and operated by another

7.4 Demonstration activities

Experience suggests that it is often more effective to demonstrate new ideas, approaches and technologies than to talk to potential users about them There is a need for an increased emphasis on demonstrating the effectiveness of appropriate responses to some of the issues raised in Chapter 3 Particular possibilities would appear to exist in relation to

• cost recovery methods,

• appropriate standards,

• options for increased community involvement in planning and implementation; and

• innovative approaches to operation and maintenance

Demonstration projects and initiatives should build on both the investigation of successful ongoing initiatives and successfully completed pilot activities The external agencies have a role to play in promoting and supporting such projects and initiatives

7.5 Consolidating change

Pilot initiatives and demonstration projects have an important part to play in translating policies into programmes However, they will not be enough in themselves to bring about sustainable change For this, there is a need to institutionalise improved processes so that they become the norm rather than the exception An important aspect of this will be the development of appropriate institutional structures along the lines already discussed in Chapter 6. As a general rule, the aim should be to build on existing activities and structures wherever possible With this in mind, possible ways forward in some provinces are suggested below

Some elements of the proposed upgrading support structure already exist in Sindh SKAA takes a role which has some

similarities to that suggested for the upgrading support unit Similarly, the role of OPP-RTI is similar to that of the proposed NGO support unit. The first steps in the development of an inclusive process in Sindh might centre on the ways in which the roles of SKAA and OPP-RTI can be formalised and built into an overall structure for managing upgrading processes.

In NWFP, it may be that the best strategy will be to explore the possibilities for developing the role of the project management unit which is currently responsible for both the ADB-funded Second Urban Development Project and the Community Infrastructure Project

The situation in Punjab is less clear It has been proposed that the remit of the LGRDD Directorate of Katchi Abadis should be widened to include unregulated private subdivisions[14] These proposals present a possible starting point but it remains to be seen whether they enjoy government support.

It will be important to ensure that the proposed upgrading policy guidance units have a reasonable degree of autonomy. Equally, there will be a need to establish good links with stakeholder organisations, both within the government system and with the private/NGO sector

7.6 Capacity-building measures

As already indicated in chapter 5, progress towards the widespread implementation of an effective upgrading programme will be limited unless the capacities of potential contributors to the process are increased Possible capacity-building measures relating to the public, private, NGO and community sectors are briefly explored below

Government departments - general

There is a need to develop the capacities of the various government departments and agencies that are involved in upgrading work This is a task which will contribute to the more general goal of improving municipal governance The key issue is how this can be done Previous experience suggests that the provision of training is not in itself sufficient. Rather, there is a need to look at training needs within an overall organisational context Parallel action will be needed to develop human resources, improve systems and procedures, introduce improved management techniques and provide incentives that

reward initiative The options for doing this should be explored in the national and provincial workshops, developed by the national task force and donors forum They should be piloted before being introduced nationally

The needs of small local government departments

A particular problem to be addressed is the lack of capacity of small urban authorities to plan, design, implement and maintain local facilities and services. Municipalities often have few if any technical staff and those that are in post tend to be isolated without opportunities to discuss problems with fellow professionals.

One possible way forward is suggested by the structure of the PMU in NWFP. In addition to the central organisation in Peshawar, it includes project implementation units (PIUs) based in some of the larger secondary towns. These units are mainly responsible for the supervision of schemes implemented under the CIP and the earlier ADB-funded Second Urban Development Project (SUDP) It would seem possible to develop the role of such PIUs as providers of technical expertise to the smaller municipalities that exist within their operational areas However, this will only be possible if adequate funding is available and the institutional culture of the PIUs encourages initiative The latter will almost certainly require some degree of decoupling from mainstream government structures and procedures

Building capacity in NGOs

Lack of capacity in NGOs is a serious constraint on the expansion of participatory approaches to upgrading. Lack of technical capacity often exists even when NGOs are skilled in mobilising communities Action to tackle this constraint is required on three fronts

1. To increase the number of NGOs with the skills and commitment necessary to work as catalysts for change and development in urban areas As already indicated, this can be achieved partly by extending encouragement and support to the smaller and less well known organisations currently working in the field There is a need to provide this support in a more systematic way

2 To foster a learning and sharing culture within all NGOs There is sometimes a tendency for well established NGOs to

become set in their ways and thus unwilling to adapt to changing ideas and circumstances

3. To develop the ability of NGOs to plan, identify and obtain adequate funding and use that funding in a professional way.

NGOS need stability and reliable sources of finance if they are to make the most of such initiatives. International agencies and international NGOs may have a part to play in providing funding for training and development activities. However, every effort should be made to use available sources of funding within Pakistan OPP was funded by BCCI Pakistan for many years and Community Action Programme (CAP), a small NGO based in Faisalabad is currently receiving some funding from local industrialists. There is a strong case for investigating ways in which such arrangements can be extended

A particular issue to be explored in the early part of a programme is how to ensue the accountability of NGOs. While the best are very good, there are others that perform less well and there must be provision for dealing with NGOs that fail to perform adequately even after receiving adequate training and support

Building capacity in the private sector

The private sector has an important part to play in the development of upgrading activities in Pakistan. Possible actions in relation to contractors and consultants are considered in turn below.

Contractors Most construction work, whether it is in the formal or the informal sector, is carried out by private contractors. These range greatly in size and capability but it can be said that overall there is a lack of contracting capacity Action to improve the situation must include education and training, particularly in relation to management issues This must run in parallel with efforts to remove institutional constraints and bottlenecks It may be that one element of such efforts will be a move towards greater local control over the management of local infrastructure schemes

Community-based initiatives and some of those that have attempted to enlist community groups into government-led participatory processes have used local micro-contractors for tertiary level work Many of these

contractors have no formal education and qualifications and many work to rules of thumb that are sometimes less than adequate If a coordinated approach to upgrading including participatory initiatives is to be effective, the overall strategy must include efforts to improve the capacity of these contractors. OPP has done some work with micro-contractors in Orangi and there is a need to extend the scope of such action and make it more systematic

Consultants Private sector consultants are likely to have an important role in relation to the technical aspects of infrastructure provision. They may also have a part to play in relation to the financial and social aspects of upgrading. Their capacity needs to be expanded in two respects

1 The absolute number of consultancy firms with experience of infrastructure provision and upgrading work needs to be increased

2 The knowledge and skills of consultants and their staff need to be enhanced

With respect to the first, most government departments and agencies have a very limited design capacity and apparently little interest in developing that capacity The consultancy sector may be developed through the expansion of bigger firms but efforts should also be made to encourage the involvement of smaller local firms in upgrading.

The training strategy for engineers must pay particular attention to the need to encourage approaches that are appropriate to the conditions found in typical low income informal areas. It must be coordinated with efforts to institutionalise more appropriate approaches and standards.

Engineers need to be aware of the requirements of participatory processes and the way in which technical inputs can be integrated into participatory planning exercises. Equally, there is a need to ensure that those involved with social development activities are aware of basic technical issues and the way in which these are likely to affect the opportunities for action There is a need to look at the ways in which these requirements can be introduced into academic, vocational and project-related training programmes
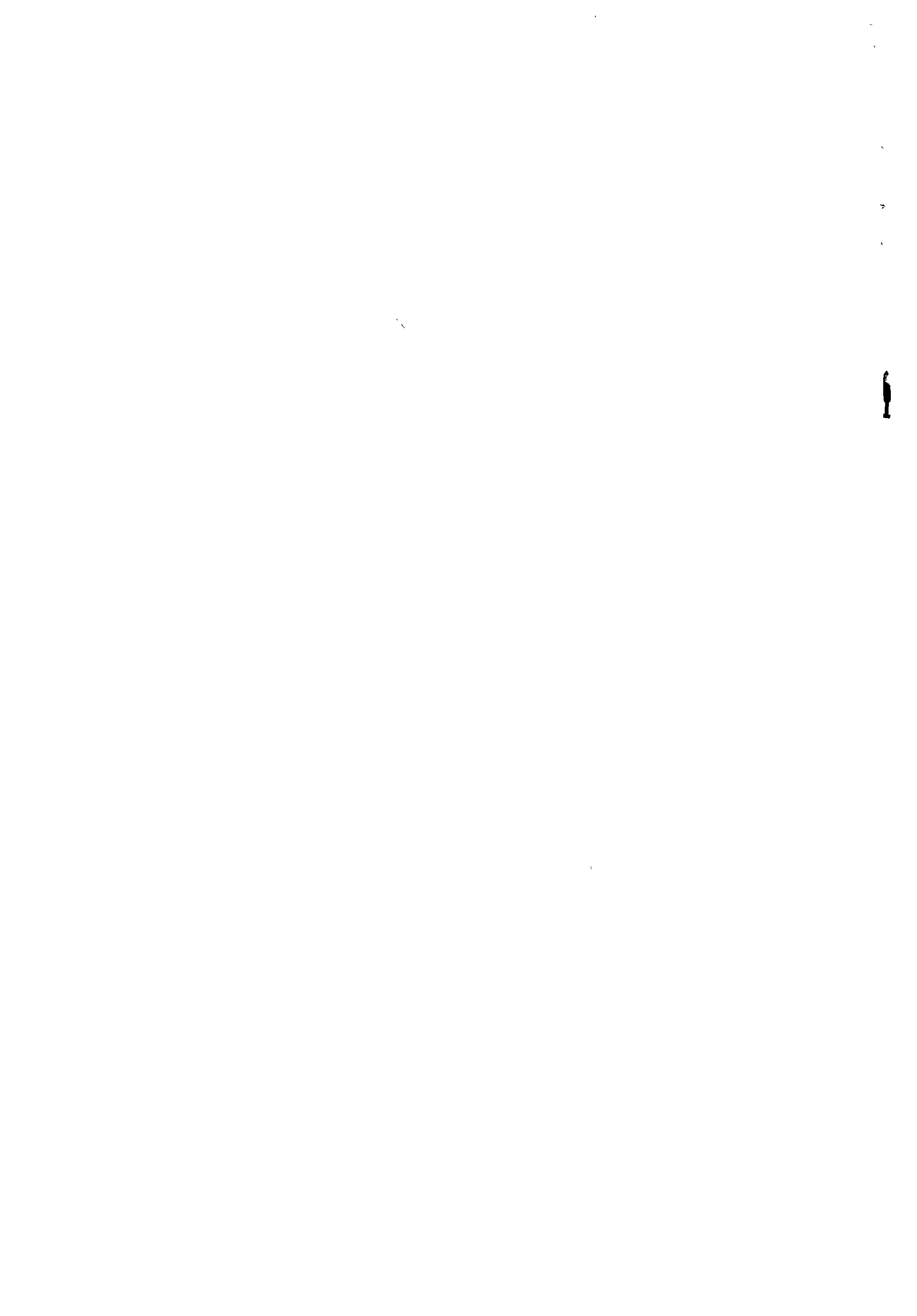
Notes

1   Figures on urban growth in Pakistan and the contribution made to this growth by informal settlement development are taken from a number of sources including the 1997 World Bank World Development Report and the reports of the Shelter Study carried out with World Bank and SDC support in the early 1990s. In the absence of any official census since 1981, all figures should be considered to be approximate   ,

2   Information on the percentage of urban dwellers in Pakistan with piped water is based on figures given by Dr Hafiz Pasha in a presentation to the Shelter Conference held in Lahore in December 1990 The recent World Bank sector study on Private Sector Participation in Urban Environmental Services suggests that water supply coverage in Pakistan as a whole, including rural areas, increased from around 55% to 60% of the population between 1990 and 1995 Approximate calculations support the statement that the absolute number of urban dwellers with piped water increased between 1980 and 1990 The 42% of 26 million urban dwellers without piped water in 1980 total 10.92 million. The corresponding figures in 1990 were 32%, 36 million and 11 52 million respectively.

3   The exception is the Karachi Water and Sewerage Board (KWSB) which originally fell under the Karachi Metropolitan Corporation but which has recently been placed under the direct control of the Sindh Provincial Government.

4   A study by AERC revealed that local government's share of total development-related expenditure between 1983-4 and 1986-87 inclusive was 54% These figures are rather old and the available data for other provinces suggests that the overall local government share of development-related expenditure may be a little lower. Nevertheless, they do help to illustrate the point that local government does contribute significantly to spending on infrastructure provision

5   The average cost of katchi abadi schemes authorised in the Punjab between 1985 and 1991 was about Rs 1 million, around a tenth of that of typical externally funded schemes and a similar order of magnitude larger than the cost of most schemes funded directly by municipalities (Figures taken from Shelter for Low Income Communities Project Preparation Final Report (Phases I-III), Punjab, Appendices, PADCO - T P.O'Sullivan and Partners, 1991).

6   Out of a total of around 95,000

7   About one third of them have received direct support from OPP. While not belittling the considerable achievements of OPP, the experience in Karachi and elsewhere in Pakistan suggests that many community groups have succeeded in overcoming at least some of the four barriers (most commonly the social and economic barriers) without help from outside organisations

8   OPP applies this distinction to sewers but there is no reason in principle why it cannot be applied to other types of infrastructure

9   In a recent paper, one of OPP's key thinkers adds a fifth barrier to development to those previously recognised by OPP This is stated as 'Governmental - *a whole organisation and culture of engineering institutions and bureaucracy does not understand and is not willing to accept the (OPP) concept* The emphasis on engineers tends to particularise what is in fact a wider problem and it is arguable that NGOs need to do more to understand the problems and constraints faced by government Nevertheless, the basic point is valid and needs to be taken into account when devising strategies for encouraging and supporting participation in the upgrading process.

10 A recenl World Bank sector study on private sector participation in water and wastewater services and solid waste management gave information on the gross revenue and operating expenses for water services in Lahore, Faisalabad, Islamabad and Karachi. Only in Lahore did revenue exceed operating expenses but even then by less than 20% In the other cities, the gross revenue was 55%, 21% and 75% respectively of operating expenditure

11 It remairs to be seen whether these efforts will be successful. Kool et al (1988) report that a previous attempt to simplify regularisation procedures in Karachi was soon abandoned and they note that some government officials and 'lease brokers have a vested interest in the complexity of procedures'.

12 For instance, Arnstein (1969) suggests degrees of participation ranging from non-participation through informing and consultation to citizen control Srinivasan (1990) suggests four concepts of participation which she terms the cheap labour, cost sharing, contractual obligation and community decision-making concepts. Paul (1987) takes a similar approach, suggesting four degrees of participation,.- information sharing, consultation, decision-making and initiating action

13 OPP has also attempted to initiate action in other related fields, for instance solid waste collection. At first sight, this appears to move it towards an area-based approach but the links between solid waste collection and sanitation and OPP's insistence that individual programmes are managed separately mean that its approach is still essentially functionally- based

14 The proposal was made in the 1991 Shelter Study and more recently in the Final Report of the Punjab Urban Improvement Project (Innovative Consultants, Lahore 1997).

References and additional reading

Arnstein, S R (1969) *A ladder of citizen participation*, American Institute of Planners Journal, 69, 216-224

Abbott, J (1996) *Sharing the City Community Participation in Urban Management*, Earthscan, London, UK

Altaf, M A., Haroon, J and Whittington, D (1992) *Willingness to Pay for Water in Rural Punjab, Pakistan*, The World Bank, Washington DC, USA

Beall, J (1997) Assessing and Responding to Urban Poverty Lessons from Pakistan, in *Urban poverty: A New Research Agenda,* IDS Bulletin, Vol 28 No 2

Cotton, A P, Sohail,M and Tayler, W K (1998) *Community Initiatives in Urban Infrastructure,* Water Engineering and Development Centre, Lougborough, UK

Davidson, F and Payne,G (eds on behalf of Clifford Culpin and Partners) (1983) *Urban Projects Manual: A guide to preparing uprading and new development projects accessible to low income groups,* Liverpool University Press, Liverpool, UK

Hasan, A (1992) *Manual for Rehabilitation Programmes for Informal Settlements Based on the Orangi Pilot Project Model,* OPP-RTI, Karachi

Hasan, A (1995) Replicating the Low-Cost Sanitation Programme Administered by the Orangi Pilot Project in Karachi, Pakistan in *The Human Face of the Urban Environment: Proceedings of the Second Annual World Bank Conference on Environmentally Sustainable Development,* Eds Serageldin, I ,Cohen, M , and Sivaramakrishnan, K C ,

Hasan, A (1997) *Working with Government: The story of OPP's collaboration with state agencies for replicating its Low Cost Sanitation Programme,* City Press, Karachi

Innovative Development Consultants (Pvt) Limited (1997) *Punjab Urban Improvement Project (PUIP), Final Report on Institutional Strengthening,* Produced for Government of Punjab/Asian Development Bank

Kool, M L, Verboom, D and van der Linden, J J (1988) *Squatter settlements in Pakistan.* Vanguard Books, Lahore

Paul, S (1987), *Community Participation in Development Projects,* World Bank Discussion Paper No 6, Washington DC.

Picciotto, R and Weaving, R (1994) A New Project Cycle for the World Bank?, *Finance and Development,* December

Rehman P and Rashid, A , (1991) *Notes on 'Low Cost Sanitation Programme Maintenance/Rectification. Evaluation of OPP supervised lanes* OPP-RTI, Karachi

School, J W , van der Linden, J.J. and Yap, K S (1983) *Between Basti Dwellers and Bureaucrats: Lessons in Squatter Settlement Upgrading in Pakistan,* Pergamon Press, Oxford

Schuebeler, P (1996) *Participation and Partnership in Urban Infrastructure Management,* UMP Policy Paper 19, World Bank, Washington DC

Srinivasan, L (1990) *Tools for Community Participation: A Manual for Training Trainers in Participatory Techniques,* PROWWESS/UNDP, New York

Tayler, K and Cotton, A (1993) *UrbanUpgrading.Options and procedures for Pakistan,* WEDC, Loughborough, UK

van der Linden, J J (1989) *Successful supply of plots for the poor The case of Hyderabad,* Free University of Amsterdam, Urban Research Working Papers No 22

van der Linden, J.J (1997) On popular participation in a culture of patronage; patrons and grassroots organisation in a sites and services project in Hyderabad, Pakistan, *Environment and Urbanisation* Vol 9. No 1, April

Vanderschuerin, F , Wegelin, E , and Wekwete, K (1996) *Policy programme options for urban poverty reduction,* published by the World Bank for the UMP

World Bank (1996) *Pakistan Private Sector Participation in Urban Environmental Services: Water and Wastewater Services and Solid Waste Management - A Sector Study*

Zaidi, S Akbar, (1996) Urban Local Government in Pakistan - Expecting Too Much from Too Little?, *Economic and Political Weekly,* Vol XXXI No 44 Nov 2 pp2948-2953

Zaidi, S Akbar (1998) *The Role of Municipalities in Land and Infrastructure Development and in Maintenance in Intermediate and Small Towns in Sindh,* Report commissioned by Development Consortium, Karachi