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# Karachi: An Informal City



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### **About the Occasional Paper**

The modern cities in less developed countries are rapidly expanding under various crises, which are expressed in the urban physical environment. Many of the significant urban transformations of the new century are taking place in the developing world. In particular, informality once associated with poor squatter settlements, is now seen as a generalised mode of metropolitan urbanisation. There is a growing recognition that informal work and housing constitute significant proportions of urban economies.

Informality is an organic response to economic stagnation in the Third World and it is not only inescapable but, in some cases welcomed. It eases the job deficit in the formal economy and gives the poor the space to re-imagine development, to direct it on their own terms. Today, the informal sector in Asian cities provides a large range of services, not only to informal settlements but also to the formal sector. These services include water, transport, generation of jobs and skills, solid waste management, education and health facilities and warehousing and storage for trade and commerce. There is an intensive interaction between the formal and informal sectors and they service each other's needs increasingly.

Karachi presents a perfect example of an informal city whereby more than 50 per cent of the city dwellers reside in informal settlements created by the illegal subdivision of state land by middlemen. According to the Karachi Master Plan 2000, just over 76 per cent of the population of Karachi works in the informal sector. A total of 62 per cent of Karachi's population live on the 8.1 per cent of land that has been informally developed. A major chunk of industrial and commercial growth comes from the informal sector, which continues to expand both in absolute and relative terms. Informal settlements have been developed on government land illegally occupied by developers, with the support of government servants and protected through bribes to the police. The most serious problem in Karachi is the rapid consumption of all land for commercial development through a powerful politician-bureaucrat-developer nexus. This is denying the city space for much needed infrastructure and for low income housing.

Thus, the activities, which are normally considered part of the informal economy are often in one way or another linked to the activities in the formal economy. It should be recognised that both sectors incorporate creativity, entrepreneurial flair, and a general desire to harness human capital in ways that maximises its potential.

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# **Karachi: An Informal City**

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In many Asian and African countries, urbanisation is clearly speeding ahead, and conventional regulatory frameworks that plan cities have clearly not been able to adapt to the global trends and the local reality in which more poor, unskilled migrants are coming to the cities. With no assets or skill sets, and kinship networks in the same situation as they are, they add to the city's informality of work and habitat. Most of those in informal livelihoods serve the formal city in ways that we don't acknowledge.<sup>1</sup> Many of the significant urban transformations of the new century are taking place in the developing world. In particular, informality, once associated with poor squatter settlements, is now seen as a generalised mode of metropolitan urbanisation.<sup>2</sup> Planning modalities can produce the “unplannable”—informality as a state of exception from the formal order of urbanisation; and this state of exception can in turn be strategically used by planners to mitigate some of the vulnerabilities of the urban poor; and dealing with informality requires recognising the “right to the city”—claims and appropriations that do not fit neatly into the ownership model of property.<sup>3</sup>

The urbanisation process in developed countries is driven by planning strategies, while the modern cities in less developed countries (LDCs) expand rapidly under various crises, which are expressed in the urban physical environment.<sup>4</sup> There is a growing recognition that informal work and housing constitute significant proportions of urban economies, but there is also a flurry of high-profile policies being pursued by international agencies and Third World city governments to manage informality.<sup>5</sup>

## **What is 'Informal' in an Informal City?**

Informality is an organic response to economic stagnation in the Third World and is not only

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<sup>1</sup> Sheela Patel, “The Real Crime Problem Lies in the Formal World,” URL: <http://nextcity.org/informalcity/entry/the-real-crime-problem-lies-in-the-formal-world> (Accessed on 3 February 2013).

<sup>2</sup> Ananya Roy, “Urban Informality: Toward an Epistemology of Planning,” *Journal of the American Planning Association* (Chicago), Vol. 71, No. 2, Spring 2005, p. 147.

<sup>3</sup> Ibid, pp. 147-48.

<sup>4</sup> R. Sietchiping, “Understanding Informal Urban Patterns by Integrating Geographical Information System (GIS) and Cellular Automata (CA) Modelling.” Paper presented at the 1<sup>st</sup> International Conference on *Systems Thinking in Management*, Geelong (Australia), 8-10 November 2000, p. 555. URL: <http://www.ceur-ws.org/Vol-72/089%20Sietchiping%20GIS.pdf> (Accessed on 10 March 2013).

<sup>5</sup> Roy, Op. Cit, p. 148.

inescapable but, in some instances, welcomed. It eases the jobs deficit in the formal economy and gives the poor the space to re-imagine development, to direct it on their own terms. Policy-makers, however, are obligated to reconstruct the urban space, and provide the same business opportunities for the poor as they do for big business: adequate vending spaces, protection from criminal dons and gangsters and access to social goods that are tied to larger state structures and processes.<sup>6</sup>

Thus, it can be argued that informality is the outcome of the elitism of the formal city dwellers. The residents of the informal city have to pay for the formal city dwellers' electricity, water, health, sanitation, transportation, etc. These are the amenities which are never made available to the poor of the informal city by the government.

A number of services are delivered by the informal sector in Asian cities. This informal sector has a close link with the informal settlements. The most important function that the informal sector fulfils is the creation of jobs and employment. In many Asian cities, informal sector loans also finance market. It is through such loans that the Karachi and Jakarta mini-buses, Manila *jeepneys*<sup>7</sup> and Dhaka rickshaws are financed. These modes of transport are the backbone of the transport industry in these cities. The informal sector has invested billions in this process. The relationship between the financiers of these modes of transport, their owners, the police, and the transport department of the city is also informal and is not based on any larger transport plan.<sup>8</sup> Some of the more important state programmes are the Community Mortgage Programme (CMP) in Philippines; the Kumpang Improvement Programme (KIP) in Indonesia; the *Katchi Abadi* (squatter settlement) Improvement and Regularisation Programme (KAIRP) in Pakistan; and the Million Houses Programme (MHP) in Sri Lanka.<sup>9</sup>

As a result of the non-involvement of the informal city in city planning, insensitive projects that displace communities are constantly approved and often funded by international agencies. In

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<sup>6</sup> Hume N. Johnson, "The Informal World's Crime Problem Cannot be Overlooked," URL: <http://nextcity.org/informality/entry/the-informal-worlds-crime-problem-cannot-be-overlooked> (Accessed on 3 February 2013).

<sup>7</sup> Manila *jeepneys* are the most popular mode of public transportation in Manila, Philippines. They are known for their crowded seating and flamboyant decorations, which have become a ubiquitous symbol of Philippine culture and art.

<sup>8</sup> Arif Hasan, "The Informal City," URL: [http://www.fukuoka.uninhabitat.org/docs/occasional\\_papers/project\\_a/07/city-arif-e.html](http://www.fukuoka.uninhabitat.org/docs/occasional_papers/project_a/07/city-arif-e.html) (Accessed on 3 February 2013).

<sup>9</sup> Ibid.

addition, infrastructure development plans do not document or accept the work that has been done by the communities at their own cost. The powerful informal sector lobbies related to land, transport and solid waste, do not become a part of the plans related to their respective sectors. And the politician-bureaucrat-developer nexus is able to sabotage those aspects of development plans that are not in its interest.

The above process is aided by the fact that most planners and administrators are conventionally trained and do not have an understanding of and links with the informal city. Their main objective is to integrate the informal within the formal. If this happens (luckily it can not) then the poorer sections of the city will not be able to afford the cost of urban services, and jobs for large sections of the urban population will not be generated.

### **The Debate between 'Formal' and 'Informal' City**

Peter Hall and Ulrich Pfeiffer pay particular attention to one category of urbanisation that they call “informal hyper growth” cities. Expressing great concern for these exploding and swollen cities, they argue that this phenomenon is not simply restricted to the cities of the global south but that through migration, “some cities of the developed world are invaded by the developing world” rendering them ungovernable. In contrast with this language of crisis, Hernando De Soto, in his super selling book *The Mystery of Capital*, presents an image of informality as “heroic entrepreneurship.” With the ear of many of the Third World's political leaders, he continues a theme that he sounded in his first book, *The Other Path*, that the “informal economy is the people's spontaneous and creative response to the state's incapacity to satisfy the basic needs of the impoverished masses.”<sup>10</sup>

At first glance, these two frames—one of crisis and the other of heroism—seem to be sharply at odds with one another. Yet a closer look reveals some striking similarities. For example, both view informality as fundamentally separate from formality. Hall and Pfeiffer argue that the urban poor of the year 2000 have “built their own city without any reference whatsoever to the whole bureaucratic apparatus of planning and control in the formal city next door.” De Soto sees the informal sector as closed off from the formal sector through a “legal apartheid,” with the poor unable to trade their assets in the formal system of capitalist transactions. Implicit in this notion is the promise that the informal sector will eventually be integrated into a modern and manageable economy. Such is De Soto's call for legalisation, the

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<sup>10</sup> Cited in Roy, Op. Cit, p. 148.

assurance that once the assets of the informal sector are formally and legally recognised, capitalist prosperity will flow into every corner of the world. Informality is not a separate sector but rather a series of transactions that connect different economies and spaces to one another.<sup>11</sup>

In a blog, Jamaican author and political commentator Hume N. Johnson argues that, despite its advantages for the poor, the informal sector harbours an active criminal element that must be dealt with. The informal economy is an organic response to this impoverishment. But it is also a space that provides harbour for extra-legal activities and a haven for both lawful and criminal actors. In other words, whereas the informal economy has had the beneficial effect of helping the poor make ends meet, it is important to accept that informals are not always civil and orderly, and at times their activities intersect with illegality and provide a ready context for crime.<sup>12</sup>

In response to Hume N. Johnson, Sheela Patel advocating for the urban poor, argues that if illegal activity is a problem in informal settlements and economies, it's nothing compared to the rampant crime in the formal world. The reality is that the city does not police informal settlements, and being out of bounds makes them safe havens for bad elements.<sup>13</sup>

### **Informality and Legality**

In recent years, it has become obvious that informal housing and land markets are not just the domain of the poor but that they are also important for the middle class, even the elite, of Third World cities. Such trends point to a complex continuum of legality and illegality, where squatter settlements formed through land invasion and self-help housing can exist alongside upscale informal subdivisions formed through legal ownership and market transaction but in violation of land use regulations. Both forms of housing are informal but embody very different concretisations of legitimacy. The divide here is not between formality and informality but rather a differentiation within informality.<sup>14</sup>

Traditional markets and vendors who brought goods to one's doorstep have historically been part of the city. Only now, their numbers are expanding exponentially, and unlike in the past when they melted into invisibility, they are in our face, seeking to live and work in and around the formal city streets and near our homes. Today the vendor and hawker pays the equivalent of thrice

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<sup>11</sup> Ibid.

<sup>12</sup> Johnson, Op. Cit.

<sup>13</sup> Patel, Op. Cit.

<sup>14</sup> Roy, Op. Cit, p.149.

what a licensed vendor pays to bribe police and municipal workers; similarly, slum dwellers end up paying for stolen water and electricity – resources that are often stolen by the utilities' own staff, local politicians and illegal entrepreneurs, and then sold at three to four times their original cost to the slum dweller or vendor.<sup>15</sup>

Income level and ethnic biases must be made minimal when it comes to physical development, maintenance and management of areas. This is the way for social justice to prevail in the city. Thus, Informal does not mean illegal. Legality cannot be reduced to the formal city and in other words the informal city also has some or little amount of legality. What hurts most the dwellers of an informal city is the complete disconnect between the planned and regularised settlements and the unplanned and irregularised settlements.

### **The Issue of Governance in an Informal City**

Where state authority is weak, non-existent, unwilling to play its role, or lacking legitimacy, informal processes and actors seem to have taken control to provide basic services to the burgeoning populations that live in these cities. Whether the state is missing in action on purpose, is ineffective, or is simply colluding with non-state actors to gain dividends from an informal economy is open to debate. It could be argued that the governance structure and practice in such a situation is bound to create new or parallel centres of power. The resultant contestation between collaborative or competing centres of power is also likely to create a sense of insecurity for the dwellers of these cities, in particular the slum populations.<sup>16</sup> It could be thus argued that the state is not the only actor vying for monopoly over resources and violence.

In squatter settlements, informal governance has become a norm, and the settlements could be viewed as a “city within a city.” Informal governance in these cities is linked to informal economies and informal settlements that are no longer at the periphery of the system but, rather, an integral part of it.<sup>17</sup> Today, the informal sector in Asian cities provides a large range of services, not only to informal settlements but also to the formal sector. These services include water, transport, generation of jobs and skills, solid waste management, education and health facilities, and warehousing and storage for trade and commerce. There is an intensive interaction between

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<sup>15</sup> Patel, Op. Cit.

<sup>16</sup> Nazia Hussain, “Informal Governance and Role of State in Cities in Developing Countries: Comparing Karachi and Cairo,” URL: <http://mail.mei.edu/content/informal-governance-and-role-state-cities-developing-countries-comparing-karachi-and-cairo> (Accessed on 3 February 2013).

<sup>17</sup> Ibid.

the formal and informal sectors and they service each other's needs increasingly.<sup>18</sup>

Peerzada Salman is of the view that too many land owning agencies, weak governance, a vast number of unauthorised *Katchi Abadis* and multiple land ownership are some of the major impediments in the way of resolving Karachi's land-related problems. Thus, the problem is not of laws but of 'governance.'<sup>19</sup> The collapse of urban institutions due to budget constraints and mounting political infighting, ethno-religious tensions and radicalisation of ideological positions, and the changing nature of warfare seem to benefit those who are involved in organised crime. It has been observed that stateless spaces give rise to "open-war economies" that thrive on illegal trade.<sup>20</sup> Similarly, urban lawlessness seems to nurture criminal activity, which is what connects the city with the rest of the world.

### **The Changes in the Nature of Informal Settlements**

The nature of settlements and their location has changed over time. The earliest settlements were developed on private land as land rentals or through unorganised invasions of state and private land by migrants from the rural areas. Most of the development of these types of settlements took place between 30 to 40 years ago and were within or just outside major Asian cities which were comparatively small cities at that time. Most of these settlements have ceased to be. They have been replaced by commercial complexes and residential apartment blocks. They are now within the inner city and their residents have relocated elsewhere. The settlements that do survive are under threat of eviction.<sup>21</sup>

Large scale relocation settlements have also been developed in many Third World cities. These settlements are often 20 to 30 kilometres away from the city centre and poor residents from bulldozed areas are relocated here. Although these are formally planned settlements, their residents build their homes in a process similar to that of informal settlements. In addition, they more often than not, have no social or physical infrastructure. This also they acquire in a manner similar to that of informal settlements. One can safely say that these are the informal settlements of tomorrow. Their main problem is the absence of an efficient and cheap transport system that

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<sup>18</sup> Hasan, Op. Cit.

<sup>19</sup> Peerzada Salman, "Report Highlights Factors Hindering Proper City Planning," *Dawn* (Karachi), 27 August 2012.

<sup>20</sup> Mark Duffield, "Globalisation, Transborder Trade and War Economies," in Berdal Mats and David M. Malone (eds.), *Greed and Grievance: Economic Agendas in Civil Wars* (Colorado: Lynne Rienner Boulder, 2000), pp. 69-89.

<sup>21</sup> Hasan, Op. Cit.

can take them to their places of work which are within the inner city or on its periphery.<sup>22</sup>

Informal settlements with much higher densities – for instance between 1,500 and 3,500 people per hectare – present more of a challenge. This is the case in some of the informal settlements in Nairobi, in Dharavi in Mumbai, and in some residential areas in Karachi.<sup>23</sup> All the settlements described above have been created and developed through middlemen. It was they who brought low income residents as renters on private land. They arranged for the subdivision and sale of state and private land by establishing an informal understanding with corrupt government officials and politicians for infrastructure and protection against demolition. They negotiate with agricultural sector landlords and state officials for acquiring agricultural land, planning its subdivision, often in defiance of state laws, and arranging the necessary financial deals. This immense knowledge of identifying appropriate beneficiaries, planning and delivering services at affordable prices, and negotiating with relevant interest groups, is an asset that state agencies do not possess. Without this asset they cannot deliver land and services to the poor.<sup>24</sup>

### **Social Change in Informal Settlements**

For an informal settlement to survive there are two basic requirements - one, security of tenure and two, infrastructure, especially water and electricity. To acquire these, communities have had to organise themselves and form associations.<sup>25</sup> Over the years, communities have also learnt that they cannot acquire infrastructure and tenure security simply by lobbying politicians. Their struggle for tenure security brings them in conflict against a powerful developer's lobby supported by bureaucrats and politicians that wish to evict them and build on their land. It also brings them in conflict against a lobby of consultants, contractors and government planners who promote insensitive projects which ultimately displace them. Therefore, increasingly residents of informal settlements opt for taking the matter to court or seeking the support of the press. These actions create a new type of leadership in these settlements and bring the informal settlement closer to the formal processes.

However, the most important change that has taken place in informal settlements is that

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<sup>22</sup> Ibid.

<sup>23</sup> Davis Satterthwaite, "Upgrading Dense Informal Settlements: The Potential for Health and Well Being," URL: [http://lsecities.net/files/2011/11/2011\\_chw\\_4070\\_Satterthwaite.pdf](http://lsecities.net/files/2011/11/2011_chw_4070_Satterthwaite.pdf) (Accessed on 3 February 2013).

<sup>24</sup> Hasan, Op. Cit.

<sup>25</sup> Ibid.

trade, commerce, manufacturing and education has developed in them. This, along with the struggle against the various lobbies that operate against them, has produced a large number of leaders and activists who are constantly in touch with formal sector agencies and service providers. The state agencies, more often than not, do not know how to relate to this new leadership. This is because the manner in which the state thinks and functions has not undergone more than just cosmetic changes whereas sociological change in the informal settlements is immense. Because of this, state functionaries are uncomfortable with the new leadership and it is this leadership that is increasingly determining the economy and the politics of low income settlements.

### **Karachi: Moving towards the ‘Informal’**

Karachi is an Asian city with a populist political culture. About 50 per cent of the city consists of informal settlements created by the illegal subdivision of state land by middlemen. An additional 20 per cent of the population lives in formally planned settlements who have built their homes informally through financial and technical support of small contractors. They have also acquired their infrastructure informally through “self-help.” Only one third of the total population of the city is provided with housing facility. The rest of the demand has been met through informal and illegal subdivision of state land or through densification of existing homes and settlements.<sup>26</sup>

Steve Inskeep writes:

I once visited such a place under construction in Karachi, Pakistan. A developer was building small concrete row houses on land he didn't own. Electricity came from cables illegally hooked to the nearest power lines. Drinking water came not from plumbing but from delivery trucks. And the children told me they were not attending any school. The nearest thing to the rule of law was the police officers, who collected bribes to pretend that the neighbourhood didn't exist.<sup>27</sup>

A survey of 136 *Katchi Abadis* in Karachi was carried out by the Orangi Pilot Project (OPP). These *Katchi Abadis* have a total of 79,426 houses in 8,479 lanes in them. 81.6 per cent of these lanes have built sewer lines at their own cost and over 90 per cent of the homes have linked themselves illegally to government water supply systems. The people and their councillors had invested over 203 million rupees (US\$ 3.4 million) in this work. In 1991, Karachi's port activity was 26 million tons and 78 per cent of it was by road. Formal sector storage facilities could only

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<sup>26</sup> Ibid.

<sup>27</sup> Steve Inskeep, “Cities Beyond the Law,” *The New York Times* (New York), 3 December 2011.

accommodate 50 per cent of the need. The need both for warehousing and cargo terminals, have been fulfilled by informal arrangements.<sup>28</sup>

Informal settlements have also developed on government land illegally occupied by developers, with the support of government servants and protected through bribes to the police. Almost all of these settlements have residents' organisations (created by the developers) who constantly lobby the government agencies for infrastructure and security of tenure. The developers hire journalists to write about the "terrible conditions" in their settlements and engage lawyers to help regularise tenure. Many of Karachi's important link roads and commercial areas have been developed by these informal developers. Loans, materials and advice on the construction of homes are provided by small neighbourhood contractors who become the architects, housing banks and engineers for low-income households.

Similarly, over 72 percent of Karachiites travel in individually owned minibuses that have been purchased with informal loans at high interest rates from moneylenders. Since the minibus owners have no terminals, depots or workshops for their vehicles, they use the roads for these purposes and informally pay the police and the local administration for permission to do so. Another important sector relates to the recycling of solid waste. Instead of taking solid waste to landfill sites, municipal waste collectors, in defiance of rules and regulations, take the solid waste to informal recycling factories spread all over the city. In the process, even organic waste, which cannot be recycled, does not reach the landfill sites. Here again, large sums of money change hands illegally. As settlements consolidate, private schools are established within them. These far outnumber government schools and are affordable to the residents because educated women in the neighbourhood teach there at low salaries. Most of these schools begin as one-classroom affairs in people's homes and some expand to form large institutions. They are established by entrepreneurs, public-spirited individuals and/or neighbourhood community organisations, and remain unregistered and unrecognised until attempts at their registration are made long after their establishment. Private medical practitioners (qualified, unqualified and/or traditional), establish health clinics in the informal settlements and are not registered with any government agency or medical council. Entertainment and recreation also develop in informal settlements. Video machines, table football and carom and card-game tables are set up by entrepreneurs, without permission. The profits from these activities are shared between the entrepreneurs and the law-enforcing agencies.<sup>29</sup>

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<sup>28</sup> Hasan, Op. Cit.

<sup>29</sup> Ibid.

The most serious problem in Karachi however, is the rapid consumption of all land for commercial development through a powerful politician-bureaucrat-developer nexus. Even historic buildings of considerable cultural importance are being demolished illegally and being replaced by commercial complexes by this nexus. This is denying the city space for much needed infrastructure and for low income housing. It is also denying the city space for recreation and community and cultural activities. Even in the informal settlements open spaces are being occupied and there is a constant struggle between informal settlement residents and land developers to prevent this from happening. In this struggle, many lives have also been lost. The main problem that communities have in protecting open spaces is the absence of access to land use plans, land ownership papers, corridors of power and to a system of justice in the courts of law.<sup>30</sup> In Karachi, urban policy towards *Katchi Abadis* can be characterised as “settle now, regularise later.”<sup>31</sup>

In recent years, a number of Karachi professionals and middle class citizens have come together to struggle against what they call “the land mafia” and against insensitive government projects that do not solve the problems of the city. In this struggle, their main support comes from the informal city consisting of community activists from informal settlements and the informal service providers. Where this struggle has been aided by professionals and scientific research, there has been considerable success against deeply entrenched vested interests.<sup>32</sup>

### **Karachi's Informal Economy**

The most important role of the informal sector in Karachi is in job generation. According to the Karachi Master Plan 2000, just over 76 per cent of the population of Karachi works in the informal sector.<sup>33</sup> Land in Karachi is very unevenly distributed between the formal and informal sectors. A total of 62 per cent of Karachi's population live on the 8.1 per cent of land that has been informally developed. And, while 80 per cent of Karachiites live in houses on plots of 100 square metres or less, plots of between 334 and 1672 square metres occupy about 20 per cent of Karachi's residential area, despite accounting for only 2 per cent of the total housing stock.<sup>34</sup>

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<sup>30</sup> Ibid.

<sup>31</sup> Haris Gazdar, “Karachi, Pakistan: Between Regulation and Regularisation,” in Marcello Balbo (ed.), *International Migrants and the City* (Venice: UN – Habitat Publications, 2005), p. 174.

<sup>32</sup> Hasan, Op. Cit.

<sup>33</sup> Ibid.

<sup>34</sup> Arif Hasan, “Designing Density in Karachi: Alternatives to Apartment Blocks,” URL: [http://secities.net/files/2011/11/2011\\_chw\\_5075\\_Hasan.pdf](http://secities.net/files/2011/11/2011_chw_5075_Hasan.pdf) (Accessed on 3 February 2013).

A major chunk of industrial and commercial growth comes from the informal sector, which continues to expand both in absolute and relative terms. Mini industrial and commercial hubs in the city's *Katchi Abadi* areas like Orangi, Azam Basti, New Karachi, Qasba, Landhi and Malir are known for operating an economy in shadows. They generally do not pay taxes or follow labour laws. Unlike the Sind Industrial Trading Estate and other big industrial and commercial zones in Karachi – Orangi, Shershah and other *Katchi Abadis* on the outskirts of the city are self-created special economic zones for the poor. Unfortunately, successive governments have failed to provide necessary infrastructure for development of the formal sector and as such a major chunk of economic activity is the preserve of the informal sector.<sup>35</sup>

In 1990, a total of 75 per cent of Karachi's working population worked in the informal sector, primarily in garment, leather, textile, carpet and light engineering sectors. These sectors, and therefore the majority of the working population, tend to be based in low-income settlements.<sup>36</sup> Many of these new informal and formal low income settlements are far away from employment zones, which make it very difficult for residents, especially women, to work. People living in these settlements spend three to four hours per day travelling from home to work and back, at a cost of Rs 56 to 100 (US\$0.65 to US\$1.16) per day. In addition, social costs include a reduction in the time that workers, usually men, are able to give to their families, and increased tiredness and ill-health due to the time spent commuting in environmentally degraded and uncomfortable conditions.<sup>37</sup>

The activities that are normally considered part of the informal economy are often in one way or the other linked to the activities in the formal economy. It should be recognised that both sectors incorporate creativity, entrepreneurial flair, and a general desire to harness human capital in ways that maximises its potential.<sup>38</sup>

### **The Politics of the Informal City**

Karachi has the highest crime rate in Pakistan. Official statistics counted 2,100 political murders in 1995 alone. In 1998, Karachi's homicide rate was more than twice that of New York's, and the

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<sup>35</sup> "Thriving Informal Business," *Dawn*, 30 April, 2012.

<sup>36</sup> Hasan, "Designing Density in Karachi: Alternatives to Apartment Blocks," Op. Cit.

<sup>37</sup> Ibid.

<sup>38</sup> P. W. Daniels, "Urban Challenges: the Formal and Informal Economies in the Mega-Cities." Paper presented at the 47<sup>th</sup> IFHP World Congress 2003, Vienna, 5-8 October 2003, p. 501.

vast majority of victims were young males.<sup>39</sup> But while formal urban structures are collapsing, there is a mushrooming of informal social systems, including anti-violence projects. Grassroots initiatives include private ambulance services, centres to support sexually abused women, and websites that publicise violent incidents against ethnic groups.<sup>40</sup>

The loss of control by public bodies, and the resulting victimisation of urban residents in both the public and private space, runs counter to a Le Corbusier vision of structuring urban messiness and taming the city to the benefit of the public interest. As both cause and consequence, increasing social distance is crammed into decreasing physical space. New labels such as “failed city” and “city of chaos” surface, while descriptors such as new “urban jungles” are conjured up.<sup>41</sup>

### **The Societal Disconnect Between the Formal and Informal City**

The informal transportation industry is another major issue in Karachi. Majority of the public transport is controlled by individual owners who have taken an informal loan to purchase them. The loans are given by tribal chiefs and professional money lenders from the north and only to people from their own areas. The loans carry a high rate of interests and the owners have to work day and night in order to repay. They can't do this in the normal course and therefore to repay the loans, operators have to violate traffic rules, illegally change their routes, and put pressure on and mistreat their passengers.<sup>42</sup>

Although land for housing is available in informal and semi-formal settlements, expanding families cannot access it as easily as they did in previous decades, due to a massive increase in the cost of land. One square metre of land in a newly developed *Katchi Abadi* cost 1.7 times the average daily wage for an unskilled labourer in 1992, compared to 40 times today. As a result, the only affordable and secure option for an increasing number of families is to build upwards, densifying their settlements. Although high densities have numerous advantages for city and infrastructure planning, the abnormally high and unplanned densities emerging in the older

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<sup>39</sup> A. Mian, S. F. Mahmood, H. Chotani and S. Luby, “Vulnerability to Homicide in Karachi: Political Activity as a Risk Factor,” *International Journal of Epidemiology* (Raleigh), No. 31, 2000, pp. 581-85.

<sup>40</sup> Daniel Esser “The City as Arena, Hub and Prey Patterns of Violence in Kabul and Karachi,” *Environment and Urbanisation* (London), Vol. 16, No. 31, 2004, p. 35.

<sup>41</sup> Ron Moreau and Zahid Hussain, “Failed Cities: Terror's Urban Jungle,” *Newsweek* (New York), 13 October 2002, p. 39.

<sup>42</sup> Arif Hasan, “Karachi and the Global Nature of Urban Violence,” *The Urban Age* (Washington, D.C.), Vol. 1, No. 4, Summer 1993, p. 5.

settlements of Karachi are leading to significant social and physical problems. Overcrowded quarters can lead to family quarrels, tension among children and adolescents, promiscuity, inconvenience for married couples, breakdown of community cohesion, problems in use of toilets and kitchens, which increasingly have to be shared, and an increasing gap between water demand and supply.<sup>43</sup>

Informal enterprise has made serials like *Santa Barbara*, *The Bold and the Beautiful*, MTV and all variety of news available now in homes in all low-income settlements in Karachi and in the tea shops and eating joints located within them. This has brought about a clash of values and cultural confusion. It has also brought about a generation gap which seems unbridgeable and is one of the major reasons for an increase in honour killings of women in first-generation urban families.<sup>44</sup>

Official plans in Karachi for instance, give the poor areas as compared to the richer areas, less water per capita; poorer road specifications; open drains and soak pits for sanitation instead of underground water-borne sewerage; and less public open space per capita although the poorer areas have higher population densities. In addition, in the rich areas private health clinics administer immunisation whereas in the poor areas immunisation camps are set up although most poor areas also have private practitioners. The nature of government facilities, for the rich and poor areas has also started to differ considerably. The list of differences in planning standards and procedures is endless. These trends, most of which are now being supported by poverty alleviation programmes, along with the privatisation of university education, are dividing the city for good and creating conditions for social strife and civic conflict.<sup>45</sup>

### **The Role of Civil Society**

Pakistan is home to some of the widely admired and emulated examples of civil-society-based service-delivery and advocacy groups, such as the OPP,<sup>46</sup> the Edhi Foundation, and the Human Rights Commission of Pakistan. Yet the same society that has generated such positive civil

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<sup>43</sup> Hasan, "Designing Density in Karachi: Alternatives to Apartment Blocks," Op.Cit.

<sup>44</sup> Arif Hasan, "The Changing Nature of Informal Sector in Karachi as a Result of Global Restructuring," *Environment and Urbanisation*, Vol. 14, No. 1, April 2002, p.74.

<sup>45</sup> Hasan, "The Informal City," Op. Cit.

<sup>46</sup> The Orangi Pilot Project is one of the largest non-governmental projects in Asia employing participatory techniques for the provision of sanitation and microcredit facilities to the half-million residents of the low-income Orangi Town neighbourhood in Karachi. The Edhi Foundation is a nationwide voluntary network of ambulance services, disaster relief, and shelter for abused and abandoned women and children in Pakistan. Cited in Daanish Mustafa, "(Anti) Social Capital in the Production of an (UN) Civil Society in Pakistan," *Geographical Review* (New York), Vol. 95, No. 3, July 2005, pp. 328-47.

society activism, including legal aid to abused women, free ambulance services, and much else, is also home to a multiplicity of very visible non-governmental actors espousing religious extremism and violence.<sup>47</sup>

Two organisations, both NGOs, have had a considerable impact on government thinking (if not policy) in Karachi. These are the Urban Resource Centre (URC) and the OPP. The URC does research on Karachi's problems with the involvement of the informal city actors and thus, this research has a strong populist bias. It has created a space to share this research through forums with community representatives, informal sector service providers, professional and academic institutions, and government planners and bureaucrats. This has resulted in an understanding on how the city really functions and the media has taken up these issues.

OPP has developed models of infrastructure provision, preventive health programmes, and income-generation credit systems for low income settlements. The OPP programmes overcome the financial, technical and administrative constraints that the state faces in upgrading and supporting informal settlements. The URC informs communities and groups about local government schemes for Karachi as a whole and in the process makes them aware of how government planning will affect their neighbourhoods and their lives. This mobilises them for action. The Citizen-Police Liaison Committee (CPLC) is another organisation which helps and supports the citizens who have problems in dealing with corrupt police practices.

The OPP on the other hand, carrying out research on the processes in informal settlements tries to understand 'who does what and how' and 'who gets what' in the process. It also identifies constraints and potentials in the process and supports the work of the people and the informal entrepreneurs through technical advice, credit (no grants) and managerial advice. As a result, its work has improved environmental conditions in informal settlements and created a more equitable relationship between government agencies and communities on the one hand and between small entrepreneurs and loan-sharks and formal sector contractors on the other hand.

## **Conclusion**

Pakistan's inflation and recession are taking place at a time when the older squatter colonies have been consolidating and such colonies constitute the majority of informal settlements. These are no longer purely working-class settlements and the younger generation living in them are overwhelmingly literate. Many have become doctors, engineers, college teachers, bank

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<sup>47</sup> Ibid.

managers and white-collar workers. Many of the small workshops and looms that were established by the first generation of entrepreneurs and artisans, with support from middlemen, have now developed direct links with the formal-sector industries and exporters whom they service. Similarly, schools (which started out as informal ones) have developed links with NGO and government support agencies, and some health clinics have started to access government facilities for population planning and immunisation. Interest groups have organised to present their claims and protect their gains. There now exist vocal transporters' organisations, loom operators' associations, neighbourhood groups, sports and cultural clubs (that manage to access through middlemen and political-party touts, they approach the establishment through the power of their organisations) and hawkers' associations. Almost every informal activity sector now has an organisation registered under the Societies Act and, increasingly, these organisations are being led by second or third-generation city dwellers that have broken with their rural culture and background.

In informal settlements there is an emergence of a First World economy and sociology, but with a Third World wage and political structure. There is also the emergence of new aspirations related to consumerism and the desire to belong to the “contemporary” world as portrayed by the media but without the means of achieving these aspirations and desires through formal institutions and processes. Thus, the most important role (and it is a new one) that the informal sector is trying to play today, and is likely to continue to play for the foreseeable future, is helping to bridge this aspirations-means gap. In Karachi, a whole new world has emerged to do just this.

These new informal sector activities, which are the result of liberalisation and related changes, really try to serve the better-off and the slightly upwardly mobile residents of old consolidated or consolidating informal settlements. At the same time, this process marginalises large sections of these settlements and deprives them of employment and access to diminishing government subsidies and benefits. Informal developers are forced to develop their settlements very far from the city centre because land in the centre has become an important asset for its owners. The diminishing purchasing power of the new migrants to the city means smaller land plots, narrower lanes and less open space. Health and educational institutions established by the informal sector in the older settlements have come of age and struggle to become formal institutions; also, they try, increasingly successfully, to access government poverty-alleviation funds (also a by-product of structural readjustment policies) and related programmes.

Karachi like cities and towns all over the world, is struggling to adjust to massive immigration, an uncertain economy, and an overburdened administrative system. The culture of

second generation dwellers, if recognised, could contribute to the planning of a city – a situation much better than that of the city imposing its plan of development on an unknowing and unwilling public. Through this, members of the informal sector, who make up an increasing percentage of residents, could be better understood and institutions supporting them developed and sustained.

The solution to Karachi's problems can only be developed if the continuing horizontal and vertical polarisation of the society is arrested and reversed. This requires political vision and will; new and innovative planning and implementation strategies that are compatible with the culture, economics, and sociology of low – income groups; and the active promotion of institutions and attitudes that support urban values and culture as opposed to the feudal one that still dominates the media and political life in Pakistan.



### Other PSP Publications

“The Future of India-Pakistan Relations,” PSP Special Lecture, October 2010

“The Way Forward in Jammu & Kashmir,” PSP Special Lecture, January 2011

“India’s Options in Afghanistan,” PSP Special Lecture, September 2011

Salma Siddique, “Synchronising a Self: Nation and Identity in Contemporary Pakistani Cinema,” PSP Occasional Paper, No. 1, January 2012

Azad Ahmad Khan, “Primary Education in Pakistan: Status and Priorities,” PSP Occasional Paper, No. 3, June 2013 (Forthcoming)

Namrata Goswami, “Just War Theory and Indian Intervention in East Pakistan, 1971,” PSP Monograph, No.1, January 2013

Rakesh Ankit, “The Origins of the Kashmir Dispute and Pakistan,” PSP Monograph, No. 2, May 2013 (Forthcoming)

Rana Banerji, “The Pakistan Army: Composition, Character and Compulsions,” PSP Monograph, No.3, September 2013 (Forthcoming)





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