“PM 5 Million Houses Dream Materialization”

“Integrated Pakistan Model”

New Cities development as Growth Engines

Sustainable Development catering needs of all segments of society in most structured way based on world best practices of economic development unlike Pakistan past economic journey till to date leading to gigantic inequality among the masses across the Pakistan.

This Theme was shared with Mr. Yaqoob Izhar, on behalf of private investors, on 5 Feb.2019. Updated w.r.t. World Bank Group (WBG) “Reshaping Pakistan vision 2047” corporate Punjab conference by C100 Think Tank Lahore(27-3-2019) and WBG Housing Sector engagement conference at Islamabad(28-3-2019). Earlier, updated Chairman Federal & Provincial Housing Task Forces, Punjab Minister Housing & DG PHATA and Provincial Housing Secretary meeting (18-3-2019). It will keep on refining according to International Best practices applications viability with special reference to Pakistan peculiar circumstances to make it most holistic and pragmatic model. Feedback would be appreciated.
“Economic Growth centric New city” would address all society segments with reference to their peculiar needs.

1. **New cities development** having *Modern housing* with world best living standards like *Singapore and Dubai* for foreigner, expatriates and locals.

2. **Special Economic zones** manufacturing & agro based (China did in 1978 for its economic kick start/ growth) for Export oriented and import substitute goods (Manage foreign trade deficit ). New set up or existing capacities would be relocated. These would be established at a distance from Modern Housing to manage environmental and other challenges.

3. **Low Cost Housing/Economical** adjacent to special economic zone to manage social and other challenges like transportation etc. For *slums area people* at a distance from main city as their current land is like ordinary stone but for businessman these are diamond places (wherever applicable). Slums people are living in abject property. They need basic necessities of life like reasonable earning, medical, education and housing. They would prefer structured living providing all under single roof.

4. **Knowledge Park** comprising world best organizations professional and technical education campuses like China distinction. Professionals qualification, Vocational training and economical zones work force development.

5. **Hospitals Private and Charitable** comprising state of the art facilities as well as addressing different segments of the society according to their specific needs.

6. **Business District**: For multinational and local companies to establish their offices like in modern cities of world.

7. **Theme Park** (where applicable) to create recreational activities for locals as well as Foreigners to attract Tourism in most structured way.

8. **New cities location** would be around CPEC routes, Motor Ways, Main GT roads and near established cities keeping in view particular needs.
How new cities Theme would support whole Nation?

1. “Basic Necessities” of Low income group including “Slums Areas” would be addressed in most structured way like employment & residential through economic zone establishment, professional & vocational training through knowledge Park and Health through dedicated hospitals. **Low income/Slums area people needs all these not just housing.** Private sector would ensure Economical/Low cost housing cost would be at least 50% less than Government offered rate @2700 per square feet to general Public and up to 20% area would be allocated.

2. **Address Urbanization and Existing Cities unorganized Expansion Challenge** (increase @2.74% than population @2.4%). Population with a structured approach would be directed towards new city to manage irregular, dangerous over expansion of existing cities.

3. **BY Products: Sustainable Development tools** like transfer of technology, world class management expertise, use of indigenous material/products and skilled professionals & work force like China.

4. Collection of **FBR Rs.8 trillion revenue, 10 million jobs, Foreign Exchange Trade deficit recovery and ultimately National debt** would be By-Products as well.
Why we need Economic Growth Centric New Cities?

1. **Different Fault lines are in pipe lines** in the form of unemployed youth (50% plus of 208 million total population) serious economic challenges and Common man life line finishing rapidly etc. Potential culmination can be like East Pakistan deprivation perception (was also one of major contributory factor of Pakistan making in 1947) across Pakistan if we did not learn from our past repeated mistakes.

2. **Fiscal-Debt crises** is incurring more than last year potential loss of Rs.6 million daily (based on last year fiscal deficit of Rs.2.2 trillion) as Economy is under significant uncertainty approaching “Dead at arrival” status as Government has not yet come up with any structured road maps despite visions of 5 million house, 10 million jobs and Rs.8 trillion Revenue target quite long time ago.

3. **Biggest challenges** like Fiscal & Foreign Trade deficit, mounting National debt and bleeding State owned Enterprises persistency indicates specific actions plans yet to develop to address these.

4. **Conclusion :More fuel** is being added day by day by moving towards Fiscal cliff by raising taxes, reducing government spending, increasing interest rates etc. against quantitative easing (although not clinically tested proven remedy) done by other countries of the world, especially, after 1998 financial crises to sustain economy. **Pakistan Fiscal and monetary policy makers need re-alignment based on ground realities** instead sticking to current strategies as not producing results.
What is meant by New city jurisdiction? (To attract Foreign direct investment and trade)

A Special boundary/environment for Economics and Best living ventures (like Vatican city in Room) would have:

A. **Own rules and regulations:** Based on world best practices along with Pakistan special environment.

B. **Public administration, Justice system** and financial and others regulatory requirements.

C. **Special incentives like:**
   I. Taxes free Economic zones and Others facilities
   II. Tax free salary to foreign citizens to attract best professionals.
   III. Free Lease hold land for (30 years) to multinational to establish their offices to have best management skills/approaches.

**Conclusion:** Harmonization of existing protocols with new city jurisdiction would be the most complex exercise and would never achieve. Like 18th Amendment (more than 5 years old) devolution of taxes, between Federal(FBR) and Provincial governments, harmonization requires just one week deliberations at the maximum but we are stuck up for nothing since devolution. Harmonization would lead you new task as stated earlier leading you now where except frustration. Development of new protocol would be as simple as NZ arms control policy.
City establishment: Governance/Legal structure

1. **Ownership:** Totally owned by Private sector on commercial terms.

2. **Regulatory authority: Federal Task Force** (supported by Provincial task force of relevant province) would be regulatory authority comprising Government as well as Private sector person being its board member. **Headed by Private sector** for ultimate decision making on any subject. **Public-Private partnership** means government organizations to facilitate only wherever required. Headed by Private sector for ultimate decision making on any subject. **Public-Private partnership** means government organizations to facilitate only wherever required.

3. **Over Riding authority.** All other government organizations would be supporting in their specific domain to facilitate its functioning (see next slide how).

4. **Best Governance practices:** Its functioning would be based on best practices of Integrity, transparency and accountability.

5. **Rewards:** All participants would be rewarded as per best practices /mutually agreed compensation for participation in model development. Even expatriates/locals bringing investors. Every government department pyramid related to any project site would be compensated based on performance.

6. **Agreed Policy frame work** of new city would be open to everyone to implement all across Pakistan. Any new city would be completed in stages like DHA different phases within time frame of 2 to 10 years.
How New city establishment would function?

1. It will coordinate with all regulatory authorities, initially, to develop and finalize most simple and rational regulatory pre-requisites to meet their domain specific strategic requirements. Later on strategic and operational pre-requisites/requirements would be made most holistic and pragmatic during execution phases through deep observations based on actual experiences.

2. Investors would contact directly with this office for facilitations. Establishment would provide one window facility w.r.t. to all aspects to every investor. No investor would visit office physically unless exception or peculiar situation as every subject would be dealt through online quires, clarification, compliances, complaint management etc.

3. Regulatory authorities/others would contact this office only not any individual investor directly to address any non-compliance or other issues as discussed under serial no.1 above.

4. Conclusion: Above suggestions/process would improve significantly Pakistan image of “Ease of doing Business Ranking” by the completion of first prototype model. However, significantly, within a time frame of 1 to 2 years.
What we have done?

1. **New City Projects Model.** Initial **Pre-feasibility** completed w.r.t. Strategic aspects. A little further working required to kick start at two sites projects out of five sites projects study.

2. **Special Economic zones** “Export oriented” and “Import substitute” Goods HS code wise (international standard name) initial details ready.

3. **Investors like Dubai and Saudi Arabia** have already showed willingness to invest just waiting any structured road map.

4. “**Ease of Doing Business**” first prototype details for general investor w.r.t. to One window operations nature details shared with Government for formal response/approval to kick start next stages of project to attract potential investors and working at sites.
What are we Lacking?

1. **Effective Governance system: Key to success:** Every project failure either had policy flaws or implementation failure. It remained a myth to date in Pakistan what was. In either case neither policy makers nor implementation team clarified its position rather every time failures are carpeted under one or other excuses. It is never evaluated what specific tasks were assigned to any specific team and what were the results either implementation failure or policy failure (tasks were implemented according to directions but result were not promising being based on flawed policy).

2. **Think globally , Act locally:** We need to understand local culture and specific limitation. It seems people responsible for development(policy maker) are/were in learning phase to strategize what to do tomorrow. Person responsible for implementation have no choice except LBDN (Look busy doing nothing) due to unstructured road maps in their respective domains.

3. **Not focused approach.** Majority of Funds were directed towards non-core issues leading to insignificant or no impact towards Sustainable development or Critical/core issues remained unresolved due to absence of focus approach. **Critical/Core issues resolution is pivotal for Sustainable development.**

4. **“Lost Economic Growth”.** Pakistan National debts has increased manifold since last one decade up to Rs.24,000 from 6000 Billion(FRDLA) @ 115,000 per person. **Similarly, all foreign assistance, especially, World Bank Group of 40 Billion USD since 1950 is not measureable as Sustainable development like CHINA peoples.** This model would track each penny spend in limited jurisdiction unlike old Pakistan.

5. **Finally, Intellectual depth gaps between performer( ready to start projects ) and Facilitators( Approval centers).** Similar wave length lacking at facilitator ends due to multiple factors.
Conclusion: Think Globally, Act Locally

1. **Only new Route** will lead us to destination not old routes. **Innovative structured approach would make a difference** only otherwise time is passing no issue. This approach is not questioning any existing system and processes. They would continue like in the past. **Only new city jurisdiction would have separate Governance and administration Protocol as existing governance and administrative practices can not accommodate all due to complex environment and being time consuming exercises.** Subsequently, after successful implementation as first prototype model would be replicated all across Pakistan.

2. **Foreign Direct Investment (FDI)** integral part of Economic development needs special privileges, with reference of Ease of doing business” like done in NZ for arms controls in days not years, are not possible under existing working frame works.

3. **Logic behind 5 million (low cost) Houses theme** is revitalization of economy. Economic revival, as per world proven track record is linked with inflow of Foreign Direct investment (FDI). Foreign Direct investment (FDI) demand “Best Ease of Doing Business Practices”. Model Theme, Governance/Structure and Functioning/working are suggested accordingly.

4. **You never go out of business unless you do repeated mistakes.** Learn from past lessons because New city model is based on Pakistan peculiar circumstances. Hence, **only new city theme to be dealt separately** in 5 million houses over all vision. Pakistan has immense potential all across but non-materialization either due to policy flaws or implementation failure due to multiple reasons are addressed in this model to ensure **PM ultimate Dream**, i.e. People will start asking Pakistan visa.

5. Subjects are as simple as ABC. **Outlines/Basic ideas are shared.** These would be matured and refined over the time by evaluating the implementation challenges at different execution stages. Pakistan peculiar environment has proven track record that **idea has only 10% stake while implementation accounts 90% of real challenges.** Those would be addressed at relevant stages accordingly through innovative structured approaches/ideas like this model. World would follow our established standards like sixties era development.

6. **Nothing good would come out unless clear road maps with structured strategies are given based on Pakistan peculiar circumstances.** Nothing would come from sky unless we start implementation now. Simply develop the first model only to let the nation and world know our journey.
Way forward/Specific action Plans till 30 September, 2019?

1. **Please start implementation now** not day after tomorrow. It will never come. Stop any further conferences, meeting. **Protocols would be matured based on actual experiences. Focus only on strategic dimensions** not all operational issues now. Like city site fault line assessment or major environment hazards etc.

2. **First Prototype model by New Model City team ready to kick start.** Private sector has completed pre-feasibility of one whereas Provincial government of four city sites. Requiring acceptance of new city frame work assurance. **Annexure-A&B for general private investors expectations across Pakistan.**

3. **Involve World Bank Group** under their 2047 vision of 2 trillion USD economy. **A structured road map for sustainable development of Pakistan like China unlike past “Lost Economic Development”**

4. **Dedicated office** to be established at Punjab provincial capital through **special funding to kick start immediately all processes. Work at city sites** to be started immediately to let the world, especially, Nation should know like “PSL” cricket tournament what is happening at the ground to **manage Economic uncertainty** at the earliest.

5. **Special Rules and Regulations for FDI and locals** to be developed at the earliest within the next three months. Initially, to be promulgated through Act and later on to be rectified through parliament.

6. **Initially, small dedicated teams of Government different departments** to be allocated to New city establishment like NESPAK, Agricultural & Industries, NADRA, Election Commission and Urban unit LHR to complete works in days not months. Subsequently, capacity building by office itself.

7. **By six months** time sites and rules & regulations would be in such a position/ready to invite foreign investors, expatriates and local investors through **vigorous advertisements** including theme song within the next one month. Finally, It would also be possible to **divert UAE and Saudi potential Investment MOU towards this structured theme as well.**
## Next Months Specific action plans till 30 September, 2019

### Relevant stakeholders

| A. | Two new City sites inauguration |
| B. | Finance ministry to arrange funding from investors like Dubai and Saudi Arabia, especially, from World Bank Group as strategic partner. |
| C. | Planning commissions to start roads/rail and communication access planning to the sites. Data arrangements from industrial/agricultural departments regarding goods to be produced |
| D. | Regulatory authorities like Housing, environment, SECP/FBR to finalize critical strategic requirements with Federal Task force to harmonize these at national level as any project can start anywhere as per agreed time frame work. |
| E. | Board of investments to co-ordinate International/Local investors for investments in city any project like industries/education/health. |
| F. | Tehsil administration to collect data about unemployed youth, people willing to shift for better living, skilled labor for development work at the sites. |
| G. | |
Pakistan Think Tank

Mubasher Ahmed (FCA)

Exclusive viewpoints regarding Pakistan current status non else responsible. People may disagree but with logic to be communicated.

A seasoned professional developing innovative pragmatic and holistic models based on ground realities to prevent implementation failure w.r.t. Pakistan peculiar circumstances. Current engagements among others includes being member Think Tank of sub-committee on new cities development w.r.t. “Provincial Five million Housing Task Force” headed by Mr. Yaqoob Izhar. Also working with Institute of Chartered Accountants of Pakistan (ICAP) being Member Fiscal Laws Committee & Economic Advisory and Government relationship Committee. 18 year’s professional experience comprises Audit, Tax & Consultancy A. F. Ferguson & Co. (PWC) & Taseer Hadi Khalid & Co. (KPMG) Lahore and Corporate sector Governance, Risks management & Controls (GRC).

Special expertise comprises: Protocols Development based on project specific requirements:

Strategic, Financial, Operational, Performance management, Governance, Risks management and controls.

Presentation is dedicated to Whole Nation

Who is unable since independence to question Leadership/Policy Makers performance w.r.t. to their current living conditions in almost every aspect of life starting from reasonable earning, health, education, justice system, public administration including Police system, regulatory authorities roles. Root cause being Governance vacuum, justice absence and worst corruption. All aforesaid stated aspects would be covered in a unique way in new city jurisdiction to let the nation know how these functions would perform just like ABC tasks not like rocket science being currently being portrayed.
Annexure-A-One window Operation: Investors will focus on development not approval from different department. No change management as Investors need special facility to limited area only for Government flagship Projects.

1. **Sovereign guarantee like CPEC** to manage political and other pressures during execution of projects because projects failed due to change of Government priorities due to one or other reasons.

2. **Land prices control**: National plan instead any individual project. Hence, Government would freeze all potential sites prices and acquire u/s 4 of Land acquisition Act. Any site land would be acquired at prevailing market prices. Prices would sky rocket once project sites comes into lime light.

3. **Access road construction** from Government road budgets if, in future, any site comes under project.

4. **Land reclassification** if applicable: Relaxation with reference to Urban, Pari-Urban and Green land. We have to address a developing country needs first instead developed countries best Practices.

5. One window operations for all other formalities like **Land Use approval for housing**, commercial and Industrial purpose. NOC’s include Environment, Irrigation, Highway department, C & W department, Revenue department, minerals department, CAA, Defense Authorities and fault line assessment.

6. **Federal & Provincials Govt. departments** small dedicated teams to assist in overall model execution like Urban Unit Lahore, Election commission, Punjab IT Board and NADARA.

7. **Land Bank with Government**. Provincials Govt. and Liquidation Board buying by investor at fair value.

8. **All other government department effective** co-ordination like utilities & infrastructure development.

9. Detail of financial & others resources to be made available to investors. Please clarify, if any.

10. Any other requirements will be updated with the passage of time.

11. **Ease of doing business separate mechanism** as per world best practices would be developed and shared during execution process.

12. Rationale: If government is not contributing any money or land then there should be no risk for Government in providing one window operation facility.
Annexure-B- Taxes and other benefits for new cities related all types of ventures to be announced immediately

1. State bank must open a special window with special benefits for New city theme development only among other measures to facilitate investment in new cities as only private sector would invest. Land as collateral, Escrow accounts and best regulation would minimize the credit risks. Subsidized Bank financing and Banks income subject to 20% taxation

2. No source of local or foreign income clarification for investment in New Cities either Businesses, industrial zone establishment or Housings or Others activities/services related to specific city except 3 % payment to FBR if not white.

3. No tax withholding provisions application for transactions related to city development to contain the extra cost of investors.

4. All inputs would be used for new city development and Excess production would be exported by applying Turnover Tax rate of 2% or net profit whichever is less.

5. Import substitute would be sold locally tax rate @5% of turnover or Net profit whichever is less.

6. All services taxable @5% Income tax or last five years declared results % basis whichever is less.

7. All other ancillary businesses would be taxed at the rate 3 to 5% of turn over or last five years net profit basis whichever is less.

8. Return would be guaranteed at 15% or the average of last five years declared business profits whichever is higher. Return less than 15% would not be cash reimbursed instead would be subsidized by other expenses including taxes reduction and would be carried forward for 10 years.

Rationale:
Government already getting Nil revenue and urgently need investment to boost economy to generate employment. No existing industry would be affected as JV with existing set ups or all products will be exported or used in new cities development or import substitutions.
New Model City Team: Brief Profile

**Chairman:** Mr. Manzoor Ahmed

Founder of prestigious real estate projects, being retired SEVP Mashreq Bank Dubia UAE real estate divisional head, for expatriates and local like Izmir and Valencia co-operative housing societies Lahore (US 60 Million) along with mega real estate projects in India (US400 M), Sri Lanka, Egypt and America. Other professional experience includes Pakistan Air Force and CSS officer. M.A. English literature & Economics. **Board member** of Punjab autonomous bodies Punjab Housing and Town Planning agency (PHATA) and Punjab Government Servants Housing Foundation (PGSHF).

**Managing Partner:** Mubasher Ahmed (FCA)

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