

DOING BUSINESS (2018) – PAKISTAN

Karachi

Construction Permits

Introduction

1. This briefing paper considers the current position of the DB topic of Construction Permits in Pakistan.
2. Specific commentary is made herein only to data relating to Karachi.
3. Pakistan overall ranks 141 out of 190 countries, as measured by the Doing Business 2017 report with a Distance to Frontier (DTF) of 51.77%¹.
4. In relation to Construction Permits, Pakistan is ranked 150/190 in 2017 with a DTF of 59.07%.
5. The DB data (2017) for Karachi shows attainment of 57.65% against the four respective indicators (time, cost as % of warehouse value, procedures, and building control quality index).
6. In the relation to the various elements of the building quality control index², Karachi scores 12.5 out of a possible 15 points.
7. The reasons for Karachi's comparatively low score may be explained by the following factors:
 - Lengthy time to obtain construction permit for simple warehouse – data shows it takes an average of 260 days and 15 procedures.
 - Filing an environmental checklist with the Environmental Protection Agency is cumbersome, it takes about 30 days.
 - This is accompanied by an absence of clear set of legal requirements for Environmental Impact Assessment on the different types of construction categorizations including, commercial, residential and warehouses.
 - Lack of efficient process of inspection regime; each floor slab casting inspection takes about 15 days.

¹ The Distance to Frontier score captures the gap between an economy's performance and 100 – a measure of best practice.

²The building quality control index is based on six other indices—the quality of building regulations, quality control before construction, quality control during construction, quality control after construction, liability and insurance regimes, and professional certifications indices.

- Lack of online facility to acquire assessment copy and certificate of the property unit from the Excise and Taxation Department; it takes about 30 days and affects efficiency.
 - Water and sewerage connection processes are lengthy and take 60 days which includes acquiring copy of the assessment of the property unit.
 - Issuance of completion certificate from the Sindh Building Control Authority takes about 45 days; this indicates the absence of efficient use of process flow to maximize the assessments efficacy of inspections during different stages of construction.
8. The balance of this paper highlights both short-term solutions (to be considered capable of implementation within 100 days) and long-term goals to benefit Karachi and increase its DTF score.

Table A - Steps to be considered to improve Karachi's DTF scoring within 100 days

It is suggested that measures are considered and adopted to allow long-term goals to be introduced within the course of 100 days.

Indicator	Suggested measure
Access of information for public at SBCA	<p>SBCA to consider:</p> <p>In addition to the checklist and forms</p> <p>http://www.sbca.gos.pk/PDF%20Files/SBCA%20BROCHURE-1.pdf</p> <p>and a list of approved plans</p> <p>http://www.sbca.gos.pk/PDF%20Files/Approved%20Plans/Final%20Prop%20June-2015%20to%20March-2017.pdf</p> <p>Publish permits issuance statistics, including processing time, online</p>
Review and update by-laws at SBCA	<p>SBCA to consider:</p> <p>Review against good international practices and produce a list of current by-laws/regulations</p>

	<p>governing the time limits to issue completion certificates in Karachi.</p> <p>Highlight steps required to change by-laws/regulations for lowering time limits for completion certificates including the identification of authorities that need to approve this change.</p>
Implement a manual tracking system for building permitting approvals for commercial buildings	<p>Set up a manual system to track time spent by each officer in SBCA that reviews commercial building applications in Karachi.</p> <p>Compile data and develop M&E framework.</p>
Review of EPA's regulations	<p>Environmental Protection Agency should consider reviewing its regulations for Impact Assessment on different types of construction and develop a simplified procedure for low-risk projects located in appropriately zoned areas.</p>
Improved Communication	<p>SBCA to consider:</p> <p>Arranging large-scale and ongoing communication campaigns to ensure that firms are aware of and can benefit from reforms.</p>

Table B – Long-term goals to be attained to improve the DTF within one year

Goal	Task
Automation and process re-engineering for issuance of construction permits at SBCA	<p>SBCA to consider:</p> <p>Devise process and functional requirements for automating construction permitting at SBCA.</p>

	<p>Establishment of One Window Operation at SBCA, including enabling electronic submission of applications.</p> <p>Capacity building of staff and stakeholders to ensure automation uptake.</p>
Introduction of IT-based monitoring provisions for CP applications	SBCA should consider introducing IT-based monitoring provisions of CP applications including online and smart phone app-based tracking.
Develop and implement a risk-based permitting matrix	<p>SBCA to consider:</p> <p>Reviewing and produce a list of current by-laws/regulations governing complexity categorization.</p> <p>Highlight steps required to change by-laws/regulations for including changes to the complexity categorization. This includes the identification of authorities that need to approve these changes like WASA, TEPA, EPA, Excise & Taxation etc.</p>
SBCA to link with Sindh LRMIS	For online verification of ownership documents, SBCA should consider to develop online link with Sindh LRIMS.