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## Governance and Urban Design of Gwadar City

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### Abstract

Gwadar, a small fishing town, is situated in the southwest of Pakistan's Balochistan province. Gwadar city and its port are being developed by Pakistan and Chinese counterparts respectively as one of the hubs of the Belt and Road Initiative and China Pakistan Economic Corridor (CPEC). This policy paper proposes measures to improve city governance, urban design and preservation of local culture and heritage of Gwadar city. The paper draws on field work, review of international cases of success and failure of new economic cities and interviews of key policymakers undertaken for a recent study titled "The Institutional and Urban Design of Gwadar City". Immediate action is required to improve the governance of Gwadar city in order to realize the potential of the new port and economic activities underway in Gwadar.

**Key words:** New Economic City, Port City, Urban Governance, Urban Design, Urban Culture

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### Introduction

Since the launch of China Pakistan Economic Corridor (CPEC), the city and port of Gwadar has come to hold a significant position in the economic landscape of the country. Whether Gwadar will become a successful international port city similar to Dubai or Shenzhen is highly dependent on how Pakistan governs Gwadar as a new economic and port city. This policy paper suggests key measures to improve the governance framework and urban design of Gwadar city.

A recent study, 'The Institutional and Urban Design of Gwadar City', sets out to explore the progress that has so far been made in terms of the development of the city's institutional framework and its urban infrastructure and offers recommendations on areas where further work may be required (Iftikhar et.al. 2019). It was found that among other issues, the current institutional design of Gwadar city is not conducive to its economic growth nor to the socio-economic development of its local population. Additionally, Gwadar currently lacks any form of revenue

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sustainability which is likely to be a hurdle in the way of its prosperous future. Most importantly, the dividends of economic growth and development within Gwadar must be shared with the local population to ensure that the local community experiences a tangible improvement in their social and economic conditions. The study has also emphasized that the urban design of the city holds the key to integrating local population and improving business environment in the city.

Based on the research undertaken in the above study, this paper proposes that Gwadar's institutional design be developed based on the following key fundamentals:

- A. devolved, unified and professional local governance suitable for a new economic city
- B. preservation of culture and heritage of old Gwadar town
- C. socio-economic development of local population
- D. establishment of Gwadar Investment Authority
- E. people and business friendly urban design
- F. establishment of a dedicated dispute resolution system for businesses operating in Gwadar

The remaining paper explains the above six policy proposals.

#### **A. City Governance**

Multiple federal and provincial ministries, departments and authorities are involved in the governance and development of Gwadar city. However, research shows that it is important for economic cities to be empowered to undertake key decisions with regards to attracting and supporting investors. The fragmented structure of governance in Pakistan's cities has been affecting the economic potential of our urban centers. Pakistan must avoid repeating past mistakes. Noted urban scholar Arif Hasan, for example, holds fragmented land-use governance responsible for many problems in Karachi where three dozen government organizations are tasked with land-use planning resulting in the lack of a clear and unified approach to laws and practices governing land use in Pakistan's largest city (Hasan et al. 2015). The involvement of various government departments operating simultaneously leads to overlapping of responsibilities and blame-shifting between departments. Flawed urban development has long been hampering the economic growth potential of Pakistan (Haque, 2015). In view of similar issues in other cities within the country, it is all the more important to unify the governance structure of Gwadar city.

Shenzhen and Dubai International Financial Center (DIFC) are good models to be followed by Gwadar Economic District (GED). The DIFC is a Financial Free Zone (according to Federal Law No. 8 of 2004) provided with independent jurisdiction within the UAE and allowed to create its own legal and regulatory frameworks for all civil and commercial matters. However, the DIFC is bound by the federal criminal code and by federal laws on anti-money laundering. The Dubai Law No. 9 of 2004 recognizes the financial and administrative independence of the DIFC (Dubai International Financial Centre, 2019).

Similar lessons can be learnt from alterations in the status of the city of Shenzhen. Shenzhen was set up in 1979. In 1981 the administrative level of Shenzhen was raised to the ‘sub-provincial level’ and in 1988 it was further upgraded to an ‘independent planning status’ (Liqing, 2014). The latter provided the city with provincial level authority effectively reducing the levels of government between the city and the central government, allowing it to function as a locally empowered city. The city of Shenzhen has direct jurisdiction over nine districts and one new area. The Central Government expanded the Special Economic Zone to cover the whole city on July 1, 2010 (Shenzhen Government Online, n.d.).

Through an act of the provincial assembly of Balochistan, Gwadar may be given an autonomous status (Gwadar Economic District- GED) under the Chief Minister of the province. A council comprising of local legislators, leading businessmen, and key provincial and federal organizations should be formed. The council should appoint a CEO/Chair of GED and departments/bureaus such as revenue, investment, and municipal services should be established independently under GED. No Deputy Commissioner or provincial development authorities such as Balochistan Development Authority or Gwadar Industrial Estate Development Authority should operate in Gwadar. A single line budget should be given to GED from the federal and provincial governments and all projects should be approved and monitored by the proposed council. It is proposed that the multiple federal and provincial organizations currently in place should either devolve or operate through the proposed GED government in order to streamline the process of governance.

## **B. Culture and Heritage**

Gwadar has a rich history, with its roots in many cultures in the Arabian Sea and the Indian Ocean. It is home to centuries-old heritage sites constructed during Omani and Portuguese rule

(1860s), a distinct character dominated by decades of fishing and boating activities, a thriving local boat-building industry, an indigenous mat-weaving industry, and a youth passionate about football. Through strategic planning, the government has an opportunity to build on these distinctive traits to turn Gwadar into a city with a vibrant urban character.

Dubai's preservation and partial recreation of its Bastakiya Quarters also known as the Al Fahidi Historical Neighborhood provides us with a reference point on how best to bring together modernization and preservation of the historical pre-occupations of a city. In what is frequently described as a concrete jungle, Dubai is also home to a small area of village-like houses constructed in the 1800's which are not only major tourist attractions today but also provide the metropolis with a historical identity that is otherwise overlooked. It is worth pointing out that Dubai realized the importance of heritage rather late. Gwadar should avoid such mistakes.

For the conservation of any heritage it is imperative for the permanent residents of the area to own its history. This was aptly summarized in the words of former Director General of UNESCO, Koichiro Matsuura who stated that, "*Without the understanding and support of the public at large, without the respect and daily care of the local communities which are the true custodians of World Heritage, no amount of funds or army of experts will suffice in protecting the sites*" (Wijesuriya, Thompson and Court, 2017, pp. 35). As much as the government needs to invest in the preservation of Gwadar's history through practical means of architectural conservation, it also needs to provide the people of Gwadar with the ownership of their heritage as without them it is all but impossible to preserve the city's history. Fortunately, there is a strong sense of attachment among Gwadris with their history and heritage that can be useful in preserving local culture and heritage.

It is critical at this point that a detailed study be commissioned (involving urban planners, architects, heritage experts, and the local community) to identify precisely what aspects of Gwadar's heritage are valuable for the local community and to preserve it by employing creative land zoning tools such as the development of special historic and cultural zones for preservation, conservation and where necessary adaptive reuse. The Walled City of Lahore Authority was created to work on the promotion of tourism and the preservation of the historical monuments of the old city of Lahore. This serves as a good local example that can be emulated in the context of

Gwadar. Moving forward, comprehensive efforts for conservation and promotion are needed in the following areas:

- Tangible Heritage: Physical aspects of the city, including built structures and sites of historic, cultural and/or social significance.
- Intangible Heritage: Lived social, cultural, political and economic heritage e.g. anecdotes, traditions, cultural festivals/rituals and livelihood practices of historic or cultural significance.

### C. **Socio-economic Development of Local Population**

The local population of Gwadar has long been suffering from a lack of education, health services, electricity, water, and job opportunities. Regarding CPEC, the people of Gwadar share mixed responses on being asked whether this new mega development in the city will usher new opportunities and better quality of life for the local people. The reservations regarding the future of the local population have been exacerbated due to slow progress in improving the fortunes of the local population. Both federal and provincial governments need to be cognizant that the support of the locals is crucial to achieve the goal of making Gwadar a competitive economic and port city. An OECD report titled “The Competitiveness of Global Port-Cities” emphasized the need for engaging the local population in port cities. (Merk, 2014, pp. 72)

*“The support of a local population is essential for ports in order to keep their ‘licence to operate’ and remain legitimate economic actors. Local support will evidently be facilitated if there are local benefits and if negative impacts are limited or mitigated, but long-term and sustainable support requires more. What distinguishes successful port-cities from less successful and more polarised port-cities is the sense of pride and “ownership” of the port by the population and business community.”*

In order to improve the lives of the local people, the driving philosophy should be “participation of the local population in the development and governance of the city” (Iftikhar et al. 2019). The government needs to ensure that the local labor market is nurtured. The indigenous population must be equipped with the training and education they need to develop skills that will be relevant in the next 10 or 20 years of Gwadar’s development. While the government must initiate training and up-skilling programs for locals within the city prior to the set-up of firms to

make them competitive in the general labor market, tax credits and incentives for firms hiring locals may additionally prove very successful. Innovative approaches can be used to help families in Gwadar transition out of poverty and have a fair chance at competing with those who will come to settle in the city once economic activity starts to pick up speed. In addition to skill development and poverty alleviation, the following measures may be considered:

- Protecting political rights of the local population. No voting may be allowed for people moving into Gwadar after 2015.
- Tax credits for companies hiring local population.
- Special tax exemptions for companies having Gwadris as co-founders
- Balochistan province should be the first beneficiary of development in Gwadar. Part of the revenue from the port and business activities should be allocated separately for Gwadar and the rest of the province.

#### **D. Gwadar Investment Authority**

Islamabad and Quetta based investment agencies are not suitable for attracting investment in Gwadar. In the case of Shenzhen, the local government played a crucial role in luring domestic and foreign investors. The local government officials worked as marketing managers for Shenzhen. There is a need to establish Gwadar Investment Authority (GIA) which should be based in Gwadar city with a sub-office in Karachi. It is important to have the aims of an Investment Promotion Agency (IPA) in sync with the policy objectives of the country or the local government to which it reports (WAIPA, 2019). This authority should be given all powers now vested in the federal Board of Investment (BoI). No other federal or provincial investment or industrial agency should establish industrial estates or SEZs in Gwadar except GIA. The Free Port Zone (FPZ) outsourced to China should also regularly share information with GIA. The companies interested in Gwadar should approach GIA even in the case of filing an application to FPZ. To consider an example not too far from home, in the case of DIFC the following two authorities hold the key mandate to develop and regulate DIFC:

- a. Dubai International Financial Centre Authority (DIFC Authority)
- b. Dubai Financial Services Authority (DFSA)

## **E. People and Business Friendly Urban Design**

Gwadar's identity should be that of a livable, tourist-friendly port and economic city. Establishing people friendly infrastructure like public libraries, museums and convention centers can add to the city and port's potential to attract tourism and businesses. In addition to developing its identity as a multimodal transshipment hub, and tourist friendly cultural town, Gwadar also needs to market itself as an investment friendly economic city. Clarity in the city's economic development strategy and investment incentives is a prerequisite for advertising it as a magnet for talent and innovative firms.

Moreover, the government must also ensure that the city has attractive architecture with inclusive urban public spaces. To ensure that Gwadar has a pleasant urban character, it should be strategically organized so that urban and port functions are not at conflict with each other. Transition areas between the port and the city should be planned to act as a buffer that ensures that urban front and port operations can coexist in harmony, while also providing livable urban spaces. To ensure that the city of Gwadar is well planned but also retains its natural character, it is important to find an appropriate balance between planning and 'organic growth'. According to a World Economic Forum study on *'Inspiring Future Cities and Urban Services'*, cities are often either over planned or under planned. In the former case they frequently lose their natural character with all activity bound by strict codes and master plans, whereas in the latter case, cities often spring up without consideration for the demand and supply of certain kinds of services and are characterized by unplanned dwellings where public service provision is lacking and unchecked development occurs contrary to official policy objectives (WEF, 2016, pp. 33). Like most modern urban centers, Gwadar will also require business friendly urban design to attract international businesses to settle in the city. The provision of services such as energy, roads, expansive public transport and well-planned sewage and waste disposal networks are a requirement for high density areas.

## **F. Dispute Resolution System for Businesses Operating in Gwadar**

The economy of a port city has a strong relationship with the global economy and international standards. Engaging international partnerships as early as possible and establishing such connections is essential for the success of Gwadar City. The Supreme Judicial Council has

already directed the lower courts to avoid issuing stay-orders against CPEC projects. This highlights the need to create an enabling legal environment for foreign investment. Dubai ensured such a conducive legal environment for investors in DIFC. The judges of DIFC courts have a proven international commercial law experience. London Court of International Arbitration also operates in DIFC.

Dispute Resolution Authority (DRA) of DIFC comprises of three bodies including the DIFC Courts, the Arbitration Institute and the Wills and Probate Registry. The independent judicial system within the DIFC functions along the English Common Law Framework. Such a collaboration has proven to be highly successful as the judicial system functions within the periphery of UAE law, ensuring that DIFC remains bound by crucial federal codes, all the while propagating international confidence by working alongside the English Common Law Framework (DIFC, n.d.). Such partnerships are central in spurring the success of Gwadar City. The Bangladesh International Arbitration Center is another possible case to consider in the context of Gwadar. (Pouget, 2013, pp. 25).

Gwadar may benefit by employing a similar strategy to attract domestic and foreign investors. There is a need to develop partnership with a reputable international forum for commercial adjudication, arbitration, and dispute resolution system for businesses operating in Gwadar. This will be the most important reform to make Gwadar an investment hub in Pakistan.

## **Conclusion**

The people of Pakistan have pinned their hopes on the success of Gwadar port and city. Policymakers have been trying to develop Gwadar as a competitive port and economic city to make it a hub of international trade and economic activity. Improving the governance and urban design of the city is vital to its success; involvement and participation of the local community of Gwadar can act as a catalyst in achieving these goals. This paper also emphasizes the need to focus on the preservation of local culture and heritage and suggests that efforts be made to improve the socioeconomic development of the local population. Further research can be carried out to explore legal and administrative reforms to implement the proposals presented in this paper.

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