

Final report



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The institutional and urban design of Gwadar City



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Abbreviations

BDA	Baluchistan Development Authority
BOT	Build-Operate-Transfer
BRI	Belt and Road Initiative
CCMC	Coimbatore City Municipal Corporation
COPHCL	China Overseas Ports Holding Company Limited
CPEC	China-Pakistan Economic Corridor
DDI	Domestic Direct Investment
DIFC	Dubai International Financial Centre
EoDB	Ease of Doing Business
EPZs	Export Processing Zones
FDI	Foreign Direct Investment
GDA	Gwadar Development Authority
GDP	Gross Domestic Product
GIDA	Gwadar Industrial Development Authority
GIEDA	Gwadar Industrial Estate Development Authority
GIFT	Gujarat International Finance Tec-City
GPA	Gwadar Port Authority
IFEZ	Incheon Free Economic Zone
KAEC	The King Abdullah Economic City
LAA	Local Autonomy Act
MICE	Meetings, Incentives, Conferencing, Exhibitions
MoPDR	Ministry of Planning, Development & Reform
MPSP	The Majlis Prebandaran Sepang
MSC	Multimedia Super Corridor
NEPZA	Nigerian Export Processing Zones Authority

NDRC	National Development Reform Commission
NGOs	Non-Governmental Organization
OBOR	One Belt One Road
PCRWR	Pakistan Council of Research in Water Resources
PSA	Port of Singapore Authority
R&D	Research and Development
RCDC	Rural Community Development Council
SAGIA	Saudi Arabian General Investment Authority
SEZs	Special Economic Zones
TDAP	Trade Development Authority of Pakistan
TOR	Terms of Reference
TPD	Total Planning Doctrine
UAE	United Arab Emirates
ZEIS	Zonas de Especial Interesse Social

Abstract

The study examines the governance and urban design of Gwadar city and presents policy proposals to develop Gwadar as a thriving economic and port city. Development of Gwadar port and city is the flagship project of China-Pakistan Economic Corridor (CPEC). However, there is a scarce discussion on Gwadar city both in the literature and the policy dialogue regarding CPEC. The study has discussed progress and gaps in the current governance framework and urban design of Gwadar city which may influence the future of the city and CPEC. Based on the review of international economic and port cities, field work in Gwadar, and insights gathered from key experts and policymakers in Pakistan, the study proposes strategies to improve governance of the city, develop a coherent local economic development approach, plan for inclusive urban design, share the dividend of prosperity with the local population, and brand Gwadar as an economic city with a rich culture. These reforms in the governance framework and urban design can be helpful for Balochistan (and Pakistan) to exploit opportunities from potential economic activities in Gwadar and to generate spill overs to other regions and cities in the province (and the country). Further research is needed to evaluate policy proposals and to develop an implementation roadmap.

Keywords: CPEC, Gwadar, Governance, Urban, Port city

Chapter 1. Introduction

Until recently almost no one in the world had heard of Gwadar, a small fishing town in Pakistan. However, now with China and Pakistan expanding the avenues of cooperation and friendship through the China Pakistan Economic Corridor (CPEC), Gwadar is being touted as the next big port (and economic) city of the region. Gwadar's deep sea port, being developed by the China Overseas Ports Holding Company Limited (COPHCL), presents opportunities for Balochistan in particular and Pakistan in general. However, although much has been said about

“Gwadar port is modelled on Busan, South Korea and Shenzhen, China. Just as Shenzhen, there will be a port and there will be port-related commerce & industry and port-related city development. The Chinese tell us that it took them ten years to make the Shenzhen Port operational and thirty years to make the port city fully developed. They foresee that Gwadar port could be operationalised in five years and achieve the Shenzhen-level city and port development within ten to fifteen years provided that the basic infrastructure is in place and there is a strong and consistent investment policy for Gwadar.”

(Dostain Khan Jamaldini, Chairman, Gwadar Port Authority-Business Recorder Research, January 3, 2017).

“The Gwadar city itself is nothing without its port. Development on the port leads to growth in the city”

(Dr. Sajjad Baloch, Director General of Gwadar Development Authority (GDA), Business Recorder Research, January 30, 2017)

the port, the city of Gwadar itself hosting the port has not gained much traction. The key question hence, remains largely unaddressed: **How should Pakistan govern and design Gwadar to make it a thriving and vibrant city?** This study attempts to answer this question. It is based on a review of international cases of success and/or failure of new economic and port cities, interviews with key experts, professionals, and policy makers, and field visits to Gwadar.

Pakistan, through its Gwadar Port Authority (GPA), signed an agreement with the Port of Singapore Authority (PSA) in 2007 for the development and operations of Gwadar port but work on the port could not progress as planned. Reportedly, PSA did not invest as agreed due to slow progress in connecting Gwadar to other regions in Pakistan amidst litigation issues. In 2013, with the mutual consent of all parties, PSA transferred rights of development and operations of Gwadar port to COPHCL for 43 years. Moreover, 2280 acres of land was leased to COPHCL for

developing and managing the free port zone. The rest of the industrial and commercial areas in and around Gwadar city will be managed by Pakistan.

In accordance to the current agreement, COPHCL will share 9% of the gross revenues in port operations and marine services, and 15% of gross revenues of free port zone with the GPA.

Ports are generally operated under multilevel and cooperative governance in which many agents exercise influence and power in the common space. This complex coexistence of varying authorities initially led to the establishment of independent port authorities. However, history informs that port cities performed independent of princes and states even during the fifteenth century. Commerce and entrepreneurship has been flourishing independent of popular control (Guerrero & Stobbe, 2016). Ports are influenced greatly by the socio-economic and political context surrounding the region. Connectivity to the hinterland and the presence of maritime services and industrial clusters also greatly contribute to port operations. Considering two-way linkages between a port and a city, it is of utmost importance to achieve the twin objective of contributions by the city to the growth of the port and spill overs of prosperity from the port to the city.

As Gwadar offers an opportunity, it also encompasses a kaleidoscope of many internal issues facing Pakistan that the country has so far failed to effectively counter. Gwadar is located in Pakistan's largest province that also happens to be its most underdeveloped and restive. Furthermore, Gwadar itself hosts a relatively small indigenous population which can easily be outnumbered by those looking to settle in the new economic city. Arguably the most salient issue at hand remains that no project of this scale has ever been undertaken in Pakistan's history, and for that reason it is fair to state that the government and its state institutions, may be entirely ill-equipped to manage such a high-stake experiment under the business-as-usual approach. There is a lack of dialogue in the country on Gwadar regarding governance issues and the risk they pose to the new city under development. There is also need for discussion on preserving the rights of Gwadar's indigenous population, commonly referred to as Gwadris, in terms of access to land, new economic opportunities and urban amenities. Finally, Gwadar's success will depend less on the infrastructure and the money the Chinese are willing to put into it, and more on how the Pakistani side can manage the multiple challenges relating to city-governance, economic vibrancy, integration of local population, and spill overs of prosperity towards wider society in Balochistan.

An analysis of the city's current situation raises a much-needed inquisition on aligning the development pace of Gwadar city to that of the port. Provision of municipal infrastructure and healthcare and educational facilities are prerequisites that must be met by the city, before

businesses and new labour force are invited to the region. An important question that emerges at this point and has been attempted to be clarified in this research is; What role does sensible urban design, rich urban and cultural character and sustainable community development play in ensuring the success of an economic/ port city and the well-being of its residents? The study also discusses the importance of social inclusion, a topic missing from popular discourse on Gwadar, and analyses how some countries have passed legislations that can sustain social equality in urban centres akin to what policy makers are envisioning Gwadar to be.

In light of lessons learnt from success stories and failures from across the world and an analysis of Pakistan's existing institutional capacity to incorporate these lessons into Gwadar's future planning, this research concludes with policy recommendations for an institutional and administrative structure, based on rich perspectives of key stakeholders and sustainable urban design strategies that can help attract new residents and businesses to Pakistan's upcoming port city, while protecting the rights of its indigenous people.

Three major areas of investigation dominate the scope of this study: the governance, economic development, and urban design of Gwadar port and the city. This study proposes four major prerequisites that the city of Gwadar must meet before it can hope to become a thriving economic and port city. Firstly, it must house adequate infrastructure that caters to transport, education and health needs. Secondly, Gwadar requires an innovative economic and governance framework according to which it can attract businesses to set up shop there and provide the much-needed boost to economic activity currently lacking in the city. Thirdly, it needs an urban design and heritage preservation strategy that gives the city an urban character strong enough to attract new residents and tourists. Lastly, and importantly, there has to be a plan in place to integrate the local population of the city in the governance process (Iftikhar, 2017a).

The remaining study report is divided into five main chapters. The second chapter presents the historical and cultural account of Gwadar City. Third chapter presents analysis based on data collected through an extensive stakeholder engagement process. Fourth chapter discusses the concept of economic cities, analyses international cases of success and failure of such cities around the world and draws from them lessons of progressive economic policies and efficient governance systems suitable for Gwadar. Fifth chapter discusses the need for state of the art infrastructure, incremental urban development strategies and the creation of a just and inclusive society. This chapter also explores urban design concepts that have helped international port

cities become attractive urban centres and draws inspirations for Gwadar. The final chapter presents policy proposals to improve governance and urban design of Gwadar city in order to make it a thriving economic hub.

Chapter 2. Story of Gwadar

The city of Gwadar is considered for all intents and purposes the *raison d'être* of CPEC. With such a central place in a project of an unprecedented scale, Gwadar remains surprisingly undiscovered by much of the world. An understanding of its history and its place in Pakistan can go a long way in aiding an exploratory, scoping study of the future port city.

"No CPEC without Gwadar"
(An official at Gwadar)

Gwadar District is situated along the shores of the Arabian Sea (650 KMs of coastline) in the southwest of Pakistan's Balochistan province. Gwadar district has four Tehsils (Sub-divisions) namely Ormara, Pasni, Jiwani, and Gwadar. Jiwani extends to the Pakistan-Iran Border. The population of the district is around 300,000 with low population density which is a hurdle in the way of making education and health accessible to all. The main tribe native to Gwadar is Baloch with the sub-tribes; Kauhda, Hoath, Gichki, Kalmati, Dashti and Rind. Gwadar city is hosting the port of Gwadar which has a population of around 100,000. The primary occupation of the residents of Gwadar is fishing.

For many centuries, Gwadar has remained a small fishing town with little else to offer, supporting small populations subsisting on limited life chances. It has a rich history of encounters with major empires who approached the Indian subcontinent or Afghanistan through its shores but who failed to leave a lasting imprint on the city itself. The Arabs in the early 8th century and the Portuguese in the late 17th century ventured into Gwadar but left behind little worth a lasting legacy (Mehdi, 2009; Baloch, 2015). During the time of the British, Gwadar was a military outpost and an intersecting town in the first British telegraph line between India and Europe, but still failed to attract sufficient attention to change its long term outlook. In the colonial era, Gwadar was one of the docking points for the British Navy ships that travelled through Delhi, Karachi, Muscat, Dubai and Gwadar. In 1891, the British handed over control of Gwadar to the Sultan of Muscat who owned it until 1958 when Pakistan purchased the city from Oman for \$10 million (Ahmad, 2016). The international nature of Gwadar's history and its exposure to the world have had complex influences on its' social life. Gwadar enjoys a healthy fan base of international football players, an acute sense of civic awareness, while on the other hand, easy access to drugs have left many in the fishing community, highly addicted to "Crystal Ice"- as has been reported by a senior security officer in the town.

From an aerial view of the barren mountainous terrain of the city, *Koh- e Batil* and *Koh - e-Mehdi* (twin mountains) dominate the landscape. Gwadar lies on the southern edge of Baluchistan province and is representative of the desert like terrain prevalent across the province. Close to the middle-eastern region, Gwadar is home to an emerald coloured sea, a rusty wind sweeping the dry desert, receiving rainfall in the winters instead of the monsoon, unlike the rest of Pakistan. However, for the past six years, Gwadar has not had its share of rainfall, leading to the prevalence of a drought like condition. The city is divided into two main regions, the East Bay and the West Bay. The East Bay hosts the port and the West Bay is the home to the old city of Gwadar. As you move closer to the port, the Hammer Head becomes the most dominant landmark in sight. This is a natural rock formation that acts as a shield against oceanic winds and allows for an all year round deep water port.

For Pakistan, Gwadar's potential as a port was recognised before it was even purchased. This can be understood in the light of the government's engagement with the U.S. Geological Survey in 1954 to study the coastline of Gwadar. The Survey presented its findings stating that the city would be an ideal location for a deep-water port. The first time an attempt was made to develop the port was in 1988 when a Belgian company was tasked with making a 'fish harbour cum mini-port' which they completed in 1992. However, due to a lack of market potential it failed to take off (Dawn, 2008). Attempts were then made to improve upon this construction and make viable the investment already made in Gwadar. Multiple engagements with the Karachi port to further develop Gwadar ended in failure until in 2001 President Musharraf engaged the Chinese for the first time. By December 2005 phase 1 of Gwadar port had been completed by the Chinese and the responsibility for phase 2 development was given to the PSA in 2007, but the work on the port could not progress as planned. In 2013, GPA engaged a Chinese firm again and with the agreement of all parties, the government ended its contract with the PSA, handing over control of the port to the COPHCL.

Gwadar is located at a strategically important position on the Arabian Sea with entry to the Persian Gulf. It can act as a transshipment hub for Africa, the Middle East and open up access to these areas for landlocked regions in the Central Asian Republics and East Asia. In addition to its locational advantage, the city also offers the deepest sea port and the greatest number of berths compared to other regional ports. The port is 17-18 metres deep compared to its closest rival Dubai's Jebel Ali Port which is 15-16 metres in depth. Similarly, Gwadar has the potential to host above 120 berths, much higher than the number of berths at Jebel Ali at 67 and Damam

at 39. This number is also significantly higher than that at Port Qassim which currently stands at 33 berths and is at full capacity. (Business Recorder, 2017)

For its part, China's investment in Gwadar and the rest of Pakistan is aimed largely at developing a trade route for its landlocked western region. The primary objective for China in this endeavour is to link Gwadar with its western areas allowing goods and oil being transported through ships to the Persian Gulf to circumvent the 'choke point' at the Straits of Malacca, saving a long and expensive journey around India and Southeast Asia before reaching the Eastern coast of China (Yammada & Palma, 2018). The map of the maritime silk road presented in the figure below shows the importance of the location of Gwadar port in terms of its potential to connect China's Xinjiang province and central Asian countries to the Arabian Sea and onward to middle

east and Europe. The road and rail links going into the KPK and Gilgit Baltistan regions are meant to connect Gwadar Port with Kashgar which is to be made into a Special Economic Zone (SEZ) linking two supply and consumer markets with the potential to transform Balochistan and Xinjiang into trade and transport hubs. These networks leading to and from Gwadar



Source: A presentation by Pakistan's Ministry of Maritime Affairs to the Parliamentary Committee on CPEC in 2015. <http://www.na.gov.pk/cpec/sites/default/files/presentations/Parliamentary%20Committee%20on%20CPECNew.pdf>

and Kashgar will for the first time connect not only Western Pakistan with Western China but also link the two countries with the Central Asian Republics and Afghanistan, potentially creating a much larger trade zone than currently anticipated (Ahmad, 2013, pp. 88). As is evident from this discussion, much hinges on the performance of Gwadar city and its success is necessary for a fruitful outcome for the rest of the CPEC experiment which remains a major part of China's Belt and Road Initiative (BRI).

As the guiding feature of all CPEC activity in the country, Gwadar will decide the fate of the \$62 billion plan and has to be the model for Pakistan's future development. This is for several reasons. Firstly, while the investment that has come from China primarily serves its' own interests, it is nonetheless the only concerted effort by a foreign nation to truly invest in Pakistan's economy despite the multitude of internal challenges that plague the efficient implementation of the plan. Pakistan's failure this time to make use of this opportunity and end the cyclical nature of its economic growth will have far reaching consequences for its international reputation that may hurt any future prospects of foreign investment in the country. Secondly, the CPEC agreement in place at the moment will burden Pakistan with debt that it may only be able to repay if its economy takes off following the completion of these projects. The consequences of an overpowering debt burden can be understood well from Sri Lankas experience with its share of BRI investment. While initially the country considered Chinese investment as leverage against Indian power, following the end of the Rajapaksa government local attitudes towards BRI changed drastically and the debt burden led the incoming government to lease off the Hambantota Port to the Chinese for 99 years (Singh, 2018). It is imperative for Pakistan that such an issue does not arise. To ensure this we will have to ensure a good design and viability for Gwadar as that will in turn safeguard the viability of the CPEC experiment in the rest of Pakistan as well. Lastly, Gwadar's success or failure will have resounding repercussions for the locals and the province of Balochistan as a whole. For a province that has been deprived of its rights and resources for decades, the promise of Gwadar means much more than just an economic agreement. Whereas, success holds the potential to assuage resentment fuelled by decades of mistrust and deprivation, failure of this experiment has the potential to create a much more volatile situation in an already restive province.

Chapter 3. Analysis

An extensive stakeholder engagement through interviews has been carried out for the purpose of this study. The sample is representative and includes professionals in the development sector, academia, business, and policy makers in the federal, provincial and local bureaucracies. The subjects are based in four major cities; Lahore, Karachi, Quetta, and Islamabad. Visits to all four in addition to Gwadar have been undertaken for data collection purposes. These interviews have been semi- structured to allow for rich qualitative perspectives that are not limited to the key themes the study aimed to explore. Each interview lasted between 45 minutes to an hour. This study is a scope defining exercise, aimed at triggering a policy discourse on Gwadar city's institutional and urban design. Currently, CPEC is in the limelight for a variety of reasons, including investor attraction campaigns and conferences discussing relevant policy issues but substantive deliberation on Gwadar city seems to be missing. Nonetheless, it is pertinent to keep in mind that policy suggestions in this study are based on an initial analysis and will be subject to evolution as more data is collected and studies with a broader scope are conducted on this topic.

Gwadar was historically an isolated and deprived region both before and after Pakistan took it over from Oman in the 1950s. Local people, for example, used to go to Karachi for tertiary medical treatment. Due to an uncarpeted road, it used to take three days to travel approximately 700 kilometres. The construction of the Makran Coastal Highway in 2004 reduced that journey to 6-7 hours. The work on the port is moving forward as planned which has generated some economic activity especially in the areas of construction, tourism, and hospitality. The security situation has improved significantly. Gwadar campus of Turbat University has started operation. The Pakistan Army has recently started operating a civil hospital and has equipped it with specialist doctors. *Gwadri* population, for the first time in the history of the city, is getting medical treatment at their door step (Iftikhar, 2018). The management of the hospital is still struggling to recruit and retain a Gynaecologist and the city's population, hence, continues to rely on midwives and nurses. There is an acute shortage of drinking water as it is transported from the nearby dams. These dams have dried up due to the drought, during the last four years. Many water-desalination-projects are in the pipeline. However, there is a hope that a desalination plant supported by the Pakistan army will start producing 5 million gallons

“My business is growing since work on port and CPEC has started” (A hotel owner in Gwadar)

“If more people will come to Gwadar, I will get more business”.
(A local taxi driver)

of water in six months. The city's current requirement is 7 million gallons. Both business and tourist visits to the city have increased which means more business for the hospitality sector in Gwadar leading to an increasing demand for water. The city governance and economic development is plagued by various administrative, economic, and urban design issues discussed in the following sections;

3.1 Administrative Issues

Policymakers are ambitious in their plans to develop Gwadar Port city as the next smart port city of the world. There are multiple public-sector organizations operating in the city under the control of different tiers of government; federal, provincial, and local. GPA is involved in the supervision of the port and free port zone leased to COPHCL. Gwadar Development Authority (GDA) holds the responsibility to steer development in the rest of the city. The use of two different administrative authorities in and of itself is not an anomaly, however, the issues arise because of the different governments to which they report. GDA is a provincial entity and reports to the Government of Balochistan with little connection to the federal administration. GPA on the other hand is a federal entity that reports directly to the Ministry of Maritime Affairs, Government of Pakistan. This may create incongruence in the general administration of the city and coordination related difficulties in the future. Chairman GPA is a member of the governing body of GDA but such a participation in this federal authority in itself may not be an effective mechanism to ensure coordination. To make matters worse, there is further fragmentation within the jurisdiction of the latter body i.e. the GPA. While the port comes under the jurisdiction of the GPA, part of the free zone at the port falls under the jurisdiction of the Balochistan Development Authority (BDA) which answers not to the federal Ministry of Maritime affairs but instead to the Government of Balochistan. On the other hand, any type of construction work in the city needs approval and license by the GDA. However, two main housing societies were started before the establishment of GDA. Those two housing societies i.e. Singhar and New Town are still being dealt by the Deputy Commissioner, executive head of the local bureaucracy at the district level. The revenue powers (transfer of land title and custodian of state property) are the responsibility of the Deputy Commissioner. Moreover, the local government formed under the Local Government Act of 2015 is also in place. Under the law, the local government is mandated to provide municipal services.

Some other federal and provincial organizations that have key roles in Gwadar are; Planning and Development Department of Government of Balochistan, Department of Fisheries, and Department of Public Health Engineering. Federal organizations, other than GPA, are the

Planning Commission of Pakistan and Board of Investment. The ToRs for hiring of consulting firm for the master plan of Gwadar city were advertised by the Planning Commission which continues to play a key role in the development of the master plan while it is the sole responsibility of GDA. Many agencies are working on the provision of drinking water in the city but to no avail. In this scenario, there is not a single agency that can steer the development of the city, oversee the provision of service delivery, and promote investments. A news appeared on 27th of June that the caretaker Prime Minister took notice of the plight of Gwadar in relation to the drought. He directed the relevant authorities to support the fishing sector of Gwadar. Indeed, this decision was taken in a meeting with the Ministry of Maritime Affairs and the Prime Minister directed the same ministry. It is important to note that there is a fisheries department in Government of Balochistan and development of fisheries sector may also lie with the Balochistan Development Authority and Gwadar Development Authority. It is also essential to note that it took four years for power corridors in Islamabad to acknowledge the plight of Gwadar city due to a prolonged drought.

Some may opine that the same situation of overlap in government structure leading to inefficacy holds in other cities of Pakistan. Indeed, this is one of the reasons that Pakistani cities perform very low on many international rankings in terms of competitiveness or quality of life. Islamabad, for example, has Capital Development Authority, Municipal Corporation, and Islamabad Capital Territory administration at the local level. There is generally a continuous tussle between these organizations. In addition, education and health are managed and administered by a federal ministry; Capital Administration and Development Division. Karachi has even more severe problems where the land is owned, controlled and/or regulated by almost 30 different federal, provincial and local level public sector organizations. This has indeed made planning and service delivery very challenging in these cities (Hasan et al, 2015) This situation can be considered as fragmentation of authority and control by central, provincial and local governments, resulting in a kind of 'Hotchpotch governance' that creates difficulties in the efficient management of the city. International experiences inform that the successful Special Economic Zones (SEZs) and new economic cities ensured clarity and effectiveness of governance in order to attract talent and firms. We have found that there is scarce discussion on this aspect of the China-Pakistan Economic Corridor (CPEC).

This hotchpotch governance is not just a deterrent in the effective day to day operationalization of work at the local level but may also have serious repercussions in our relationship with the Chinese and other potential investors. Interviews and first-hand observation of a typical work

day in different agencies within Gwadar reveals that there is an inevitable clash between Chinese and Pakistani speeds of operation and work ethic. The Pakistani systems have too many agencies and procedures of approval which leads to tremendous confusion and procedural delays. Chinese companies have already begun requesting a single focal authority for CPEC related matters. Soon it will become imperative to provide this not only for the short term to assuage the Chinese, but also in the long term for other international businesses settling in the city which are used to more efficient operations in other parts of the world.

There is immense potential in Gwadar to follow the Charter cities' model. (Prominent Economist heading leading think tank (Islamabad))

In Chinese and other international economic cities, mayors hold the key administrative and economic powers which make decision making easier and efficient. During the interviews however, the dangers or limitations of adopting such a model for Gwadar were highlighted. There is a possibility that such an arrangement will come in conflict with the constitution in its given state.

3.2 Economic Policy

Investment Promotion Framework

Policymakers are envisaging Gwadar as a thriving economic city with strong private sector investment. However, both the economic policy and investment promotion functions are fragmented and lack efficacy. The federal government has approved various tax exemptions for the COPHCL and companies to be located at the Free Port Zones for 23 years. But, there is no clarity whether the same exemptions will be extended to other investments in Gwadar city. The current SEZ regime differs from the arrangements undertaken at the Free Port Zone. However, Board of Investment of the federal government is making efforts to promote investment in Gwadar through establishment of SEZs but there is no land earmarked yet for this purpose. There is also a plan to develop an oil city in Gwadar but no concrete strategy is in place in this regard. Moreover, the Gwadar Industrial Estate Development Authority (GIEDA) operating under Government of Balochistan is actively operating in the city to procure land from private players for onward sale to investors. The establishment of Export Processing Zones (EPZs) is the mandate of the federal ministry of Industries and Production whose mandate and policy regime significantly differ from preceding three regimes mentioned in this section. Instead of a coherent economic and investment promotion framework at the

city level, there appears to be an inherent tussle among different organizations especially regarding the land-use. The work on Free Port Zone managed by COPHCL is moving ahead along with establishment of a few companies within the zone. However, investors are facing severe problems for finding affordable and suitable land for large businesses outside the Free Port Zone. Tax exemptions are supposed to generate economic activity, while on the other hand, some interviewees raised the issue that it will also undermine Baluchistan's potential revenue generation for a long time.

Recently, the Supreme Judicial Council of Pakistan has barred the lower courts to issue stay orders against CPEC projects. This is indeed a manifestation of the realization that our current governance systems are not adequate to attract and to facilitate foreign investments. Pakistan's flawed urban policies and governance framework have remained unable to turn cities into engines of growth (Haque, 2015). The study finds that there is no clarity and unification of different investment regimes applicable in Gwadar city which may have profound implications for the prospects of attracting both domestic and international investment.

Labor Force

Gwadar's labor and personnel needs far outnumber the local available workforce. This means, a large portion of the development work has to be powered by human resource from outside the city. In the current situation, it appears challenging to attract highly qualified professionals and investors to relocate to Gwadar. They cannot be driven by monetary incentives alone. Enrico Moretti explains the basic reasons for the agglomeration of economic activity from which lessons can be derived for Gwadar. This he considers in three different categories. Firstly, agglomeration occurs because of advantages deriving from thick labor markets, secondly, from the resulting thick market from intermediate inputs and lastly from knowledge spill overs. (Moretti, 2010). In a concentrated area with a large number of firms, the likelihood of finding a good match to one's skills leads often to greater productivity and higher wages as well. Furthermore, Moretti asserts that this also leads to greater interest from the general labor force for further skill enhancement as they know that their human capital will be valued more than in a market with a limited number of employers. Additionally, workers and firms face lower risk as a thick market insulates them from loss during market shocks. A thick market means that workers can more easily find jobs and employers can quickly fill their vacancies which allows for greater steadiness. This type of thick market is certainly not prevalent in Gwadar city that is considered a prerequisite for the success of economic cities.

Policymakers of Gwadar city need to explore creative options to develop a thick market of talent and firms. Some nascent efforts are underway. Gwadar's city and port authorities report that as of 2018, they have established a vocational center and already enrolled 300 students. These include both girls and boys who are taught embroidery, beautician courses, SAP or ERP systems, woodwork, engines maintenance as well as computer courses in English and Mandarin. In the near future, there are plans for teaching simulator boat/ship/cranes, processing plants, work skills. However, these measures will bear fruit in the next twenty years or so. In the medium term, it is projected that the labor Gwadar needs, will come from other parts of Pakistan. There is also scope for tourism to flourish in the future in which case young and educated Gwadaris would require training in hospitality management. Currently, labor from Khuzdar, Turbat and Dera Ismail Khan and parts of Sindh is filling in the gaps. **It is pertinent to understand how this will play out as development is scaled up.**

3.3 Port Operations

About 10-12 km of the East Bay, which is where the port is being developed and spatialized, is managed by the COPHCL. There are different zones within the port. Concession agreement with China involves developing the first 10 km of the free zone. The port is being developed and managed by the COPHCL under a Build-Operate and Transfer Model.

Build-operate-transfer (BOT), also referred to as “concessions” by legal experts (i.e. the grant of special privileges by government), is a Public-Private-Partnership tool. It is a “contract by which the grantor grants the grantee the right to finance, build and operate a facility or some equipment, for public use, for a stated period of time, after which the facility or the equipment will be transferred to the grantor.” Hence BOT, like the lease, is only temporary privatization. While BOT is an effective technique for creating, delivering and operating a public service when government does not have the financial and administrative capacity to do so itself, it must be understood that this tool has some intrinsic risks for the grantor. For example, it hosts the possibility that the grantee is mainly interested in special tax advantages or in real estate development and not in safeguarding public interest, especially if the grantee is an international party. There is the likelihood that if the concession scheme operates at a deficit, the grantee will be reluctant to finance new investments or properly maintain facilities. Moreover, there is the danger that the grantee will reduce maintenance and investments to a minimum in the final years of the concession and leave behind a non-operational facility. Under the current lease to COPHCL, there is no clause related to minimum port activity to be maintained by the

COPHCL. The government must realize such shortcomings and take legal measures to minimize the occurrence of any such event, as it can lead to failure of the port facility to fulfil its primary intention, i.e. to serve a public purpose.

In Gwadar, breakwater is naturally available. Ports need a 'Breakwater' to reduce wave movement. Koh-e-Batil saves the cost, because there is a natural breakwater of around 5km, suitable for 20 berths. Gwadar is a deep sea port unlike Karachi. In Karachi, there is a need for continuous dredging, to maintain the port from being corrupted by silting. Gwadar also offers the shortest channel of 4km that goes into the ocean directly. Port Qasim had one built for it stretching 45 km before it hits the ocean. Gwadar can also be linked with the shortest route to Punjab as well from the coastal borders of the country. This route via Khuzdar and Ratadero was completed in 2008.

Gwadar Port is currently accommodating a flow of more than 17-million-barrel oil per day and a large quantity of bulk, break-bulk and containerized cargo. It is offering multiple logistics services & a storage facility of 28,669 sqm. The port has the capability of providing diversified cargo handling through its multi-purpose berths, roll on roll off facility, and highly capacitive terminal structure. Its deepest berth of 14.5 meters is capable of accommodating large vessels of up-to 70,000 DWT. If planned and operated effectively, it can act as a catalyst to sustainable industrial development in this region.

Until now a good \$270 million has been spent by the COPHCL and only 1.2% of the total plan is functional. The Chinese idea to reclaim land in sea and to have a port area within the existing berth (area under development) will allow 100 more berths. In addition to this development, a road is being built for port and East Bay express way. Currently 3 berths are being developed but the final plan is for the development of up to 80 berths. Initial stage will expand up to 4 more berths.

Types of Industry/Business possible in Gwadar; logistics and petroleum, Real Estate, land on SEZ, export related or support industry. Multinationals are already studying how to feed the middle eastern market. (Head of leading business chambers in Karachi)

3.4 Urban Design

Issues surrounding the master plan

Gwadar city's first ever master plan was developed by the National Engineering Services Pakistan (NESPAK) and port's master plan was developed by Arthur De Little. There are some development projects such as the new international airport and road connectivity projects by

the public sector which are moving forward under the existing master plan. However, since the government has announced to revamp the plan to incorporate a smart city model, private investors have been shying away from pursuing development projects.

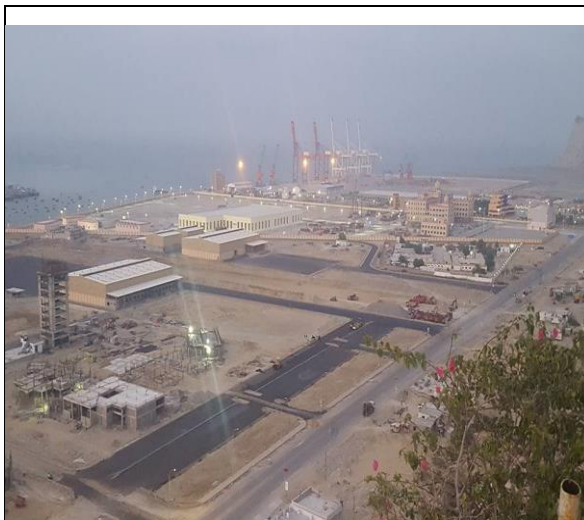
Not much has been revealed about the vision of Gwadar’s upcoming master plan, which is expected to be completed and made public by August 2018, as reported by relevant officials. The concern that has arisen amidst stakeholder engagement relates to efficient zoning. The local population is sceptical about

An advisor expressed disappointment at the lack of a proper master plan for the city of Gwadar, stressing that it is a pressing need if we are to decide how the city will work and function. (Board of Investment)

whether the new masterplan will safeguard their rights and access to land, modern urban facilities and economic opportunities that the city is expected to host in the future. Pakistan has already lost a decade for Gwadar during the time when the port was with Singapore and now there is a rebirth which the government should ensure does not falter midway. The other major apprehension involves the lack of transparency around the urban design process and the consequent public discourse necessary to ensure a robust, inclusive, sustainable and useful city plan for all.

Infrastructure Sustainability

The difference in speed and quality of development taking place at the port and the city is worrisome. While COPHCL is developing state of the art infrastructure to make the port operational as soon as possible, government authorities seem to be doing little to prepare Gwadar city for the up-coming economic activities in this region.



An Aerial view of Gwadar Port, showcasing its state of the art infrastructural development.



Street of old Gwadar city, illustrating simple architecture and poor quality infrastructure.

Images above illustrate how primitive the city's-built landscape is when compared to the port's modern infrastructure. Many stakeholders have expressed concern that in the near future, this difference in development speeds will lead to grave incompatibility between the city and the port, resulting in challenges for both. This visible incoherence in the two urban landscapes is not the only concern, as Gwadar city also lacks basic infrastructure. Roads are broken or unpaved in most parts of the town, the city's sewerage system requires upgrading and water scarcity has led to an uninhabitable situation in the city. There is an urgent need for the government to improve Gwadar city's infrastructure, so it is better equipped to host the businesses and labor force which the port is expected to attract.

Water: Water scarcity is not an issue specific to Gwadar but a national problem for Pakistan. The country today stands among some of the worst affected by water shortage and with the constant increase in population, the issue of scarcity is only projected to get worse, not better. According to the Pakistan Council of Research in Water Resources (PCRWR), Pakistan is at threat of running dry by 2025, unless the government takes drastic action to mitigate the threats in the coming years. Between 1990 and 2015, there was a 50% decline in the availability of water to 1306 cubic meters for every citizen from an original 2172 cubic meters. Broadly speaking there need to be drastic changes with regards to water provision in Pakistan otherwise, the projection of the PCRWR will indeed become the reality in very little time (Iftikhar and Ahmad, 2018).

Water is inevitably linked to everything, from a sustainable quality of life, to talent retention. GDA hospital administration shared their experience of struggle with retaining employees simply because there is no water available for them. Currently, Gwadar is getting its water supply from a nearby town: Turbat. Around 700-800 gallons of water are brought into Gwadar every day through tankers. The town is about 90km from Gwadar and it is costly to get water from this source. If Turbat also runs out of water, both Gwadar and Turbat will suffer dire losses. Leading policy makers and academics interviewed in this study, having vast experience of working in Baluchistan consider the acute water shortage and the lack of contingency plans as the major hurdle in Gwadar's development.

Power/Energy: Currently Iran is supplying 70 megawatts for the entire Makran region. Around 13-14 MWs of this supply is for Gwadar. Other power projects have added 30 MW for Gwadar and are now distributing to other regions because Gwadar's consumption is around 40 MW. Some investors are now planning projects that will generate some 300 MW for Gwadar

in the future. The original plan included a generation of about 600 MW but existing infrastructure cannot support this, therefore, these plans have been delayed until the right support is made available. The decision making includes weighing down of option for this 300 MW generation. A feasibility analysis has been carried out to understand whether small generation plants for 100 MW each should be constructed or two plants for 150 MW each is better for the city, or one large 300 MW plant. Consideration for maintenance as well as diversification of electricity sources have to be weighed against each other in light of economic, social as well as political contexts. The plan is to complete this by 2030-40 and have connectivity to national grid to supply the extra to Karachi. This seems like a workable section of the master plan for the city that we have mentioned above.

Key concerns gathered from stakeholder interaction focus on the lack of transparency around the development and progress of these plans. The matters of integration with other vital elements of urban design have not yet entered public discourse and the resulting opaqueness makes stakeholders uncomfortable and suspicious. Some explain this to be a natural psychological impact of secrecy, others are more understanding of the situation that the government is in. There are national interests that need to be safeguarded and if the government wants to have limited disclosure then it is logical to do so. However, certain matters are not so sensitive which include electricity, gas and water supply and affect the standard of living of residents.

Urbanization issues in Pakistan

Urbanization in Pakistan has happened at a rapid pace often not abiding by any plans nor detailed debate on the best way for a city to expand. This has resulted in cities that are currently functioning beyond population levels they are meant to hold. As the fastest urbanizing and most highly urbanized country in South Asia, Pakistan derives some 78% of its GDP growth from urban centers however, it has failed to create proper plans for the maintenance and smart planning of these centers of concentration (World Bank, 2015). Whereas in most parts of the world, cities are deliberately designed in such a way as to maximize the benefit of concentrated populations with similar skills and marketable ideas, Pakistan's cities have become examples of unplanned metropolises that miss out on the chance to capitalize on agglomeration economies. It is imperative for the government to rectify mistakes of the past and create avenues for Gwadar to develop as a socio-economically and environmentally sustainable city.

Initial mismanagement of land-use has already exposed Gwadar to the menace of land speculation, a practice prevalent in most Pakistani cities. Massive speculation has led to a distortion of property prices and fraud as well as corruption, a raging by-product of this phenomenon. Land for socially responsible uses and high value activities has become too expensive.

"I don't care what is happening in the city. I am here to make money from speculation and that's all" **(A property investor from Lahore)**

"You name any big person in Pakistan. I will tell you he has bought a plot here". **(A property developer)**

Due to massive speculation by real estate investors, both the federal and provincial governments are unable to find suitable land for the establishment of Gwadar university near the city. Consequently, the Gwadar University may be located far from the economic and social center of the city. The current level of prices of property also appear unreasonable for any business activity. Some public-sector officials mentioned that many foreign and domestic industrialists want to establish industries in Gwadar due to tax exemptions, but they are unable to find affordable land for their businesses. There is hence, a need for government intervention. The city's masterplan should be developed to safeguard its indigenous community and its prosperous economic future, and must not be compromised due to this distortion in the real-estate market.

Nadeem ul Haque has written extensively on the subject of urban development within Pakistan. In his essay, *'Flawed Urban Development Policies in Pakistan'*, he focuses on the most major and visible fallacies in the urban design of major Pakistani cities i.e. the lack of a proper downtown, limited space for urban activities, car centric lifestyles and environmentally unfriendly, low density development. He states

"No one from our association has visited Gwadar to explore opportunities as it still lacks basic amenities" **(CEO of one of the leading business associations based in Karachi)**

"Gwadar needs to focus on logistics and warehousing facilities at this stage in order to become a transshipment port". **(Pakistan's one of the leading industrialists based in Karachi)**

that until the 1960s, there was a discernible downtown area developing in different urban centers in the country but since then a low-density development trend took over leading to a lack of mixed-use urban areas with residential, office, commercial and entertainment avenues in walkable distance to one another. This has had far-reaching consequences for trade and economic activity within major Pakistani cities that have failed to cultivate the kind of economies otherwise found in cities of similar size across the world. An extension of this low-density development model is that prime urban lands, instead of hosting activities that serve social purposes such as educational institutes, hospitals and commercial and recreational

centers etc. are now concentrated with bungalow-style residential areas. Haque also elaborates on the obsession with cars in Pakistani cities, that has led to the constant widening of roads and unbearable congestion on roads resulting in unpleasant surroundings and environmental degradation. These consumer patterns have resulted in Pakistan becoming one of the prime oil importers in the world featuring at 29th globally. The lifestyle of the 60s, characterized by the excessive use of electricity for domestic purposes and the lack of attention paid to simple measures such as insulation, double glazed windows etc., still persists in Pakistan and has led to largely unhealthy cities across the country. (Haque, 2015) The issues in major Pakistani cities as identified by Haque stem from a couple of fallacies in urban planning and thinking across the country. Our unsustainable horizontal planning trends and poor zoning regulations have done little good in modern metropolitan settings where much economic value lies in exploiting agglomeration economies that are best suited to the concentration of economic activity in downtown areas. Moreover, an elitist conception of city life has further endorsed excessive use of cars and lack of need for a proper public transport system. Similarly, the traditional preference of the affluent in the country to live in houses and not flats has resulted in sprawl, leading to the unregulated expansion of Pakistani cities.

Gwadar city is to be built from scratch. Be it laying down of modern infrastructure and institutions, attracting new local and international businesses and resident groups, or developing a distinct brand and urban character of the city, everything must be well planned. The government has an opportunity to develop Gwadar as an urban center more sustainable and livable than other cities around the country. It is critical that a modern conception of life and comfort is adopted in envisioning Gwadar so the city is better equipped to meet requirements of the times we live in. In addition to being a smart city, Gwadar should also be planned to become an inclusive, environment friendly, high-density, walkable metropolis with an efficient public transport system and a distinct downtown and urban character.

The fate of Gwadar's development largely rests on the future projections its planners make that will guide its development. In this regard, population projections are a way of planning for the future growth of urban centers. As planning for housing, employment, education and civic services in a city has to be done on a long-term schedule, population projections allow cities to expand in such a way as to cater to the inflow and settlement of people over time without major shortages in the basic requirements of life, in effect avoiding congestion forces that take away from agglomeration economies. These projections are largely missing from the discussion on Gwadar city because little is known of the scale of the city itself, other than that it has the

potential to be the largest regional port. Plans regarding the process to attract businesses are yet not widely known creating a gap of information with regard to the reaction by international businesses on the prospect of resettling in Gwadar. A general lack of transparency about the plans and design of Gwadar are also a hurdle in the way of creating educated private estimates of projected population not sanctioned by government. The risk of creating a city and then failing to resettle a large enough number is high when developing new cities. The fact that such a critical component of urban planning is entirely missing from the public discourse on Gwadar and so little is relayed by those in government in a position to know if any projections are made within official circles, is highly concerning for the future of the city.

Lack of Urban Character and Community Integration:

Anthropological investigation, in addition to being necessary for designing or modulating a talent retention strategy and model of training and supplying human resource, is also instrumental in envisioning a character for the city. The case studies on economic cities (in the next chapter), pointed towards the necessity of such imagination. Songdo, despite its state of the art infrastructure and logistics necessary for a smart, green city has failed to meet its' creator's aims. The commentary on the city points at the city planners' failures to create an urban character distinct from other cities in South Korea.

At the current stage of development, Gwadar cannot have high ambitions for its urban character. It is primarily a trans-shipment hub, however, as water supply problems are resolved, and modern infrastructure and progressive economic policies are set in place, the city can start implementing its smart port city plans. Eventually disappearing unemployment will change trends too. Stakeholders have expressed hope that in the coming years, the Chinese may engage in joint ventures with locals. This will involve Gwadris in the economic growth of their town and its transformation into a city. Policy incentives to attract industry must address the skills and training aspect. As the city traditionally hosts the basis for a thriving fishing industry, recognition of the potential in fisheries and maritime resource must always be at the forefront of all policy deliberation.

Integration of the local community is of utmost importance. Locals fear that if not planned carefully, Gwadar will only have "Puncture Shops". Stakeholders must be involved in decision making. Furthermore, as part of the data collection exercise, the first few impressions of the local culture and social fabric include a noticeable fascination and fan following for football among the youth. Young boys don't just practice and play football in the streets, they also train

for international competitions. The most popular team appears to be Brazil (painted on the walls as one passes through residential and commercial areas).

There appears to be a high degree of civic awareness among the local groups. This was confirmed not just by meeting the local civil society organizations but also the local police station. Responsible activism has strong roots in Gwadar, and the bitter taste of the 2007-08 insurgency has made Gwadris mindful of the nature of engagement with the authorities. Local residents of Gwadar have voiced concerns regarding the lack of transparency of city development plans especially related to relocation. They are concerned but unwilling to create much disturbance in the region, careful to avoid the mistakes of the past. The focus of the inherent activism rests now on developing capacity of local population through education and training. Vocational centres are proving to be a welcome development. There happens a week-long book festival in Gwadar every year which is highly attended. There is an aptitude for learning in the city. One teacher in Gwadar informed that the current generation has not seen influx of travellers and immigrants to this region. Most of the international exposure to the region was before the 1960s. With operationalization of the port, the local population may feel challenged to integrate with new faces in the city. These issues need considerable attention to make Gwadar an inclusive, equitable, and peaceful city in the long run.

Chapter 4. Economic Cities – Experiments from Across the World

Gwadar is envisioned to generate economic and commercial prospects for Balochistan and Pakistan following the operationalization of its deep-sea port and urban industrial zones. Such a characterisation of a city is generally attributed as a new economic city. This chapter analyses the success and failure of new economic and port cities around the world.

4.1 What is an Economic City?

An economic city focuses on efficiently using its tangible and intangible assets to create opportunities for its businesses and society to achieve productive, inclusive and sustainable economic success (Suzuki, Dastur, Moffatt, Yabuki, & Maruyama, 2010). This is still a relatively new urban development model, often adopted by developing countries seeking economic stimulation or developed countries seeking economic revitalization. It may take different forms, too. Generally speaking, SEZs, Open Cities, Free Trade Zones/Cities, and the like all fall into the broad definition of Economic Cities. A considerable amount of resources, infrastructure and administrative support upfront seems to be key for jumpstarting the economic vitality of these centres. It is common to target a series of industries to focus these resources and efforts on to ensure the local assets are made full use of. For new economic cities, these initial investments are especially important for their success.

Inevitably, when establishing new economic cities, the host country is experimenting some new ways to boost its economy. First of all, such experiment merits creative policies to institute a new and innovative administrative framework that is different from the traditional setup. Take Shenzhen SEZ for example. When it was first created, Shenzhen was merely a small fishing village. The Chinese government initiated a series of radical administrative reforms to introduce the market economy into Shenzhen SEZ, while the rest of the country was gradually shifting away from the socialist planned economy (Liang, 1999; Cornia & Popov, 2001; Ng, 2003). The history and success of Shenzhen was a process of carefully designed urban governance and economic policies and constant self-reflection and self-correction under one country's administration with open-mindedness and risk-control (Sang, 2003; Xie, 2008). During this process, the host country should have full sovereignty over the new economic city to ensure political stability for the investors.

Secondly, when designing new economic cities, the host country could also target selected industries based on the assets to help narrow its policy initiatives down to specifically supporting these expected economic drivers. For Shenzhen SEZ in the early 1980s, the initial

targets were low-skill, labour-intensive manufacturing, which later upgraded to higher value-added and high-tech industries. Some newer economic cities are focused more on free trade, and cleaner and greener industries. Relevant examples include Songdo, South Korea, which is home to a free economic zone and specifically targets the financial industry and well as providing attractive options for those pursuing university education, ; or Gujarat International Finance Tec-City (GIFT), in India, focusing on financial and IT services; or Lusail City, Qatar, trying to develop its tourism, sports and cultural industries; or the King Abdullah Economic City in Saudi Arabia, with its focus on its shipping port, logistics, manufacturing, the local medical industry and the food processing industry (Moser, Swain, & Alkhabbaz, 2015). The cities could choose to be highly focused on a few industries or a larger variety of them for a more diversified economy, according to the planned city size and its role in the larger scale regional economy (Moser, 2010). With selected preferential industries in mind, the city managers will be able to work more effectively to identify and attract major anchor companies to trigger chain effect and form critical industrial clustering in these new economic cities. It also helps to identify and build key infrastructure that is essential for these industries. The benefits of identifying target industries have been observed in many new economic cities as it allows the cities to focus their limited resources in the initial state of development on a small number of policy reforms, financial incentives and infrastructure foundation, to facilitate the success of the city with a long-term potential (Zhong & Yan, 2006; Zhang & Lan, 2013; Moser et al., 2015).

Thirdly, alongside with administrative reforms, the new economic city should be carefully master-planned with the selected industries at its heart. Since heavy investment upfront is essential for laying the foundation for new economic initiatives, functional areas, such as administrative centre, core commercial zones, industrial parks, port areas, entertainment facilities and social services, should be carefully laid out and designed (Guan, Guan, & Zhou, 2006). A good and practical master plan that is consistent with the goals of the new economic city will help keep budget in check, facilitate coordinated infrastructure, and promote the connections among companies within the same industrial clusters. Such a plan and its implementation will give potential investors a visual confirmation of the reforming efforts of the host country, confidence in the future development of the new economic city, and a channel to suggest modifications to the design to fit their needs better. Therefore, this master plan should have flexibility built in it to a certain extent (Kenworthy, 2006). The city managers should be granted high level of decision-making power to work closely with potential investors,

diligently communicate with them about their needs and concerns, and quickly respond with effective solutions. A carefully thought through master plan will help facilitate such a process of interactive governance.

Fourthly, all the above efforts packed into the model of New Economic Cities is a great way to brand the city for marketing globally. Government communication is considered as a policy instrument for effective city branding in today's world economy (Howlett, 2009; Eshuis & Edwards, 2013). City managers choose from many different models, such as "eco-city", "low-carbon city", "smart city", or "resilient city", to emphasize their assets and preference for future development (Lu, de Jong, & Chen, 2017). While Economic City brands are chosen by cities to highlight their geographical, industrial and cultural strengths and aspirations for economic prosperity. A city brand refers to the unique and multi-dimensional mix of assets that provide the city to differentiate itself from the others for its target audience for strategic gain (Dinnie, 2011). For example, Economic cities are part of the main strategy of place branding in countries like Saudi Arabia for cities like King Abdullah Economic City (Moser et al., 2015; Shoaib & Keivani, 2015). In this case, the city manager strives to build symbolic urban projects to highlight their promised economic city brands and diversify their economy (Albassam, 2015).

Lastly, an Economic City, while striving for economic success at the initial stage, should go beyond its economic goals and seek long-term resilience. While it is true that when people think about economic cities, they might be referring to a narrower definition that concerns solely about GDP or other measurements of economic output, the city managers should be on the lookout for improving productivity, land use efficiency, transition to greener industries and renewable energy sources. This would serve the long term aims of the city well as the excessive pursuit of short-term economic growth often displaces fundamental social and cultural values and could potentially undermine economic strength of the city over the long term. Therefore, a more balanced economic city model should emphasize on an innovative, inclusive and resilient economic system that is in accordance with the local and national cultural values. Such measures include avoiding industries with heavy pollution, allowing stratified building density to maximize land use efficiency, being selective on leasing land to industries according to the quality of land and location, and providing incentives for cleaner industries. Protecting the ecological environment while succeeding as an economic city, or Eco2 city as coined by the World Bank, will largely improve its competitiveness in the world economic system (Suzuki et al., 2010).

Overall, for some developing countries, new economic cities are often established as the new economic anchors of the country's efforts for globalizing its economy, creating jobs and lifting people from poverty. While reforms in the administrative framework, targeting selected industries, carefully putting together a flexible master plan, and diligently banding the city, the urban leaders should learn from its successful precedents and build a resilient city with long-term success based on its economic initiatives.

4.2 International Cases of Economic Cities

4.2.1 Shenzhen, China

The city of Shenzhen was China's first real attempt at experimentation of policies and ideas that its rigid communist structure had not permitted earlier. Deng Xiaoping, the then preeminent leader of the People's Republic of China, initiated what has come to be known as the Open-Door-Policy in 1978 to bring about economic reforms in the country. As part of this opening up, in 1980, four zones were designated wherein the government would be in pursuance of special economic policies including Shenzhen, Shantou, Zhuhai and Xiamen. These demarcated SEZ's had a few things in common: they all encompassed large areas where economic activity was to be encouraged at the behest of specific financial and trade privileges. These SEZ's were also situated at a considerable distance from the centre of power in Beijing so as to lessen any political interference. The central government in China followed a policy of encouraging the use of novel and practical techniques and more open economic policies. Located within Guangdong and Fujian, a primary advantage these zones offered was the historical relationship their home provinces had enjoyed with Hong Kong, Macao and Taiwan. This proximity and the contact between these areas allowed for a greater exposure for these future cities to capitalist ideals and market principles new to the country's economic system. (World Bank, 2010)

The chosen SEZ's all differed in the degree of their success, but Shenzhen undoubtedly outperformed them all. Between 1980 and 2008, Shenzhen's GDP increased on an average yearly growth rate of 26.9% from US\$ 4 million in 1980 to US\$114.47 billion in 2008. This period also witnessed a substantial increase in GDP per capita from US\$122.43 to US\$13,196. During this period of a little less than three decades, the three major sectors i.e. agriculture, industry and services also grew at a drastic rate with average yearly growth of 3.3%, 37.8% and 24.8%, respectively. Shenzhen has also transformed into an export-oriented economy following three decades of reform and greater openness to the outside world. Between 1979 and 2007 there was an expansion from US\$17 billion to US\$287.5 billion in the aggregate trade

volume. (World Bank, 2010) This shift to an export-oriented economy was achieved through a concerted effort to transform the city into an international hub. This was done through a few policies; for instance, in 1986 only close to a quarter of all of the city's industrial products were exported. To change this trend, the Shenzhen government created what was called the "Strategic Plan for Developing SSEZ's export led economy" which led to greater effort towards the global marketing of the SSEZ through an inflexible preference for those enterprises that would pledge to export approximately two-thirds of their goods and targeting investments by large, innovative foreign-currency earning businesses. Another area where reform was introduced to improve the investment environment was related to enhancing infrastructure provision which was an aim of the Shenzhen Municipal Government. In an attempt to raise funding for local developments, Shenzhen was able to learn from Hong Kong's example which leased land to raise revenue for the government. In this manner, China's primary open land market was established in Shenzhen in 1987. (Ng, 2003)

In addition to these strategies, the SEZ used other favourable fiscal and economic policies as well to encourage growth of business within. The city was allowed greater flexibility in adopting its own plans separate from national plans and priorities including economic plans, foreign currency and exchange, trade, commerce, finance, commodity pricing and salary etc. The province of Guangdong, where Shenzhen is located was also permitted to use much of its revenue for itself instead of transferring it to the central government. Since 1980, instead of a certain percentage/proportion of all tax revenue collected by the Guangdong province a five-year fixed amount has been transferred to the central government. This has allowed the province to benefit unilaterally from any increase in its revenue as a result of economic growth. Such benefits for the provincial government can be emulated for Balochistan and for the city government within Gwadar as this would go a long way in assuaging the feeling of deprivation felt by the people of the province. Similar to other SEZ's, Shenzhen followed certain broad policies to create greater ease of doing business. These included the streamlining of company registration procedure, longer land use terms, permission to keep foreign currency, loosened banking and loan policies and a streamlined and cheap hiring procedure. Additionally, and importantly, corporate income tax within Shenzhen was fixed at 15% flat rate, compared to the average 33% in other parts of China. (Culture Research Centre of Shenzhen Special Zone, 2014)

These preferential policies were easily implemented in Shenzhen because of the complementing changes introduced to its governance structure. The city was allowed

unparalleled flexibility in appointing leading government officials. The alterations to Shenzhen's administrative level also allowed it greater autonomy. In 1981, the city's administrative level was raised to the sub-provincial level and then to an 'independent planning status' in 1988. This provided it with provincial authority in effect reducing the levels of communication between Shenzhen and the central government. This was complemented by a series of reforms carried out in the 80's and 90's to make more coherent the government structure and decentralise power to create room for greater efficiency in governance. In 1982, reforms were introduced to transform government bureau's and executive units into 'economic entities', done to cut red tape and create a more business-like structure within these organisations. Two years later, further reforms were brought about to expand the export economy and the governments capacity to exercise greater leverage over macroeconomic policy. The 1986 reforms aspired to improve the coordination, and monitoring capacity of the government and create room for a more consultative governance structure. To expedite the decision-making process, the organisation of the executive branch of government was altered from a three-tiered system ("city, committee, office or bureau") to a two-tiered system ("city, committee-led bureau"). In 1988, further reforms ended the governments control over economic enterprises in effect moving away from a command economy. Two committees for culture and education were also created for the purpose of boosting the quality of life and attract overseas investment. These series of reforms were directly related to creating a city character and improving the opportunities offered by the city to attract people and businesses; an effort needed in Gwadar as well. Additionally, in the 1990's further reforms were introduced to create distinct "administrative and economic units". A directive was put in place for "government nurturing market, market liberating government, government liberating enterprises and enterprises liberating productivity". With a further move towards lessening government control of enterprises, in 1994 reforms were introduced that aimed at distancing the governments executive and economic roles which were put into effect following a delinking process from the government in areas such as finance, manpower, names and functions. Since this process started after the mid 1990's, there has been a considerable boost in foreign investments. (Ng, 2003)

A two-pronged approach that targeted both the loosening of government control over the economy and a shift away from a command to a market economy have helped Shenzhen transform itself into an economic hub.

4.2.2 Dubai, UAE

The development of the port in Dubai can be traced to four different phases; the first spanning from 1900 to the 1950's when the city resembled a "free port town", the second between the 1960's and 70's when it became an "entrepot port city", the third spanning the 1980's and 90's with Dubai making its place in the international economy as a "regional transshipment hub" and the last from the 2000's until the present day where it has diversified into a logistics hub (Akhavan, 2016). These developments in the city have been aided substantially by the government system in Dubai that is known for its quick decision making and little red tape. As one emirate within the larger United Arab Emirates, Dubai is an absolute monarchy headed by the Al Maktoum family. The government structure of the city is such that it consists of two major bodies; the Executive Council and the Dubai Municipality. The former is headed by the Crown Prince of Dubai and is the primary decision-making body which creates policy for itself under the leadership of the Ruler and engages in ensuring the execution and creation of federal laws. The yearly budget is also presented by the council and development plans are supported and implemented by it. The coordination, development and organisation of government departments is supervised by the Council in the aim of creating a more unified approach to governance. (The Executive Council, 2015). The Dubai Municipality includes thirty-four different departments concerning the broad themes of communications, environment, public health, general services, corporate sector and planning. The DM employs close to 11,000 people making it one of the largest government institutions in the emirate. (Dubai Municipality, 2018)

There are certain major parameters that explain the growth of Dubai; foremost of which is the city's government led development. Much of the development in Dubai has been spearheaded by the public sector. The centralised form of government that exists in Dubai has been criticised for its lack of democratic rights, but this rigid hierarchical structure allows for effective rule, fast decision making and coordination between departments. While this efficient governance does play a major role in attracting business to the city, the official leadership of the emirate also follows a policy of creating 'supply generated demand' to widen the economic base of Dubai. The decision to invest can either be made by responding to demand or by creating something and then attracting demand to it. Dubai has often used the second and infrequently used method which although is riskier, nonetheless, offers greater dividends as the provider of that business is often the only in the field and hence receives much of the benefit of that demand. Many large-scale projects such as the Dubai Media City, Palm Islands, Internet City

are all similar ventures and all have paid off great dividends to the city and been expanded to cater to unforeseen demand. (Hvidt, 2009)

Another major topic warranting discussion in the context of Dubai's development has been its ability to establish itself as an international player in the world economy and the way that international status has assisted the growth of the local economy. By creating an international stature for its state-owned firms and large-scale government projects, Dubai has extended its service provision to the world beyond its own small territory. This has allowed it to spread the risks and hence create an almost fool proof economy that will be hard to jolt with the failure of or lag in Dubai's own economic performance alone. Although the firms still have a base in Dubai and are hence not entirely independent, internationalisation of service provision to any economy provides a kind of insulation from internal shocks and the spreading of risks across a wider area in case of external shocks. Dubai also used investor friendly policies, by offering foreign ownership of investments at the Jebel Ali Free Zone back in 1986 and opening free zones in the media city and internet city and Dubai International Financial Centre. Dubai also created investment opportunities allowing foreign nationals to own real estate which previously they could only rent. While this international involvement in its economy has allowed for a well-financed economy, at the level of labour provision, the city has used skilled and unskilled workers from across the world to fuel its functions. Dubai has one of the largest proportions of expatriates in its labour force which provides it a great deal of flexibility. As it does not offer citizenship to foreign nationals, that flexibility can be maintained. According to some estimates only 20% of the population in the UAE are citizens. To meet the needs of its economic plans and clusters, Dubai utilises its resources to essentially 'purchase' its labour force. With such a labour force, a city can theoretically be free from any lags in the meeting of developmental aims that may find its roots in a workforce that is lacking in skills and qualifications. It also allows a city to develop different parts of its economy as and when it pleases to do so. (Hvidt, 2009)

Although such a position is difficult to maintain, Dubai has managed to keep its place in the world by creating a brand for itself and remaining in constant international partnerships that reinforce its power. Dubai has effectively managed to brand itself as a hub of 'quality and innovation' internationally. This kind of branding and the ample resources available allow countries to start off as high-end suppliers instead of working up the chains to become high end as Asian economies have done. The Palm Islands, Burj Khalifa for instance were all successful attempts to brand the city as high end and it has succeeded in doing so. Its

international stature is reinforced by its many partnerships with acclaimed organisations from across the world, which has allowed it access to other markets and attracted reputable organisations to build connections with Dubai. The Heath Care city for instance was built with the partnership of Harvard Medical School and Mayo Clinic. In tourism, otherwise government owned hotel chains have brought in companies like Hyatt, Hilton and Sheraton and also employed them long term in the management phase of the schemes. Such partnerships have made Dubai more accessible for the world and the world more accessible for the emirate. (Hvidt, 2009)

4.2.3 Incheon and Songdo, South Korea

Incheon is South Korea's third largest urban Centre with a population of approximately 3 million, located near the capital city of Seoul with which it shares an airport. (Ducruet et al. 2012,) Incheon has proven in recent years to be an attractive option for new firms to set up shop however, much of its success can be attributed to two major factors. These are the Incheon International Airport, Incheon Harbour and the cities advantageous geographic location vis a vis Seoul. Incheon is often touted as the transportation hub for North East Asia and for good reason. Incheon International Airport has consecutively been ranked the best airport in the world for 10 years and is also one of the prime stops within the region catering to more than 40 million people every year. Since the airport opened, the number of passengers using it have increased by 6.7% annually. 90 airlines connect Incheon to 181 cities across the world. (Rahn, 2015)

The Incheon Port has been in existence since the late 1880's however, improvements have been made to it over the years. Related developments in the city have been spurred mostly by the existence of the port and of labor within the growing city. Between 1883 and 1910 these developments were related to rice cleaning and brewery. The next 20 years were characterized by growth in weaving and milling and the following 15-year interval between 1930 and the Second World War by expansion in heavy industry and ammunition. Post-world war two, economic growth in the city was dominated by the reconstruction process and expansion in the manufacturing base. (Choi, Choe and Kim, 2013)) The recent shift in the focus of the economy is strongly associated with a shift in the plans of the national government. South Korea has for long been considered an export led economy. Recent governments however, in line with objectives set out in the 2020 Incheon City Plan, have looked to transform the city's growth into 'knowledge based urban development.' (Rimmer, 2004) The city's plan for the Incheon Free Economic Zone where three cities including the much talked of Songdo, is being made in

light of these objectives. These developments over time have all contributed to the constant growth of the Incheon Port. While the port is the second largest in South Korea, it is the fastest growing domestic port, ahead of Busan. The annual growth rate has been estimated at 15% over the past 8-10 years. (Ifez.go.kr, 2014)

Songdo is one of the cities being built as part of the Incheon Free Economic Zone (IFEZ) project which is part of the 2020 Incheon City Plan. Songdo International City, is being built on reclaimed land and aims to create a more versatile economy for Incheon which currently has limited avenues for further economic growth. Songdo aims to become an important business hub within the Northeast Asian region and a high-tech knowledge based location for the development and use of new technologies. It is for this reason that it is frequently called a 'smart city.' In keeping with this aim, the businesses and firms that have set up in the city also belong to the high-tech industry such as, IBM, HP, GE, Boeing, and more. (Windem et al. 2014) The city is able to offer smart, high tech space for a price much cheaper than Seoul or downtown Incheon. Furthermore, Songdo aims to become a prime attraction for the young minds of South Korea. This it has set out to achieve by opening overseas campuses of well-known universities in the US such as the State University of New York at Stony Brook, University of North Carolina, Delaware and George Mason University. This has been met with enthusiasm from many young people keen to earn degrees from internationally acclaimed universities. (Windem et. al., 2014) But while the city sounds like a perfectly executed project on paper, in reality it is facing challenges that threaten its future success.

International papers have not always provided the city with flattering reviews. LeMonde has termed the city 'a ghetto for the affluent' whereas the LA Times ran an article with the following headline: "Skyscrapers? Check. Parks? Check. People? Still needed.". And indeed, people are still needed. The city which is scheduled to be completed in 2020 currently only has 100,000 residents, which is half of what it can host. And whereas it had hoped to attract close to 300,000 daily commuters, the current number stands at 70,000. (Boroweic, 2016) While it continues to fall behind targets on this matter, some have expressed a likeness for the lack of congestion and high density that characterizes much of South Korea. (Bethea and Arbes, 2014) In addition, although some big international business names have relocated to the city, its total count currently stands at 58 firms. It is also restrictively expensive, with school fees for the much talked of Chadwick International at 35000 per year. (Mesmer, 2017) For young people just at the start of their careers, while the city does offer a cheaper option than Seoul, the question remains whether it will be cheap enough to be an option for most.

The local government system in both Incheon and Songdo is the same as that in the rest of South Korea. The country's local government system is a two-tier system divided between what are the upper and the lower levels. The former consists of regional government for provinces (Do) and metropolitan cities (Kwangyeok Si), whereas the latter consists of rural county (Gun), city (Si) and district (Gu). There is a total of 244 local governments which are all classified as autonomous bodies consisting of elected council and administrative executives. The legal status of levels can change with demographic changes over time. For instance, if an area's population crosses the 50,000 mark and much of it becomes urbanized it can change its status from a Gun (county) to a Si (city). Similarly, a city with more than 500,000 residents is allowed to set up districts within its jurisdiction with their own sub level governments. (Choi et. al., 2013)

While caution is advised in labelling any city a success or failure, from the consensus on these two cities, it seems that while Incheon has overtime consolidated its position as a transport hub and used that to expand into other fields making the city an economic success, Songdo which is interestingly within Incheon is currently struggling in projecting a similar image of itself. Although it may be too soon to comment on whether Songdo is a success or failure, the city is undoubtedly failing in the objectives it hoped to meet, most notably with regards to attracting people to settle within its jurisdiction. For this reason, it has been called a 'ghost town' by some prominent media groups. While Songdo has been modelled as a smart city and is not lacking in the infrastructure that would make it a successful one, it does not have any preexisting geographical benefits as Incheon did as a coastal city fit for a large port. Incheon's role as a port allowed it to play an economic role that Seoul could not possibly play itself and hence made the latter reliant on the former. Since Songdo does not have the same characteristics to provide it with the basis for adequate growth to build off from, it is currently struggling from its proximity to the capital. In essence, it is a city that is not far enough from Seoul to be a stand-alone economic hub for people to choose as a hometown, nor is it near enough to the capital to act as a suburban area from where people can commute to Seoul for work. That said, its currently disadvantageous position vis a vis Seoul may not remain so, permanently depending on the changes within Seoul's economy and its need to further expand into nearby areas given the problem of overcrowding and rising housing prices. Songdo is also lacking at the moment in a character that can make it distinguishable from other South Korean cities. This is bound to be an issue with a city constructed completely anew. The city requires a label as something more than just a modern, smart, concrete jungle.

4.2.4 Coimbatore, India

Coimbatore is a medium sized Indian city, located strategically at the juncture of the three southern Indian states of Kerala, Karnataka and Tamil Nadu. The city also acts as a nerve centre for the north-western districts of Tamil Nadu and the northern districts of the state of Kerala. (Srinivasan, 2016) In 2011, Coimbatore's population had reached a total of 3.4 million, making it a medium sized city by Indian standards with a local market dominated by IT, textiles and auto components with a comparative regional upper hand in the field of education as well. (MSME Development Institute, 2016)

The city of Coimbatore is divided into three revenue divisions of which two; the Coimbatore South Revenue Division and Coimbatore North Revenue Division are predominantly industrialized whereas the Pollachi Revenue Division is more inclined towards agriculture. These three divisions are further divided into ten *taluks*¹, comprising of a total of 295 revenue villages. The city is governed by the Coimbatore City Municipal Corporation (CCMC) which is the primary local government body and manages the day to day functioning of the city districts including the provision of water, waste management and sanitation services as well as the maintenance of road networks. (Coimbatore District Administration, n.d.)

Although the city is an example of private sector led growth, there are agencies at the national and state level that are involved in encouraging economic growth through assistance on different matters. Such government assistance is important and can be considered as a lesson for Gwadar. Coimbatore city has bodies that are private, semi-private and sometimes public like the Coimbatore City Municipal Corporation that help with public provision and lobbying state and national governments on different laws and provisions for the facilitation of their businesses. While local government has not played a huge role in the economic development of the city it has played a vital enabling role and the city's municipal corporation was named the 'Best Corporation' by the Tamil Nadu government for the service it provides with regards to infrastructure and the capacity of the municipal services as well. (Cech et. al., 2015)

Private sector led growth has nonetheless been key to local economic growth. The growth trajectory of the city of Coimbatore depicts accurately the drastic rise in the economic fortunes of this modest city. Per capita GDP saw a 109% increase between 2002 and 2012, with the city relying on a 3.2% average annual GDP growth rate during the same period. In the decade long period between 2002-2012 the job growth within the city figured in at 31% with a 132%

¹ 'Taluk' is a local term used to refer to administrative areas comprising of several villages

increase in gross value added per worker in the same time. This growth overtime has happened along two primary parameters. The first concerns growth within the indigenous engineering cluster and the second relates to outside investment in ICT related industries as well as others. Following the mid- 1950s, a textile machinery cluster developed within Coimbatore as the locals learnt of the new technologies by reverse engineering imported machinery. Diversification within this field generally and knowledge transfer to other fields allowed the expansion of an engineering cluster that has since been a feature of the city's local economy. With the ISI regime put in place by the Indian government in times of protectionist economic policies, this cluster grew unabated and created a niche for itself not just within the city, but also in relation to its surrounding states. Additionally, outside investment particularly in the field of ICT has also aided in the development of Coimbatore's economy. Major multinationals have set up shop within Coimbatore's SEZ with much enthusiasm shown by the private sector and family businesses already established in the city. Coimbatore was favored by these MNC's over other tier 1 Indian cities because of the availability and low cost of skilled labor and land, ample infrastructure, a good climate, the city's geographical location and access to major Indian markets as well as a well-qualified, educated workforce, and a pro-business and entrepreneurial environment. (Cech et. al., 2015)

Coimbatore's economy with a local niche that has been used effectively by its businesses and people offers many lessons for new cities like Gwadar. In addition to the focus and space it provided to its private sector, Coimbatore succeeded because it focused almost exclusively on the industries and sectors where it has for many years held a competitive advantage such as engineering. It took advantage of the qualifications of its people with literacy rates as high as 80%. The city is home to 150 social science and 60 engineering institutes which have benefited immensely from the partnerships between the city's businesses and the academia. Engineering education in the city is known for imparting useful, practical skills to students with curricula drafted with direct input from employers in accordance to the skills they look for in prospective employees. The city of Coimbatore also boasts a kind of entrepreneurial and business ecosystem unlike many others. SME's in the city are often family owned and the inter-relationships between these families outside of business are also extended to the business. While they compete in business, these families often collaborate when it comes to promoting economic activity and technical standards. They have collectively contributed to vocational centers to increase the skills of local labor and held together to influence government policy on private business. The city also took advantage of market opportunities attracting a few big firms

which were keen to go into areas they could dominate followed by smaller firms which contributed to job growth creating further opportunities. The city also took advantage of the needs of big firms looking to settle in non-tier 1 cities by inviting them to local SEZ's and offering them favorable terms. Coimbatore has in this way made itself into a city offering not only a good business climate, but also an educated workforce, ample and inexpensive land, good infrastructure, enviable educational and vocational institutes, an entrepreneurial ecosystem, a growing consumer market, mild climate, a geo strategic location and a decent quality of life. (Cech et. al., 2015) As a city in a similar part of the world with some similar issues Coimbatore offers insights for Gwadar that are unparalleled in the lessons they can impart.

4.2.5 Cyberjaya, Malaysia

Cyberjaya is a new smart city in Malaysia located 40 km south of the capital Kuala Lumpur and west of Putrajaya, the federal administrative center of the country. Cyberjaya is part of the Multimedia Super Corridor in Malaysia which was inaugurated in 1997 by Mahathir Mohammad. It was aimed at empowering Malaysia to become a competitive force within the global knowledge economy. Specifically, the MSC project embodies a major aim of the state to create a structured community in one of the MSC's "intelligent cities," namely, Cyberjaya. The way it was envisioned to most efficiently achieve this was through a hierarchical approach of intermeshing state of the art ICT facilities and urban infrastructure with the aim of attracting skilled professionals and experts in a broad range of fields such as engineering and ICT to work and live in the city.

The new city is to be governed and managed by four primary stakeholders who have been assigned distinct roles. The Cyber view Sdn Bhd is a public company tasked with the development of Cyberjaya with particular focus on commerce and the socio-economic potential of the city. The Malaysia Digital Economy Corporation Sdn Bhd is a government owned agency which looks over the plans for the development of a digital economy within the country and encourage FDI and Domestic Direct Investment (DDI) in the country. The Majlis Prebandarcan Sepang (MPSP) is the primary local government body tasked with the provision of municipal services for the city and for the planning, development and community service. The Setia Haruman Sdn Bhd is the primary developer in Cyberjaya created in 1997 to ensure the proper planning of the city to transform it into an attractive location for multinationals. (Cyberjaya, 2018)

Cyberjaya's masterplan has been designed along certain basic ideas that drive the rationale behind the urban planning and character of the future city. Cyberjaya has been understood by Noor Hafezah Yusof and Joost van Loon in their work *Engineering a Global City: The Case of Cyberjaya* as constructed along three basic concepts explored: zoning, sterility and community. Zoning is a concept in modern urban planning that has been explained to be part of a process by which the elite in a city, i.e. politicians, administrators and urban planners are able to decide what the landscape of their cities would look like. Cyberjaya has four distinct zones; the "enterprise zone" which houses large multinational corporations and small and medium sized enterprises from the field of IT, "the commercial zone" which is for retail and office space, malls, restaurants, hotels etc. And "the residential zone" which provide modern housing and lastly the "recreation zone" which is meant to provide artistic and entertainment space for the city's residents. Cyberjaya also has a confluence of gated communities which directly points to a city with much class segregation. Sterility as deriving from purity and cleanliness is a second concept along which Cyberjaya is planned. To avoid the prevalent environmental degradation, the city introduced the Total Planning Doctrine (TPD) which finds its roots in certain Islamic concepts of man's relationship with nature. Community is another concept in the urban planning of the city. It is also part of TPD where the doctrine borrowing from the relationship between mankind, the planners have tried to incorporate *kampong* through community values. These are often interpreted as traditional values and *kampong* most closely translates to village. (Yusof and Loon, 2012)

Amirudin Abdul Wahab in his detailed work, *Complexity approach to national IT policy: The case of Malaysia's Multimedia Super Corridor*, explains why the city of Cyberjaya despite the investment made in the way of its development and contrary to the assertions of government officials, has failed to meet the expectations of its advocates. Wahab believes that the primary reason for the failure of the city rests in the fact that when it was initially opened to outside business and people it was not ready to host them. It lacked the basic infrastructure needed to manage an economy and also lacked the basic workforce that could assist in the management of the city to make it an attractive urban centre. In addition, the city of Cyberjaya has been considered to be too far from other major city centres. One reason some businesses cited for not shifting to Cyberjaya was because of its lack of proximity to any other major city in the country. Other costs especially those relating to rent and real estate were also very high and increased with a decrease in distance to the MSC. The hike in property prices was most drastically witnessed in 1995-6 when there was a jump of approximately 70% to 77% from that

offered a year before. The benefit often of a new city is that it would come with benefits in prices specifically with regards to businesses as there would be no one to compete with. Higher prices go against all business interests as well as the needs of individuals and families looking to shift to the new city. In terms of a conducive ecosystem, many respondents believed the city did not offer anything they could not avail elsewhere. In a time when the internet provides opportunities for the exchange of ideas and a creation of a virtual community some tech companies felt it was needless to shift at all. Furthermore, other businesses believed that the infrastructure was inadequate, and bosses encountered unwillingness from their staff on the prospect of shifting. Generally, most of Wahab's respondents stated that the city offered little advantage other than being close to an MSC zone. On that note, there was also the added disadvantage that most MSC firms were already located outside the city with the necessary networks of people and businesses and did not find any utility in shifting. Finally, the city was not believed to be conducive to a system of self-governance as it lacked in public participation and offered little space for consultation. (Wahab, 2004)

In addition to the aforementioned issues, a major hurdle in the way of transforming Cyberjaya into a successful economic centre was that it was too new. It lacked what much of the world has i.e. a history. Yusof and Loon elaborated on what they considered Cyberjaya to be i.e. a 'non-place' borrowing from the idea of Auge. A non-place is one without a past, memory and identity. They exist as places with functional infrastructure such as airports, roads etc and while they offer functional sustainability they do not offer any sense of belonging. (Yusof and Loon, 2012)

4.2.6 King Abdullah Economic City (KAEC), Kingdom of Saudi Arabia

The King Abdullah Economic City is a city currently under construction and hence no value judgement as yet can be made as to its success or failure, however the framework along which it is being made can be used for reference in our study on Gwadar. KAEC is one of four new economic cities being constructed within Saudi Arabia with the clear aim of shifting focus away from oil led growth towards other industries such as IT. Saudi Arabia's model for creating new economic cities has manifested itself in the form of public-private partnerships where the government plays the role of a regulator, facilitator and promoter whereas the primary capital provider, land owner and developer is the private sector. The primary objectives behind the new economic cities including KAEC are to improve the competitiveness of the Saudi economy, create employment, enhance the skill levels of the local workforce, develop different regions and diversify the economy. (SAGIA) The city has been envisioned to bring new

industries and create clusters by meeting latent demand within the country e.g. that of pharmaceuticals 80% of which used in Saudi Arabia are imported. One major cluster within the new city hence, is that of the pharmaceutical industry. (Rasheed, 2016)

The King Abdullah Economic City is situated off the Red Sea, north of Jeddah. The area allotted for the city is a total of 65 sq. mile planned to cater to a projected population of 2 million. KAEC is a privately funded city currently being constructed through a “public private partnership” with the government of the Kingdom of Saudi Arabia. The King Abdullah Economic City is being built along six design principles. The first principle concerns the development of the city along economic clusters that are internationally competitive which can be utilized for the expansion of the city and its future economic diversification. Secondly, infrastructure retains immense importance in the plans of these cities which aims to create space for ‘hard’ and ‘soft’ infrastructure to provide the city with a base to create technology solutions that can make KAEC a competitive economic destination. The third principle concerns the private sector. Since these cities are partially being developed by private companies, investment from the private sector and infrastructure, real estate and industry related opportunities will be open to the sector with job growth expected in these fields. The fourth principle requires the city administration to identify core investors through whom jobs in certain clusters can be created sourcing growth in related industries, in effect creating opportunities to attract labor to the new city. Along with labor, the city’s fifth principle hopes to attract residents in general to the city as well. The city will have to offer a lifestyle and social environment that citizens would want to avail so as to populate the city and help with its further development. Furthermore, the city is to be designed in such a way to provide recreational facilities and social infrastructure that can lead to an effective form of cultural expression to help in the creation of the city’s character. Lastly, a business-friendly environment is imperative for any economic city. Hence, ease of doing business is to be encouraged so as to attract the maximum involvement of existing multinational firms and help in the creation of new ones. This business environment will ideally mirror that in other free zones of the world. (SAGIA)

To achieve the aims set out according to these six principles, the KAEC will offer opportunities that the laws of the land generally do not provide in the rest of the kingdom. To attract non-citizens to invest in the city, complete foreign ownership of projects with the inclusion of property will be allowed. Furthermore, there will be no restrictions on the sponsorship of foreign labor. This is a strategy used to attract labor from other parts of the world in accordance

to the needs of the host city. Cities including Dubai, have already employed such strategies in an efficient manner attracting both highly skilled labor to enhance the economic competitiveness of the city as well as unskilled labor to cater to professions understaffed and important for the everyday functioning of the urban center. KAEC offers a streamlining of the investment application, business registration and setup process. The Saudi Arabian General Investment Authority (SAGIA) guarantee that all foreign investment applications/complaints will be decided upon within a 30-day period from the date of submission.

On taxation, incentives are provided in the form of a fixed 20% corporate tax to be levied on foreign companies with no personal income tax for those settled within the KAEC. Furthermore, economic benefits are also extended through targeted preference for some products over others, for instance businesses are exempt from import fees on raw materials related to manufacturing products. The Greater Arab Free Trade Zone which extends to 17 regional countries, offers exemption from export duties and the city generally allows for ease in the exchange, transfer and conversion of currency. Customs refunds are also offered for raw material imports that may be exported as finished goods. In terms of industrial incentives, loans and financial support will be offered for the training of local workforce and for use in business activities, exemptions shall be offered on the import of machinery/equipment that is for industrial usage. Export credit, financing and insurance will be offered through the Saudi Export program and preferential treatment shall be provided to national products by the government hence creating a guaranteed market for goods produced. Low cost loans will also be offered by government and public entities for the setting up of businesses and exemptions similar to those extended to raw materials for manufacturing goods will also be extended in the form of exemptions from custom duties to imported goods where they are to be used for industrial use. The city also aims to provide ease in the leasing of land; where it guarantees a minimum lease of two years and no hike in rent for the first two years and a minimal increase at 5% per annum starting in the third year. (Assaad et. al., 2015). If the KAEC succeeds to attract residents and labor as it hopes to, these preferential rules for businesses will allow it to transform into a successful economic power.

4.3. SEZ and New City Failures

It is important to understand that not every SEZ in the world has turned into a Shenzhen-like city. Many countries in Asia and Africa adopted the SEZ model as a quick fix to their problems in the way of foreign investment. However, most of them could not achieve the intended objectives. Thailand, for example, has initiated SEZs along its borders but only those could

attract investment where the trade volume was already high. Most of these SEZs were plagued by real estate speculation. A somewhat similar experience can be observed in India. Kennard and Kandra (2016) present their argument that SEZs and Free Zones have become almost redundant due to regulatory reforms in many countries. They explain their viewpoint as follows; *“Karani points out something that many believe is making SEZs obsolete in the 21st century, even as their numbers grow. The process of trade liberalization – and the global 'race to the bottom' to attract investment – has seen corporate tax rates and tariffs cut drastically, meaning that having carved out zones where customs duties and taxes are exceptionally low are increasingly unnecessary.”*

Ramnani (2015) challenges the idea of SEZs and new smart cities in India as follows; *“With only 40% of the approved 436 SEZs operational in India even after 10 years of land acquisition, it remains to be seen if the government's plan of setting up 100 smart cities – both greenfield and brownfield – will also turn into what real estate experts term as another “land grabbing real estate venture.”* Norman (2014) has explained the failure of Calabar Free Trade Zone, Nigeria as follows; *“This first of Nigeria’s free zones under the Free Zone Act of 1992 was fully completed in 1999 and started operation after November 2001. The multimillion-dollar project, located on 220 hectares, has failed to attract significant investment and has provided jobs for only a little more than 1,000 people – far below its potential of 25,000 to 30,000 jobs”.* He has further shared the analysis of reasons of failure of this SEZ. The first being that there was not a strong business case for the SEZ and the second being the non-cohesive structure as the port and free zones were dealt by different authorities.

“Calabar Port and CFTZ were never merged. The strongest attribute of the CFTZ site is its proximity to the Calabar Port. However, the government failed to take advantage of the natural synergies between the port and the free zone. The port is under the management of the Ministry of Transportation, while the zone is under the management of the Nigerian Export Processing Zones Authority (NEPZA). Neither of these two authorities has demonstrated real willingness to make this bold move, nor has anyone sufficiently high in the government ranks had a vision for taking on this difficult but crucial merger.”

The author has indeed raised important questions that policymakers need to consider before deciding on the establishment of SEZs,

- *What is the current market failure in the investment climate that the economic zones will tackle?*
- *Are zones the appropriate economic tool to tackle those particular market failures?*
- *Is there a specific market opportunity that the zones will be responding to, and if so, is there private sector demand from specific companies for the services of a zone in that location?*
- *Which reforms and streamlined procedures will the country's zones be piloting?*
- *What are the ultimate two or three goals of the zones?*

These questions and cases point towards important lessons that Gwadar needs to learn from international failures of SEZs and new cities. Indeed, Fuller and Romer (2015) have referred to new cities as “Startup Cities”. Like startup firms, new cities also offer opportunities to innovate and attract investment, but the failure rate is also quite high.

4.3. Key Lessons for Gwadar from Economic Cities

A review of port (and new economic) cities in the US, China and other countries reveals that port operations may not be the only factor for shaping a prosperous future of Gwadar city. Indeed, port and city reinforce each other. Jane Jacobs in her book “Economy of Cities” explains, ‘a city develops based on the addition of new work to the economy on a regular basis’, in effect, cities thrive if they diversify their product and service base. We understand that governance and urban design play a key role to achieve the goals of economic diversity, sustainability, and improved quality of life. These aspects require special attention to make Gwadar a competitive city. However, currently the policy makers’ focus appears to be merely on the anticipated port operations.

Successful urban centres such as Shenzhen and Dubai as well as other cities that have triumphed relative to their less-successful competitors such as Cyberjaya and Song Do all have followed effective urban governance models that have been the key to their growth or undoing. Examples of economic cities provide lessons which demonstrate a roadmap for new cities including Gwadar to follow in the future. The following is a list of certain characteristics that are often found in or needed to create successful economic cities:

1. The governance system of economic cities is generally designed based on the context and goals pertaining to economic and human development. This requires a non-traditional approach (contextualized governance apparatus) for the city (Iftikhar, 2017).

These cities have higher autonomy, more flexibility in testing new and innovative policies as incentives, while separate from the other parts of the country so that the repercussion from some not so successful policies doesn't affect the other parts. Such system of governance can be helpful for Balochistan to earn revenues from economic activities in Gwadar and to exploit spill overs to other regions and cities in the province.

2. More than the system of governance, what matters most when it comes to administration is the degree of efficiency in the management of local affairs. For example, Shenzhen and Dubai both boast an authoritarian form of government with a clear top down structure whereas Incheon and Rotterdam both have a democratic system of governance in place. The key to achieving good governance especially in international economic cities encompasses several elements. Efficiency from quick one-window decision making or the enabling environment that helps to avoid the red tape, is often found a defining characteristic of efficient cities. Due to abundance of port cities in the region surrounding Gwadar, businesses and countries will have a host of options to choose from for transporting their goods. Within this region alone, ports in Dubai, Saudi Arabia and Oman offer established services that Gwadar will have to compete with to attract businesses to its shores. A failure to create an efficient system of governance will in the long run translate into a failure to attract sufficient business and create a self-sustaining economy. Dubai had the opportunity to raise investment from its oil production. Gwadar does not enjoy such a resource at the moment. Chinese investment has bridged part this gap. In this situation Gwadar needs to design a robust governance structure to raise sufficient investment.
3. An efficient governance system can be understood in many ways, but is particularly understood in the context of the Ease of Doing Business, which more broadly speaking relates to streamlining the investment process, business registration, clearing cases that may arise of business disputes within a short period, and using time-saving strategies to complete paperwork etc. This is such an important consideration for businesses and investors that the King Abdullah Economic City for instance, has guaranteed before even the operationalisation of the city that the government will ensure Ease of Doing Business in the city and provide decisions on foreign applications in no more than a 30-day period. Dubai similarly is considered to have followed a fast-track development trajectory whereby bureaucratic processes have aligned with the wishes of the government to quickly dispense business. This quick decision making has become a hallmark of the city's economy and is considered an expectation by international

investors, hence providing Dubai with a brand that helps attract business. Dubai's success can largely be attributed to diversity of immigrant labour force and aspiring entrepreneurs, and a devolved governance model. The laws and regulations at Dubai International Financial Centre and Dubai Media Centre, for example, have been designed keeping in view the needs to the industry being attracted at those places. Moreover, cities face ups and downs due to a range of global and national level political and economic changes. A capable and professional local government responds to such challenges and attempts to diversify the economy of the city to make it more resilient to such shocks. There should be ONE voice in the governance for final decisions, to avoid disagreement among different departments. In the case of Shenzhen SEZ and many other development zones in China, this is achieved by designating a "management committee" overseeing all operations across departments/institutions and having the final say in all decisions.

4. Besides efficient governance, the city management should also build necessary infrastructure before calling for investors and have the authority to implement economic incentives to attract business, such as tax breaks, cheap or even free land for a certain initial period, or cheap and stable supply of utilities, to improve the port city's competitiveness within the nearby region. Such operational costs are important factors for investors' locational decision-making. If labour with special skills are needed for certain industries, the city manager should assist the investors with labour recruitment.
5. The governance system should give due representation to local population to get a fair share in the economic opportunities being created in Gwadar city. The city will have to raise sufficient revenues to focus on education, water, health, housing, and business opportunities for the local population and investors. Adequate attention needs to be focused onto public financial management system of the city and towards resolving overlaps among different public-sector organizations.
6. Lastly, a protective mechanism should be in place so that even if some policies ended up not so successful within the port city, the adverse impact does not spread to the other parts of the country. When experimenting new, innovative and potentially debatable policies, it is advisable to test it in small scale initially. For example, when Shenzhen SEZ was first set up, it was governed as if there was a "fence" surrounding the SEZ. Companies, labour and capital were carefully managed within the dedicated territory. Such cautious governance is especially vital for the economic stability of the rest of the country.

Chapter 5. Inclusive Urban Design – Global Best Practices and Lessons for Gwadar

This research draws its inspiration from Planning Institute of Australia's definition of Urban Design, according to which, "*Urban design aims at the creation of useful, attractive, safe, environmentally sustainable, economically successful and socially equitable places in a city. Good urban design pursues local identity and sense of place, cultural responsiveness and purposeful environmental innovation*" (Carmona, 2013).

In light of the above stated definition, this chapter elaborates on three themes of urban design that are imperative for a city's socio-economic and environmental sustainability. Firstly, it talks about the need for developing state of the art urban infrastructure, healthcare and educational and entertainment facilities in the city. It also discusses how adopting a pragmatic, incremental urban planning approach is critical for Gwadar's success. Next, it posits the need for a participative master plan and innovative land use zoning regulations that safeguard the interests of Gwadar's indigenous population, thus making it a socially inclusive city. Finally, it analyses international best practices of urban design concepts, that have helped port cities worldwide develop and retain a unique urban character.

5.1 Urban Infrastructure and Incremental Development

Lack of connectivity, water and sanitation infrastructure and poor-quality health and educational facilities are the most pressing issues in Gwadar city today. Sanitation system is inadequate and water scarcity had created a drought-like situation in the past few years. Recent episodes of rainfall have brought temporary relief to the fishing industry, however potable water is still scarce. Water is brought in through tankers from Turbat, the transportation costs for which are high. GDA hospital has recently been operationalized by the Pakistan Army which has started providing reliable medical facility but due to the lack of basic facilities, no civilian professionals have managed to remain in the city. Educational facilities are still inadequate in terms of both quality and capacity.

For any city to retain its current population, let alone attract new residents and businesses, providing state of the art infrastructure and community facilities is a prerequisite. If Gwadar is being envisioned as an economic port city of tomorrow, it must overcome these infrastructural and institutional incapacities. GDA's promised desalination plants and other similar infrastructural projects must catch pace. This is a critical time for Gwadar city. The port is

developing rapidly, and it is imperative that by the time the port becomes operational, Gwadar city is ready to offer a decent urban lifestyle to national and international businesses and employees which the port is expected to attract. Moreover, if Gwadar is to become a thriving and vibrant economic city, provision of basic infrastructure is not all it needs to work on. Establishing entertainment and recreational facilities is also essential to provide residents with an enriched urban social life. Existing research on opportunity entrepreneurs reveals that entrepreneurs relocate themselves first and their businesses later. The report titled, ‘What do the best entrepreneurs want in a city?’ delves into a topic of great interest to urban planners and city administrators across the world i.e. how to make their cities globally competitive. This study provides evidence for the phenomenon that favourable tax policies are not the most desired consideration for entrepreneurs when deciding where to locate their business. Instead, entrepreneurs often decide to do business in cities based primarily on factors affecting quality of life (Endeavor Insight, 2013).

At this point, the government must also realize the importance of incremental urban planning approaches, to develop Gwadar sustainably. When it comes to developing city infrastructure, Gwadar does not have the financial capacity to follow Dubai’s ‘supply generated demand’ model. Dubai’s leaders undertake large scale projects without any major demand driving those projects. According to this strategy, demand arises after the projects are completed and services and prerequisites for economic activity are supplied. Not only does this approach require immense initial investment, building a completely new city hoping that it will turn into a centre of economic agglomeration can also lead to unexpected outcomes, like the creation of a ‘ghost city’ instead. There are many such cities worldwide which were built in the hope that they will be inhabited and utilized but failed because of unforeseen lack of enthusiasm among people to find employment there and companies to set up shop in these jurisdictions. Fahd-al-Rasheed explains that this is because operational costs start to incur as soon as infrastructure and other facilities are completed, regardless of the utilization of that infrastructure. He hence believes that the economic viability and upgradation of the existing infrastructure is of more importance and the physical development of the city should come in phases and as need arises and not at once before it is opened to the public. This strategy, he believes is more likely to result in successful experiments of economic cities (Rasheed, 2016). Gwadar needs a similar phased strategy that lets the city develop incrementally as the city’s inhabitants increase and its anticipated demographic begins to settle in. Such a pragmatic piecemeal approach of

developing solutions to problems as they arise can make Gwadar more socio-economically sustainable and contextually responsive city.

5.2 Socially Inclusive City

Social inclusion is the process of improving the terms of participation in society for people who are disadvantaged on the basis of age, sex, disability, race, ethnicity, origin, religion, or economic or other status, through enhanced opportunities, access to resources, voice and respect for rights (United Nations, 2016). It is an inherent characteristic of a healthy and sustainable community and must be paid special attention towards by Gwadar's policy makers.

Learning from Brazil: Brazil's City Statute directs municipalities to guide and manage urban development in cities by creating 'participative master plans' (Carvalho and Rossbach, 2010). The master plan is meant to be democratically created, with participation from civil society in setting goals. One of its focuses is protecting the rights of those living in vulnerable neighbourhoods and informal settlements, by providing tenure security and improving infrastructure and other urban facilities. The importance of involving citizens in city's development processes is also reinforced in Brazil's Federal Constitution, which establishes these participative master plans as seminal documents for guiding all urban development policy. A unique instrument laid out in Brazil's City Statute, to encourage socially inclusive development of cities, is the creation of 'Special Zones of Social Interest', or ZEIS (Zonas de Especial Interesse Social). ZEIS is a special zoning category that allows regulations outside of ordinary land use laws in a municipality to be applied to certain parts of the city (Benschop, 2005). Its primary purpose is to ensure the social function of land and to provide dignified housing to its underprivileged communities within the city premises, so they can benefit from its infrastructure and economic prospects. Some municipalities, Recife for example, have created special legislation to declare ZEIS while others like Sao Paulo, have land parcels earmarked as ZEIS under the auspices of their master plans.

Lessons for Gwadar:

- 1. Participative Master Plans:** Gwadar city's master plan is currently being revised by Chinese consultants, and the discussions are mostly dominated by recommendations for regulatory interventions to develop Gwadar as a 'Special Economic Zone' and a 'Smart City'. There is little debate on the importance of making it an inclusive city as well, one that safeguards the rights of its indigenous population. The government would

benefit greatly from following in Brazil's footsteps, by making it compulsory for every city master plan to be devised using participatory tools. It must engage all local stakeholders at every stage of development to ensure that vulnerable communities aren't marginalized from the decision-making process. Local residents have voiced concerns regarding lack of transparency in the planning process. As mentioned earlier, in chapter 3, there is a high degree of civic awareness among Gwadar's local population. Local activism has strong roots in their society and for the past few years, its' focus has been on developing capacity of the local population through education and vocational training. This positive energy can be further harnessed by involving residents, local activists and NGOs in master planning process so that the voices of Gwadris are heard and the policies made respect their opinions.

- 2. Zones of Social interest:** Stakeholders have expressed scepticism regarding how considerate the new masterplan's land-use zoning will be in addressing their concerns and protecting local population's rights. Gwadar has a distinct culture and history and a driven indigenous community. The government needs to explore innovative zoning regulations to make sure these characteristics and rights of its residents are preserved. While it is necessary to pay attention towards developing Gwadar as a 'Special Economic Zone', it is also critical that 'Zones of Environmental/ Historic/ Cultural Significance' are identified in the Master Plan. These tools are used internationally to protect a city's natural ecosystem and its historic and cultural identity. A relatively unique zoning technique, one introduced by the Brazilian Government in its City Statute, is the identification of 'Zones of Social Interest'. Gwadar needs a similar approach to avoid marginalization of its indigenous and vulnerable population. Gwadris want and deserve a fair share in their city's prosperous future. One way of doing this is to ensure that they'll be housed closer to the city centre. A city planned for economic development alone, dominated by market demand and supply, might never allow for this to happen organically. By identifying 'Zones of Social Interest' in preliminary stages of development, i.e. designating land within the city, close to economic, infrastructural and institutional opportunities, for affordable and subsidized housing for indigenous and disadvantaged citizens, will help ensure that these people aren't pushed out of city territories and have an equal chance to benefit from the city's amenities. Such an instrument can help Gwadar develop as a socially inclusive society.

5.3 Rich Urban Character

Are progressive economic policies, efficient administration and attractive infrastructure all a city needs to be successful? If this were true, new economic cities like Cyberjaya and Songdo would not have been struggling to attract new residents and businesses. People need more than just professional opportunities and a luxurious lifestyle to relocate to a completely new city. McMahon (2012) in his article *'Character Is Key to an Economically Vibrant City'* explains that “while indispensable assets in a post-industrial economy do include well-educated people, the ability to generate new ideas and to turn those ideas into commercial realities, connectivity to global markets, and multi-modal transportation infrastructure, another critical but often neglected asset is community distinctiveness.” He points towards ‘Soul of the Community Project’ by The Knight Foundation carried out in 2010 that surveyed 43,000 people in 26 cities to conclude that “the most important factors that create emotional bonds between people and their community were not jobs and the economy, but rather physical beauty, opportunities for socializing and a city’s openness to all people” (McMahon, 2012). The Knight Foundation also found that communities with the highest levels of attachment also had the highest rates of gross domestic product growth and the strongest economies. City’s culture, urban fabric/character and sense of place thus play a significant role in peoples’ choice to relocate and in turn the city’s economic success. There is no rule of thumb to developing these characteristics, but a city’s history and character of the local community are vital in determining its cultural and social attractiveness. Gwadar has a rich history, with its roots in many foreign cultures. It has a distinct character dominated by decades of fishing and boating activities, a youth obsessed with street football and a progressive local community invested in enhancing educational and vocational opportunities. With strategic planning, government has an opportunity to build on these qualities to turn Gwadar into a city with vibrant urban character.

This section draws its inspiration from AIVP’s book titled *'Plan the City With the Port: Guide of Good Practices'* published in 2015, along with other literature and review of international best practices, to analyse how port cities have capitalized on local culture and community’s strengths to create a sense of place that not only attracts new residents but also improves the quality of life of its local citizens. Following are some urban and community development concepts and lessons from international port cities that can help Gwadar achieve a conducive urban character.

5.3.1 Preservation of Port and City Identity

By clearly identifying aspects of the port and the city to be preserved on account of their particular heritage or other value, it is possible to establish a connection between the past and the future of the port city, well in advance of any development plan (AIVP, 2015).

Learning from Oslo and Los Angeles: In 2011 the Oslo Port Authority, as an attempt to plan for preservation of its maritime cultural heritage, conducted a detailed survey of all the elements of cultural, historical or scenic value. Based on this analysis, the city developed a harbour promenade, a 9 km esplanade linking different parts of Oslo's waterfront, that pass through a number of specific elements which were identified as heritage sites in the study. This harbour promenade has become one of Norway's most popular destinations for locals and tourists alike, giving Oslo its identity as a thriving port city (Luccarelli & Roe, 2016). Following in Oslo's footsteps, in 2013, the port of Los Angeles adopted an action plan for its heritage. Over a two-year period, the port drew up a comprehensive survey of its historical, cultural and architectural resources. Based on the findings, the city is devising an action plan with priorities determined for preservation and, where possible, adaptive reuse of heritage sites.

Lessons for Gwadar: The process of identifying precisely what constitutes the port's heritage and which aspects should be considered for preservation is a debate that needs to be kindled in the context of Gwadar. Gwadar needs a strategy similar to Los Angeles and Oslo's to conduct a comprehensive study that identifies its heritage sites. Public participation programs must be designed to answer the questions of 'why and how certain elements of cultural, religious, environmental or historic importance should be saved?'. Along the West side of Gwadar's harbour, now referred to as Marine Bay by the port/ city authorities, is the old fishermen's town. Current plans include laying down modern infrastructure in this area to support port activities. This town is a significant component of Gwadar's heritage and it is critical that its urban fabric be preserved.

5.3.2 Cultural Clusters:

One of the key features of the changing relationship between ports and their adjoining cities is the spatial dissociation, signalling the end of a symbiotic correlation that had prevailed for many years. Historically, ports created hundreds of jobs for the local population which made it a significant part of their daily lives. Today, automation of port operations has minimized this physical interaction, resulting in alienating port territories to the people. Port cities worldwide are recognising that connection with the local community is a key partner in ensuring that both

the port and the city are vibrant and sustainable and value the potential of the area's distinct characteristics and collective possibilities (Port Stephens Council, 2015). In light of this understanding, port and city authorities all over the globe are introducing creative industries within ports to engage with the local population. One such strategy is to create cultural clusters around port's low-impact activities. Expanding and combining cultural projects with port facilities promotes economic development, inspires a sense of ownership of the port areas among local population and presents an essential means of raising an area's attractiveness to visitors and new residents. It also affords an opportunity to improve the quality of life for the city/port interface, and urban character of the city as a whole.

Learning from Reykjavík, Iceland:

Founded in 1913, the port of Reykjavík was Iceland's largest seaport and the country's main gateway to the outside world until 1962, when the commercial port of Sundahöfn was built to the east of Reykjavík. The old port then entered a period of transition, during which its link with the city was restricted. Soon the issue of the relationship between the port and the city became the subject of wider debate, with growing claims for better access to the port and more areas open to the public. In 1997, the port authorities and the municipality of Reykjavík signed an agreement, under which Reykjavík's public library, art museum and a concert and conference centre were planned to be developed in the old port area on sites of a former fish freezing plant (City of Reykjavík, 2011). Within two years of its inauguration in 2011, this cultural cluster had played host to two million visitors and a large number of cultural events, concerts, as well as conferences of all kinds. Former warehouses now house restaurants, shops and artists' workshops, along with tourism operators. Cooperation between the port and city authorities and the development of cultural facilities has helped forge new links between life in the city and the port, thereby helping make the area more attractive to residents and tourists alike. The success of this project is often referred to as 'a symbol of Iceland's recovery' (Helgason, 2012) and won Reykjavík the title of '2017's best MICE (meetings, incentives, conferencing, exhibitions) destination in Europe'.

Lessons for Gwadar: Gwadar city and port are developing at significantly different speeds. Chinese companies are constructing port infrastructure at a pace much faster than that of Pakistan's public sector in working towards the city and its resident's development. Gwadri population feels excluded from the port's development already. There is a need for initiatives of collaboration between Gwadar's Port Authorities and the local government, similar to those

taken by Reykjavik government, to build a stronger spatial and cultural relationship between the city and the port. Moreover, there is need for establishing cultural clusters within the port area, like public library, museum and convention centre etc., to ensure that Gwadrins feel welcomed in and derive a sense of ownership of the port's premises. Moreover, with a strong culture, urban character and a wholesome community, Gwadar is more likely to attract new residents and tourists, which is critical for both the port's and city's success.

5.3.3 Maritime Tourism & Shipping Industry

The international draw of many port cities can be measured in terms of the success of their sea-based tourist activities. The economic and cultural impact of these activities is significant and generates added value for cities and ports alike.

Learning from Lorient, France: In 1995, when the French navy abandoned its submarine base in Lorient, the government converted this 24-hectare site, located in the heart of the port city, as part of a strategy focused on promoting sailing, tourism and the local heritage to drive economic development. The strategy adopted was based on three key points: offshore racing, support for sailing businesses and refitting. It resulted in the creation of a business village devoted to maritime activities, an offshore racing area with dedicated infrastructures, and a tourist centre along with a submarine museum. This sailing cluster based development strategy has seen Lorient establish itself as a recognised European tourist destination for offshore racing, fostering a new local industry with 1300 jobs for the Lorient area and 80 businesses (AIVP, 2015). The strategy has also allowed the people of Lorient to reclaim this historically important former military site and regenerate it into a new district, better integrated into the city.

Lessons for Gwadar: Gwadar, due to its anticipated economic opportunities, is expected to become a city of international significance. A market research study should be carried out to analyse the potential for structuring a sector around boating/sailing in Gwadar. If such an industry kicks off, it can help create direct jobs in the port area with positive repercussions for small businesses operating not only in the boating and sailing industry, but also those in the hotel, catering and retail trades, both locally and regionally. Moreover, this will help Gwadar brand itself as a liveable, tourist-friendly port city. It will also heighten the sense of ownership of the port areas among the locals by facilitating efficient interaction between them.

Boat crafting is a popular profession in Gwadar. Locals of this region are aspirant to become a part of the economic development that their city is advertised to experience and have an

aptitude for learning new vocational skills. The state needs to invest in developing indigenous labour force skilled in modern techniques of repairing and refitting of ships and boat handling so Gwadaris can reap greater advantages from this local industry.

5.3.4 Buffer Areas That Help the Port and The City Co-Exist:

City and port interfaces are complex territories with an inherent competition and complementarity between them which plays out in the face of limited spatial connection. The search for the right balance calls for solutions that guarantee a good spatial and functional mix capable of transforming and rejuvenating not only the city/port interface but also the entire territory of the port city. The creation of buffer areas between the urban front and the port activity allows the city and port to coexist more easily, while also providing living space. Buffer areas are especially essential to minimize potential negative environmental impacts of port's industries. They restrict any residential development in proximity of the port and provide either a nature-linked compensation or create areas with mixed commercial or low-impact industrial land uses (Pape, 2016).

Learning from Le Havre, France: In Le Havre port district of France, the government has renovated green spaces and a former canal to provide a transitional area between the city and ship repair activities and cold storage warehouses. The site commands views of an active port while acting as a buffer zone, ensuring the physical distance necessary for port and urban activities to coexist in harmony. It also provides a leisure and living space in the heart of a district that contains both residential units and small businesses.

Lessons for Gwadar: Gwadar is still in its development phase, where city's master plan is yet to be finalized by the government and port infrastructure is in the process of being laid down. This gives the government an opportunity to strategically organize urban and port functions to complement each other. An efficient urban, port or green buffer zone should be developed between the port and city activities to avoid potential land use conflicts. *Urban buffer areas* include city infrastructures compatible with the port activity, like offices, small businesses and cultural facilities, etc; *port buffer areas* refer to low-impact port facilities like small-scale logistics, base for vessel services and boat parks, etc; and *green buffer areas* are obtained either by preserving zones of existing vegetation or by creating new green spaces (AIVP, 2015). Effective land use planning techniques like these can help develop a physical environment that both businesses and residents of Gwadar can benefit from simultaneously.

Chapter 6. Policy Proposals

The Government of Pakistan has engaged a Chinese firm for revising the master plan of Gwadar city to pave the path for a smart, safe, and green future. Currently, there is no publicly available information about how the master plan is being revamped and what major components are going to be included in the master plan. In the light of literature review, international experiences, and analysis of current situation in Gwadar, this study suggests that the following policies may be considered for making Gwadar a thriving and vibrant economic and port city;

6.1 Improving the Administrative Framework

There is a need to decide whether the government will opt for the prevailing governance regime in Gwadar city or will innovate the governance structure. As indicated in the stakeholder interactions, the prevailing system of governance has been creating hindrances in the smooth development and operation of the city.

It is recommended that the mandate and capacity of GDA is strengthened, so it evolves as a central agency to steer development, service delivery, and investment promotion in the region. GDA must be empowered enough to maintain a sustainable revenue stream and an in-house capability to develop and implement infrastructure and service delivery projects. There is a need to find a way to reduce overlaps with the municipal corporation, office of the Deputy Commissioner, and other federal and provincial government organisations. The ideal situation would be to consolidate powers and mandate at the local level under one local government setup having the elements of professionalism, autonomy, accountability, and representation. A single line budget should be provided to GDA which should have in-house capability to develop, approve and execute development projects. However, before embarking on the strengthening of GDA, a considerable attention should be given to transforming its governance and accountability structure.

It is also important that the new administrative structure has sufficient representation from the local population, to ensure that any recommendation for the city's governance has its roots in the local culture. It might also be useful to consider exclusive voting rights for the locals or those who are naturalized into the city life over the course of time. This way locals would not feel threatened by the rapid influx of foreigners and outsiders. So far, no official policy has been announced on behalf of the government to cater to or avoid the issues of power and political representation relating to population demographics that may arise in the near future.

Further work is needed to explore the details of these recommendations and their implications for the future of Gwadar city, Balochistan province and Pakistan.

We understand that a unique governance model of Gwadar may also trigger a much-needed larger debate in the country to devolve economic and administrative powers at least to large metropolitan cities. The Hotchpotch Governance model and involvement of multiple agencies in governing Karachi city is often considered as the prime hindrance for the city to unleash its potential. We argue, if timely action is not taken to devise a unique and autonomous governance model for Gwadar and other metropolitan centres of the country it may continue to plague economic and social development potential of the nation.

6.2 City's Revenue Sustainability

Gwadar city's government should be given sufficient space to earn revenues from the local economic activity to make much needed investments in infrastructure, education, and health. The city (the local government of the city) should have a sustainable stream of revenues. There is a need to carry out appropriate reforms to devolve some taxation powers at the city level. In many countries, local services like hospitality sector include city tax component. While in Pakistan, such taxes are under the mandate of the provincial government. It is important to identify opportunities where a city can earn sufficient revenue to finance development projects in addition to grant/support by provincial and federal government. In most of the countries, cities jointly own the ports to share the revenues. However, under the constitution of Pakistan, ports are the mandate of the federal government. Moreover, Gwadar has been declared as a Free Zone, giving exemptions in corporate income tax and other custom duties. The government must provide considerable attention to delineating how Gwadar's city government will then earn its revenues. One of the viable options for the revenue generation is through property taxation at the local level. Some experts have suggested that federal government should share some of the port revenues with Gwadar city in order to develop the much-needed infrastructure and services. There is a need to explore the feasibility of this suggestion.

6.3 Development of a City-based Economic Development Strategy

Gwadar city should develop an economic development strategy in consultation with all stake holders. This strategy should especially emphasise four areas; (a) business facilitation in Gwadar, (b) connectivity of Gwadar with the rest of the country through roads, rail networks and reliable internet facilities, (c) service delivery in the areas of water, education, health, and prosperity of indigenous population, and (d) city's financial management system. The local

economic development should clearly lay out the plans for provision and management of water and other municipal services in the city. Such a clear strategy will give confidence to the investors as the lack of water and other services was raised as the major hurdles by many businessmen interested in exploring opportunities in the city. Considering the importance of hinterland connectivity for smooth port operations, it is important to connect Gwadar with the rest of the country through rail network. It is also necessary to stop potential leakages of Afghan and China transit trade by minimizing unscheduled stops along the trade route.

Internationally, the first and second-generation investment promotion policies were focused more on universal tax exemptions and country branding. Most countries have moved onto other techniques, but Pakistan continues to attempt to attract FDI through such initiatives. The study proposes that third generation of investment promotion policies should be pursued in Gwadar. Such policies target foreign investors at the level of specific sectors and specific location. Internationally, there are municipal investment promotion agencies, and in that light a Gwadar Investment Bureau could be established under the above proposed local government set up. Moreover, existing FDI player who is already inside the country is the best marketer; efforts should be made to at least attract 1-2 major existing FDI players in Gwadar. Currently, there is a need to develop logistic and warehousing infrastructure and services. International firms can easily be attracted to develop the needed infrastructure and services for the multi-modal transshipment port operation. To stimulate operationalization of Gwadar port and economic activity in the city, the government should shift public sector driven imports and exports from Karachi to Gwadar port.

There is a need to come up with a coherent and clear strategy for investment in Gwadar that must address overlaps and confusion regarding four types of tax and incentives regimes namely FPZ, SEZ, Industrial Estate, and EPZ. Ideally, there should be a uniform tax and investment policy regime applicable across the city and region.

6.4 International Partnership for Commercial Dispute Resolution

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. The economy of a port city has strong relationship with the global economy and international standards. To involve international partnership as early as possible to establish such connections is essential for the success of Gwadar City. It was mentioned earlier in the analysis

chapter that 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 the foreign investment. Iftikhar (2017) has shared how Dubai ensured such a conducive legal environment for investors in Dubai International Financial Centre (DIFC); *“DIFC is an autonomous region with its own three-fold legal system for civil and commercial matters. The judges of DIFC courts can come from around the world with an international commercial law experience. There was also a partnership between DIFC and London Court of International Arbitration. The alternate dispute resolution system of DIFC has been delivering effective results.”* Gwadar may also consider a similar strategy to attract domestic and foreign investors.

6.5 Land Acquisition for Business and Urban Development

State involvement in ‘Economic Cities’ may have its’ critics within academia and policy circles, however, in Gwadar’s case, the market conditions have been found to be susceptible to distortions. Due to massive speculation of property (some reported it as 15 times the intrinsic value) businesses are having trouble finding affordable land in Gwadar city. Government needs to step in to stabilize the land market. Internationally, tools like ‘Eminent Domain’ are practiced by governments to ensure that suitable land is available within the city for execution of social projects when need be. Eminent domain is the right of a government or its agent to expropriate private property for public use, with payment of fair compensation, and can be practiced to ensure that the city’s development doesn’t suffer from land speculation. In Pakistan, the Land Acquisition Act 1894 gives the government similar power to safeguard the land for greater public purpose at a “*just*” compensation. Another important feature to include in this arrangement is to make the land available to private players for lease only and not for purchase under specified zones. The city government should discourage property speculation by imposing taxation/penalties on unbuilt property after a given time frame.

Due to its hydrological conditions, Gwadar district is vulnerable to different natural calamities including droughts, flash floods caused by heavy rains, cyclone, and Tsunami. A detailed hydrological assessment of the region should form the basis for the city and districts master plan.

6.6 Sharing the Dividend with the Local Population

To avoid making Gwadar a product of past mistakes in urban development within the country, policy makers need to be vigilant in ensuring that the local population is not put at a disadvantage. In order to do so, the driving philosophy should be “*participation of the local population in the development and governance of the city*”. For the past few years it was being speculated that Gwadar’s master plan would relocate local Gwadaris from West Bay to city’s outskirts. While this news has recently been

“We are told; there will be many jobs in Gwadar, but we have not seen those yet. Chinese do not pay good salaries...Chahbhar is very clean city as compared to Gwadar. There is electricity in Chahbhar. Our relatives in Chahbhar do not visit us in Summer” (A local driver)

debunked by government officials involved in the finalization of new master plan, it has nonetheless created uncertainties and reservations amongst the local population. If Gwadar is to grow equitably, the state needs to acquire sufficient land for housing of local population closer to the city centre, building schools, colleges and universities, so Gwadaris do not have to travel far for education and training. Moreover, the government needs to ensure that the local labour market is nurtured. 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. As research in education shows, the likelihood of a girl child to remain in school is largely correlated with the distance of a school from the residence. The same holds true for employment of women. This is the most integral part of their inclusion in the future Economic City that Gwadar will become.

An OECD report titled “The competitiveness of global port-cities” highlighted the importance of supporting the local population as follows;

“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.”

6.7 Branding Gwadar as an Economic City with a Rich Culture

Attractive urban character and a distinct cultural and historic identity are inherent characteristics that help a city attract residents, businesses and tourists. Even if Gwadar has existed with little diversity in economic activities, it will be a mistake to assume that Gwadar's culture presents a blank slate. An analysis of the city in chapter three indicates that the region demonstrates a rich culture and identity. Government must build on these assets to brand Gwadar as a historical town with a rich heritage. Merk (2013) explained the importance of such efforts by port cities as follows;

“Preserving the port-related heritages can also become an important tool for branding a port city: with its historic city centre and docklands, the port city of Liverpool has become the Maritime Mercantile City designated as a UNESCO World Heritage Site.”

A detailed study should be commissioned to involve anthropological experts and the local community to identify precisely what constitutes the Gwadar city and port's heritage and should be considered for preservation through creating land zoning tools like developing special historic and cultural zones for preservation, conservation and where necessary adaptive reuse. One idea is to preserve city's old fishermen town on West Bay to serve as a pedestrian friendly, tourist village that can give the city's new residents and visitors a sense of the place Gwadar was before it became an economic/ port city. It can help Gwadar create its distinct identity and a grounded, historic urban character and brand itself as a city with rich cultural heritage. Moreover, there is need to explore Gwadar's potential to structure a sector around boating/sailing. This can further strengthen Gwadar's identity as a liveable, tourist-friendly port city. Establishing public friendly infrastructure like libraries, museums and convention centres etc. can also add to the city's and the 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 brand itself as an investment friendly economic city. Clarity in 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 keenly planned to act as a buffer that

ensures that urban front and port operations can coexist in harmony, while also providing liveable urban spaces.

6.8 Scope for Further Research

This study is one of the early attempts to investigate Gwadar's institutional and urban design. Hence, it has focused on scoping, situational analyses and identification of areas for improvement. Findings of this research are expected to pave the path for future studies on this one-of-a-kind new economic port city of Pakistan. Future work should investigate pros and cons of the aforementioned two options for the improvement of the governance of Gwadar city. There is need for development of a roadmap and implementation strategy for governance reforms and for a detailed debate on formulation of city's economic development and investment attraction strategy. An elaborate research is needed to bring clarity regarding the role of the federal government in the new governance model. It is also imperative that once the revised masterplan is unveiled, an in-depth analysis is conducted by independent scholars and academics that examines if this plan covers necessary components like encouraging sustainable urban development and safeguarding the city's culture, heritage and development of local population. Moreover, there is a need to formulate a comprehensive development strategy for Gwadar District and overall southern Balochistan.

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