



PIDE SLUDGE SERIES



CONSTRUCTION PERMIT FOR HIGH-RISE FROM CAPITAL DEVELOPMENT AUTHORITY, ISLAMABAD

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What is Sludge in the Economy?

Sunstein (2020) defines sludge as:

- Excessive or unjustified frictions that makes it difficult for people to get what they want or to do as they wish to do.
- Frictions that make processes difficult to navigate, such as paperwork burdens that cost time and money, and which may end up frustrating people by depriving them of access to goods, opportunities, and services.

Much sludge consists of work not required at all (permissions etc.), duplicative paperwork and wait-time – waiting in a queue or waiting for a public official to decide.

Why Sludge matters?

- Sludge impedes decision making by making it more difficult for people to navigate through their everyday lives.
- It imposes costs upon the economy in terms of waste of resources, and the opportunity costs incurred. This discourages investments, lowers productivity and therefore constrains GDP growth.
- It can be used to seek rents, which again constrains economy activity and GDP growth.
- It imposes psychological costs as well in the form of frustration, humility, and stigma.

Examples of sludge include; seeking permissions absence of which affects no one, waiting for approvals (bureaucratic red tape), waiting in queues to get a task done, doing manually what is possible digitally at little cost to stakeholders, waiting for court in hearings involving cases that lad in courts and securing attestations/verifications and fulfilling legal requirements (agreements on stamp papers, securing persons to sign as witness on agreements, notarize the legal documents)

Objectives of the Sludge Series

- To highlight the sludge involved in different activities.
- Induce the concerned agencies to work for reducing sludge
- To pin down areas where sludge can be reduced by shortening the process or reduced through digitization



HIGH RISE PERMISSION

TIME CONSUMED (MONTHS)

TOTAL TIME
51.8

AGENCY TIME
41.2

OVERHEAD TIME
13.9

PROCESSS TIME
3.4

COST (PKR)

TOTAL COST	2,321,377
OPPORTUNITY COST	164,9667
FEE AND ALIED COST	2,156,410

REQUIRE MORE THAN 8 CERTIFICATES- STRESS LEVEL 4.2

Definitions

Opportunity Cost

Income earned if the time consumed in this activity is put on an alternative use. It is measured by multiplying total processing time with the hourly per capita Gross National Income.

Agency Time

The time consumed by the department/agency concerned in processing an activity.

Overhead Time

Part of the day lost due to being involved in this activity for a fraction of the day.

Chart-1: Obtaining High-rise Construction Permit CDA		
Time Consumed (days)	Cost (PKR)	Stress
Gather Information		
2	1,900	3/5
↓		
Building Plan		
62	1,553,200	3.1/5
↓		
Vetting Soil investigation Report		
5623	3,500	3.1/5
↓		
Obtain Certificates		
40	6,200	2.9/5
↓		
NOC from Civil Aviation Authority		
270	16,500	3/5
↓		
NOC from Environmental Protection Agency		
422.6	16,800	
↓		
Obtain NOC from Sewerage Division		
19	3,300	2.8/5
↓		
Prepare Other Documents		
39	672,000	3.4/5
↓		
Submit Application		
2	2,200	3/5
↓		
Wait for Site inspection		
114	95,100	3.6/5
↓		
Site visit by CDA Staff and Report submission		
67	165,100	3/5
↓		
Follow up visits to CDA and getting NOC		
44	1350	3/5

Sources of sludge

It takes almost 3 years to seek approval of the CDA for the construction of a high-rise building. The biggest source of sludge comes from the NOC required from Civil Aviation Authority and the Environmental Protection Agency – the two agencies together take around 1.5 years (9 months each) to allow construction of a high-rise building. (This sludge can be almost eliminated, in the manner described below).

Steps that can be eliminated

The time and money spent on gathering information as to what is the process of getting a construction permit can be eliminated (for the literate people) if all the required information is posted on the website in a user-friendly manner – the time spent; in making a trip to the CDA office, waiting for the concerned official and interacting with the official will be saved – a much lesser time and cost will be spent in gathering the information from the CDA's website, if available.

Indemnity Bond

This is an assurance from the applicant that if any loss is caused due to construction to any public or private property in the neighborhood of construction, then the applicant will make good the loss of the owner of the said property. This can be made a legally enforceable part of the application form, through a suitable amendment in the relevant law. No separate indemnity bond would be required then.

NOC from CAA

The CAA can specify maximum height allowable in specific areas and these can be communicated to respective Development Authorities like the CDA, responsible for approving the construction Design. Based on these specifications the CDA may approve the building plan. The CDA and CAA should be maintaining close liaison for changes in specifications from time to time – The applicant need not be required to obtain NOC from CAA.

NOC from Environmental Protection Agency (EPA)

The EPA may convey its requirement to the CDA and the CDA may allow construction based on the said specification. An alternate could be that EPA can station an officer at CDA/establish a cell at CDA. This cell may process the applications. The applicant should not be required to obtain a separate NOC from the EPA.

Time and cost-saving due to the digitization

Submission of Application and Documents to CDA

1. The option of submitting the application online and uploading the documents should be available.
2. Applications for NOCs required from Civil Aviation Authority and Environmental Protection Agency should be allowed online.
3. The fee payable against the construction permit has to be paid physically at the bank. The option of paying online should be available.
4. Construction permit when granted has to be collected by the applicant from the CDA. This can be shared electronically with the applicant.
5. An attested copy of CNIC should not be required – mention of CNIC number in the application form should be enough. The CDA should have the facility to verify particulars of the applicant directly from the NADRA's database.

**Box-1: Obtaining Construction Permit Residential–Washington DC, USA
(6 months)**

- Finalize building plan
- Apply for Building Permit at Department of Consumer and Regulatory Affairs (DCRA).
 - Documents
 - Contractor agreement
 - Building plan
 - Pictures
- Pay Fee. (Max. \$20,000)
- Application move to Project Review Committee (PRC).
- Application refers to sister agencies
 - District Department of Transportation (DDoT).
 - Department of Energy and Environment (DoEE).
 - Department of Health (DoH).
 - Department of DC water.
 - Office of Planning.
- Review received from sister agencies by DCRA
- Application Approved
- Pay remaining fee
- Issue Permit

Color Legend



Full Elimination Possible



Partial Elimination Possible



Digitization Possible

Table-1: Steps and Time Consumed in Getting Naya Pakistan Housing Scheme Loan

No	Step	Description	Time (minutes)				Overhead Time	Agency Time	
			Travel	Waiting	Transaction /Process	Total			
1	Gather Information	Visit CDA	45			45	480 (1 day)		
		Meet officials to gather information		30	30	60			
		Finish the day	45			45			
2	Prepare Documents	Allotment/ Transfer Letter	Visit CDA	45			45	24000 (50 day)	21600 (45day)
			Apply through one window (applications to Revenue Officer and Deputy Director BCS)		30	120	150		
			Finish the day	45			45		
			Visit-2 CDA	45			45		
			To collect NOC after 12 days		30	30	60		
			Apply for No Demand Certificate(NDC)]		30	60	90		
			Finish the day	45			45		
			Visit-2 CDA	45			45		
			To collect NDC after 7 days		30	30	60		
			Apply for Transfer Letter		30	60	90		
			Finish the day	45			45		
			Visit-3 CDA	45			45		
			Submit origin document (after 7 days)		60	480	540		
			Finish the day	45			45		
			Visit-4 CDA	45			45		
		Collect transfer letter (after 15 days)		30	30	60			
		Finish the day	45			45			
		Building Plan (6 copies)	Visit-Architect	45			45	14400 (30 day)	
			Brainstorm		30	360	390		
			Finish the day	45			45		
			Visit-2: Architect for plan	45			45		
Hire-Architect				180	180				
Finish the day	45				45				
Design by Architect				14400	14400				

	Visit-3 to collect building plan	45			45		
	Meet the Architect		20	30	50		
	Finish the day	45			45		
Soil Investigation Report	Visit consultant	45			45	960 (2 day)	268,808 (56day)
	Hire Geological consultant		30	120	150		
	Finish the day	45			45		
	Assessment of the area				0		
	Visit-2: Geological consultant	45			45		
	Receive report		30	60	90		
	Finish the day	45			45		
Consultant Certificate	Visit engineer				0	480 (1 day)	14400 (30day)
	Receive report		30	180	210		
	Finish the day	45			45		
Fire Fighting/Life-safety Certificate	Visit Architect	45			45	960 (2 day)	960 (2 day)
	Collect certificate		30	30	60		
	Finish the day	45			45		
Indemnity Bond for Life-safety	Collect stamp paper	10	20	10	40	960 (2 day)	
	Print affidavit		10	10	20		
	Witnesses attestation	90	15	480	585		
	Notarize affidavit		10	10	20		
Possession Letter copy		90	10	10	110	14400 (30 day)	
NOC from Civil Aviation Authority	Visit CAA	45			45	1440 (3 day)	129600 (270 day)
	Gather information		60	60	120		
	Finish the day	45			45		
	Visit-2 CAA	45			45		
	Submit documents/application		60	120	180		
	Finish the day	45			45		
	visit-3 CAA	45			45		
	Receive Certificate		30	30	60		
	Finish the day	45			45		
NOC from Environmental Protection Authority	Visit Ministry	45			45	72000 (15 day)	129600 (270 day)
	Submit Plan		30	120	150		
	Finish the day	45			45		
	Review by Ministry environmental consultants				0		
	Amendments	90	30	480	600		

3	Visit-2 CDA	Visit Ministry	Visit Ministry	45				240 (1/2 day)	
			Submit revised plan		30	120	150		
			Finish the day	45			45		
			Visit 2: Ministry	45			45		
			Receive NOC		30	30	60		
			Finish the day	45			45		
		Attested CNIC Copy	CNIC copy	45	5	10	60	240 (1/2 day)	
			Attestation	120	45	5	170		
		Indemnity Bond	Collect stamp paper	10	20	10	40	1680 (3.5 day)	
			Print affidavit		10	10	20		
			Witnesses attestation	90	15	480			
			Notarize affidavit		10	10	20		
		Forms signed by architect, engineer, and owner	Visit CDA	45			45		
			Fill the form			30	30		
			Finish the day	45			45		
		Pay order	Visit National Bank	45			45	240 (1/2 day)	
			Ask for pay order		60	15	75		
			Finish the day	45			45		
		Soundness and Stability Certificate	Visit Engineer	45			45	1440 (1 day)	
			Get certificate		30	240	270		
			Finish the day	45			45		
		NOC from sewerage division	Visit NCI	45			45	4800 (10 day)	3360 (7 day)
			Apply for NOC		60	240	300		
			Finish the day	45			45		
			Visit-2: NCI	45			45		
			Collect NOC (after 7 days)		30	60	90		
			Finish the day	45			45		
Visit-2 CDA	Visit CDA	45			45	240 (2 day)			
	Submit Application		30	90	120				
	Finish the day	45			45				
4	Account Section Clearance	Visit-3 CDA	45			45	14400 (10 day)	12000 (25 day)	
		Pursue Application		30	60	90			
		Finish the day	45			45			
		Visit-4 CDA	45			45			
		NOC from EM1DTE		30	240	270			
		Finish the day	45			45			
5	DVC meeting	Visit 5 CDA	45			45			
		Presentation at DVC meeting by architect		120	120	240			
		Finish the day	45			45			
		Visit 6 to CDA	45			45			

		Enquire about minutes of DVC meeting		120	120	240		
		Receive letter of Approval in principle		30	120	150		
		Finish the day	45			45		
6	Design vetted structure	Invite bids	90	60	30	180		
		Receive bids			3360	3360		
		Allot bid			7200	7200		
		Receive report			14400	14400		
7	Building Inspector	Visit-5 CDA	45			45		
		Pursue the Application so that it may be forwarded to the building inspector		30	120	150	4800 (10 day)	1440 (3 day)
		Finish the day	45			45		
8	Building Inspector's visit				60	60		1440 (3 day)
9	Report Submission by Field-Officer					0	28800 (60 day)	3360 (7 day)
10	Visit-6 CDA	Travel to CDA	45			45		
		Collect approval certificate		30	45	75	14400 (30 day)	7200 (15 day)
		Finish the day	45			45		
Total Time (Days)						99	370	1192

Table-2: Monetary and Opportunity Cost in Obtaining High-rise Construction Permit CDA

No	Step	Description	Cost			Opportunity Cost	
			Travel	Fee	Total		
1	Gather Information	Visit CDA	500		500	151.5	
		Meet official to gather information			0	202.0	
		Finish the day	500		500	151.5	
2	Prepare Documents	Allotment/Transfer Letter	Visit CDA	500		500	151.5
			Apply to Revenue Officer and Deputy Director BCS	500		500	505.0
			Finish the day			0	151.5
			Visit-2 CDA			0	151.5
			To collect NOC after 12 days	500		500	202.0
			Apply for No Demand Certificate)		100000	100000	303.0
			Finish the day	500		500	151.5
			Visit-2 CDA			0	151.5
			To collect NDC after 7 days	500		500	202.0
			Apply for Transfer Letter			0	303.0
			Finish the day	500		500	151.5
			Visit-3 CDA	500		500	151.5
			Submit origin document (after 7 days)	500		500	1818.0
			Finish the day	500		500	151.5
			Visit-4 CDA	500		500	151.5
			Collect transfer letter (after 15 days)			0	202.0
			Finish the day	500		500	151.5
			Building Plan (6 copies)	Visit-Architect	500		500
		Brainstorm Design				0	1313.0
		Finish the day		500		500	151.5
		Visit-2-Architect for plan		500		500	151.5
		Hire-Architect			1500000	1500000	606.0
		Finish the day		500		500	151.5
		Designing by the Architect				0	48480.0
		Visit-3 to collect building plan		500		500	151.5
		Meet the Architect				0	168.3
		Finishing the day		500		500	151.5
Soil Investigation Report	Visit consultant	500		500	151.5		
	Hire Geological consultant			0	505.0		
	Finish the day	500		500	151.5		
	Assessment of the area			0	0.0		
	Visit-2 consultant	500		500	151.5		
	Receive report			0	303.0		

No	Step	Description	Stress Level	Weighted Stress	
1	Gather Information	Visit CDA	2	0.1	
		Meet official to gather information	5	0.2	
		Finish the day	2	0.1	
2	Prepare Documents	Visit CDA	2	0.1	
		Apply through one window (applications to Revenue Officer and Deputy Director BCS)	5	0.4	
		Finish the day	2	0.1	
		Visit 2 CDA	2	0.1	
		To collect NOC after 12 days	4	0.1	
		One window (apply No Demand Certificate)	5	0.3	
		Finish the day	2	0.1	
		Visit 2 CDA	2	0.1	
		To collect NDC after 7 days	5	0.2	
		One window (apply transfer application)	5	0.3	
		Finish the day	2	0.1	
		Visit 3 CDA	2	0.1	
		Submit origin document (after 7 days)	5	1.6	
		Finish the day	2	0.1	
		Visit 4 CDA	2	0.1	
		Collect transfer letter (after 15 days)	5	0.2	
		Finish the day	2	0.1	
		Building Plan (6 copies)	Visit Architect	2	0.1
			Brainstorm	5	1.1
			Finish the day	2	0.1
			Visit 2 Architect for plan	2	0.1
			Hire Architect	5	0.5
			Finish the day	2	0.1
			Design by Architect	4	11.9
			Meet the Architect	5	0.1
			Finishing the day	2	0.1
		Soil Investigation Report	Visit consultant	2	0.1
			Hire Geopolitical consultant	5	0.4
			Finish the day	2	0.1
			Assessment of the area	5	0.0
			Visit 2 consultant	2	0.1
			Receive report	4	0.2
		Finish the day	2	0.1	
		Consultant Certificate	Visit engineer	2	0.0
			Receive report	4	0.5
			Finish the day	2	0.1
		Fire Fighting/Life safety Certificate	Visit Architect	2	0.1
			Collect certificate	5	0.2
			Finish the day	2	0.1
		Indemnity Bond for Life safety	Collect stamp paper	4	0.0
			Print affidavit	4	0.1
			Witnesses attestation	5	0.1
		Possession Letter copy	Notarize affidavit	3	1.0
				3	0.0
				3	0.0
		NOC from Civil Aviation Authority	Visit CAA	2	0.1
			Gather information	5	0.1
Finish the day	2		0.1		
Visit 2 CAA	2		0.1		
Submit documents/application	5		0.1		
Finish the day	2		0.2		
visit 3 CAA	2		0.1		
Receive Certificate	5		0.1		
Finish the day	2	0.1			

2	Prepare Documents	NOC from Environmental Protection Authority	Visit Ministry	2	0.1
			Submit Plan	5	0.1
			Finish the day	2	0.2
			Review by Ministry environmental consultants	5	0.1
			Amendments	5	0.0
			Travel to Ministry	2	0.7
			Submit revised plan	5	0.0
			Finish the day	2	0.2
			Travel to ministry	2	0.1
			Receive NOC	5	0.1
			Finish the day	2	0.1
			Attested CNIC Copy	CNIC copy	3
		Attestation		5	0.2
		Indemnity Bond	Collect stamp paper	3	0.3
			Print affidavit	4	0.1
			Witnesses attestation	5	0.1
			Notarize affidavit	3	0.0
		Forms signed by architect, engineer, and owner	Visit CDA	2	0.0
			Fill the form	5	0.1
			Finish the day	2	0.0
		Pay order	Visit National Bank	2	0.1
			Ask for pay order	5	0.1
			Finish the day	2	0.1
		Soundness and Stability Certificate	Visit Engineer	2	0.1
			Get certificate	5	0.1
			Finish the day	2	0.3
		NOC from sewerage division	Visit NCI Lal masjid	3	0.1
			Apply for NOC	5	0.1
			Finish the day	2	0.4
			Visit-2 NCI	2	0.1
Collect NOC (after 7 days)	3		0.1		
Finish the day	2		0.1		
3	Visit-2 CDA	Visit CDA	2	0.1	
		Application submission at one window	5	0.1	
		Finish the day	2	0.1	
4	Account Section Clearance	Visit-3 CDA	2	0.1	
		Pursue Application	5	0.1	
		Finish the day	2	0.1	
		Visit-4 CDA	2	0.1	
		NOC from EM1DTE to one window	5	0.1	
		Finish the day	2	0.3	
5	DVC meeting	Visit 5 CDA	2	0.1	
		Presentation at DVC meeting by architect	5	0.1	
		Finish the day	2	0.3	
		Visit 6 to CDA	2	0.1	
		Enquire about DVC meeting minutes	5	0.1	
		Receive letter of principal approval	5	0.7	
		Finish the day	2	0.2	
6	Design vetted structure	Open bids	5	0.1	
		Receive bids	5	0.5	
		Allot bid	5	9.9	
		Receive report	5	21.2	
7	Building Inspector	Visit-5 CDA	2	16.9	
		Pursue the application so that it may forwarded to building inspector	5	0.1	
		Finish the day	2	0.2	
8	Building Inspector visit	5	0.1		
9	Report Submission by Field-Officer	1	0.0		
10	Visit-6 CDA	Travel to CDA	2	0.0	
		Collect approval certificate	5	0.1	
		Finish the day	2	0.1	

Notes

The information used in the report has been collected through multiple interactions and in-depth interviews with stakeholders including concerned; government agencies and private entities. Applicants were a key informants and were also interviewed in-depth.

Assumptions

1. Average travel time to any office within Islamabad/Rawalpindi is 45 minutes. Roundtrip takes 90 minutes.
2. The cost for one way trip is Rs.500/-. This is average fares of Uber/Careem.
3. Applicant visiting a government agency to meet an official manages to meet the person during the said visit.
4. Stress level included in the report has been assessed based on (i) effort-level of the applicant for performing a task (ii) time involved in completion of the step and (iii) how crucial the step is for completion of the activity and (iv) the probability that the task may not be allowed/ approved by the authority concerned. The entire foregoing assessment is based on in-depth interview of the applicant

Designers

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