**[Climate action as equity](https://www.dawn.com/news/1835169/climate-action-as-equity)**

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HOW can Pakistan overcome the credibility gap and attract international climate finance? Our economic managers failed to provide safe, profitable, and attractive opportunities to 1,700 potential investors in the country who, instead, decided to invest $12.5 billion in 23,000 residential properties in the UAE alone, according to the [Dubai leaks](https://www.dawn.com/news/1833565). The leaks have shown the Pakistani investor’s fascination with the real estate sector.

No other sector has harmed Pakistan’s physical environment and the economy as much as real estate, and inversely, no other sector at this point offers a better entry point for economic growth, development, and climate action because of its backward and forward linkages with more than 40 industries. Our roadmap and seriousness to transform the sector for safe, resilient, and low-carbon human settlements through reforms can potentially serve as Pakistan’s equity to access international climate investments.

The FATF’s grey list and the IMF’s conditionalities both looked at Pakistan’s real estate sector in terms of money laundering, terror financing, and tax evasion. The issue is, however, far more complicated. Pakistan’s real estate sector has also cannibalised the country’s ecosystems, water bodies, and communal lands, resulting in the tragedy of the commons, which has only enhanced our vulnerability to climate disasters. Fertile lands that could promise food security and communal lands for grasses, shrubs and trees necessary for biodiversity and citizens’ health have been eaten up by housing societies. There will be 367 million Pakistanis in 2047, 100 years after independence, but human settlements are still growing horizontally, instead of vertically, to add to the fast-expanding urban sprawl. This is further increasing our dependence on fossil fuels, resulting in greater toxicity in the air.

This downward joyride has received unbridled formal and informal support from Pakistan’s successive governments and all civil and military institutions. Every institution that has any influence has joined the race to get engaged in the real estate business, land grabbing, and speculation, ostensibly to protect the interests of its serving and retired employees.

The real estate sector can play a crucial role in reducing national climate vulnerability.

The absence of national and provincial policy compasses and regulatory arms is made worse by the non-existence of local government institutions and land-use planning mechanisms. Housing societies are condemning our future to maladaptation through their archaic engineering designs, architectural layouts, and construction materials, often in peri-urban fertile agricultural lands or degraded low-lying areas prone to annual floods. The present drive to have masterplans for urban areas, ring-roads, and motorways are little more than plans to facilitate influential housing societies.

A study by the Pakistan Institute of Development Economics estimated the size of real estate at $1.5 trillion. The sector is totally unregulated. It is the backbone of the informal, undocumented economy that is estimated at 64 per cent of the national economy. Looking at the same issue differently, of about $30bn remitted annually by overseas Pakistanis, more than half is invested in real estate. About 40pc of real estate projects in Pakistan have reportedly come from the Pakistani diaspora. Several countries like the Philippines, Mexico and India have set examples by trying to channelise remittances for promoting tourism infrastructure, education, health and other sectors. Pakistan has the option to attract international investments by aligning the sector with national climate resilience and low-carbon development objectives.

Population growth and increasing urbanisation will inevitably lead to long-term pressure on the construction industry. Cement, aluminium, and other polluting industries will undertake large-scale construction activities as the housing gap grows. Pakistan will need more than 20m housing units in the next 20-25 years. This equals 20 cities the size of Islamabad. How can Pakistan afford not to develop the direction of its journey and not to set its policy objectives?

The exact percentage of carbon emissions for housing or the real estate sector is not available. Globally, nearly 40pc of carbon emissions come from this sector and it has begun to play a critical role in efforts to meet the goals set in the Paris Agreement. This helps de-risk assets while attracting capital committed to net-zero initiatives — an attractive proposition for Pakistan.

Climate change has increased the frequency of extreme weather events, and poses significant risks to homeowners in Pakistan, particularly the poor and marginalised. The government and real estate developers can collaborate to implement potential solutions, including encouraging risk assessment of properties and providing transparency regarding climate-related exposures. State institutions need to engage the communities and the private sector and play a pivotal role in mapping climate-related vulnerabilities to help homeowners, investors, and real estate developers make informed decisions.

The real estate sector in Pakistan still has a long way to go before it can adapt to climate threats. [Bahria](https://www.dawn.com/news/1823529), Defence, Emaar, Graana, Zameen, and leading construction companies can follow global best practices and forge partnerships with global companies that are building analytical capabilities to understand physical and transition risks posed by climate change. With extreme weather events increasing in frequency and severity in Pakistan, they will benefit by taking steps to adapt their operations, including measures such as improving flood defences and developing disaster response plans, to climate change. Pakistani companies can also help protect communal lands, avoid high-risk locations and develop climate-resilient building designs.

The real estate sector in Pakistan can play a crucial role in reducing national climate vulnerability by adopting climate-smart strategies and integrating resilience into the design, construction, and management of buildings and infrastructure to mitigate the impact of climate change. These are not easy asks and will hinge on unleashing complex processes involving key stakeholders from the real estate and construction industries. No single ministry or department will have the convening power or mandate to bring these players together in a dialogue for collective action. After all, it has been an orphan subject for decades. It is perhaps on the prime minister to constitute a task force to initiate and trigger the process, articulate the country’s vision for the immediate future, and engage with the world by putting our commitment for resilient development on the table as our equity.

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