

## Chapter 16

# BALANCED DEVELOPMENT – Focus on the less developed regions

Efficiency in allocation of resources among competing alternatives lies at the heart of the whole economic decision-making. The challenge of public policy formulation, at any level whether global, international or national, is fundamentally one tool for achieving economic development and poverty reduction in a cost effective and sustainable manner. The sociology of the Less Developed Regions (LDRs) in Pakistan adds a complex dimension to this challenge. These Regions comprise rural areas and Special Areas (Federally Administrated Tribal Areas, Azad Jammu and Kashmir, and Gilgit-Baltistan). Despite several periods of high economic growth, these areas have relatively lagged behind in development.

Typical characteristics of these areas include a difficult terrain, sparsely dispersed population in the form of tiny hamlets, recurring natural disasters, and subsistence agriculture. Women undertake several hours of daily travel for fetching drinking water and fuel wood. Widespread unemployment and lack of access to health and education facilities tend to exacerbate the situation, leading to perpetuation of poverty in these areas.

The 18<sup>th</sup> Constitutional amendment is a major policy shift for the development of the rural areas, and in consultation with the provincial governments, the federal government agreed to transfer its powers to the federating units along with the funds with the view of dispersing decision-making powers to the grassroots level, and eliminating time lags in the implementation of various policies and programmes. The federal government continues to provide development assistance to the Special Areas.

In successive Five Year Plans, the policy advice in the past has typically advocated a supply side response without providing an environment for community participation in the development process. The accumulated experience shows that the desired results have not been achieved and the nation has been unable to achieve either a sustainable growth trajectory or extricate a large proportion of its population from absolute poverty. The 11<sup>th</sup> Five Year Plan is an attempt to chalk out a roadmap to address the issues, and its puts forward a strategic framework for accelerated development of these areas.

An approach, integrating the economic (including financial) and social (including environmental and empowerment) dimensions of the federal development, has been adopted.

Three major factors for backwardness are:

- *Location and access:* Terrain, geography, weather, communication, physical and social infrastructure, population and its distribution, air, land and water linkages and attendant opportunities
- *Natural resources endowment:* Productive potential in commerce and agriculture, industry manufacturing, mining, commerce and services and other productive sectors, natural resources and assets and potential for value-addition

- *Institutional frameworks:* Local economies, markets and distribution channels, exchange mechanisms, intermediaries and information asymmetries, contract enforcement and legal avenues, customary practices and quality of social capital

The LDRs, identified for the purpose of accelerated development under the Plan, are:

Federally Administrated Areas (FATA)	Tribal Agencies (Bajaur, Khyber, Kurram, Mohmand, North and South Waziristan and Orakzai)
Azad Jammu & Kashmir	Frontier Regions (Bannu, DI Khan, Kohat, Peshawar, Tank and Lakki Marwat)
Gilgit-Baltistan	Whole AJ&K, except Muzaffarabad and Mirpur cities
Islamabad	Astor, Baltistan, Diamir, Ghanche, Skardu
Punjab	Rural areas of the Islamabad Capital Territory
Sindh	Layyah, Rajanpur, Muzaffargarh, Lodhran
Khyber Pakhtunkhwa	Umerkot, Tharparkar, Badin, Kashmor, Qamber, Dadu, Jacobabad, Sanghar
Balochistan	Batagram, Dir Upper, Hangu, Karak, Kohistan, Lakki Marwat, Shangla, Tank, Buner, Chitral
	Pishin, Kila Abdullah, Chagai, Zhob, Loralai, KilaSaifullah, Musa Khail, Barkhan, Ziarat, Kohlu, Dera Bugti, Dera Murad Jamali, Jaffarabad, Jhal Magsi, Kachhi, Bolan, Kalat, Mustung, Khuzdar, Kharan, Lasbella, Turbat, Kech, Panjgur, Gwadar, Noshki, Sherani, Washuk, Harnai, Sibbi, Awaran

**Source:** *Planning and development departments of the respective provinces and Special Areas*

## Post-devolution scenario

In April 2010, the Parliament passed the 18<sup>th</sup> amendment to the 1973 Constitution. One of the major aspects of the amendment was the balance of power between the centre and provinces, which also paved the way for the provincial autonomy. The implementation process of the Amendment devolved various ministries from the centre to the provinces and resulted in redistribution of functional responsibilities of the federal and provincial governments. After the devolution, rural development has been shifted from the centre to the provincial governments; hence development of the LDRs identified for the provinces is the provincial subject, while the federal government will continue to provide guidance, if required.

Since the devolution and decentralisation were largely focussed for the provinces, the federal government is still responsible for the development of the Special Areas, which requires an integrated and inclusive approach for developing the socio-economic infrastructure and promoting the public-private partnerships with optimum devolution and decentralisation of the administrative, financial and policy controls to develop local potential and maximum exploitation of natural resources.

For arriving at an optimum array of policies, programmes, projects and interventions, there are essentially three tiers of delivery channels, mentioned below along with their respective scopes and mandates.

*Tier I: The federal government and its agencies:* Overall governance and management, national priorities and objectives, security and law enforcement, macroeconomic fundamentals (especially price and monetary stability, fiscal space, large and capital intensive projects)

*Tier II: Provincial or local governments and their agencies:* Local development priorities and requirements, market research and needs, quantity and quality of services, performance and assessment, programmes and projects, provincial or local enabling and environment

*Tier III: Private sector and civil society:* Response to private incentive and consumer preferences (especially SMEs), competitive entrepreneurship and risk taking, community-led and demand-driven development, articulation of the micro-level and household priorities, social inclusion, mitigation against rent-seeking behaviour and elite capture

## **Policy**

Since the late 1990s, the national policy dispensation has focused a framework of deregulation, liberalisation and privatisation. There has been wide-ranging paring down and rationalisation of state functions, especially as these relate to direct provision of goods and services. The private sector is being increasingly seen as the engine of economic growth and development. The demand for quality, and where relevant a willingness to pay, have driven the recent trends with the NGOs and private sectors emerging as important players reflecting a major shift in the official approach. The private sector and civil society organisations are being co-opted in financing, management and delivery. In essence, the government sees its role shifting from being a mere provider to manager, facilitator and financier also of development initiatives.

## **Strategic framework**

In view of the foregoing, it is clear that the private organisations and civil society are at the core of reaching out to the poorest in the less and least developed regions and districts of Pakistan. Therefore, the focus will be required for this tier in its overall terms of reference. The dovetailing with Tiers I and II is predicated on entering into the public-private partnerships, and a renewed compact with the federal and provincial echelons of the government. These tiers and levels possess the current and potential comparative advantage in terms of delivering the first and second order preconditions and prerequisites for economic and social development (national and provincial frameworks, policies and programmes). For overarching national priorities to percolate to the village and household grassroots levels, it is essential that micro investments and interventions are delivered through institutional channels whose comparative advantage lies in this work.

The accelerated development of the LDRs is planned to be achieved through an integrated implementation of a four-pronged strategy, consisting of:

- Development of a nested hierarchy of growth centres
- Developing transport infrastructure
- Enhancing rural productivity
- Social safety nets

The role of the government will be limited to the development of inter and intra urban, and rural infrastructure of the primary and secondary nature. The tertiary or community infrastructure will be developed by the communities concerned with the assistance of the civil society organisations and maintained by the communities themselves. Making use of the appropriate levels of infrastructure, developed by the government and communities, the industrial and commercial enterprises will be developed and run by the private sector, where required through easily accessible credit and micro-credit facilities.

## Development of growth centres

A large volume of multidisciplinary research, spread over almost a century, testifies that the development of growth centres is the most effective way of overcoming the ‘friction of space’ and setting in the process of accelerated development in the LDRs. The growth centres are essentially the places or settlements characterised by a high intensity of exchange of goods and services. With a view to facilitating the maximisation of inter and intra district exchange of goods and services and an accelerated industrial development, a three-tier hierarchy of growth centres is proposed to be developed as follows:

- District Growth Centres or ‘Growth Poles’
- Tehsil Growth Centres
- Rural Growth Centres

The district headquarters will be developed as the first order growth centres or ‘Growth Poles’, the tehsil headquarters as the second order and the Union Council as the third order or ‘Rural Growth Centres.’ The minimum level of productive and service infrastructure by these centres is tabulated below:

### Minimum level of productive and service infrastructure in growth centres

Level and type of growth centre	Minimum level of services and infrastructure
District Growth Centres/Growth Poles	<ul style="list-style-type: none"> <li>• Connected to the national highway through a 3-lane asphalted road</li> <li>• Bus and truck terminals</li> <li>• Slaughter house</li> <li>• Grain, cattle, fruit and vegetable markets</li> <li>• Godowns and cold storages</li> <li>• Tertiary-level health and education facilities</li> <li>• An industrial and trading estate</li> <li>• A sports stadium and four play grounds</li> <li>• Four recreational parks</li> </ul>
Tehsil Growth Centres	<ul style="list-style-type: none"> <li>• Connected to the District Growth Centre, through a 2-lane asphalted road</li> <li>• Bus and truck terminals</li> <li>• Slaughter house</li> <li>• Grain, cattle, fruit, fish and vegetable markets</li> <li>• Godowns and cold storages</li> <li>• Secondary-level health and education facilities</li> <li>• A small industrial estate</li> <li>• 3 play grounds</li> <li>• Two recreational parks</li> </ul>
Rural Growth Centres	<ul style="list-style-type: none"> <li>• Connected to the national District Growth Centre, highway through a 2-lane asphalted road,</li> <li>• Bus and truck terminals</li> <li>• Slaughter house</li> <li>• Fruit, fish and vegetable markets</li> <li>• Primary-level health and education facilities</li> <li>• 2 play grounds</li> <li>• A recreational park</li> </ul>

## Developing transport infrastructure

One of the characteristics of the LDRs is the lack of access of a large number of human settlements to health and education facilities, employment centres, and the places where an exchange of goods and services can take place. In order to be able to lift the economy of any such area, network of the growth centres needs to be efficiently linked through black topped roads of adequate capacity. The rural growth centres will be linked with villages, and villages with farms through initially un-asphalted, but well-graded roads, topped with shingle or brick surfaces.

## Productivity constraints

The rural areas in general, less developed areas in particular, are marred by low productivity, mainly owing to widespread prevalence of diseases associated with unsafe drinking water and poor environmental sanitation. This not only results in substantial health burden, but also in a reduction of the number of days one is able to work for livelihood, education, socialisation or recreation. Moreover, water for irrigation is often carried through earthen channels and flooded in unlevelled farms, resulting in huge losses of this increasingly scarce resource. Many villages are not connected with the national electric grid. People resort to using fuel wood for cooking and heating, and kerosene oil for lighting, resulting in poor internal environment and unabated deforestation. To enhance the productivity, there is a need to overcome the aforementioned constraints.

## Social safety nets

A significant proportion of households in less developed areas live below the food security line. These people constitute the poorest of the poor, who are being identified through the administration of the poverty score card, being done under the Benazir Income Support Programme (BISP). An effort will be made to cover all the worst unserved by increasing the BISP outreach.

The devolution provides greater political autonomy, and has redefined the centre-province relations, while the provinces need to improve their delivery capacities. There is a need to set up a mechanism for coordination among the federal and provincial governments in order to avoid the issues emerged after the devolution, as the provincial governments are now responsible for taking initiatives to generate and utilise funds, and disseminate impacts of devolution to the grassroots level. In this regard, the following recommendations are made:

- Enhance capacities of the provinces to generate their own resources in the LDRs
- Capacity-building of institutions
- Integration of the FATA, Provincially Administered Tribal Areas (PATA) and Gilgit-Baltistan with the rest of country
- More administrative powers for the FATA

The accelerated development is envisioned to be achieved through an orchestrated participation of the public and private sector, and organised civil society. Most of the district and tehsil level infrastructure is envisioned to be constructed and maintained under the public-private partnership model. The investment in trade and industry (including agriculture) is, however, expected to be made primarily by the private sector. However, the basic

infrastructure will be constructed and maintained by institutions, various organisations and communities.

## Development of the Special Areas

The Special Areas are spread over an area of 113,000 square kilometres, having an estimated population of 10.4 million. The socio-economic indicators are substantially lower than the national. In the past, development activities remained less due to various reasons, including law and order situation. By virtue of which the socio-economic indicators (per capita income, literacy rate, enrolment of children in schools and others basic facilities, etc.) lag far behind than the rest of country.

### Issues

The following are the major issues:

- Poor system of governance
- Political interference in decision-making regarding development
- Lack of transparency and accountability
- Law and order problem
- Conservative nature of the tribal society with strong resistance to change in some quarters, hindering socio-economic development
- Gender imbalance and less opportunities for women
- Low literacy rate
- Patchy social and physical infrastructure
- Scarcity of professional and skilled labour
- Capacity constraints exist within the ranks of service providers
- Few indigenous options for entrepreneurial activity, coupled by severely limited employment and income-generation opportunities
- Occurrence of environmental degradation with deforestation, intermittent drought and groundwater depletion in the absence of regulatory framework for environmental management

### Strategies

The development strategy has been designed to focus on:

- Development, improvement and upgradation of the economic Infrastructure
- Natural resource management through participatory approach
- High priority for education, health, and expansion through computer literacy programmes
- Substantial increase in allocation for productive sectors to achieve self-reliance, and enhance income and revenue
- Self-sufficiency through exploitation of hydel power generation

- Tourism development
- Mineral development
- Focus on small farmers as the real back-bone of the rural economy and ensure their access to knowledge, inputs and market
- Clean drinking water and sanitation facilities for all
- Capacity-building and skill enhancement
- Gender mainstreaming and women empowerment
- Public-private partnerships
- Existing Basic Health Units to be strengthened, and where possible leased to private medical practitioners in the public-private partnership mode
- Optimum devolution and decentralisation of administrative and financial powers
- Reform the agriculture credit system for ensuring provision of at least 50 per cent of the total to small farmers, while priority be given to women

### Action plan

The development efforts will be supplemented by additional federal programme in various sectors, such as the area development programmes, power generation and education improvement projects, agricultural extension programmes and schemes for improvement of the water courses, safe drinking water for all, etc. Moreover, the China-Pakistan Economic Corridor (CPEC) will significantly impact the development of the LDRs.

### Financial

An amount of Rs215.6 billion will be provided for development of the Special Areas during the Plan period. Administrations of the region concerned have been authorised to allocate funds for respective sectors according to needs. In addition to these funds provided by the federal government to the administration, there are various programmes being implemented under the federal ministries and divisions for an accelerated development of the Special Areas. Agency-wise allocation is given below:

#### Five-year (2013-18) financial phasing for the Special Areas

(Rs million)

Region	Allocation		Proposed allocation (Estimated)			Total
	2013-14	2014-15	2015-16	2016-17	2017-18	
AJ&K	16,500	10,500	11,500	13,000	16,000	67,500
FATA	18,500	19,000	19,000	21,000	24,000	101,500
G-B	8,200	8,200	8,200	10,000	12,000	46,600
<b>Total</b>	<b>43,200</b>	<b>37,700</b>	<b>38,700</b>	<b>44,000</b>	<b>52,000</b>	<b>215,600</b>

## Special development initiatives

The following are the initiatives being considered under this head:

- The FATA Sustainable Development Plan 2006-2015 of an estimated worth Rs2 billion has been initiated with an objective of mainstreaming the tribal areas into the social, economic and institutional fabric of the country.
- A special development package for the AJ&K worth Rs20 billion during the Plan period will be implemented to accelerate development.

It is emphasised that obtaining the maximum 'return on investment' of scarce national resources, both qualitative and quantitative, has been the essence of the current Plan. A focus on existing and potential capacities and capabilities has been given to obtain maximum impact in terms of socio-economic development of the Special areas. Targets for the selected indicators in the LDRs have been given as Annexure-I.



## Annexure-I

## Targets for the selected indicators in less developed areas

Indicator	FATA		AJ&K		G.B	
	Benchmark	Target 2018	Benchmark	Target 2018	Benchmark	Target 2018
Literacy ratio (both sexes %)	24	28	65	75	50	60
Male literacy ratio (%)	36.6	41	76	85	62	65
Female literacy ratio (%)	10.5	13	54	65	38	45
Road density (per sq km)	0.24	0.25	0.48	0.5	0.06	0.1
Cultivated land (%)	8.3	10	13	15	1	5
Area under productive forest (%)	1	1.25	12	15	9	10
Unemployment rate (%)	-	-	6	4	18	10
Population per hospital bed	2,571	2,427	1,801	1,700	-	-
Population per doctor	6,728	4,734	5,685	4,000	-	-
Rural water supply coverage (%)	43	51	67	79	55	65
Electricity coverage (%)	62	65	89	93	75	80