

## **An Overview of “Balanced Development: Focus on Less Developed Regions”**

Balanced development is essential for sustainable economic growth; it requires efficient allocation of resources between rural & urban areas as well as between developed and less developed parts of the country. Considering the fact that most of the rural areas are economically less developed, development of these areas is imperative to accelerate growth in Pakistan. As per census 2017, 64% population is residing in rural areas therefore agriculture is major sector which plays an important role in the development of less developed areas as it employs a major chunk of labor force as well as provides inputs to manufacturing sector.

Less developed areas have been identified on the basis of “Multidimensional Poverty in Pakistan” June, 2016 which comprised of 67 districts of the four provinces (i.e. 7 districts of Punjab: 29 of Balochistan, 12 of Khyber Pakhtunkhwa and 19 of Sindh (Annex-I). The incidence of poverty (percentage of people, identified as multidimensional poor) in these districts is more than 50%. Special areas i.e. Newly Merged Districts of KP (erstwhile FATA), Azad Jammu & Kashmir (AJ&K) and Gilgit Baltistan (GB) are included in less developed regions. These are also predominantly rural societies, around 80% population of AJ&K, 82% population of Gilgit Baltistan and in NMDs 95% population is residing in rural areas. . These areas are blessed with plenty of natural economic potentials that can be utilized to address the issue of poverty and socio economic inequality.

### **Sectoral Objectives:**

- The main objective of the sector is to improve standard of living of people residing in less developed special areas and to bring them at par with rest of the country.
- Reducing regional disparities prevailing in the country in order to achieve balanced development
- Improving socio-economic conditions of the people residing in special areas.
- Ensuring sustainable growth through development of local potentials (tourism, mineral development, energy resources) of special areas.
- Reduction in Poverty through capitalizing potential local resources.
- Improvement in Human Development Indicators including health, education, water & sanitation and immunization.
- In prevailing COVID-19 situation in the country, improving livelihood support, social protection and food security for the people residing in less developed areas.

- Improving COVID-19 health facilities in special areas including testing & treatment facilities in far areas of AJ&K and Gilgit Baltistan.

### **Sectoral Strategy for 2020-2021:**

- Construction of rural roads, water supply & sanitation schemes to improve accessibility.
- Education and health facilities in less developed areas will be constructed/rehabilitated/strengthen in special areas to achieve objective of Improvement in Human Development.
- Investment in renewable/alternate energy sources will be enhanced for provision of un-interpreted electricity supply.
- Tourism at potential sites in AJ&K and Gilgit Baltistan will be promoted to utilize local development potentials.
- Training & credit facilities will be provided to promote self-employment and reduce poverty in special areas.
- Economic, social & financial inclusion of women, youth and other vulnerable groups will be encouraged through community organizations.
- Provision of livelihood support facilities to people residing in less special areas through Ehsaas programme and BISP for under privileged families.
- Provision of loan for youth and support to develop Small & Medium Enterprises (SME) under Ehsaas programme initiatives.

### **Challenges**

Major challenges of development in these areas include:

- Unequal distribution of resources
- Absence of effective planning based on reliable socio-economic data.
- Shortage of trained human resource for effective service delivery.
- Less employment/income generating opportunities.
- Lack of accessibility due to poor socio-economic infrastructure (rural roads, water supply, sanitation, street pavements, etc.).
- Energy shortage and dependency on conventional energy sources
- Lack of incentives for private sector involvement in the development process

## Steps being taken by Government to Accelerate Development in less developed areas

In Public Sector Development Program (PSDP) 2020-21, total number of 281 projects at a cost of Rs 2,497.95 billion, having an allocation of Rs 262.23 billion, covering almost all the sectors of the economy are being implemented in less developed districts. (Province-wise summary attached at Annex-II). The funds were allocated as per available fiscal space and sectoral / regional priorities of the government. The priority was also given to projects of less developed areas for a balanced development in the country.

Through federal PSDP, funds were allocated for less developed districts in multiple sectors of the economy, Major sectoral allocations along with number of projects are given below;

- In Communication sector 25 projects are being implemented at a total cost of Rs 642 billion with FY 2020-21 allocation of Rs 65.4 billion.
- 38 projects of Higher Education are being implemented at a total cost of Rs 50 billion with FY 2020-21 allocation of Rs 5.8 billion.
- 57 projects of Water Resources in Less Developed Areas are under execution at a total cost of Rs1,208.7 billion with FY 2020-21 allocation of Rs 40.2 billion.
- 28 projects of Power Division are being implemented at cost of Rs 312 billion with FY 2020-21 allocation of Rs 20.2 billion.
- 24 projects of Housing & Works sector at a cost of Rs 7.9 billion are under implementation with FY 2020-21 allocation of Rs 2.26 billion.
- 20 projects under KA&GB Division at a cost of Rs 80 billion are being implemented with FY 2020-21 allocation of Rs 12.9 billion.
- Above allocation includes block allocation for Special Areas as following:

### Special Areas Allocations for 2020-21

| (Rs. billions)                              |                    |
|---------------------------------------------|--------------------|
| Agency/ Ministry/Division                   | Allocation 2020-21 |
| Azad Jammu & Kashmir (Block Allocation)     | 24.5               |
| Gilgit Baltistan (Block Allocation)         | 15.0               |
| Newly Merged Areas of KP (Block Allocation) | 24.0               |
| Merged Districts 10-year development plan   | 48.0               |
| Interior Division                           | 0.697              |
| <b>Total (Special Areas)</b>                | <b>112.1</b>       |

Governments of Special Areas and Provinces allocate resources for development of less developed remote areas through their respective ADPs. It is hoped that with improvement in resource position and stabilization of macro economy, more resources would be made available for the development purpose, particularly for less developed remote areas of the country.

### **Covid-19 Responsive Initiatives**

- A special relief package for population living along the Line of Control in AJ&K would be implemented to disburse a single installment of Rs. 12000/- with estimated 110,000 beneficiaries under various categories. Expected financial impact would be Rs 2842 million. A single installment of Rs. 12000/- will include Rs. 2000/- monthly installment of stipend for six months (January –June 2020) from July onward LoC families will be disbursed monthly installment of Rs. 2000/- till December 2020.
- The present government is already implementing various interventions for livelihood improvement under Ehsaas Programme and BISP. Ehsaas COVID-19 relief fund has been launched which would provide livelihood support to those who lost their livelihoods as a result of the COVID-19 pandemic. It would also help the people residing in less developed areas to get livelihood support. The intervention would help to support the poorest households to cope with food shortages during the pandemic period.
- As federal government is providing Block allocations to AJ&K and GB for formulation of their respective ADPs. More financial resources would be diverted towards COVID-19 responsive interventions by the administration of less developed special areas.

**Annex-I****Province-wise list of Less Developed Districts of Pakistan**

| Punjab        | Sindh               |                | Khyber Pakhtunkhwa    | Balochistan     |                   |              | Special Areas                                                        |
|---------------|---------------------|----------------|-----------------------|-----------------|-------------------|--------------|----------------------------------------------------------------------|
| Rajanpur      | Umerkot             | Dadu           | Batagram              | Pishin          | Derabugti         | Lasbella     | Azad Jammu & Kashmir Gilgit Baltistan & Newly Merged Districts of KP |
|               | Tharparkar          | Ghotki         | Dir upper & lower     | Kila Abdulla h  |                   | Turbat /kech |                                                                      |
| Muzzafargarh  | Badin               | Jamshoro       | Hangu                 | Chagai          | Dera murad jamali | Panjgur      |                                                                      |
|               | Kashmore            | Khairpur       | Bannu                 | Zhob            |                   | Jaffarabad   |                                                                      |
| Bahawalnagar  | Tando Muhammad khan | Tando Allahyar | Kohistan upper& lower | Loralai         | Jhalmagsi         | Noshki       |                                                                      |
|               |                     |                | Torghar               |                 |                   |              |                                                                      |
| Bahawalpur    | Qamber              | Mirpurkhas     | Lakkimarwat           | Kila Saifulla h | Kachhi /bolan     | Sherani      |                                                                      |
| D.G Khan      |                     | Nawabsha h     | Shangla               |                 |                   | Washuk       |                                                                      |
| Rahimyar Khan | Thatta              | Shikarpur      | Tank                  | Musa khail      | Kalat             | Harnai       |                                                                      |
| Bhakkar       | Sujawal             | Matiari        | Buner                 | Barkha n        | Mustung           | Sibbi        |                                                                      |
|               | Jacobabad           |                | Swat                  | Ziarat          | Khuzdar           | Awaran       |                                                                      |
|               | Sanghar             |                | D.I Khan              | Kohlu           | Kharan            |              |                                                                      |

*Source: District selection in Punjab, Sindh, Balochistan and KP on the basis of less developed district as identified in the "Multidimensional Poverty in Pakistan" June 2016, Planning commission of Pakistan UNDP & OPHI*

**Annex-II****Summary of Development Projects in PSDP 2020-21  
for Less Developed Areas**

(Rs. billion)

| <b>Province / Area</b> | <b>No of Projects</b> | <b>Total Cost</b> | <b>Expenditure Upto June,2020</b> | <b>Allocation 2020-21</b> |
|------------------------|-----------------------|-------------------|-----------------------------------|---------------------------|
| Punjab                 | 16                    | 150.68            | 24.54                             | 5.83                      |
| Sindh                  | 18                    | 339.04            | 97.42                             | 18.87                     |
| Khyber Pakhtunkhwa     | 29                    | 815.81            | 220.24                            | 86.28                     |
| Balochistan            | 156                   | 608.67            | 230.10                            | 74.00                     |
| AJK                    | 27                    | 218.87            | 135.95                            | 31.38                     |
| Gilgit - Baltistan     | 31                    | 261.49            | 119.34                            | 41.53                     |
| Multiple Districts     | 4                     | 103.39            | 7.02                              | 4.35                      |
| <b>Total:</b>          | <b>281</b>            | <b>2,497.95</b>   | <b>834.62</b>                     | <b>262.23</b>             |

\* Block Allocation for Special Areas & Merged Areas of KP's 10 Year Development Plan Allocation included