

CHAPTER 15

BALANCED DEVELOPMENT – FOCUS ON THE LESS DEVELOPED REGIONS

The challenge of public policy formulation, at any level whether international or national, is a tool of achieving economic development and poverty alleviation, in a cost effective and sustainable manner. The geographical and demographic aspects of the Special Areas in Pakistan (FATA, AJ&K and Gilgit-Baltistan) add a complex dimension to this challenge.

The socio-economic disparity lies, not only among regions but also in different districts and agencies of the same region. The FATA consists of seven tribal agencies (Bajaur, Khyber, Kurram, Mohmand, North and South Waziristan and Orakzai) and six frontier regions (Bannu, DI Khan, Kohat, Peshawar, Tank and Lakki Marwat). The Azad Jammu and Kashmir is divided into three divisions (Muzaffarabad, Mirpur and Poonch) which are sub-divided into ten districts (Muzaffarabad, Haitian, Neelum, Bagh, Haveli (Kahuta), Poonch (Rawlakot), Kotli, Mirpur, Bhimber, Sudhnoti). Gilgit-Baltistan is divided into two divisions (Gilgit and Baltistan), which are further sub-divided into nine districts (Skardu, Shigar, Kharmang, Ghanche, Gilgit, Ghizer, Diamer, Astore and Hunza-Nagar).

Pakistan's economy has been affected by numerous external as well as internal problems included economic, social and political instability, conflicts on its eastern and western borders, low literacy, income disparity, wastage of natural resources, low productivity of the commodity producing sectors, ethnic conflicts, etc., which have hampered the allocation of the economic resources to its most productive alternative, which, in turn, has led to low growth rates of the economy. Urban and rural, both sectors are facing problems, but due to lack of access and poor communication system, the rural areas are facing the worse situation. The situation is even worse for the Special Areas. These areas are economically neglected in the past due to inaccessibility, difficult terrain, lack of financial resources and adverse law and order condition.

The Vision 2025 and 11th Five year plan have also emphasised the importance of the development of less developed regions as the stability and prosperity of the economy is directly linked to a balanced development of all regions and areas. The adverse law and order situation and issue of rehabilitation of the IDPs in the FATA require special attention and allocation of appropriate resource to facilitate rehabilitation of displaced population.

Performance review 2014-15

Special Areas largely depends upon the financial resources provided by the federal government, which has launched a number of initiatives through the PSDP to reduce poverty and improve socio-economic indicators of its federating units. The funds were provided through respective ministries and divisions (Ministry of Interior and Narcotics Control, Ministry of Kashmir Affairs and Gilgit-Baltistan (KA&G-B) and SAFRON Division). Administrations of concerned region were

authorised to allocate funds to respective sectors according to the needs. The review of performance of Special areas is given below:

Financial

During the year 2014-15, originally, an amount of Rs47,741 million was allocated, for the less developed special areas. Out of total allocation, an amount of Rs878 million was set aside for the Area Development projects reflected in Ministry of Interior and Narcotics Control, whereas an amount of Rs37,862 million was earmarked as block allocation for development activities in the Special Areas. Moreover, a Federal Special Development Programme has been initiated in special area on Prime Minister's directive and Rs9000 million were allocated for the FATA, AJ&K and Gilgit-Baltistan in the year 2014-15. Details of allocation and utilisations for various agencies are given below:

Table: Agency and division-wise allocations and utilisation for 2014-15

			(Rs million)		
Agency, ministry, division			Allocation	Utilisation	Utilised (%)
Ministry/Division					
Narcotics	Control	Division	305	222	73
(Area Development Projects)					
Interior Division (ICT)			574	554	97
Sub-total			878	775	88
Special Areas					
Azad Jammu & Kashmir (Block allocation)			10,500	10,450	100
Other Area Development Projects AJK			62	62	100
Sub-total (AJ&K)			10,562	10,512	100
Gilgit-Baltistan (block allocation)			8,200	8,100	99
Federally Administrated Tribal Area (block allocation)			19,100	17,080	89
Sub-total block allocation			37,862	35,692	94
Federal Special Development Programme and projects					
FATA			4,000	0	-
AJ&K			3,000	0	-
Gilgit-Baltistan			2,000	0	-
Sub-total (Special Areas)			46,862	35,692	76
Grand total			47,741	36,468	76

Physical

During the period under review, various activities were implemented through area development programmes in the AJ&K, G-B and FATA. The special federal development package has also been implemented for accelerated development of these regions. However, due to law and order situation, militancy and financial constraints, the desired targets could not be achieved.

Outlook 2015-16

In the Special Areas, security is the main concern; therefore accessibility of law enforcement agencies in remote areas will be enhanced through construction of roads and infrastructure facilities.

The Special Areas largely depend on the financial resources provided by the federal government. A special federal development package, to accelerate development process in the less developed regions, has been initiated. The activities, under this programme, will be implemented on need basis by the administration of the respective region and area.

The FATA Sustainable Return and Rehabilitation Strategy is a major proposal to facilitate progressive and sustainable return of all displaced population in militancy affected areas. The strategy centres around five main pillars: rehabilitation of physical infrastructure, strengthening of law and order; expansion of government service delivery, reactivation and strengthening economy, social cohesion and peace-building.

The provision of security infrastructure under the Interior Division to facilitate capacity-building of the Law Enforcement Agencies (LEAs) and to address matters relating to drug trafficking.

Programmes

Financial

The development programme for FY 2015-16 proposes Rs39,295 million for Special areas (FATA, AJ&K and G-B). The development activities in these areas are undertaken through the planning and development department of the respective region, whereas the area development projects, under the Narcotics Control Division, are also implemented.

Out of total allocation, an amount of Rs38,700 million has been earmarked as block allocation for development activities in FATA, AJK and Gilgit-Baltistan. Local administration is authorised to allocate funds to respective sectors according to the needs. An amount of Rs230.4 million has been set aside for the projects reflected in Narcotics Control Division, and Rs395 million for Interior Division, for areas development projects, rural areas of the ICT and special packages for militancy affected areas in Malakand, Dera Ismail Khan, Bannu, Swat and other conflicted areas. Details of allocations for various agencies are given below:

Agency-wise allocations for 2015-16

(Rs million)	
Agency, Ministry, Division	Allocation 2015-16
Ministry/ Division	
Narcotics Control Division	230.4
Interior Division (ICT)	395
Sub Total	595
SPECIAL AREAS	
Azad Jammu & Kashmir (Block Allocation)	11,500
Gilgit Baltistan (Block Allocation)	8,200
Federally Administrated Tribal Area (Block Allocation)	19,000
Total (Special Areas)	38,700
Grand Total (Min./Div./Sp. Areas)	39,295

The distribution of allocation for various ministries and divisions in the area development sector shows that the largest share of allocation goes to the FATA, which is 50 per cent, AJ&K and Gilgit-Baltistan shares in allocation of financial resources remained 27 per cent and 21 per cent respectively. Rs595 million (1.5 per cent) has been set aside for the area development projects under the Ministry of Interior and Narcotics Control Division.

Physical

During the next financial year, highest priority will be accorded to those ongoing schemes/projects, which are near completion, in various sectors. The physical targets are set keeping in view the available financial and physical resources. Various schemes/projects are initiated in collaboration with the Planning and Development departments of the respective area and region. The previous experience shows that in order to achieve these targets successfully, an efficient and vibrant infrastructure is required. Therefore more emphasis is given on the development of infrastructure.