Policy Brief

IMPROVING PUBLIC SECTOR DEVELOPMENT PROGRAMME ALLOCATIONS IN CLIENTELISTIC ENVIRONMENT OF BALOCHISTAN: A POLITICAL ECONOMY ANALYSIS

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INTRODUCTION

This policy brief is about the Public Sector Development Programme (PSDP) in Balochistan. The province has always been on the development agenda of every political party but sadly we have not witnessed any meaningful development in the region. The growth rate of region is the lowest in Pakistan. After the 7th NFC awards and 18th Amendment in 2010 public in Balochistan anticipated an ear of sustainable development but this fiscal autonomy has proven a zero-sum equation. The PSDP is considered as a key component in improving the socio-economic outlook of an area. However, successive governments have failed to streamline it despite repeated directions from the High Court and Supreme Court to plan it in an effective manner. During 2017 and 2018 no new development projects were undertaken as the matter was sub judices. Even in years following the PSDP was challenged in Balochistan High Court and Supreme Court of Pakistan as the opposition claims the allocative efficiency and the distributive justice is very low. Finally, the opposition with the help of ruling party changed the incumbent Chief Minister in Balochistan as he was not addressing their clientelistic demands. The province is experiencing a clientelistic environment that is affecting the overall development of the area. This paper will discuss how effective PSDP allocations can be done in a clientelistic environment.

Contemplating on the events of last five years it is imperative to finds ways to improve the process of PSDP allocations. Ideally, the allocation in PSDP should be based on a prioritisation exercise keeping in view the challenges in the province, however in Balochistan financial allocations are mostly done on the basis of what could be best described as an incremental approach: a certain fraction is added to the department's previous years' allocation every year without a rigorous

investigation of the departmental needs and impact of previous allocations. Based on these issues this policy brief has set the following scope.

Scope

The policy brief is focused to formulate a mathematical model and develop a matrix for only four departments, that are, health, education, social welfare and communication & works in the province of Balochistan for improved PSDP allocations.

Rationale

To suggest better methods and tools for improvement of PSPD allocations in Balochistan.

METHODOLOGY

In this section the procedure adopted to analyse the development budget allocation in Balochistan is discussed. For this purpose, secondary data was obtained from the provincial planning and development, about education, health, social welfare, communication & works and finance department. The data set was composed of data related to PSDP projects of Balochistan from 2011 to 2021.

The sample for the study is 10 districts of Balochistan selected using the multiple poverty index (MPI). Four departments namely, education, health, social welfare, and communication & works development projects are analysed to find out inequalities in PSDP allocations. Table 1 shows the top 5 districts having the lowest MPI values and the bottom 5 districts having the highest MPI values.

Table 1: Sample of the study

Top 5 Districts		
S. No.	*District*	*MPI*
1.	Quetta	0.213
2.	Kalat	0.275
3.	Khuzdar	0.285
4.	Gwadar	0.293
5.	Mastung	0.302
Bottom 5 Districts		
S. No.	*District*	*MPI*
1.	Killa Abdullah	0.641
2.	Harnai	0.633

3.	Barkhan	0.627
4.	Ziarat	0.575
5.	Chagai	0.546

Source: *Multidimensional Poverty in Pakistan 2014-15*

Quetta district has the lowest MPI depicting low poverty and the district of Killa Abdullah has the highest MPI depicting highest poverty among the districts of Balochistan.

Mathematical Model

Further, the model was developed by using population and area as the constructs for the allocation of development funds. The weights for population and area were estimated and incorporated in the following model to calculate the estimated funds for each district:

$$R_i = P_T \times (W_{Pi} + W_{Ai}) \qquad \text{-----------------------} \quad (1)$$

The equation 1 shows the allocation of resources to a particular district. The allocated resources of a district are a function of its population and area and the total PSDP. After estimating the funds for each district, the allocation of funds to each department was calculated by using the following method:

$$R_{Dj} = R_j \times \frac{\sum R_j}{years} \qquad \text{-------------------} (2) \text{ ---}$$

Using equation 2, the resources to be allocated to each department are a function of the weighted average of the resources allocated previously and the resources allocated to the district.

The MCDA Performance Matrix

The matrix for this study is based on the Multi Criteria Decision Analysis. In MCDA, the preferences of the stakeholders determine the criteria for project selection. The weights given to each criterion are subjective and are dependent on the availability and fulfilment of the criterion.

The projects to be approved in the PSDP shall be scored on each criterion. The score of each criterion is then estimated as a part of the total weight given to that criterion. The total preference score is calculated using the following mathematical equation:

$$S_T = w_1 s_{i1} + w_2 s_{i2} + \dots + w_n s_{in} = \sum_{j=1}^{n} w_j s_{i_j} \text{--------------------------} (3)$$

FINDINGS

The graphic analysis comprises of bar graphs that show the disbursement of PSDP in Communication & Works, Education, Health and Social Welfare departments in the 10 districts during the last 10 years i.e., 2011 to 2021. The analysis begins with the most populated district and rest in descending order.

Table 2 further shows that some districts with more population and area have been receiving less funds as compared to less populated and smaller districts. Currently the Government of Balochistan has no proper model or matrix to allocate the development budget to the districts or even to the departments in an efficient manner.

Table 2 Comparative Analysis of the Disbursement of PSDP in the 10 Districts

Districts	Population	Area (sq. km)	Communication & Works	Education	Health	Social Welfare
Quetta	2269473	3447	19%	15%	17%	32%
Khuzdar	798896	14958	5%	4%	7%	2%
Killa Abdullah	758354	4894	4%	3%	3%	2%
Kalat	412058	8416	2%	1%	1%	1%
Mastung	265676	3308	1%	2%	1%	1%
Gwadar	262253	12637	4%	2%	5%	1%
Chagai	226517	44748	2%	1%	1%	0.5%
Barkhan	171025	3514	1%	1%	0.5%	0%
Ziarat	160095	3301	1%	0.5%	1%	1%
Harnai	97052	2492	2%	1%	0.5%	1%

Application of performance matrix

The matrix is developed to rank the public sector development projects. The criteria used in the matrix are the themes obtained from the interviews and focus group discussions with the personnel of the relevant departments. Each project is given a score on a scale of 0 -100 for each criterion. The score of each criterion given to a project is taken as a product with the assigned weight of that criterion. The final score for each project is calculated using equation 3 mentioned in the methodology. The following Table 3 illustrates how health department can prioritise different project for a given year.

Table 3 Project Decision Matrix for Health Department

Project Name	District MPI Rank	District Pervious PSDP Funds	Infrastructure for Project	Project Prerequisites	Project Risks	Score
P1	10	10	100	100	100	46
P2	20	70	100	100	100	67
P3	90	60	66	100	50	77
P4	100	30	66	0	50	51
P5	80	80	33	100	0	71
Weights	*30*	*30*	*10*	*20*	*10*	

KEY POLICY RECOMMENDATIONS

To overcome discrepancies in Balochistan this policy brief proposed a mathematical model that uses weights for the population and area of each district. These parameters are used on the premise that inconsideration of the population and area statistics leads to inefficient allocation of resources as shown in the findings.

This brief envisioned that only proposing a financial model for resources allocation would not suffice, hence it designed a matrix that will help the decision maker to select the best project for each department. We propose a matrix that helps in prioritization of scarce resources in a reasonable and transparent way. So that the decisions about resource allocation must involve all the stakeholders.

This paper recommends that the allocations should be made without any bias and influence as such influence and biases would turn some districts stronger and others weaker. Furthermore, governments of Balochistan should include each district's local government body to know their need and responsibilities. This policy brief further suggests that a single approach for budgeting would make it difficult for government. Budget decisions are getting progressively difficult specially during the times of reduced public sector budget and austerity as the people of Balochistan are demanding more public services. In recent times the public has minimal trust in the political process as they are experiencing limited engagement in such decisions. In such times government can gain public trust by involving them in the process. Along with engaging the public the government need to insure that the whole process of PSDP is improved. The government of Balochistan need to ensure transparency by providing information about decisions taken in the process and set rigours accountability procedures.