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Khyber Journal of Public Policy (KJPP)

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The journal's focus on original research papers, reflective studies, and analyses related to international relations, Pakistan affairs, and faith & society reflects a commitment to addressing critical issues and proposing viable solutions to these issues. By bringing together researchers, experts, and policy practitioners, the journal provides a platform for a diverse range of perspectives and experiences, allowing for a more comprehensive and nuanced understanding of complex issues.

The focus on public policy further underscores the journal's commitment to making a tangible impact on national and international issues. By providing a space for research and analysis, the journal helps to inform policymakers and practitioners, who can then use this information to develop more effective policies and programs. Additionally, the focus on viable solutions emphasizes the importance of actionable recommendations that can be implemented in the real world.

Overall, the journal's focus on research, analysis, and practical solutions reflects a commitment to advancing knowledge and making a positive impact in the fields of international relations, Pakistan affairs, and faith & society. By providing a platform for diverse perspectives and experiences, the journal contributes to a more comprehensive understanding of complex issues and the development of effective policies and programs.

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- Manuscript should be ideally around 5000 words;
- An abstract of about 150 words should be included;
- Five to six keywords should be provided;
- American English should be used;
- APA Manual of Style should be followed for Endnotes. In-text citations and bibliography are not required.;
- All the tables, charts, graphs and figures included in the manuscript should be in an editable, MS Word form.

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Message of the Capt. (Retd) Usman Gul,

Director General National Institute of Public Administration, Peshawar on the eve of Inaugural Issue of the Khyber Journal of Public Policy:

I am delighted to announce the inaugural issue of the Khyber Journal of Public Policy, an initiative led by Dr. Muqeem, Chief Instructor of NIPA Peshawar and supported by Dr. Ijaz Munir, Rector NSPP. The journal covers social science and related concepts to significant political, economic, and social issues, exploring the ways in which public policies are made. Its articles deal with topics of concern to public policy scholars and practitioners alike, often cutting across disciplines such as environmental issues, international political economy, international relations, regulatory policy, and other critical issues facing Pakistan.

The Khyber Journal of Public Policy has been developed to provide a platform for policy researchers, academics, and practitioners to share their insights and solutions to critical challenges faced by the nation.

As Director General of the National Institute of Public Administration Peshawar, I am proud to support this initiative and congratulate Dr. Muqeem and his team for their efforts in bringing this journal to fruition. I encourage all concerned to contribute to the journal and engage in the ongoing dialogue surrounding public policy issues. With the support of esteemed researchers and practitioners, I am confident that the Khyber Journal of Public Policy will become a leading resource in the field.

Thank you and congratulations once again on this milestone achievement

Capt. (Retd) Usman Gul,
Director General
National Institute of Public
Administration, Peshawar

Preface

of the Special Issue of Khyber Journal of Public Policy

We are pleased to present the first issue of the Khyber Journal of Public Policy (KJPP), a publication of the National Institute of Public Administration (NIPA), National School of Public Policy (NSPP), Peshawar. The KJPP is a valuable addition to the existing publications on public policy, serving as a platform for dissemination of policy research outcomes by the officers who have undergone the intensive training courses at NSPP.

The mid-career and senior level officers from various organs of the government undertake these courses, focusing on all aspects of public policy, including the critical analysis of policy design, implementation, and impact. The officers' research outcomes propose viable solutions to the pressing issues faced by the country, and are thus of great value to practitioners, professionals, and academicians.

The KJPP aims to fulfill the intent of its act by providing a forum for disseminating these precious outcomes as a ready reference for practitioners and academia in the field of public policy. The journal follows the prescribed procedure of printing and publishing, as described by the Higher Education Commission (HEC), and we are confident that it will soon receive recognition from HEC and other concerned international agencies.

We extend our sincere gratitude to the authors who have contributed their research outcomes for the first issue of the KJPP. We hope that the KJPP will serve as an excellent source of knowledge and insights for public policy practitioners and academicians, enabling them to adopt and implement the policy recommendations and novel solutions to the crucial problems faced by the nation.

Dr. Muqeem Islam Soharwardy
PhD(Public Policy & Governance)
Editor ,
Khyber Journal of Public Policy

In this Issue

In the first paper author focuses on environmental issues of the Hind-o-Kush region. Hindu Kush Himalaya (HKH) provides essential resources and services to millions of people living downstream, but is being affected by unplanned land management, urbanization, and climate change. The buying and selling of land plays a significant role in land use patterns, which in turn affects the environment. To address these issues, the research suggests adopting a comprehensive approach to sustainable development projects in mountain regions of Gilgit Baltistan, with community participation. The study used a cause-and-effect method, analyzing available data to conclude that implementing a systematic land use policy can ensure sustainable development.

The second paper reviews the preferential trade agreement between turkey and Pakistan. Pakistan and Turkey have signed a Preferential Trade Agreement (PTA), strengthening their political and economic relations. The agreement is expected to have a positive impact on bilateral trade and domestic economic situation in both countries. However, potential issues and challenges need to be addressed, and recommendations have been made for optimizing the benefits of the PTA. The agreement reflects the cultural, religious, and historical ties between the two nations.

Third article highlights the emergence of digital diplomacy as an effective tool for diplomacy, with Pakistan's Ministry of Foreign Affairs recently incorporating it into its core functions. It covers the academic dimension of digital diplomacy and its integration with other tools by leading countries. The article also identifies the issues and challenges faced by Pakistan and makes recommendations to optimize the use of digital diplomacy.

Fourth study analyzes the factors responsible for Pakistan's dependence on imported edible oil, which has reached 92%. The lack of promotion of oilseed crops, liberal import policies, stagnant custom duties, and competition with major crops are among the factors. The study finds that minor crops like sunflower and canola are more profitable than major crops. India's vibrant import duties have helped protect local growers and meet 35% of their edible oil requirement from local production. Pakistan needs to encourage local production of oilseed crops to reduce dependence on imported oil, which is a serious threat to public health.

Fifth research paper focuses on the export of skilled, semi-skilled, and unskilled labor as a way for developing countries like Pakistan to address chronic problems like overpopulation, unemployment, low per capita income, and poverty. The study highlights the multifaceted market for labor exports and the contribution of foreign remittances to the growth of foreign reserves, which amounted to 31.2 billion USD in 2022. However, the research also identifies the challenges faced by Pakistan in the recruitment, placement, and exploitation of emigrants, as well as the smuggling of aspiring emigrants. The study aims to propose solutions to the gaps and weaknesses in the regulatory framework that give rise to illegalities and irregularities in the emigration structure, which could create distrust among overseas Pakistanis.

Last research paper of this issue highlights the challenges faced by Pakistan in addressing cybercrimes and the shortcomings of the Prevention of Electronic Crimes Act (PECA), 2016. The author argues that Pakistan needs to shift its policy orientation from being security-centric to citizen-centric, make amendments to PECA, and invest in capacity building of citizens and state agencies to effectively combat cybercrimes. The research emphasizes the need for a social contract between the state and citizens in the cyberworld, and the importance of indigenization of IT applications for socioeconomic empowerment. The author suggests that the state needs to exercise adequate control in the cyberworld while respecting digital rights.

Digitalizing Customs Services to Enhance Public Service Quality with AI, Blockchain, GIS, And Web Portals in Pakistan: Prospects, Challenges, and Policy Options Compared with Developed Countries

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Abstract:

The global shift towards digitization is transforming public administration, particularly within Customs workflows. This study examines how Information and Communications Technology (ICT) is revolutionizing Customs operations through automation, digital declarations, and risk management. Emphasizing the role of digital Customs, the paper explores how ICT tools like big data, AI, and blockchain are improving efficiency in revenue collection and operational management. This research identifies key areas for improvement, such as advancing AI capabilities, expanding blockchain use, and fully integrating Geographic Information System (GIS) technology. Recommendations include enhanced staff training, better interdepartmental coordination, and improved technological integration. The findings aim to provide actionable insights for optimizing Customs operations and facilitating legitimate trade and border management.

Key words:
Digital Transformation, Customs Automation, Artificial Intelligence, Blockchain Technology, Geographic Information System (GIS).

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Introduction

The global digitization wave is driving a paradigm shift in public administration, with Information and Communications Technology (ICT) pervading Customs workflows. Digital transformation is replacing manual processes by leveraging ICT for automation, information dissemination, electronic declarations, and risk management. Digital Customs harnesses digital systems to optimize revenue collection, regulate the movement of goods and people, and prevent illicit activities. This shift from paper-based to electronic operations aims to create a more efficient and modernized Customs environment by leveraging technologies like big data and cloud computing to enhance facilitation and operational efficacy (Mikuriya, 2016).

The global digital transformation has enabled increased access to advanced data-driven technologies, presenting opportunities for Customs administrations to enhance reform and modernization efforts. However, this necessitates careful consideration of AI integration, data solution selection, and effective technological assimilation. AI implementation offers a profound opportunity for Customs organizations to revolutionize business processes through automation and enhanced operational intelligence but requires significant investment, a paradigmatic shift, and champion leadership to drive innovation and excellence (Kafando, 2020).

Blockchain technology facilitates a decentralized, distributed ledger, enabling trustless transaction recording and tracking via collective validation. This protocol enables intermediary-free contract execution, streamlining processes and enhancing efficiency. By leveraging encryption and distributed networking, blockchain ensures secure, tamper-resistant documentation, minimizing data manipulation risks. Its efficacy in reducing time and costs, combined with enhanced security, makes blockchain an attractive solution for optimizing transactional processes across industries (Okazaki, 2018).

The governance of land and maritime borders presents a unique set of challenges distinct from those at points of entry, with spatial dimensions exposing a significant constraint. Exploiting geospatial data, which correlates with specific coordinates, can provide Customs officers with actionable insights, enabling informed decision-making and strategic resource deployment. Recent advancements in computer technology and GPS integration have exponentially increased the utilization of geo-data, empowering borderland governance with enhanced spatial awareness and informed resource allocation (Cantens, 2019).

Problem Statement

Pakistan's customs services suffer from inefficiencies and delays due to inadequate adoption of AI, blockchain, GIS, and web portals. However, developed countries have effectively utilized these technologies to enhance their customs operations, achieving higher efficiency and service quality. Therefore, it is crucial for Pakistan to bridge this technological gap to improve its customs services and align with global standards.

Research Questions

1. How does using AI, blockchain, GIS, and web portals in Pakistan's customs services affect efficiency and service quality compared to developed countries?
2. What are the technological and infrastructural challenges in integrating AI, blockchain, GIS, and web portals?
3. Which policy options can effectively address integration challenges and improve customs services in Pakistan using AI, blockchain, GIS, and web portals?

Scope of the Study

This study conducts a comprehensive analysis of digitalizing Pakistan's customs services using AI, blockchain, GIS, and web portals, investigating technological potential, implementation challenges, and deriving policy lessons from a comparative analysis with developed countries.

Review of Literature

Artificial intelligence (AI) replicates human intellect, simulating cognitive functions like learning, reasoning, and language processing. AI-powered machines learn, reason, and process language, analyzing vast customs data to detect patterns with enhanced accuracy and speed. AI applications in customs include predictive modeling, automated classification, anomaly detection, predictive targeting, enhanced image analysis, and intelligent chatbots, collectively optimizing processes and compliance (Koh, 2022). Some customs agencies around the world currently exploit big data analytics, AI, and machine learning, while others intend to adopt these technologies in the future (WTO, 2022). Pakistan Customs, in collaboration with the World Customs Organization (WCO) and adhering to established best practices, has integrated artificial intelligence and machine learning algorithms into its Web-Based One Customs (WEBOC) system to enhance customs clearance processes (Batool, 2024).

Blockchain technology is a secure, decentralized ledger system ensuring data integrity and transparency through immutable blocks and consensus mechanisms. Key features include shared ledgers, permissioned access, smart contracts, and automated validation (Ashfaq, Riaz, & Iftikhar, 2022). The immutable nature of blockchain-based document information is crucial in facilitating the detection of illicit activities and ensuring the efficient facilitation of legitimate trade, thereby enhancing the integrity and transparency of global supply chains (Dawn, PSWC, TradeLens join hands to digitize external trade, 2021). Customs administrations have traditionally utilized geo-data for transit monitoring, tracking goods in real-time via GPS or RFID devices. However, the broader potential applications of geo-data remain underexplored, possibly due to a narrow focus on managing major flows between ports and airports, reflecting an economic vision of Customs' role prioritizing globalization's large-scale transactions (Cantens, 2019).

Pakistan Customs, recognizing its dynamic and vibrant nature, proactively embraced transformation by introducing computerization and digitalization in its processes to address the demands of free trade in the modern global landscape. This shift enabled the transition from manual to automated systems, significantly reducing clearance dwell time and enhancing the overall efficiency of Customs services, thereby fostering a more streamlined and technology-driven approach to trade facilitation (Memon, 2022).

Analysis

To understand the subject, situational analysis, SWOT analysis, and gap analysis have been conducted as follows:

Situational Analysis:

A situational analysis is crucial to assess the current status of Pakistan Customs services regarding AI, blockchain, GIS, and web portals, and to identify areas for improvement. AI is significantly transforming Pakistan Customs by enabling rapid and precise decision-making based on real-time data analysis. AI assists the WEBOC system in profiling traders and categorizing cargo into Green, Yellow, and Red Channels for clearance. It calculates duties and taxes and integrates WEBOC with other government departments for certification requirements. AI also supports the Anti-

Smuggling Module by forwarding seizure cases for legal action. However, AI integration is not uniform, leading to efficiency disparities. Blockchain technology, through the TradeLens partnership, enhances transparency and traceability in supply chains, facilitating digital documentation and combating trade-based money laundering. However, its implementation is still nascent, and customs officials need comprehensive training.

GIS and real-time logistics technologies have improved customs operations monitoring. Systems like vehicle telematics and RFID tracking provide essential data for tracking containers and cargo. GIS technology monitors transit cargo, with TPL Tracker offering real-time surveillance and alerting customs stations to any deviations or unauthorized stoppages. The WEBOC system, developed by Pakistan Revenue Automation Limited, has been a cornerstone in digitalization, facilitating paperless transactions, improving resource allocation, and enhancing trade facilitation. Despite its success in clearing about 99% of total cargo, WEBOC is aging and struggling to meet modern trade demands. The Pakistan Single Window (PSW) initiative aims to address these issues, but significant challenges remain.

SWOT Analysis

The SWOT analysis of the Customs Department of Pakistan has been conducted as follows:

Strengths

- Pakistan Customs has started integrating advanced technologies like AI and blockchain, enhancing efficiency in goods clearance and bilateral trade.
- AI helps in profiling traders and automating duty calculations, improving the accuracy and speed of customs processes.
- GIS technology is used for real-time tracking of transit cargo, enhancing monitoring and management of customs operations.
- Platforms like WEBOC and PSW facilitate paperless transactions, improve resource allocation, and enhance trade facilitation.

Weaknesses

- Blockchain technology is still in its nascent stages with limited integration and utilization in customs operations.
- The use of GIS is restricted to specific operations, limiting its potential benefits across all customs activities.
- Weak coordination between various customs divisions and departments hinders efficient operations.

Opportunities

- Expanding AI integration across all customs functions can enhance decision-making and operational efficiency.
- Full implementation of blockchain technology can improve transparency, reduce fraud, and streamline documentation processes.
- Broadening the application of GIS can improve monitoring of all containers and cargo, preventing smuggling and enhancing trade security.
- Digitizing auction data and making it accessible to anti-smuggling squads can improve verification processes and protect legitimate trade.

Threats

- Challenges in scaling and integrating new technologies with existing systems can hinder modernization efforts.
- Limited financial and human resources may delay the full implementation of advanced technologies.
- Resistance from customs staff and other stakeholders towards adopting new technologies could slow down the digital transformation process.
- Increasing reliance on digital systems may expose customs operations to cybersecurity threats, requiring robust security measures.

Gap Analysis of the Customs Services Provided in Pakistan:

Pakistan Customs has integrated AI and machine learning into its WEBOC system, but there are significant implementation gaps. AI aids the Risk Management System (RMS) by categorizing cargo into Red, Yellow, and Green channels, but the system is underdeveloped. AI does not verify the authenticity of trader documents, leading to inefficiencies. Seizure cases often end up with various officers due to incomplete AI integration. Additionally, the State Warehouse management and Anti-Smuggling Module lack AI support. Seized goods are stored centrally rather than in specific agency warehouses, and Special Customs Courts are disconnected from WEBOC, hindering access to the status of warehoused goods.

Blockchain implementation in Pakistan Customs, initiated through partnerships like TradeLens, is still in its early stages. There are gaps in the scalability and interoperability of blockchain with existing customs infrastructure. The Electronic Cargo Tracking System is not yet implemented, and there is no blockchain-based system for certifying documents. Collaboration with the WCO and regional customs departments is also lacking. Addressing these issues could improve transparency, reduce fraud, and enhance efficiency.

Geo-data and real-time logistics technologies, such as GPS and RFID, are underutilized within Pakistan Customs. Currently, these technologies are mainly used for Transit Trade with Afghanistan and major port flows, neglecting other areas that could benefit from enhanced geo-data applications. Pakistan Customs has implemented web portals like WEBOC, supported by PSW, but the creation of various Collectorates has led to a lack of unique codes, impeding the clearance and legal processes for seized goods. Seizure cases initiated by one officer are assigned to another, complicating legal disposal procedures. The Federal Board of Revenue (FBR) requires frequent reports on seized and cleared goods, but there is no integrated system to consolidate these reports, burdening field officers. The Electronic Import Form (EIF) is not thoroughly scrutinized, only deducting amounts without verifying goods' descriptions and values.

Impact Analysis

Positive Impacts Adopting AI, blockchain, GIS, and web portals significantly enhances the efficiency and transparency of customs operations. AI improves accuracy and speed by profiling traders and automating duty calculations. Blockchain ensures data integrity and traceability, reducing fraud risks. GIS enables real-time tracking of goods, enhancing monitoring and management. Web portals like WEBOC and PSW facilitate paperless transactions, improving resource allocation and trade facilitation. These technologies improve inter-departmental coordination, with blockchain creating a unified data-sharing platform, reducing delays, and streamlining customs clearance processes.

Negative Impacts Fully integrating AI, blockchain, GIS, and web portals faces technological barriers, requiring substantial investment in infrastructure and training. The current infrastructure may not support these advanced systems, causing potential disruptions. Resistance from customs staff and stakeholders to adopting new technologies is a challenge, necessitating comprehensive training and change management programs. Increasing reliance on digital systems exposes operations to cybersecurity risks, requiring robust security measures to protect data and maintain the integrity of customs processes. Any breaches could disrupt operations and undermine trust in digital customs services.

Best Practices:

The best practices of countries (India, Dubai, and Singapore) that have digitalized customs services with artificial intelligence, blockchain, GIS, and web portals are as follows:

India:

Indian Customs is leveraging advanced technologies like AI, blockchain, GIS, and web portals to improve transparency, data quality, and border management. The Central Board of Indirect Tax and Customs (CBIC) focuses on digitizing indirect tax administration to prevent revenue leakage and facilitate trade. Key initiatives include the Single Window Interface for Facilitating Trade (SWIFT) to streamline processes and the Advanced Analytics in Indirect Taxation (ADVAIT) project for AI-driven tax compliance and evasion detection. Other measures include the Anonymized Escalation Mechanism (AEM) for grievance redressal, the E-Cash Ledger for online payments, and pilot projects such as the pre-arrival customs data exchange with the Maldives and the blockchain-based Electronic Cargo Tracking System (ECTS) for secure transshipment. Additional efforts include using Body Worn Cameras (BWC) for transparency in seaport operations and a QR code-based Sampling Solution for monitoring sampling processes at ports, aiming to modernize customs procedures, enhance security, and improve trade facilitation (CBIC, April 2023).

The Paperless Customs initiative, part of CBIC's 'Turant Customs' program, digitizes the customs clearance process, eliminating the need for physical documents and enhancing the logistics network's efficiency. This initiative speeds up customs clearance, reduces interactions between trade and customs authorities, and is environmentally friendly. Key features include web-based registration of goods via ICEGATE, enabling electronic registration and Out of Charge (OOC) without hard copies, and Customs Compliance Verification (CCV), which delinks duty payment from compliance verification. The e-SANCHIT system stores supporting documents online, promoting paperless communication, while the ICETRAK mobile app provides live tracking of Bill of Entry (BE) and Shipping Bill (SB) status. The e-Gatepass ensures faster goods movement by providing advance information to custodians and shipping lines, and Indian Customs Tablets (ICETABs) enhance operational efficiency for officers. Overall, these technological advancements streamline customs processes, enhance transparency, and improve trade facilitation. The Indian Customs EDI System (ICES) is operational at 256 major locations, handling 98% of India's international trade. It automates customs clearance and interfaces electronically with trade, transport, banks, and regulatory agencies via ICEGATE, ensuring fully digital document submission and processing (Customs C. B., November 2023).

United Arab Emirates:

Dubai Customs is leveraging artificial intelligence (AI) to enhance trade facilitation and border control, establishing itself as a global leader in customs operations. AI technologies, such as robotic process automation and predictive analytics, expedite declarations and improve overall efficiency by automating repetitive tasks and analyzing extensive data to detect fraud and anomalies. Initiatives like the iDeclare app for electronic customs declarations, the Al Munasiq tool for HS code lookup, and the Remote Inspection initiative using robots exemplify Dubai Customs' commitment to innovation. The Smart Refund System and post-clearance audit automation further streamline processes and enhance transparency. These AI-driven advancements position Dubai Customs at the forefront of modern customs operations, ensuring both efficiency and security in global trade (Musabih, 2023).

Dubai Customs has prioritized blockchain technology in its efforts to enhance efficiency and security in customs clearance processes. By implementing blockchain-based non-stop customs clearance systems, Dubai Customs ensures data integrity, stability, and traceability, significantly reducing delays and resource consumption in cross-border trade. The development of a blockchain-based Cross-Border E-Commerce Platform is central to transforming Dubai into a leading e-commerce hub. This platform increases efficiency, streamlines clearance processes, improves inventory reconciliation, and provides comprehensive transaction visibility and traceability (Musabih, 2020).

Singapore:

Singapore Customs adopts digitalization and automation to enhance trade efficiency and security, recognizing the evolving demands of the international trade landscape for adaptation and innovation. Through the ASEAN Single Window, the electronic exchange of trade-related documents is enabled, saving time and costs for traders. The ASEAN Harmonized Tariff Nomenclature and Customs Transit System further facilitate consistent classification and efficient transit of goods. Beyond ASEAN, bilateral initiatives like the Track & Trace service and Networked Trade Platform digitalize supply chain management and certification exchange, reducing risks and costs for traders. Simplified procedures and automation efforts with local agencies also save significant man-hours per month. Singapore Customs collaborates with international partners to combat illicit trade, participates in the Container Security Initiative, and pursues Authorized Economic Operator Mutual Recognition Arrangements to foster trust and recognition between customs administrations. Emphasizing innovation and partnerships with new stakeholders, Singapore Customs adapts to the dynamic trade landscape, ensuring revenue protection and security while facilitating trade. By harnessing digitalization, automation, and innovative approaches, Singapore Customs streamlines cargo clearance processes, strengthens border control, and enhances secure trade, remaining committed to its mission of facilitating trade while ensuring revenue protection and security (Customs S., 2024).

Issues and Challenges:

The following issues and challenges have been identified by studying the topic:

1. Incomplete integration of AI with WeBOC, hindering seamless verification of documents and seizure cases.
2. Lack of scalability and interoperability of blockchain systems with existing infrastructure, and non-utilization of blockchain technology for certifying the authenticity of documents and tracking cargo movement.
3. Limited application of geo-data and real-time logistics technologies like GPS.
4. Absence of unique codes for each Collectorate, impeding clearance and legal processes, and inefficient assignment of seizure cases to authorized officers, hindering legal procedures.
5. No integrated system for consolidating seizure cases and cleared goods, leading to unnecessary reporting burdens.
6. Inadequate scrutiny of Electronic Import Forms, neglecting verification of goods' descriptions and import values.
7. Non-availability of the WeBOC system for Frontier Corps working at the borders of Khyber Pakhtunkhwa.
8. Non-availability of integrated Warehouse Management with other WeBOC modules.
9. Non-integration of scanners with WeBOC at various terminals and ports.
10. Absence of digitization of Customs Auction data across the country.
11. Lack of inter-departmental coordination in Pakistan due to the absence of modern communication technologies.

Conclusion

The government of Pakistan has endeavored to extensively digitalize the structural framework of Customs services, aiming to enhance the efficacy of service delivery. The incorporation of Artificial Intelligence has yielded partial success in streamlining goods clearance processes, yet there remains a discernible scope for further augmentation and refinement. The partial implementation of Blockchain technology has yielded beneficial outcomes for the procedural framework of Customs services, facilitating enhanced efficiency in bilateral trade between Pakistan and its partner nations. However, this technological integration remains in its incipient stage, indicating a need for further development and expansion to fully harness its potential. Pakistan Customs has selectively utilized Geographic Information System (GIS) technology, limiting its application to Transit Trade and Transshipment operations. However, a more comprehensive and extensive integration of GIS capabilities is required to fully leverage its potential and maximize its benefits across all Customs operations. Moreover, Pakistan Customs has implemented web-based platforms, notably WeBOC and PSW, which have transformative impacts on the clearance and disposal system. These digital portals have facilitated interdepartmental integration, enhancing operational efficiency and verification processes. Nevertheless, these systems remain in a state of ongoing development, with opportunities for further refinement and maturation to achieve optimal functionality and maximal benefits.

Recommendations

The following measures have been recommended for improving service quality through the use of AI, Blockchain, GIS, and Web Portals:

1. Customs staff faces significant capacity constraints in fully embracing the technological advancements of AI, Blockchain, GIS, and Web Portals, necessitating an enhancement of their capabilities to address contemporary challenges. To bridge this gap, targeted training programs in computer literacy, AI, GIS, and WeBOC/PSW are essential. Moreover, equipping Anti-smuggling and Appraisement staff with modern gadgets is crucial to leverage the benefits of these technologies and optimize their utility in customs operations, thereby ensuring effective utilization of their potential.
2. Pakistan Customs has selectively integrated Artificial Intelligence (AI) into its system, utilizing it to create trader profiles based on historical trade transaction data. The AI-powered WeBOC system automates duty and tax calculations for declared goods. However, a notable limitation exists in the system's inability to verify the authenticity of documents and establish direct connections with relevant departments, with the exception of a few certificate-issuing entities, thereby hindering the full potential of AI-driven efficiency and accuracy in customs processing. The clearance system, augmented by AI, necessitates comprehensive integration with various governmental departments to validate the authenticity of documents issued for import and export purposes.
3. While a total of 77 departments require integration, only 11 have been successfully linked to the system (PSW), highlighting a significant gap in the pursuit of seamless interagency collaboration and robust document verification. Full integration is essential to harness the potential of AI-driven efficiency and accuracy in customs processing. The WeBOC system should also be enhanced with modern technology, potentially incorporating artificial intelligence, to accurately identify Electronic

Import Forms (EIF) and Export Forms (Form E) associated with specific goods being imported or exported.

4. A notable lacuna exists in the interconnectivity between the anti-smuggling divisions and the comprehensive database of goods clearance. Upon receiving credible intelligence, anti-smuggling squads intercept and verify goods, but the subsequent process of document authentication is manual and time-consuming. The anti-smuggling division must physically transmit the documents to the relevant Customs unit in another province or city, leading to delays in verification, thereby hindering the efficiency and efficacy of anti-smuggling operations. An integrated system, augmented by AI, is essential for the Customs department to validate the authenticity of documents and goods, ensuring legitimate trade practices. This system should be implemented across various Customs formations, strategically located at entry and exit points, as well as areas where anti-smuggling squads operate. The system should be comprehensive, incorporating visual data, invoices, detailed descriptions, bills of lading, and other relevant information to facilitate real-time verification and efficient monitoring of goods movement, thereby enhancing the efficacy of anti-smuggling efforts.
5. Digitizing customs auction data, including images and bank receipts, should be integrated into a system accessible to anti-smuggling squads of Customs, Provincial Excise, and Local Police. This system will enable verification of the authenticity of auctioned vehicles and goods, thereby facilitating genuine ownership. Scanners integrated with AI should be installed at borders and airports to examine goods, containers, and baggage, facilitating legitimate trade and passenger movement without disruption. Additionally, the quota system embedded in WeBOC should be supported by AI to monitor the debit and credit of quotas for individual traders effectively.
6. The integration of Blockchain technology in Pakistan's customs services remains underdeveloped, yet it is essential for evidence-based decision-making. Implementing Blockchain would facilitate data exchange among various domestic agencies and intergovernmental entities, enhancing information sharing. This technology would enable airport staff to identify travelers involved in currency and gold smuggling by accessing detailed histories of travelers and traders related to imports and exports.
7. Currently, inter-departmental coordination in Pakistan is weak; adopting Blockchain would strengthen this coordination and lead to increased productivity. Lessons can be drawn from the successful implementation of Blockchain by customs services in Singapore, Dubai, and the United States. By adopting Blockchain, Pakistan's Customs Department could also address issues of under-invoicing of imported goods. Thus, Blockchain integration is crucial for enhancing the capacity, productivity, and efficiency of Pakistan's customs services.

8. The Geographic Information System (GIS) is currently utilized only in Transit Trade and select transshipments within Pakistan. It should be extended to all containers moving across different locations to safeguard legitimate trade. Border stations in Pakistan must be equipped with GIS and surveillance systems to monitor illegal movements of vehicles and goods. These systems should be supervised by Customs, Frontier Corps, and Border Security Forces within their respective domains to prevent smuggling before it reaches major cities.
9. Dubai Customs provides a model, having successfully implemented GIS to counter smuggling along borders and coastal areas. GIS can help identify frequently used smuggling routes, enabling enforcement agencies to target these areas effectively. Additionally, drone surveillance supported by GIS can enhance anti-smuggling efforts. Implementing GIS will also enhance the protection of customs offices and officials in remote areas through various surveillance methods.
10. Pakistan Customs has implemented web-portals such as WeBOC and PSW to facilitate transparent clearance of goods at borders, seaports, and airports. However, these systems have certain limitations. While 77 departments need integration with PSW, currently only 11 have been integrated to support trade and meet import/export requirements. Additionally, the sudden division of the main Collectorate into smaller units has created issues due to the lack of distinct WeBOC codes for each new Collectorate, hindering smooth operations. The Frontier Corps (FC), the primary anti-smuggling agency in the tribal areas of Khyber Pakhtunkhwa, still lacks a WeBOC ID and continues to manage seizure cases and warehouse records manually, which affects efficiency.
11. The Warehouse Management System should also be integrated with WeBOC, ensuring seamless connection with other WeBOC modules to easily track the status of warehoused goods. Establishing a unified, integrated system would allow for accurate assessment of the value of seized and warehoused goods at any given time.

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A Critical Evaluation of Subsidies Targeting Vulnerable Segments of Society in KP: Challenges and Way forward

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Abstract:

Subsidies, a form of financial assistance from governments or organizations, aim to reduce production costs and enhance affordability of goods and services, particularly for vulnerable populations. They can manifest as direct aid, tax incentives, or support for research. While intended to drive economic growth, reduce poverty, and promote sustainable development, subsidies have complex impacts. The United Nations views them as tools to achieve Sustainable Development Goals (SDGs), while the IMF highlights potential economic inefficiencies and trade distortions. In Khyber Pakhtunkhwa (KP), subsidy programs have shown promise in improving living standards but face challenges such as limited financial inclusion, ineffective targeting, and corruption. To address these issues, recommendations include increasing funding, improving distribution, enhancing financial inclusion, and strengthening transparency and accountability. Addressing these challenges through a multifaceted approach is crucial for the sustainability and effectiveness of subsidy programs in KP.

Keywords:
Subsidies, Khyber Pakhtunkhwa, Financial Inclusion, Economic Efficiency, Sustainable Development Goals

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Introduction

Subsidies are a form of financial assistance or support provided by governments or other organizations to individuals, businesses, and industries. The primary aim of subsidies is to reduce the cost of producing goods or services, thereby making them more affordable for vulnerable segments of society, enabling them to compete in the market. Government-initiated subsidy programs are designed to make essential commodities accessible to the poorest of the poor. These subsidies can take various forms, including direct financial assistance, tax breaks or exemptions, low-interest loans, reduced utility bills, and support for research and development. The overarching goals are to stimulate economic growth, support industries, promote exports and international trade, reduce poverty and inequality, protect the environment, and achieve sustainable development.

Subsidies have both positive and negative impacts on the economy and society, a topic often debated by economists and policymakers. From the United Nations' perspective, subsidies are seen as a means to achieve Sustainable Development Goals (SDGs), such as reducing poverty (SDG 1) and promoting sustainable agriculture (SDG 2), as well as providing social and environmental protection. However, the International Monetary Fund (IMF) argues that subsidies can negatively affect economic efficiency, increase fiscal burdens, and distort international trade and competition. Despite these differing views, both the United Nations and the IMF agree on the importance of targeted subsidies that are transparent and accountable (DAWN, 2023; Tribune, 2023).

Background of Subsidies

Globally, subsidies began as a tool for economic development, primarily aimed at encouraging domestic industries and promoting economic growth. Over time, the focus of subsidies expanded to include social protection and environmental sustainability. In Pakistan, subsidy programs were first introduced in the Five-Year Plan (1955-1960), targeting the development of agriculture, industry, and energy sectors. Currently, due to fiscal crises and conditions imposed by the IMF, the government is working to reduce subsidies on gas and electricity, maintaining only targeted subsidies that are transparent and accountable. Khyber Pakhtunkhwa (KP), a wheat-deficient province, has historically provided subsidies on wheat to meet local needs and control wheat flour prices. Additionally, the provincial government has initiated subsidies on fertilizers and seeds to achieve food security under the Food Security Policy (2020-2021) (DAWN, 2021; Khyber Pakhtunkhwa Government, 2023).

Statement of the Problem

Despite efforts to implement subsidy programs targeting vulnerable segments of society in Khyber Pakhtunkhwa, significant challenges continue to hinder their effectiveness and equitable distribution. These challenges include inadequate information for identifying and targeting beneficiaries, lack of transparency and accountability in the allocation and distribution of wheat subsidies, insufficient financial resources, corruption, and leakage. Additionally, there is limited access to essential services and information among the target population. It is important to critically evaluate the existing subsidy schemes, identify the root causes of these challenges, and propose feasible solutions to enhance their efficiency, transparency, and impact (DAWN, 2023; Tribune, 2023). To understand the crux of the program, we must address the following questions.

Research Questions

- What are the primary challenges affecting the effectiveness and equitable distribution of subsidy programs in Khyber Pakhtunkhwa, and how can they be addressed?
- How do different subsidy distribution mechanisms impact the efficiency, transparency, and accountability of subsidy programs in Khyber Pakhtunkhwa?
- What is the role of targeted subsidies in achieving Sustainable Development Goals (SDGs) in Khyber Pakhtunkhwa, particularly in reducing poverty and promoting food security?

Scope of the Study

Khyber Pakhtunkhwa (KP) faces significant socio-economic challenges, exacerbated by factors such as limited income sources, the presence of Afghan refugees, military operations, internally displaced persons, and natural disasters. In response, the provincial government has initiated various subsidy programs aimed at reducing poverty, ensuring food security, providing disaster relief, and boosting agricultural productivity. These programs specifically target vulnerable groups, including low-income households, widows, orphans, persons with disabilities, small-scale farmers, and families affected by natural calamities, with the primary goals of alleviating poverty, reducing inequality, and improving living standards.

Due to current financial constraints, the KP government has focused on revising these subsidy programs to enhance their effectiveness. This includes implementing targeted subsidies and creating a comprehensive database of deserving individuals to ensure transparency and accountability. Food price subsidies, such as those for wheat, have significantly reduced the economic burden on the poor, stabilized food prices, and controlled inflation. Recent initiatives, such as the 2024 Ramadan cash subsidies, aim to sustainably support the most vulnerable segments of society, ensuring long-term financial viability.

Literature Review on Subsidies in KP

Khyber Pakhtunkhwa (KP), a province in Pakistan, has undergone substantial economic and social transformations over the past two decades, with subsidies playing a crucial role in various sectors. In the early 2000s, KP's economy was predominantly agrarian, and the government focused on agricultural subsidies to stabilize food prices and support rural livelihoods. Subsidies on fertilizers and wheat were common, aimed at increasing agricultural productivity and ensuring food security. However, these efforts were often hampered by inefficiencies and corruption within the distribution systems, which limited their effectiveness and reach.

By the mid-2010s, there was a notable shift towards broader subsidy programs encompassing health and education. Significant initiatives like the Sehat Sahulat Program provided health insurance to low-income families, subsidizing medical expenses and improving access to healthcare services. Educational subsidies were introduced to increase school enrollment and reduce dropout rates. These programs were part of a broader strategy to improve governance and enhance the efficient use of public funds. The integration of the Federally Administered Tribal Areas (FATA) into KP in 2018 was a significant milestone, leading to the launch of the Accelerated Implementation Programme (AIP). The AIP allocated substantial subsidies for infrastructure, health, and education to accelerate development in the newly merged districts. Federal support was crucial during this period, providing the necessary funds to bridge development gaps and address longstanding disparities between the merged districts and the rest of the province.

In recent years, KP has faced fiscal constraints exacerbated by the COVID-19 pandemic and economic challenges. Consequently, the provincial government adopted a more targeted approach to subsidies, focusing on high-impact areas. For instance, sales tax reductions and fixed tax implementations were introduced to stimulate economic activity. Energy subsidies were streamlined to ensure that the most vulnerable populations benefited from reduced tariffs. The recent Ramzan Package 2024 was a cash grant subsidy program for the targeted population, reflecting a strategic shift towards maximizing the impact of limited resources. These measures illustrate KP's evolving subsidy landscape, highlighting the province's adaptive strategies to address economic and social challenges through targeted and efficient use of subsidies.

Answers to the Questions

Q.1. What are the main challenges affecting the effectiveness and equitable distribution of subsidy programs in KP, and how can they be addressed?

1. Challenges: Key challenges include insufficient funding, inefficient distribution channels leading to leakages and corruption, limited financial inclusion, and political interference. Additionally, there is a lack of awareness about subsidy programs and eligibility criteria among vulnerable populations (UNDP, 2021).
2. Solutions: Addressing these challenges requires increasing funding, improving distribution mechanisms to reduce corruption, expanding financial inclusion initiatives, enhancing transparency and accountability, and conducting regular audits and evaluations.

Q.2. How do different subsidy distribution mechanisms impact the efficiency, transparency, and accountability of these programs?

1. Impact: Efficient and transparent distribution mechanisms can significantly improve the reach and effectiveness of subsidies. For example, utilizing technology to track distribution, creating comprehensive beneficiary databases, and minimizing political interference can enhance the transparency and accountability of subsidy programs (Khyber Pakhtunkhwa Government, 2023).
2. Strategies: Implementing technology-based solutions like digital payments, improving infrastructure in rural areas, and engaging private sector partnerships can help streamline the distribution process and reduce leakages (IMF, 2020).

Q.3. What role do targeted subsidies play in achieving Sustainable Development Goals (SDGs), particularly in reducing poverty and promoting food security in KP?

1. Role: Targeted subsidies are crucial for achieving SDGs related to poverty reduction (SDG 1) and food security (SDG 2). By focusing on the most vulnerable segments, including low-income households, women,

children, and individuals with disabilities, targeted subsidies can help alleviate poverty and improve food security (UNICEF, 2023).

2. Implementation: Ensuring that subsidies are effectively targeted and well-distributed can significantly contribute to the socio-economic development of KP, helping to stabilize food prices and reduce the economic burden on the poor.

Analysis

The following research analyses/tools have been used to uncover the facts:

i. Situation Analysis
ii. Legal Analysis
iii. Stakeholder Analysis
iv. SWOT Analysis
v. Financial Analysis

Situational Analysis

The Government of Khyber Pakhtunkhwa completed the Ramadan cash subsidy program for 2024, distributing Rs 10,000 to 832,419 targeted households based on BISP data (PMT-26) through Bank Al Falah, with a total subsidy amounting to Rs 8.32 billion (Food Department, 2024). Additionally, the provincial government implemented the Social Security Initiative, aimed at compensating unregistered segments of the population in BISP during Ramadan, including widows, orphans, persons with disabilities, and the poor. This initiative provided Rs 10,000 per family to 1,500 targeted individuals in each provincial constituency, distributing a total of Rs 1.72 billion (Social Welfare Department, 2024).

Two different methods of distribution were used for these initiatives. The Ramadan cash subsidy was disbursed through bank accounts using the same channel as the Benazir Income Support Program. In contrast, the Social Security Initiative involved district committees, chaired by the respective Deputy Commissioners, to identify deserving individuals.

However, the initiatives were launched hastily at the start of Ramadan without adequate preparation for implementation and distribution mechanisms. The lack of a robust system for transparency and accountability raised concerns about potential misuse by individuals involved in the disbursement process.

Core Outcomes of Analysis

The core outcomes of the situational analysis indicate that billions of rupees in cash subsidies were distributed urgently, without proper groundwork. The process appeared politically motivated rather than merit-oriented, raising concerns about the effectiveness and fairness of the subsidy programs.

Legal Analysis

The Social Security Initiatives launched by the Government of Khyber Pakhtunkhwa (KP) during Ramadan 2024 align with the principles enshrined in the Universal Declaration of Human Rights (UDHR) of 1948, particularly Article 22, which recognizes the right to social security (UDHR, 1948). This initiative, amounting to Rs. 9.571 billion, aims to benefit 5.5 million individuals identified through the Benazir Income Support Programme (BISP) / Ehsaas survey (NADRA, n.d.), and through district committees chaired by the respective Deputy Commissioners across 115 constituencies in the province.

Legally, this initiative reflects the obligation to realize economic, social, and cultural rights essential for human dignity and the free development of personality, as articulated in the UDHR. However, a thorough legal analysis requires examining specific policy frameworks within the province, including legal provisions to assess the initiative's compliance with legal standards. Additionally, considerations of transparency, accountability, and non-discrimination are essential in evaluating the effectiveness and legality of the disbursement mechanism adopted by the KP Government. The initiative is critically analyzed under the following legal instruments:

1. Article 3: Ensuring the integrity and solidarity of Pakistan.
2. Article 25: Ensuring equality and non-discrimination.
3. Article 38: Promoting social and economic well-being.
4. Article 40: Protecting the rights of minorities and vulnerable segments.
5. Khyber Pakhtunkhwa Subsidy Act 2018.
6. Khyber Pakhtunkhwa Social Welfare Act 2019.
7. Khyber Pakhtunkhwa Poverty Reduction Act 2020.

Core Outcomes of the Analysis

The subsidy programs align with constitutional provisions ensuring social and economic well-being. Khyber Pakhtunkhwa has the legislative power to enact laws and programs for social welfare and poverty reduction. The initiatives are designed to benefit specific vulnerable segments, ensuring targeted support. These programs do not discriminate based on gender, race, religion, or political affiliation. However, there is a lack of mechanisms for transparency and accountability to ensure the effective use of resources.

Stakeholder Analysis

The stakeholder analysis involves identifying and evaluating the various entities involved in the planning, implementation, and oversight of the Social Security Initiative in Khyber Pakhtunkhwa.

Government of Khyber Pakhtunkhwa

The primary institutions responsible for designing, funding, and executing the Social Security Initiative include the Social Welfare Department, Food Department, Finance Department, Planning and Development Department, and relevant district administrations.

Benazir Income Support Programme (BISP)

The eligible citizen information was obtained from the BISP data, which includes the Proxy Means Test (PMT) score of 26. This data was used by the Food Department for the disbursement of the cash subsidy amount.

District Administration Committees

Deputy Commissioners chair these committees and play a crucial role in identifying, selecting, and overseeing beneficiaries within their respective constituencies. The Social Welfare Department implements Standard Operating Procedures (SOPs) for selecting deserving individuals through District Administration, ensuring physical verification and confirming that no beneficiary has received the Rs 10,000 cash subsidy amount unless registered with BISP (Social Welfare Department, 2024).

Beneficiaries

The targeted population of the Social Security Initiative comprises around 1 million individuals identified through the BISP/Ehsaas survey and District Committees. Their participation and feedback are essential for evaluating the effectiveness of the initiative and addressing implementation challenges.

Financial Institutions / Banks

Banks and other financial entities involved in the disbursement of funds to beneficiaries ensure the secure and efficient transfer of funds in accordance with program guidelines (Food Department, 2024).

Core Outcomes of Analysis

This stakeholder analysis highlights the diverse actors involved in the Social Security Initiative and their respective roles, responsibilities, and interests. Effective coordination and collaboration among these stakeholders are essential for the successful implementation and outcomes of the program, ensuring that it meets the needs of the targeted population and upholds principles of transparency, accountability, and social justice.

Gap Analysis

Khyber Pakhtunkhwa faces significant challenges in ensuring food security, availability, accessibility, and affordability for its population. Various factors, including a lack of infrastructure, industrialization, agricultural land, and livelihood opportunities, coupled with issues related to internally displaced persons (IDPs), Afghan refugees, military operations, insecurity, lack of investment, and natural calamities, have exacerbated the province's financial instability. Consequently, the poverty index is rising, creating a substantial gap between the affluent and the impoverished.

Policy Gap
i. Lack of a clear policy framework for subsidy programs.
ii. No proper data targeting vulnerable segments.
iii. Insufficient consideration of gender, disability, and social inclusion.

Financial Gap
i. Inadequate funding for subsidy programs due to financial crises in the province.
ii. Limited budget allocation for vulnerable segments.
iii. High dependence on donor funding for subsidy programs.

Implementation Gap
i. Inefficient distribution mechanisms.
ii. Limited reach and coverage of subsidy programs.
iii. High corruption and leakages in the system, e.g., the subsidized wheat atta distribution system in KP.

Monitoring and Evaluation Gap
i. Limited monitoring and evaluation of subsidy programs.
ii. Inadequate data collection and analysis.
iii. Insufficient assessment of impact and effectiveness.

Capacity Gap
i. Limited capacity of implementing agencies.

ii. Inadequate training and skills for staff.
iii. Insufficient technical and financial resources.

Awareness and Information Gap
i. Limited awareness of subsidy programs among vulnerable segments.
ii. Inadequate information dissemination and communication channels.
iii. Insufficient transparency and accountability.

Targeting Gap
i. Inadequate targeting of vulnerable segments.
ii. Limited consideration of gender, disability, and social inclusion.
iii. Less focus on marginalized communities.

Technology Gap
i. Limited use of technology for subsidy distribution and monitoring.
ii. Inadequate digital infrastructure and connectivity.
iii. Insufficient use of data analytics and digital payments.

Core Outcomes of Analysis

Develop a comprehensive policy framework for targeted subsidy programs. Create a data bank similar to BISP and update the data biannually.

Increase funding for subsidy programs and allocate a larger budget for vulnerable segments.

Improve distribution mechanisms and reduce corruption and leakages. Strengthen monitoring and evaluation systems and conduct regular assessments.

Build the capacity of implementing agencies and provide training and resources. Increase awareness and information dissemination among vulnerable segments.

Improve targeting of vulnerable segments, considering gender, disability, and social inclusion. Develop an ICT-based app for subsidy distribution, monitoring, and evaluation.

SWOT Analysis

Conducting a SWOT analysis is essential to assess the strengths, weaknesses, opportunities, and threats associated with subsidy programs targeting vulnerable segments in Khyber Pakhtunkhwa. This analysis helps in identifying the best possible solutions for weaknesses and converting opportunities into strengths while minimizing threats.

Strengths

1. Political commitment and prioritization of social welfare and poverty reduction by the government.
2. Adoption of a targeted approach in designing subsidy programs specifically for vulnerable segments.
3. Utilization of existing government infrastructure and community resources for monitoring and implementation.

Weaknesses

1. Inadequate funding and resources for subsidy programs by the government of KP.
2. Inefficient distribution mechanisms due to corruption and leakages in the system.
3. Subsidies not reaching all vulnerable segments due to lack of transparency, accountability, and inadequate information dissemination (BISP, 2023).

Opportunities

1. Integration of technology for efficient distribution and monitoring.
2. Training and capacity building for implementing agencies.
3. Strengthening policy frameworks for subsidy programs and community empowerment.

Threats

1. Political instability and changes in government priorities and policies.
2. Economic crises affecting funding and resources.
3. Conflict and security issues hindering implementation, along with natural disasters and climate change impacting vulnerable segments.

Core Outcomes of Analysis

This SWOT analysis highlights the strengths, weaknesses, opportunities, and threats related to subsidies targeted at vulnerable segments of society in Khyber Pakhtunkhwa. Understanding these factors can help policymakers and stakeholders develop effective strategies to address challenges and capitalize on opportunities.

Financial Analysis

A detailed financial analysis of the subsidy programs in Khyber Pakhtunkhwa (KP) reveals significant expenditure and allocation patterns, as well as channels and efficiencies in distribution. The analysis aims to provide a comprehensive understanding of the fiscal implications and effectiveness of these subsidy programs targeted at vulnerable segments of society.

Subsidy Expenditure on Food

The Government of KP allocated approximately Rs. 10 billion for food subsidies during the holy month of Ramzan as a cash grant (Food Department, 2024). Additionally, significant funds were spent on wheat subsidies from 2018-19 to 2022-23. The breakdown is tabulated as follows:

Year	**Wheat Subsidy Amount (in billion)**
2018-19	2.9
2019-20	2.9
2020-21	9.9
2021-22	10
2022-23	5
2022-23 Ramzan	19
Total	**49.7**

The provincial government also distributed the Free Atta Ramzan package in 2023, costing around Rs. 19 billion, under PMT-60 (Food Department, 2024).

Subsidy Allocation

Subsidy allocation across different sectors includes:

- **Energy Subsidies:** 30% (PKR 1.5 billion in 2020, PKR 1.8 billion in 2021)
- **Healthcare Subsidies:** 20% (PKR 1 billion in 2020, PKR 1.2 billion in 2021)
- **Education Subsidies:** 10% (PKR 500 million in 2020, PKR 600 million in 2021)

Subsidy Distribution Channels

The primary channels for subsidy distribution are:

- **Cash Transfers:** Rs. 10 billion in 2023-24.
- **In-Kind Transfers:** Over the last five years, totaling PKR 30.7 billion for food subsidies.

Financial Efficiency

- **Efficiency:** Subsidy programs are estimated to be 70% efficient in reaching intended beneficiaries.
- **Monitoring and Evaluation:** Regular monitoring and evaluation are in place to improve effectiveness.

Financial Inclusion

- **Impact on Financial Services:** Subsidy programs have increased access to financial services for vulnerable segments.
- **Bank Account Ownership:** There has been an estimated 20% increase in bank account ownership among beneficiaries.

Core Outcomes of Analysis

This financial analysis provides insights into the costs, benefits, and fiscal implications of the subsidy programs. It highlights that subsidy programs have a potential economic multiplier effect, stimulating local economies. These programs significantly contribute to poverty reduction and improved living standards, and there is increased inclusion of vulnerable segments in the financial system. Despite positive impacts, there are challenges related to the efficient allocation and distribution of subsidies.

Issues and Challenges

The government of Khyber Pakhtunkhwa (KP) faces several significant challenges in implementing subsidy programs targeted at vulnerable segments of society, including:

- **Insufficient Funding:** The allocation for subsidy programs is often inadequate, leading to gaps in reaching the targeted population effectively.
- **Inefficient Distribution Channels:** Only about 70% of subsidies reach the intended beneficiaries due to inefficient distribution mechanisms, which result in leakages and corruption (Tribune, 2023).

- **Limited Financial Inclusion:** There has only been a 20% increase in bank account ownership among beneficiaries, limiting access to financial services for many vulnerable segments (NADRA, n.d.; World Bank, 2021).
- **Sustainability Issues:** The long-term sustainability of subsidy programs is at risk due to reliance on government funding and international donor support, which may not be consistent (IMF, 2020).
- **Targeting Inefficiencies:** Subsidies are not always effectively targeted at the most vulnerable segments of society, such as women, children, and individuals with disabilities, due to an insufficient database (UNICEF, 2023).
- **Corruption and Leakages:** Corruption within the distribution system results in subsidies not reaching their intended beneficiaries (Transparency International, 2022).
- **Limited Awareness and Infrastructure:** Many vulnerable segments are unaware of subsidy programs and their eligibility criteria. Additionally, inadequate infrastructure in rural areas complicates the distribution of subsidies (UNDP, 2021).
- **Political Interference:** Political interference often leads to favoritism and nepotism in the distribution of subsidies, as seen in the social welfare subsidies program of the Ramzan package 2024.
- **Inadequate Monitoring and Evaluation:** There is a lack of effective monitoring and evaluation of subsidy programs, making it difficult to assess their impact and effectiveness (World Bank, 2021).
- **Dependence on Donor Funding:** High dependence on international donors makes the subsidy programs vulnerable to changes in donor funding priorities, affecting their continuity and effectiveness (IMF, 2020; UNDP, 2021).

Impacts of Subsidies Targeting Vulnerable Segments in KP

Economic Development

Subsidies have been pivotal in KP's economic development. Agricultural subsidies for fertilizers and seeds have stabilized food prices and enhanced crop yields, bolstering food security despite occasional distribution inefficiencies. Health and education subsidies have significantly improved access to essential services, leading to better health outcomes and higher literacy rates. The Accelerated Implementation Programme (AIP) in merged districts has driven infrastructure development, creating job opportunities and fostering economic integration (Dawn ePaper).

Social Welfare

The Benazir Income Support Programme (BISP) has enhanced social welfare by providing direct financial assistance to low-income families, reducing poverty levels, and improving household financial stability. Additionally, the Sehat Sahulat Program's health insurance subsidies have reduced out-of-pocket medical expenses, enhancing overall health security and alleviating financial burdens on vulnerable populations (Dawn ePaper).

Poverty Reduction

Targeted subsidies for wheat and essential food items have significantly contributed to poverty alleviation by reducing the economic burden on low-income households, ensuring affordable basic commodities, and facilitating better access to healthcare and education (DAWN, 2023).

Food Security

Food subsidies under the Food Security Policy (2020-2021) have increased agricultural productivity, ensuring a steady supply of essential food items and supporting the nutritional needs of the population.

Disaster Relief and Social Protection

Subsidies have also played a vital role in providing disaster relief and social protection. Programs assisting families affected by natural disasters have mitigated the adverse impacts of such events, enabling quicker recovery and rebuilding of lives. This social safety net is crucial in a region frequently impacted by natural calamities (DAWN, 2023).

Addressing Inefficiencies and Corruption

Despite positive impacts, inefficiencies and corruption in subsidy distribution persist, with approximately 30% of subsidies not reaching intended beneficiaries due to leakages and mismanagement. Efforts to improve transparency and accountability include establishing comprehensive beneficiary databases and using technology to track subsidy distribution (Transparency International, 2022).

Financial Inclusion

Subsidy programs have highlighted the need for increased financial inclusion among vulnerable populations. Initiatives to expand access to financial services, such as bank accounts and digital payment systems, aim to ensure more efficient subsidy distribution. However, progress has been slow, with only a 20% increase in bank account ownership among beneficiaries.

Conclusion

The subsidy programs aimed at vulnerable segments in Khyber Pakhtunkhwa (KP) have shown significant promise in alleviating poverty and enhancing living standards. However, several critical challenges must be addressed to ensure the ongoing effectiveness and sustainability of these programs. Additionally, financial inclusion remains limited, as evidenced by only a 20% increase in bank account ownership among beneficiaries. There are also concerns about the long-term sustainability of these programs, which currently rely heavily on government funding and international donor support.

Further, the effectiveness of subsidy targeting is compromised, failing to adequately reach the most vulnerable groups, such as women, children, and individuals with disabilities (UNICEF, 2023). Corruption and political interference exacerbate these issues, leading to favoritism and nepotism in subsidy distribution (Transparency International, 2022). Moreover, limited awareness about subsidy programs and eligibility criteria, inadequate rural infrastructure, insufficient monitoring and evaluation, and high dependency on international donors further undermine the programs' effectiveness. Addressing these challenges through increased funding, improved distribution mechanisms, enhanced financial inclusion, and robust monitoring and evaluation systems is crucial to achieving the desired impact and sustainability of subsidy programs in KP.

Recommendations

To enhance the effectiveness of subsidies targeted at vulnerable segments of society in Khyber Pakhtunkhwa (KP), the following recommendations are proposed:

- **Increase Funding:** Substantial funding should be allocated to subsidy programs to bridge the funding gap and ensure their sustainable implementation (DAWN, 2023; Tribune, 2023).
- **Improve Distribution Channels:** Strengthening distribution channels is crucial to reducing leakages and corruption, ensuring that subsidies reach the intended beneficiaries effectively.
- **Enhance Financial Inclusion:** Expanding financial inclusion initiatives can increase access to financial services for vulnerable segments, fostering economic stability and growth (Finance Department, KP, 2023).

- **Ensure Sustainability:** Long-term sustainability of subsidy programs can be achieved through a mix of government funding, international donor support, and private sector partnerships (Agriculture Department, KP, 2023; Planning and Development Department, KP, 2023).
- **Improve Targeting:** Enhancing targeting mechanisms to ensure subsidies reach the most vulnerable, including women, children, and individuals with disabilities, is essential for equitable distribution (Tribune, 2023).
- **Reduce Corruption:** Implementing stringent anti-corruption measures can minimize leakages and enhance the integrity of the subsidy distribution system.
- **Increase Awareness:** Conducting comprehensive awareness campaigns to inform the public about subsidy programs and eligibility criteria will help in reaching the intended beneficiaries.
- **Strengthen Infrastructure:** Improving rural infrastructure can facilitate the effective distribution of subsidies, ensuring that remote areas are adequately served (P&D, KP, 2023).
- **Minimize Political Interference:** Reducing political interference in subsidy distribution is necessary to maintain transparency and accountability.
- **Regular Monitoring and Evaluation:** Continuous monitoring and evaluation of subsidy programs will help in assessing their effectiveness and making necessary adjustments (Agriculture Department, KP, 2023).
- **Build Capacity:** Enhancing the capacity of implementing agencies will ensure effective implementation and monitoring of subsidy programs.
- **Encourage Private Sector Partnerships:** Leveraging private sector resources and expertise can enhance the reach and efficiency of subsidy programs.
- **Use Technology:** Utilizing technology can improve distribution channels and aid in monitoring and evaluation processes, ensuring real-time data and transparency.
- **Ensure Transparency and Accountability:** Establishing robust mechanisms to ensure transparency and accountability in the distribution of subsidies is crucial for their success (DAWN, 2023).
- **Conduct Regular Audits:** Regular audits will ensure the effective use of funds and help detect and prevent corruption or leakages in the subsidy programs (Finance Department, KP, 2023).

Implementing these recommendations will address the challenges faced by subsidy programs in KP, ensuring their effective implementation and positive impact on vulnerable segments of society.

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Debt Management and Financial Sustainability in the Post-18th Amendment Scenario and 7th NFC Award: Challenges and Way Forward

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Abstract

Pakistan's economic landscape is characterized by persistent fiscal deficits driven by structural and cyclical factors. The 18th Constitutional Amendment, which decentralizes fiscal responsibilities to provincial governments, has introduced both opportunities and challenges for the country's economic governance. This amendment has compounded existing issues such as low savings rates, inadequate financial sector development, and high security-related expenditures. It has also impacted debt management and fiscal sustainability, constraining federal borrowing capabilities while increasing provincial autonomy in financial matters. Consequently, Pakistan faces intensified challenges in managing public debt and ensuring financial stability. Effective public debt management is crucial for optimizing costs and risks, while the new fiscal responsibilities require robust provincial fiscal policies and enhanced coordination between federal and provincial governments. Addressing these challenges through comprehensive reforms and improved fiscal practices is essential for achieving sustainable economic growth.

Key words:
Debt Management, Fiscal Responsibility, Constitutional Amendment, Economic Governance, Public Debt

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Introduction

As a developing country, Pakistan faces numerous socio-economic challenges both domestically and internationally. It shares common traits with other developing economies, where structural and cyclical factors contribute to an overall fiscal deficit. These factors include fiscal imbalances, a low savings rate, inadequate financial sector development, limited openness, governance issues, significant security-related expenditures, and structural problems. Consequently, the economy is constantly under pressure to generate sufficient resources to cover expenditures. As a result, the government frequently resorts to domestic and international borrowing to bridge the resource-expenditure gap, leading to public debt.

Moreover, due to various internal and external factors, Pakistan has been facing many socio-economic challenges. On the external front, tensions with neighboring countries have not only restricted trade but also discouraged foreign direct investment in Pakistan. The surge in global commodity prices (wheat, soybean oil, tea, and crude oil) due to the Russia-Ukraine war has reduced financial availability. Similarly, low savings to finance investment, low revenue to support expenditure, and low export earnings to compensate for import bills are obstacles to economic growth. In addition, the depreciation of currency and political uncertainty also undermine the financial integrity of the country. All these factors have posed severe financial implications for the economy in achieving a sustainable growth path. In the wake of the 18th constitutional amendment, Pakistan has faced fiscal challenges in maintaining a reasonable surplus budget to address its financial issues.

Most countries in the world depend on foreign assistance (loans and grants) to fill their fiscal deficit and advance their development agenda. However, a radical change introduced by the 18th Amendment is the freedom, within limits, allowed to the provinces to raise domestic as well as foreign loans and issue guarantees (Tahir, 2011). Article 167 of the 1973 Constitution, related to borrowing by provincial governments, now includes a new clause to this effect, which states: "(4) A province may raise domestic or international loans, or give guarantees on the security of the Provincial Consolidated Fund within such limits as may be specified by the National Economic Council."

Debt management strategy is an essential complement to sound macroeconomic policies and the judicious choice of policy regime in achieving financial stability (Debt Policy Coordination Office, Ministry of Finance, 2010-11). Debt management is seen as a crucial factor that supports the credibility and reputation of a sovereign nation and influences the stability of debt capital markets and financial institutions holding public debt. Effective public debt management involves optimizing costs and risks within the constraints of macroeconomic policy. However, even the best debt managers cannot compensate for poor policy decisions in the long term.

Strategically, debt management is vital for securing economic benefits within a sound policy framework. Firstly, enhancing the debt structure can significantly complement fiscal consolidation efforts, ensuring a strong recovery. Secondly, such improvements, when implemented strategically, can enhance the efficiency of public debt management in the future at a relatively low cost.

According to the said report, public debt management in Pakistan is managed by a Debt Policy Coordination Office, which was established after the enactment of the Fiscal Responsibility and Debt Limitation Act, 2005, amended in 2016. The act also mandates that the central government develop a plan for debt reduction and establishes fiscal institutions, albeit with lax management, to limit the fiscal deficit and control the ratio of public debt to GDP. The medium-term debt plan, which is developed in accordance with the medium-term budgetary framework, is another crucial component of public debt management. This gives the nation's fiscal management a clear direction so that medium-term planning is done with an emphasis on the current year and carried over to the next two years. The government's policy measures to improve fiscal outcomes are demonstrated by the strategies developed. The FRDLA Act of 2005, as amended in 2016, mandates the release of an annual fiscal policy statement and a debt policy statement, which outline the general parameters of each program.

The constitutional amendment has posed fiscal challenges, including debt management and fiscal sustainability, for the federal government. In addition, the promulgation of the Fiscal Responsibility and Debt Limitation Act has further limited the space for the federal government to avail foreign assistance. However, debt management and financial sustainability have become problematic after the 18th constitutional amendment for the federal government. A comprehensive research study is required to evaluate and identify its implications for debt management and financial sustainability.

Statement of the Problem

Sound debt management and financial sustainability are prerequisites for economic growth and development. Because of the 18th constitutional amendment and the 7th NFC Award in Pakistan, which granted greater financial autonomy to provinces, the country faces significant challenges regarding debt management and financial sustainability. Fiscal decentralization has weakened the financial position of the federal government to finance its current as well as development expenditures. Further, it has also posed challenges for long-term economic growth and development of the country. Therefore, comprehensive research is required to identify the short-term and long-term consequences of debt management and financial sustainability in light of the post-18th amendment and 7th NFC Award and to suggest recommendations.

Research Methodology

This study has been conducted using secondary data on the 18th constitutional amendment and the 7th NFC Award from various data sources and materials available on the issue. Similarly, the data has been examined and analyzed through situation analysis, PESTEL analysis, gap analysis, and comparative analysis techniques to draw conclusions and recommendations regarding debt management and financial sustainability in Pakistan.

Scope

This research paper will focus on the post-18th amendment and 7th NFC Award scenario and will identify the debt management and financial sustainability situation following these changes. The study will also highlight the implications on economic growth and development and will suggest corrective measures to make debt management sustainable.

Literature Review

According to Reinhart and Rogoff (2010), public debt tends to increase following a financial crisis. Significant signs suggest that almost all economies worldwide, irrespective of their level of income, have witnessed an increase in public debt and a slowdown in economic growth. Additionally, the debt dynamics for developing countries differ from those of developed economies due to less-than-optimal development in financial markets and differences in openness to the global economy (Frankel and Romer, 1999; Levine and Rennet, 1992). In Pakistan, the issue of public debt reduces the prospects of debt management and financial sustainability due to a low growth rate. Empirical results from a time series study conducted by Arshad et al. (2014) utilized an extended Solow growth model and the Johansen co-integration technique for model testing. This study also considered the relationship between public debt and GDP growth rate using the Granger causality test. The findings indicated that external debt positively impacts growth, while internal debt has negative implications for GDP growth. Total public debt has increased manyfold over a few years, putting pressure on revenue to finance debt servicing.

Similarly, the findings of a study by Naeem (2011) confirm the issue of debt overhang, where high levels of public external debt hinder economic growth. Ayyoub et al. (2014) investigated the relationship between debt and GDP growth, the manufacturing sector, and unemployment using the Ordinary Least Squares (OLS) technique on secondary data from 1990 to 2010. Their study found a negative relationship between domestic debt and growth but a statistically significant positive relationship between GDP growth and external debt.

In conclusion, the reviewed literature indicates that Pakistan's public debt has increased substantially over the last decade. This surge is primarily attributed to fiscal mismanagement and a significant decline in foreign direct investment, grants, portfolio investments, and exports. The increase in debt arises from both cyclical factors, such as the war on terror, security-related expenditures, issues with temporarily displaced persons, and floods, as well as structural problems including low tax revenue, losses in the power sector, and public sector enterprises. Furthermore, the energy crisis, coupled with high energy prices and the high cost of doing business, has further hindered economic growth. Additionally, the depreciation of the local currency against the US Dollar has exacerbated total external debt and debt servicing obligations.

Situation Analysis

The Fiscal Responsibility and Debt Limitation (FRDL) Act 2005 defines "Total Public Debt" as debt owed by the government (including the Federal Government and Provincial Governments) serviced out of the consolidated fund and debts owed to the International Monetary Fund. In addition, as per the Fiscal Responsibility and Debt Limitation Act, 2005 (as amended from time to time), "Total Debt of the Government" means the debt of the government (including the Federal Government and the Provincial Governments) serviced out of the consolidated fund and debts owed to the IMF, less accumulated deposits of the Federal and Provincial Governments with the banking system. According to the Debt Management Office (2023), public debt has increased due to certain reasons, the most notable of which are: Economic flows that lead to changes in the total public debt stock over a given period (e.g., a fiscal year) are generally classified into two categories: (i) transactions and (ii) other economic flows. Changes in the total public debt stock due to borrowings to cover the fiscal deficit or adjust the cash balance are considered economic flows from transactions. In contrast, changes resulting from exchange rate movements fall under other economic flows. The following table depicts the composition of Pakistan's total public debt portfolio:

Table-1: Pakistan's Total Public Debt Summary

Public Debt Statistics (Rs in billion, unless otherwise stated)				
	Jun-22	**Dec-22**	**Jun-23**	**Dec-23**
Domestic Debt	14,849	16,416	20,732	23,283
External Debt	6,559	8,537	11,976	13,116
Total Public Debt	**21,409**	**24,953**	**32,708**	**36,399**
Total Debt of the Government*	**19,635**	**23,024**	**29,521**	**33,235**

GDP (Nominal)	**66,640**	**84,069**	**84,069**	**105,817**
In Percentage of GDP				
Total Public Debt	46.6	-	46.2	-
Total Debt of the Government*	66.9	-	68.7	-
(US$ in billion)				
External Public Debt (US$ in bn)	151.1	146.2	135.5	151.1
Domestic Debt (US$ in bn)	88.8	86.6	84.1	87.8
Total Public Debt	**240.9**	**232.8**	**219.6**	**238.9**
Source: Debt Office, Ministry of Finance				

External Public Debt

According to Finance (2023-24), Pakistan's external public debt is obtained from the following major sources:

i. Loans from multilateral development partners (including the IMF) and bilateral countries constitute 53 percent and 21 percent, respectively. These loans are concessional in nature, i.e., long tenor and low interest rate.
ii. Deposits from friendly countries (China and Saudi Arabia) account for 10 percent. These loans are short-term in nature (1 year) and are obtained for balance of payments as well as budgetary support.
iii. Loans from foreign commercial banks constitute around 6 percent. These loans are mostly short-to-medium term (i.e., 1-3 years) with market-based interest rates.
iv. Government of Pakistan's international capital market transactions in the form of Eurobonds and international sukuk constitute 9 percent. These transactions represent long-term debt with market-based interest rates.
v. Other foreign inflows in terms of Naya Pakistan Certificates, non-resident investment in government securities, and Pakistan Banao Certificates, etc., constitute around 1 percent. This category falls under short-to-medium term debt with market-based interest rates.

PESTLE Analysis

The PESTLE analysis determines various aspects of debt management and fiscal sustainability after the 18th Amendment in Pakistan. It is essential as this amendment has changed the financial dynamics between the federal and provincial governments. In addition, it has also raised questions about the Fiscal Responsibility & Debt Limitation Act, 2005 of the federal government. Provinces can now also raise borrowing from external sources subject to clearance from the Council of Common Interest. According to Pasha (2011), the 18th Amendment has various implications for both federal and provincial governments, which are summarized below:

Political Factors

Devolution of Power:

The 18th Amendment has decentralized power, giving provinces more autonomy over their finances. This shift can lead to better resource allocation tailored to local needs but also requires strong provincial governance structures. There is no mechanism at the provincial level to further transfer funds to the district level to trickle down the effects of the NFC to the district level for improved governance and public delivery.

Political Stability:

Pakistan has a perpetual phenomenon of political instability, which has socio-economic implications for the country, including financial planning and debt management. Consistent policies are necessary for sustainable financial management.

Intergovernmental Coordination:

After the 18th Amendment, provinces can also borrow from external sources against their revenue subject to clearance from the Council of Common Interest. However, there is a lack of coordination between federal and provincial governments for effective debt management. The amendment has increased the need for clear communication and collaboration.

Economic Factors

Economic Growth:

Financial sustainability and sound debt management are strongly correlated because sustained economic growth is essential for financial sustainability. The amendment aims to boost local economies by empowering provinces, but uneven growth across regions can pose challenges.

Debt Levels:

High levels of public debt can stress financial sustainability. With the post-amendment provision for borrowing from external sources, provinces need to manage their debt efficiently to avoid contributing to national debt burdens.

Revenue Generation:

After the 18th Amendment, provinces now have more responsibility for generating their revenue. Effective taxation policies and improved collection mechanisms are crucial for financial health. Such mechanisms would improve financial sustainability in the country.

Social Factors

Regional Disparities:

After the 18th Amendment, health, education, and many other sectors have been transferred to provinces for better governance and public service delivery. The amendment aims to address regional inequalities, but effective implementation is key. Disparities in education, healthcare, and infrastructure can affect economic performance and financial sustainability.

Public Awareness and Involvement:

Increased provincial autonomy requires higher public awareness and involvement in governance. Educating citizens about fiscal policies and encouraging participation can lead to better financial management.

Technological Factors

Digital Infrastructure:

Advanced digital infrastructure can improve financial management and transparency. Investment in technology is necessary for efficient debt management and service delivery. Moreover, accurate and timely data collection at the provincial level is crucial for informed decision-making. Implementing modern data management systems can enhance financial planning and debt tracking.

Legal Factors

Regulatory Framework:

Post-amendment, provinces need a robust regulatory framework to manage their finances. Clear laws and regulations are essential to ensure accountability and transparency.

Fiscal Responsibility:

Legal provisions must enforce fiscal responsibility at the provincial level. Mechanisms for monitoring and penalizing fiscal mismanagement are crucial.

Environmental Factors

Resource Management:

The subject of the environment has been transferred to provinces after the 18th Amendment for the sound implementation of policies at the grassroots level. Provinces must manage natural resources sustainably to ensure long-term financial health. Environmental degradation can impact economic activities and revenue generation. Adapting to climate change and investing in resilient infrastructure can safeguard economic activities and financial sustainability.

Gap Analysis

The 18th Amendment, enacted with the vision of decentralizing power and granting greater autonomy to provincial governments, has reshaped the financial governance framework of our nation. Through a comprehensive gap analysis, we will measure how this significant legislative change has influenced our debt management strategies and financial stability. We will identify the areas where progress has been made, as well as the gaps that need to be addressed to ensure a robust and sustainable economic future for Pakistan.

Current State

Decentralized Financial Responsibilities:
The 18th Amendment devolved financial powers to the provinces, increasing their responsibility for revenue generation and expenditure management.

Debt Accumulation:
Provincial governments have limited experience and capacity in managing debt effectively, leading to potential risks of unsustainable debt accumulation.

Revenue Collection Challenges:
Provinces struggle with inefficient tax collection systems and a narrow tax base, resulting in inadequate revenue generation.

Economic Disparities:
Significant regional economic disparities exist, affecting overall financial stability and sustainability.

Governance and Transparency:
Varying levels of governance and transparency across provinces, with some lacking robust financial management systems.

Coordination Issues:
Poor coordination between federal and provincial governments on fiscal policies and debt management.

Infrastructure and Technology:
Limited digital infrastructure and data management systems at the provincial level hinder efficient financial management.

Desired Future State

Effective Debt Management:
Provinces have robust systems and capacities for managing debt, ensuring it remains within sustainable limits.

Efficient Revenue Generation:
Enhanced and efficient tax collection mechanisms, a broader tax base, and innovative revenue generation strategies.

Economic Equitability:
Reduced regional economic disparities, with more balanced economic growth across provinces.

Strong Governance and Transparency:
High levels of governance and transparency in financial management across all provinces.

Seamless Coordination:
Effective and seamless coordination between federal and provincial governments on fiscal policies and debt management.

Advanced Infrastructure and Technology:
Advanced digital infrastructure and data management systems in place to support efficient financial management.

GAP Analysis

Debt Management Capacity

- **Gap:** Limited provincial experience and capacity in debt management.
- **Actions Needed:** Capacity-building programs, training in debt management, and establishing debt management offices at the provincial level.

Revenue Generation

- **Gap:** Inefficient tax systems and a narrow tax base.
- **Actions Needed:** Reform tax policies, improve tax collection systems, and explore alternative revenue sources.

Economic Disparities

- **Gap:** Significant regional economic disparities.
- **Actions Needed:** Targeted economic development programs, infrastructure investments, and incentives for industries to establish in less developed regions.

Governance and Transparency

- **Gap:** Inconsistent levels of governance and transparency.

- **Actions Needed:** Implement standard financial management frameworks, enhance accountability measures, and promote transparency initiatives.

Intergovernmental Coordination

- **Gap:** Poor coordination between federal and provincial governments.
- **Actions Needed:** Establish intergovernmental fiscal councils, conduct regular joint planning sessions, and synchronize fiscal policies.

Infrastructure and Technology

- **Gap:** Inadequate digital infrastructure and data management regarding debt management.
- **Actions Needed:** Invest in modern digital infrastructure, implement integrated financial management information systems (IFMIS), and promote e-governance.

Comparative Analysis

The debt-to-GDP ratio is usually used to measure the trend of public debt. Pakistan has shown a 75% debt-to-GDP ratio during the current financial year, 2023-24. Similarly, Bangladesh and Sri Lanka (before default) recorded 32% and 105%, respectively. It is pertinent to mention here that economic sustainability depends on many other economic indicators, not only on the debt-to-GDP ratio of a country. For instance, Japan, Greece, Italy, and Singapore are some of the countries with the highest debt-to-GDP ratios, but they have sustainable economic indicators. In this regard, the IMF describes the usability of debt ratios as: "Debt ratios should be considered in conjunction with key economic and financial variables, in particular expected growth and interest rates, which determine their trend in medium-term scenarios" (IMF, 2003).

Issues and Challenges

Overall, while the 18th Amendment offers significant potential benefits in terms of fiscal federalism and provincial autonomy, it also poses challenges for federal debt management and requires robust financial planning and reforms to ensure long-term financial sustainability. The federal government has faced revenue shortages due to changes in the revenue-sharing formula, which has resulted in a high domestic and external debt burden. This has made debt management and financial sustainability at risk. Similarly, provinces now have more resources and are empowered to borrow to increase their resources without any restrictions from the federal government. Such imbalances will also deteriorate debt management as well as the financial sustainability of the federal government. However, Shah (September, 2012) has summarized the following major issues and challenges:

Revenue Generation Potential:

The provinces have the potential to raise additional revenues through various taxes, including capital value taxes on property, estate, inheritance taxes, and environmental taxes. These areas are currently underexploited or unexploited.

Borrowing Powers:

Pursuant to the 18th Constitutional Amendment, the provinces can obtain both internal and external borrowing, subject to limitations imposed by the National Economic Council. Previously, provinces required federal government approval for such actions as long as they owed debt to the federal government.

Fiscal Decentralization:

The amendment has shifted almost all direct public services to provincial responsibility, devolving 17 central government ministries to the provinces. This shift includes expenditure decentralization and a more limited decentralization of taxing powers, most notably for VAT on services, which is a potentially buoyant source of revenue.

Federal Deficit and Provincial Surplus:

With the transition arrangements in place, the federal deficit is expected to increase by about 3%, while the provinces are projected to be in surplus by the same amount. This shift in financial responsibilities highlights the need for federal government reform through privatization, tax reform, and restructuring federal departments to manage the increased deficit.

Structural Transformation:

By FY2015, the governance structure in Pakistan was expected to transform significantly, moving from centralized federal power to centralization at the provincial level. This shift implies that provinces will assume a dominant role in policymaking and service delivery for economic and social services.

Implications for Governance:

The amendment is anticipated to enhance responsive, responsible, fair, and accountable governance by empowering provincial governments. However, this also necessitates effective management and oversight to ensure financial sustainability and prevent mismanagement at the provincial level.

Conclusions

To conclude the discussion, it is imperative to mention here that the 18th Constitutional Amendment has had an intense impact on debt management and financial sustainability in Pakistan. According to Shaikh (December, 2010), by decentralizing fiscal responsibilities and granting greater autonomy to provincial governments, it has introduced both opportunities and challenges for economic governance. The government's strategy to manage debt sustainably includes commitments to running primary budget surpluses, maintaining low and stable inflation, and promoting long-term economic growth. These efforts are complemented by an exchange rate regime grounded in economic fundamentals.

Fiscal discipline is reinforced by strong revenue generation and streamlined spending, which are essential for sustaining manageable debt levels. Consequently, with a reduced fiscal deficit, public debt is expected to steadily decrease. Additionally, the government's initiatives to improve the maturity structure of debt and expand the base of debt instruments are pivotal in meeting financing requirements more efficiently.

Hence, the 18th Amendment and the 7th NFC Award have decentralized fiscal responsibilities, presenting both opportunities and challenges. Addressing these challenges through enhanced coordination, capacity building, effective debt management, and sustainable economic practices will ensure financial stability and growth for Pakistan. Overall, the 18th Amendment has laid the foundation for a more decentralized and potentially resilient fiscal framework. However, its success in enhancing financial sustainability hinges on the effective implementation of these strategies, continuous fiscal discipline, and the provinces' capacity to manage their finances autonomously. As such, the amendment presents a transformative step towards better debt management and financial stability in Pakistan, provided that the associated challenges are adeptly navigated.

Recommendations

To improve debt management and ensure financial sustainability in the future post-18th Amendment, the following recommendations are proposed:

I. A new fiscal responsibility law should be enacted by each province in which limits for fiscal deficits/surpluses, revenue mobilization, and expenditure on development should be imposed.
II. If the allocation for provinces from the divisible pool rises or provinces make an extra tax effort, the incremental resources should be used for development projects.

III. Provinces should be encouraged to generate budgetary surpluses in order to offset the deficit of the federal government.
IV. The federal and provincial governments will have to formulate their budgets within the parameters approved by the National Economic Council (NEC) of the federal government.
V. The power of the provincial governments to borrow from domestic capital markets or financial institutions needs to be reviewed to manage the total public debt of the country.
VI. Provinces should be encouraged to enhance their own revenues through taxes transferred in pursuance of the 18th Constitutional Amendment in order to reduce dependency on federal government borrowing from other sources.
VII. Enhance the capacity of provincial governments through training and development programs. Implement effective governance structures to ensure accountability and transparency.
VIII. Establish mechanisms for regular communication and coordination between federal and provincial governments. Joint fiscal planning and debt management strategies can be beneficial.
IX. Encourage provinces to diversify their economies to reduce dependence on a few sectors. This can enhance economic resilience and revenue stability.

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Assessing Budgetary Provisions for Development: A Comparison of Pre-Merger and Post-Merger in NMDs

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Abstract:

In 2018, the provincial government of Khyber Pakhtunkhwa (KP), Pakistan, initiated a significant administrative restructuring to enhance governance efficiency, promote development, and improve service delivery. This initiative merged several administrative units, including tribal areas and Frontier Regions (FRs), into adjacent settled districts, abolishing the colonial-era Frontier Crimes Regulation (FCR) and integrating these areas into KP's mainstream administrative framework. This study examines the budgetary landscape for development initiatives in the merged districts, analyzing resource allocation, utilization, and project execution. The findings highlight the need for strategic policy interventions to address administrative integration, equitable resource distribution, and institutional capacity building. The paper provides actionable recommendations to optimize budgetary allocations and enhance development outcomes, emphasizing transparent allocation mechanisms, efficient fund utilization, tailored development initiatives, strengthened monitoring and evaluation, capacity building, and sustainable development practices. These measures aim to promote inclusive growth and sustainable development in the newly integrated regions of KP.

Key words:
Administrative Restructuring, Budgetary Allocation, Development Initiatives, Governance Efficiency, Khyber Pakhtunkhwa

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Introduction

In 2018, the provincial government of Khyber Pakhtunkhwa (KP), Pakistan, initiated significant administrative restructuring to enhance governance efficiency, promote development, and improve service delivery in the region. This initiative involved merging several administrative units, particularly tribal areas and Frontier Regions (FRs), into adjacent settled districts. This step abolished the colonial-era Frontier Crimes Regulation (FCR) and integrated these areas into the mainstream administrative framework of north-western KP province, marking a monumental shift in governance and introducing both challenges and opportunities for the NMDs.

Historically, these areas were governed under the FATA system, characterized by a distinct administrative setup with limited integration into Pakistan's mainstream governance structure. The merger was a pivotal step toward extending the legal and administrative jurisdiction of the provincial government to these formerly semi-autonomous tribal regions. The regions, subdivided administratively into seven tribal agencies and six FRs, each have unique socio-economic landscapes and development priorities. The tribal agencies include Bajaur, Mohmand, Khyber, Kurram, Orakzai, North Waziristan, and South Waziristan, while the FRs are Peshawar, Kohat, Bannu, Lakki, Tank, and D.I. Khan.

The merger aimed to extend constitutional rights and development opportunities to residents, addressing longstanding grievances, improving access to basic services, promoting socio-economic development, and integrating the tribal areas into KP's broader development agenda. By integrating these areas into settled districts, the government sought to streamline administrative processes, eliminate duplication of efforts, and ensure more efficient resource utilization for development initiatives. This restructuring was expected to enhance coordination among various government departments and facilitate the implementation of development projects across the merged districts.

Overall, the merger represented a strategic move to foster greater inclusivity, equity, and participation in governance and development processes. It signified a departure from the traditional top-down approach toward a more decentralized and participatory model of governance, aimed at empowering local communities and promoting sustainable development in KP, Pakistan.

This transition underscores the need to assess budgetary provisions for development in the merged areas. Understanding the evolution of budget allocation and expenditure patterns in both the pre- and post-merger phases is crucial for formulating effective policies that address the local populace's development needs. This policy paper examines the budgetary landscape for development initiatives in the merged districts of KP. By analyzing resource allocation, utilization, and project execution, it aims to provide insights into the fiscal dynamics shaping the socio-economic trajectory of these regions. The paper also offers actionable recommendations to optimize budgetary allocations and enhance the efficacy of development interventions, facilitating inclusive growth and sustainable development in the newly integrated regions of KP.

Problem Statement

Assessing budgetary provisions for development in NMDs is crucial for several reasons. These areas have long been marginalized and underdeveloped due to their unique administrative status and historical neglect. The merger presents an opportunity to address this longstanding disparity and uplift the socio-economic condition of the population. However, effective utilization of budgetary allocations is essential to capitalize on this opportunity and ensure equitable development across the merged districts.

The merger represents a significant milestone in administrative reform and territorial integration, but it also poses challenges, particularly concerning the allocation and utilization of financial resources for development in the NMDs. The shift in administrative responsibilities and governance structures necessitates a reevaluation of budgetary priorities and resource allocation mechanisms. During the transition phase, aligning budgetary provisions with the evolving development needs and institutional capacities of the NMDs is challenging. Without a thorough assessment, there is a risk of misallocation or underutilization of resources, which would hinder the realization of development goals and perpetuate socio-economic disparities.

Moreover, the socio-political dynamics and security challenges prevalent in the merged districts underscore the importance of effective budgetary provision for development. Adequate investment in key sectors such as education, law and order, healthcare, finance, and infrastructure is essential for promoting stability, fostering social cohesion, and mitigating the risk of conflict and extremism in these vulnerable regions.

Understanding how budgetary allocations have evolved pre- and post-merger is crucial. It is important to determine whether adequate resources are being allocated to address the multifaceted development needs of the NMDs and whether these allocations translate into tangible improvements in living standards, infrastructure, and service delivery. Therefore, conducting a comprehensive analysis of budgetary provisions for development in NMDs is imperative to identify gaps, challenges, and opportunities for enhancing the effectiveness of resource allocation and promoting inclusive development outcomes.

The policy paper intends to critically analyze and compare the pre- and post-merger developmental budgetary provision status and resultant service delivery status in various sectors in both eras in Federally Administered Tribal Areas, with a specific focus on development carried out after the merger of ex-FATA with KP in the year 2018 through the 25th Constitutional Amendment. The comparison will involve the developmental programs in the pre- and post-merger era, with a focus on dedicated new programs introduced after the FATA merger, i.e., 3% National Finance Commission (NFC) Share, ten-year Development Program, Accelerated Implementation Program, and others. Ex-FATA had a separate budgetary allocation by the Federal Government, where the primary focus was on security expenses with limited allocation for education, healthcare, and infrastructure. After the merger, the areas are under the administrative control of KP, which is a top priority of the Provincial Government, and significant resources have been allocated for development in newly merged areas in the education sector, healthcare sector, and infrastructure. However, a lot is yet to be done to bring the NMDs at par with settled areas of KP. This paper will further appraise the current status of development in NMDs in comparison with the pre-merger era, highlight the major challenges in the swift execution of developmental interventions in NMDs, and recommend broad and evidence-based policy recommendations for trickling down the impacts of development and local governance for the common man as foreseen/planned at the time of the FATA merger.

Analysis and Findings

The analysis and findings of this study delve into the intricacies of budgetary provisions for development in the NMDs of KP, comparing the pre-merger and post-merger periods. Through a comprehensive examination of budget allocation trends, expenditure patterns, and their impact on development outcomes, this analysis aims to uncover the effectiveness of budgetary measures in addressing the socio-economic challenges and aspirations of the merged districts. By identifying disparities, assessing efficiency, and drawing policy implications, this study offers valuable insights for optimizing budget allocations and fostering inclusive and sustainable development in the region.

The analysis encompasses several key aspects, including:

- Comparison of Socio-economic Indicators (Ex FATA, KP & Pakistan)
- Budget Allocation Trends (Pre and Post-Merger)
- Expenditure Patterns
- Impact on Development Outcomes
- Efficiency, Effectiveness, Disparities, and Challenges

Comparison of Socio-economic Indicators (Ex FATA, KP & Pakistan)

Before comparing the budgetary allocations of pre- and post-merger times, it is imperative to look at the comparison of socio-economic indicators of ex-FATA with those of KP and Pakistan. This will give us a good idea of where ex-FATA stands in comparison with other areas of the country, as highlighted in the following table.

S.no	**Indicator**	**Ex FATA Status**	**KP Status**	**Pakistan Status**
1	MPI	0.337	0.25	0.197
2	HDI	0.216	0.628	0.536
3	Lack of skilled birth attendants	52%	33%	32%
4	Population that never attended school	60%	46%	40%
5	Population without access to portable water	37%	14%	6%
6	Inaccessible population to electricity	42%	14%	9%

Pre-Merger Budget Allocation Trends

Prior to the merger, the budgetary framework for FATA delineated a distinct allocation mechanism embedded within PSDP, under the SAFRON. ADP for FATA was formulated by the P&DD FATA, drawing upon inputs from various line departments, political agents, and stakeholders, including FATA Parliamentarians. This process, sanctioned by the Governor of KP as the Agent to the President for FATA Affairs, operated under the constitutional authority outlined in Article 247 of the Constitution of Pakistan 1973.

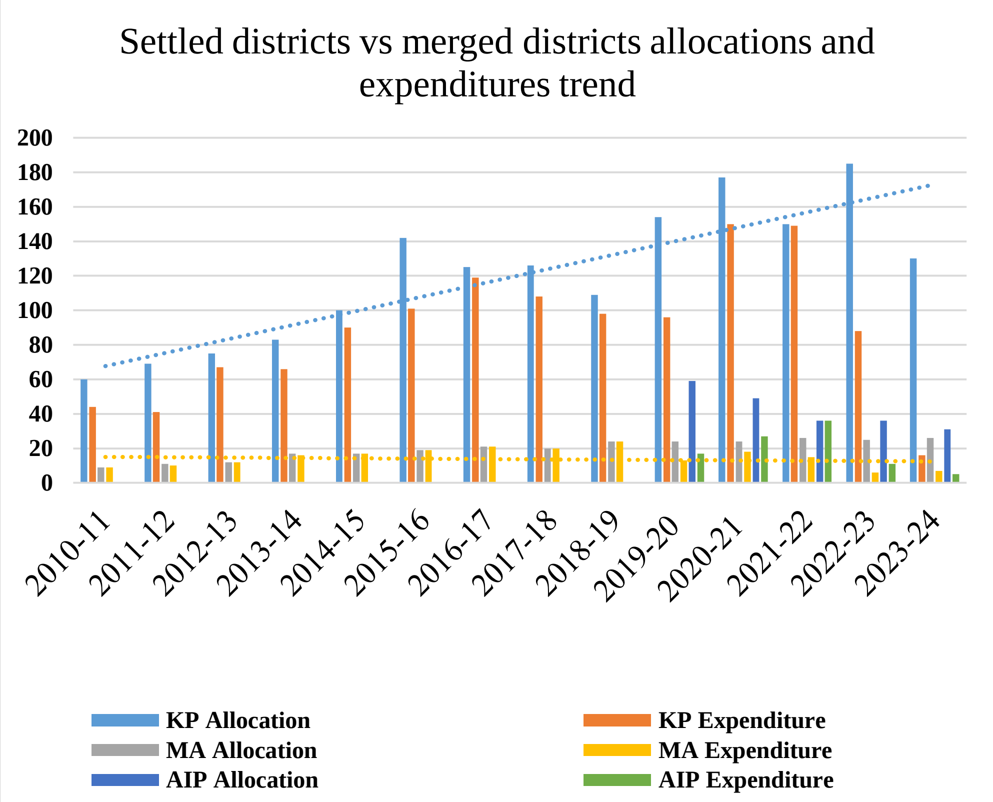

Figure 1: Allocation Trends

Post-Budget Allocation Trends

With the constitutional amendment in 2018, which merged FATA with KP, significant changes were introduced to the budgetary landscape. Notably, the deletion of Article 247 facilitated the transition of FATA Parliamentarians to be elected to the KP Provincial Assembly, fundamentally altering the approval process for the ADP. Henceforth, the ADP for FATA, including allocation mechanisms and expenditure patterns, will be subject to approval by the Provincial Assembly of KP, signaling a shift towards greater provincial oversight and integration.

Amidst these changes, the development priorities in the pre-merger era revolved around addressing fundamental infrastructure deficiencies, enhancing access to education, healthcare, and basic amenities, and promoting socio-economic development initiatives tailored to the unique needs and challenges of the tribal areas. This entailed a concerted effort to bridge developmental disparities and improve the quality of life for the inhabitants of FATA, with a particular emphasis on fostering inclusive growth and community empowerment.

Year	KP Allocation	KP Expenditure	MA Allocation	MA Expenditure	AIP Allocation	AIP Expenditure
2010-11	60	44	9	9		
2011-12	69	41	11	10		
2012-13	75	67	12	12		
2013-14	83	66	17	16		
2014-15	100	90	17	17		
2015-16	142	101	19	19		
2016-17	125	119	21	21		
2017-18	126	108	20	20		
2018-19	109	98	24	24		
Total	**889**	**734**	**148**	**147**		
2019-20	154	96	24	13	59	17
2020-21	177	150	24	18	49	27
2021-22	150	149	26	15	36	36
2022-23	185	88	25	6	36	11
2023-24	130	16	26	7	31	5
Total	**796**	**500**	**125**	**60**	**211**	**96**

Table 1: Comparison of Allocations and Expenditure of Merged Area and KP ADP (2010 to 2024)

Expenditure Patterns

Expenditure patterns (See Table 1) in the merged districts of KP depict notable trends pre- and post-merger. In the pre-merger period from 2010 to 2018, KP demonstrated a steady commitment to development, as evidenced by the consistent increase in both allocation and expenditure. KP's allocation totaled Rs. 889 billion, with expenditures reaching Rs. 734 billion, indicating a commendable utilization rate of approximately 82.6%. Similarly, the merged areas received Rs. 148 billion in allocations, with Rs. 147 billion expended, representing an impressive utilization rate of nearly 99.3%. These figures underscored a concerted effort toward development initiatives within the region during this period, with resources effectively deployed to address various socio-economic challenges.

In contrast, the post-merger period spanning from 2019 to 2024 witnessed a decline in both KP allocation and expenditure, with allocations dropping to Rs. 796 billion and expenditures amounting to Rs. 500 billion. Similarly, the merged areas experienced a decrease in allocations, from Rs. 148 billion to Rs.

125 billion, with expenditures declining to Rs. 60 billion. This reduction in both allocation and expenditure post-merger suggests a potential shift in budgetary priorities or challenges in fund utilization, highlighting the need for a closer examination of resource allocation strategies in the merged districts.

The comparison between the pre- and post-merger periods reveals important insights into the impact of the merger on budgetary provisions and expenditure patterns. While the utilization rate of funds was higher in the pre-merger period, indicating efficient resource utilization, the post-merger period saw a decrease in both allocation and expenditure, signaling potential challenges or inefficiencies in fund utilization. These findings underscore the importance of closely monitoring and optimizing budget allocations and expenditures post-merger to ensure effective utilization of resources and sustained development in the merged districts of KP.

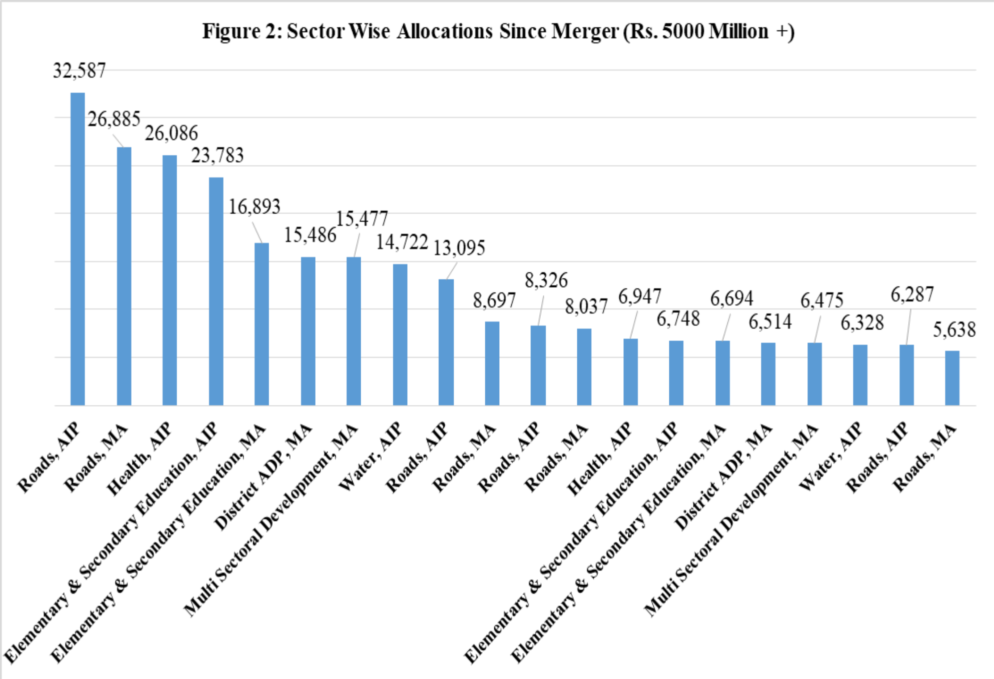

Figure 2: Sector Wise Allocation

Impact on Development Outcomes

The merger of NMDs in KP has complex implications for development outcomes. Before the merger, sustained budgetary allocations fueled progress in infrastructure, education, and healthcare. However, post-merger transitions and realigned priorities may disrupt development efforts, potentially exacerbating socio-economic inequalities. Decreased post-merger budget allocations could hinder progress. While the merger offers long-term potential, its immediate impact on development outcomes requires ongoing monitoring and adaptive policy interventions for sustainable progress and improved well-being in the merged districts.

Analyzing sector-wise allocations post-merger reveals fluctuating trends across various sectors, highlighting the need for consistent investment in key areas such as education, healthcare, infrastructure, and multi-sectoral development to address evolving socio-economic needs effectively.

The analysis of sector-wise allocations post-merger underscores the significance of consistent investment in key areas such as education, healthcare, infrastructure, and multi-sectoral development to foster sustainable growth in the merged districts. It emphasizes the necessity for strategic resource allocation and effective policy implementation to address the evolving socio-economic needs of the region.

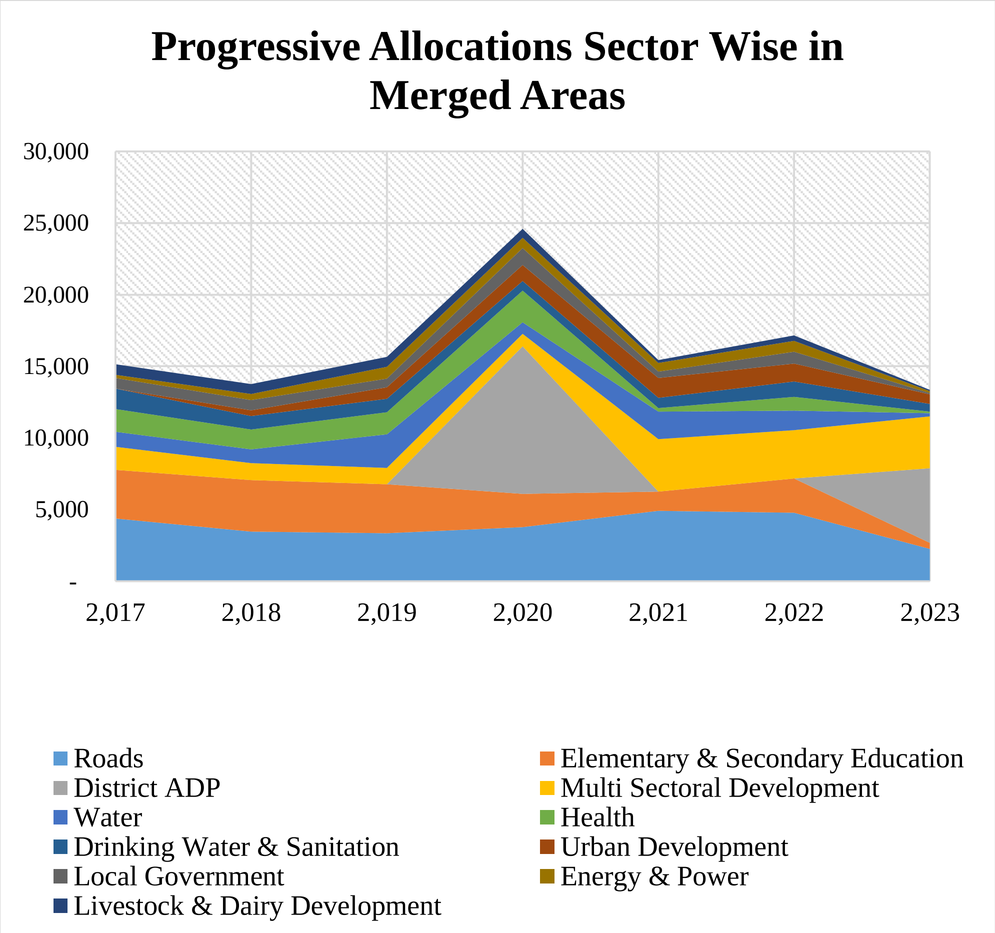

Figure 3: Sectoral Allocations Peaking in Year 2020

Impact Assessment and Development Outcomes

The impact assessment of budgetary provisions for development in the NMDs of KP, comparing the pre-merger and post-merger periods, is crucial for understanding development outcomes. Before the merger, sustained budget allocations fueled progress in infrastructure, education, and healthcare. However, post-merger transitions and realigned priorities may disrupt development efforts, potentially exacerbating socio-economic inequalities. Decreased post-merger budget allocations could hinder progress. While the merger offers long-term potential, its immediate impact on development outcomes requires ongoing monitoring and adaptive policy interventions for sustainable progress and improved well-being in the merged districts. This assessment emphasizes the need to analyze sector-wise allocations post-merger, revealing fluctuating trends across various sectors and highlighting the importance of consistent investment in key areas such as education, healthcare, infrastructure, and multi-sectoral development to address evolving socio-economic needs effectively. Moreover, significant development lags are evident in the newly merged districts, with the MPI for NMDs at 0.337, compared to 0.197 for Pakistan and 0.25 for KP. Similarly, the HDI for NMDs is notably lower at 0.216, compared to 0.536 for Pakistan and 0.628 for KP, underscoring the urgent need for targeted development interventions to address socio-economic disparities and improve overall well-being in these areas.

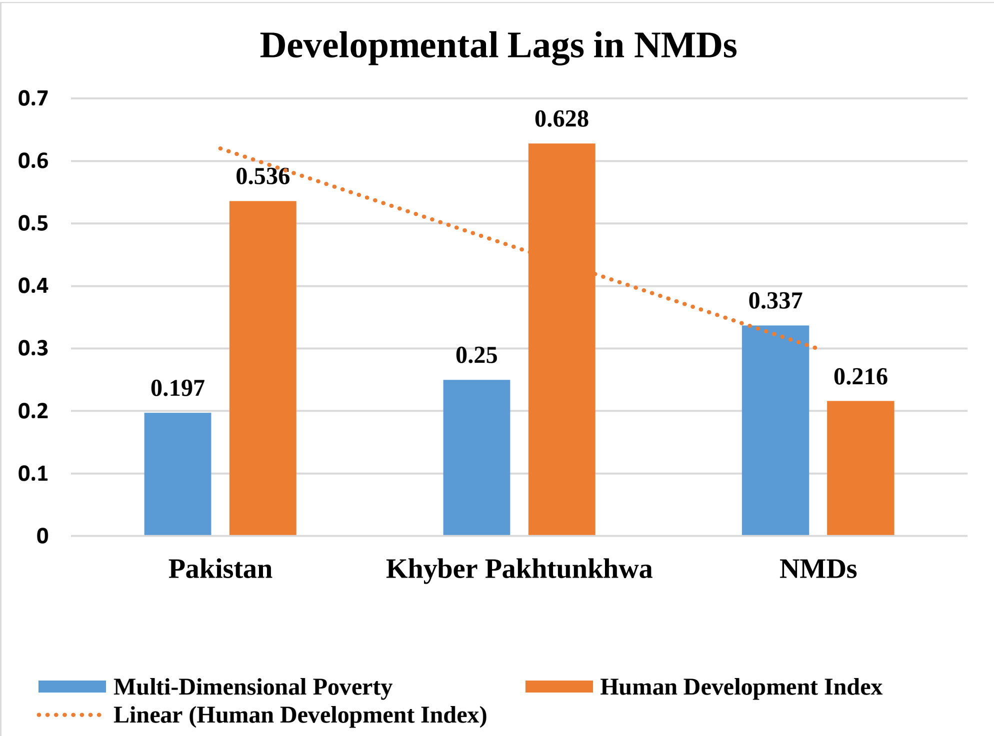

Figure 4: Impact Assessment Comparison

The major impacts of development in ex-FATA since the FATA merger in 2018 are as follows:

1. 4 grid stations upgraded from 66KV to 132KV
2. 187 villages provided with electricity
3. 9 solar mini grid stations approved
4. 39,930 acres of land brought under irrigation
5. 214 primary schools established since the merger
6. 74 schools upgraded from middle to high status
7. 282 schools rehabilitated
8. 1.9 billion spent on medical equipment
9. Seven category-D hospitals converted to the PPP model
10. OPD increased by 15%
11. 2,500 women trained in marketable skills
12. 25 women facilitation centers established
13. The first women directorate established
14. The SWOT analysis has been used in the analysis and findings of the study.

SWOT Analysis

Strengths: Identifying the commendable utilization rates pre-merger, indicating effective deployment of resources to address socio-economic challenges in the merged districts. For example, KP's allocation utilization rate of approximately 82.6% and the merged areas' utilization rate of nearly 99.3% pre-merger.

Weaknesses: Highlighting the decline in both allocation and expenditure post-merger, suggesting potential inefficiencies or challenges in resource utilization, such as the drop in KP's allocations from Rs. 889 billion to Rs. 796 billion and expenditures from Rs. 734 billion to Rs. 500 billion.

Opportunities: Recognizing the merger's potential to address longstanding disparities and uplift the socio-economic condition of the population, with new administrative and governance structures.

Threats: Addressing socio-political dynamics and security challenges that underscore the importance of effective budgetary provision, which if not managed well, could hinder development and exacerbate socio-economic disparities.

Policy Implications and Recommendations

In this section, the policy implications and recommendations for the merged districts of KP, drawing insights from the pre-merger period, strategies to improve post-merger budgetary provisions are proposed, focusing on efficient allocation mechanisms, enhanced utilization, and targeted development initiatives.

Lessons Learned from Pre-Merger Period

Analysis of the pre-merger period provides valuable insights into budgetary allocations and their impact on development outcomes. Key lessons learned include the importance of sustained investment in critical sectors, effective utilization of allocated funds, and the need for adaptive policies to address evolving socio-economic challenges.

Policy Recommendations for Post-Merger Budgetary Provisions

1. Enhancing Allocation Mechanisms: Implementing transparent and equitable allocation mechanisms is essential to ensure that resources are distributed efficiently across the NMDs. This includes considering the specific needs and priorities of each district to promote inclusive development.
2. Improving Utilization Efficiency: Enhancing the efficiency of fund utilization through improved planning, monitoring, and implementation processes is crucial. This involves streamlining bureaucratic procedures, enhancing capacity-building initiatives, and fostering accountability at all levels of governance.
3. Addressing Development Gaps and Priorities: Tailoring development interventions to address existing gaps and priorities within the merged districts is imperative. This requires comprehensive assessments of socio-economic indicators, community consultations, and the formulation of targeted initiatives to address specific needs, such as infrastructure development, education, healthcare, and poverty alleviation.
4. Strengthening Monitoring and Evaluation Mechanisms: Establishing robust monitoring and evaluation mechanisms is essential for assessing the effectiveness and impact of development programs. This involves setting clear performance indicators, conducting regular evaluations, and utilizing feedback mechanisms to ensure continuous improvement and accountability in the implementation of development initiatives.

Challenges

Navigating the complexities of NMDs in KP presents numerous challenges. These include transitioning from pre-merger governance structures, equitable resource distribution, and optimizing budgetary allocations to address development gaps. Additionally, challenges persist in enhancing institutional capacities, governance mechanisms, and aligning policies with local needs. Strategic policy interventions are essential to address these challenges and unlock the merged districts' potential for sustainable growth and development.

Some of the challenges being faced in the post-merger success of NMDs are:

1. **Administrative Integration:** Navigating the amalgamation of diverse governance structures from the pre-merger era poses a significant challenge, leading to administrative inefficiencies and coordination hurdles.
2. **Equitable Resource Distribution:** Ensuring fair and equitable distribution of resources across the NMDs remains challenging, given the varying socio-economic needs and priorities of each district.
3. **Optimization of Budgetary Provisions:** Effectively optimizing budgetary allocations post-merger demands meticulous planning and execution to address lingering development gaps and promote inclusive growth.
4. **Institutional Capacity Building:** Building institutional capacities and governance mechanisms tailored to the unique context of NMDs is essential but challenging, requiring concerted efforts to enhance administrative efficiency and effectiveness.
5. **Terrorism, Terrain, and Connectivity:** NMDs grapple with security threats posed by terrorism, compounded by rugged terrain and limited connectivity, hindering access to essential services and development opportunities.
6. **Tribal Culture and Way of Life:** Preserving tribal culture and way of life while integrating into mainstream governance structures presents a delicate balance, necessitating culturally sensitive policies and approaches.
7. **Low Literacy Rate:** The persistently low literacy rate in NMDs exacerbates development challenges, limiting access to education and economic opportunities for residents.
8. **Corruption and Governance Issues:** Corruption and governance issues undermine development efforts, eroding public trust and impeding effective implementation of policies and initiatives.
9. **Accountability:** Establishing accountability mechanisms is crucial for ensuring transparent and answerable governance, yet implementing such measures faces resistance and challenges in NMDs.
10. **Communication and Interaction with the World:** Limited communication infrastructure and interaction with the outside world hinder the exchange of ideas, knowledge, and opportunities, constraining socio-economic development in NMDs.

Conclusion

The analysis of pre- and post-merger budgetary provisions in the merged districts of KP reveals significant insights. While the pre-merger period showcased progress in infrastructure, education, and healthcare, the post-merger phase demands strategic policy interventions to tackle persistent disparities. Challenges such as administrative integration, equitable resource distribution, and institutional capacity building underscore the need for adaptive policies and community-centric approaches.

Efficient fund utilization, targeted development initiatives, and robust monitoring mechanisms are crucial for maximizing the impact of budgetary provisions and fostering inclusive growth. By learning from past experiences and implementing tailored policy recommendations, KP can address challenges and bridge development gaps in the NMDs. Emphasizing sustainable interventions and regular monitoring of progress are essential for achieving long-term development goals and realizing the region's aspirations for prosperity and well-being.

Recommendations

Based on the comprehensive analysis of budgetary provisions for development in the NMDs of KP, several recommendations are proposed to optimize resource allocation and enhance development outcomes:

1. **Transparent Allocation Mechanisms:** Implement transparent and equitable allocation mechanisms to ensure fair distribution of resources across the merged districts. This involves considering the specific needs and priorities of each district to promote inclusive development and address disparities effectively.
2. **Efficient Fund Utilization:** Improve the efficiency of fund utilization through streamlined planning, monitoring, and implementation processes. This includes simplifying bureaucratic procedures, enhancing capacity-building initiatives, and fostering accountability at all levels of governance to ensure that allocated funds are effectively utilized for development projects.
3. **Tailored Development Initiatives:** Tailor development interventions to address the unique challenges and priorities within each merged district. Conduct comprehensive assessments of socio-economic indicators, engage in community consultations, and formulate targeted initiatives to address specific needs such as infrastructure development, education, healthcare, and poverty alleviation.
4. **Strengthened Monitoring and Evaluation:** Establish robust monitoring and evaluation mechanisms to assess the effectiveness and impact of development programs. Define clear performance indicators, conduct regular evaluations, and utilize feedback mechanisms to ensure continuous improvement and accountability in the implementation of development initiatives.
5. **Capacity Building and Governance:** Focus on building institutional capacities and governance mechanisms tailored to the unique context of the merged districts. Invest in training programs for government officials,

strengthen local institutions, and enhance governance structures to improve administrative efficiency and effectiveness.

6. **Sustainable Development Practices:** Emphasize sustainable development practices and long-term planning to achieve lasting impact in the merged districts. Prioritize projects and initiatives that promote environmental sustainability, social inclusivity, and economic resilience to ensure that development efforts contribute to the well-being of current and future generations.

By implementing these recommendations, KP can overcome challenges, maximize the impact of budgetary provisions, and foster inclusive and sustainable development in the NMDs.

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Analyzing Domestic Violence Against Women and Children: Critical Assessment of Policy and Legal Framework and Future Directions

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Abstract:

Domestic violence, a global issue affecting millions, encompasses physical, emotional, sexual, and economic abuse. This paper examines frameworks across regions, highlighting the impact of social norms, economic dependency, and cultural practices on abuse reporting and escape. It identifies critical gaps in legal protections, prevention strategies, and support services. The need for fostering gender equality, promoting human rights, and addressing underlying social determinants is emphasized. The paper also addresses honor killings, prevalent in certain regions, as an extreme form of violence. A multi-faceted approach involving legal reforms, community engagement, and educational initiatives is essential to dismantle patriarchal norms and empower women and children. Comprehensive, evidence-based policy interventions are recommended to ensure justice and dignity for survivors, ultimately aiming to create a safer, more equitable society. The conclusion underscores the importance of sustained political will, resource allocation, and collective action to end violence against women and children.

Key words:
Domestic Violence, Honor Killings, Gender Equality, Support Services, Legal Reform

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Introduction

Domestic violence, a global pandemic encompassing physical, emotional, and sexual abuse, shatters lives and impacts millions of women and children. This paper examines the strengths and weaknesses of frameworks across different countries and regions, highlighting areas for improvement. It delves into the impact of social norms, economic dependence, and cultural practices on reporting and escaping abuse. Domestic violence transcends geographical and socioeconomic boundaries, affecting individuals from all walks of life. It includes physical, emotional, sexual, and financial abuse perpetrated by an intimate partner or family member. The World Health Organization estimates that 35% of women globally have experienced physical or sexual violence by an intimate partner [1]. Children exposed to domestic violence are at significant risk of experiencing physical, emotional, and psychological harm, witnessing violence against their mothers or caregivers and living in an environment of fear, insecurity, and confusion.

Violence against women is a multidimensional issue that manifests in various forms, often occurring individually or in combination, with severe and long-lasting effects on women's physical, emotional, and psychological well-being. Common types of violence against women include:

1. **Physical Violence:** Involves any form of physical force causing bodily harm or injury, such as hitting, punching, kicking, slapping, using weapons, twisting arms, choking, burning, or stabbing. It refers to violence by family members and intimate partners, with some aspects classified as criminal offences.
2. **Sexual Violence:** Includes unwanted sexual activity or behavior, such as rape, sexual assault, sexual harassment, or coercion.
3. **Emotional/Psychological Violence**: Involves actions or behaviors aimed at controlling, demeaning, or intimidating women psychologically, including verbal abuse, threats, manipulation, isolation, and continual humiliation.
4. **Economic/Financial Violence:** Occurs when a woman is denied access to financial resources or opportunities, is financially controlled, or forced to depend on her partner for economic survival, or is prevented from participating in financial decisions or having a job.
5. **Reproductive Coercion:** Controls a woman's reproductive choices, such as pressuring her to have or not have children, sabotaging contraception, or forcing pregnancy or abortion against her will.
6. **Stalking:** Repeated, unwanted attention, harassment, or contact that causes fear or distress, including online stalking through social media or other digital platforms.

7. **Cultural/Social Violence:** Harmful practices or traditions rooted in cultural or societal norms that perpetuate discrimination and inequality against women, such as forced marriage, female genital mutilation, or honor killings.
8. **Cyber Violence:** Uses technology, such as the internet, social media, or smartphones, to perpetrate harassment, threats, or intimidation against women.
9. **Honor Killing:** The most extreme form of violence, based on perceptions of morality and cultural norms that view an individual's actions as bringing shame upon the family or community. This deeply entrenched social issue continues to plague Pakistan despite efforts to curb it. Pakistan ranks among the top countries with reported cases of honor killings globally. According to the Human Rights Commission of Pakistan (HRCP), hundreds of women and men fall victim to this practice annually, although the true extent is likely underreported due to social stigmas, familial pressure, and inadequate legal mechanisms.

This phenomenon is particularly prevalent in the tribal areas of Khyber Pakhtunkhwa due to strict social and cultural norms, with women in Torghar, Battagram, and Kohistan districts being more prone to this violence. Honor killings also occur in Gilgit-Baltistan (GB) and Azad Jammu and Kashmir (AJK), although to a lesser extent compared to other provinces. Socio-cultural factors still contribute to occasional incidents. Honor killing in Pakistan remains a grave violation of human rights, reflecting deep-seated social norms and structural inequalities. Despite progress in raising awareness and enacting legislation, concerted efforts across all provinces are imperative to eliminate this barbaric practice and ensure justice and dignity for all individuals.

Addressing honor killings requires a multi-faceted approach encompassing legal reforms, community engagement, and educational initiatives. Strengthening law enforcement, enhancing support services for victims, and fostering a culture of respect for human rights are essential steps toward eradicating this scourge. Empowering women economically and socially can shift societal attitudes and dismantle the patriarchal structures perpetuating honor killings. Despite the existence of specific laws against honor killings in Pakistan, incidents of "kala kali" in Punjab, "Karukari" in Sindh, "Tor Tora" in Tribal areas of Khyber Pakhtunkhwa, "Ghal" in Kohistan, and "Sayakari" in Balochistan are common.

Problem Statement

Violence against women and children is a universal and complex issue that requires urgent attention and analysis. The nature of this violence varies from one society to another. Despite progress in awareness and prevention, women and children continue to face various forms of violence, including physical, emotional, and sexual abuse, neglect, and exploitation. The analysis of the issue reveals a lack of comprehensive data and research, inadequate understanding of root causes and risk factors, insufficient resources and funding, limited access to support services and justice for victims, and the need for effective prevention and intervention strategies. This effort is hindered by the stigma and silence surrounding the issue, making it essential to address these challenges and develop a comprehensive approach to protect women and children from violence and ensure their safety and well-being.

Scope of the Study

The paper critically analyzes the existing policy and legal frameworks aimed at addressing domestic violence against women and children, including physical, emotional, sexual, and economic abuse, universally and with special reference to Pakistan. It also covers the policy and legal framework at international levels, including laws, policies, and programs, analyzing the following aspects of the issue:

- Definitions and understanding of domestic violence
- Funding and resource allocation
- Law enforcement and judicial responses
- Support services and prevention programs
- Access to justice and protection for marginalized communities

It examines the effectiveness of these frameworks in various regions, identifies gaps, and suggests future directions for more effective intervention strategies. The paper begins by exploring the dynamics of domestic violence and the factors that contribute to its persistence across different cultures and societies. The study will also consider the perspectives of survivors, perpetrators, and stakeholders, including government officials, civil society organizations, and community leaders, along with a review of international best practices and recommendations from human rights bodies and organizations.

Review of Literature

Violence against women and children remains a pervasive and urgent global issue with profound social, psychological, and economic consequences.

Despite significant progress in raising awareness and implementing policies to address this problem, rates of violence continue to persist alarmingly. The literature reveals that violence against women and children encompasses a wide range of physical, sexual, psychological, and economic abuses, often perpetrated within familial, intimate partner, or community settings. Contributing factors such as gender inequality, cultural norms, poverty, and inadequate legal protections intersect to perpetuate cycles of abuse and hinder victims' access to support and justice.

This literature review seeks to provide a comprehensive analysis of scholarly articles, research studies, and reports pertaining to violence against women and children. By examining the historical context, types and forms of violence, contributing factors, consequences, intervention strategies, policy frameworks, and future directions, this review aims to illuminate the complexities of this multifaceted issue and inform the development of effective policy interventions. Furthermore, the review highlights the critical role of policy and legal frameworks in driving systemic change and calls for sustained efforts to promote gender equality, human rights, and social justice for women and children globally.

Research methodology

This policy paper on violence against women and children employed a mixed-methods approach to gather, analyze, and interpret relevant material and data. Quantitative methods were utilized to examine statistical trends, prevalence rates, and demographic patterns of violence within specific populations or geographic regions. Surveys, questionnaires, and administrative data were commonly employed to collect quantitative data, providing insights into the scope and magnitude of the problem. Additionally, qualitative methods were employed to explore the lived experiences, perceptions, and socio-cultural contexts surrounding violence. Case studies were utilized to capture the voices and narratives of survivors, service providers, policymakers, and other stakeholders, shedding light on the complex dynamics and underlying causes of violence. By integrating quantitative and qualitative findings, the research methodology ensures a comprehensive understanding of the multifaceted nature of violence against women and children and informs the development of evidence-based policy recommendations.

Data Analysis and Interpretation

The analysis of data in the policy paper involves a rigorous process of synthesizing quantitative and qualitative findings to identify key trends, patterns, and themes related to violence against women and children. Quantitative data are analyzed using statistical techniques such as regression analysis, descriptive statistics, and data visualization to assess relationships between variables and identify risk factors associated with violence.

Qualitative data are coded and thematically analyzed to identify recurring themes, perspectives, and insights from stakeholders. The triangulation of quantitative and qualitative findings enhances the validity and reliability of the research, enabling a nuanced understanding of the complexities of violence and informing policy recommendations that are grounded in empirical evidence and informed by the voices of those affected.

Issues and Challenges

Dynamics of Domestic Violence

Domestic violence is a complex issue rooted in a combination of factors. Power imbalances, often linked to gender inequality, play a significant role. Perpetrators may use violence and abuse to control, dominate, and coerce their victims. Socially constructed gender roles that normalize male dominance and female submissiveness can create an environment where violence is seen as acceptable. For example, in some South Asian countries, dowry-related violence, where a bride's family is pressured to provide money or gifts, can be a form of domestic violence. In Pakistan, many women are killed, stoned to death, married to older men, or even murdered due to defaming the family name, i.e., "honor."

Economic dependence can make it difficult for victims, particularly women, to leave abusive relationships. This is especially true in regions with limited opportunities for women's employment or where cultural norms restrict their mobility. Social norms that stigmatize victims and minimize the severity of domestic violence further contribute to its underreporting. Cultural practices, such as child marriage, can also increase a woman's vulnerability to abuse. In parts of Africa, for instance, female genital mutilation (FGM) can be a form of controlling a woman's sexuality and increasing her subservience within a relationship.

In many cases, violence against women, especially domestic forms of violence, is largely unreported. Often, it is not considered an act of violence by families, communities, and individuals in Pakistan's dominant male society. Many incidents are reported as routine news and are not given much attention. The issue and cases of violence against women show strong sociopolitical and economic factors. For instance, in the cases of love and eloped marriages, the family, community, tribe, and caste determine the crime of violence to preserve "Izzat" and use masculine power and authority. Violence against women in Pakistan is rampant and has become a chronic social and public policy issue. It is not limited to a particular region, ethnic group, class, age, or gender, but it is widespread in society. However, women and girls are the most affected due to gender-based violence. The traditional tribal structures and codes of culture and ethics that justify the legitimacy of violence against women need to be dismantled. Officials of state and law enforcement agencies require training using a gender lens, such as gender-sensitive courses, workshops, seminars, and conferences. Universities and civil society forums should incorporate gender-sensitive and gender-justice pedagogy in their teaching, learning, and community advocacy programs, especially by taking guidance from religious clerics.

Impact on Women

Domestic violence can have profound and long-lasting effects on women, both physically and psychologically. Women who experience domestic violence often suffer physical injuries ranging from bruises and cuts to broken bones and traumatic brain injuries. These injuries can have both short-term and long-term consequences for their health. The emotional toll of domestic violence can be devastating. Women may experience fear, anxiety, depression, and post-traumatic stress disorder (PTSD). This can affect their ability to function in daily life and can lead to issues such as low self-esteem and feelings of worthlessness. Abusers often use tactics such as isolation to maintain control over their victims. Women who experience domestic violence may become isolated from friends, family, and support networks, which can exacerbate feelings of loneliness and helplessness. Domestic violence can also result in financial dependence on the abuser, especially if the woman is prevented from working or accessing resources. This can make it difficult for women to leave abusive situations and regain independence. Children who witness domestic violence may suffer from emotional and behavioral problems, and the cycle of violence can continue across generations. Women who are victims of domestic violence may also face challenges in parenting and may struggle to protect their children from harm. Domestic violence has been linked to a range of health problems, including chronic pain, gastrointestinal disorders, and substance abuse. The stress of living in an abusive environment can also weaken the immune system and increase the risk of chronic conditions such as heart disease and diabetes. Women who experience domestic violence may face barriers to seeking help, including fear of retaliation, shame, and lack of resources. Cultural and societal norms may also discourage women from speaking out or seeking assistance. Domestic violence can have legal and social consequences for women, including involvement with the criminal justice system, loss of housing, and discrimination. These consequences can further exacerbate the trauma of the abuse and make it harder for women to rebuild their lives. Overall, the impact of domestic violence on women is profound and multifaceted, affecting every aspect of their lives and well-being. Addressing domestic violence requires a comprehensive approach that includes support services, legal protections, and efforts to change cultural attitudes.

Impact on Children

Children exposed to domestic violence are not simply bystanders; they are deeply affected by the abuse they witness or experience directly. Witnessing violence between parents can be just as traumatic as physical abuse itself. Children may experience emotional and behavioral problems, including anxiety, depression, aggression, and difficulty concentrating in school. Exposure to domestic violence can also have long-term consequences for children's physical and mental health. They may be at increased risk for substance abuse, self-harm, and suicidal ideation in adulthood. Furthermore, children raised in violent homes are more likely to become perpetrators or victims of violence in their own future relationships.

A study conducted in the United States found that children who witnessed domestic violence were twice as likely to be involved in a violent relationship as adults. In regions with limited access to mental health services, the long-term consequences of childhood exposure to domestic violence can be particularly severe.

Policy and Legal Frameworks: A Global Perspective

Numerous policies and legal frameworks have been established globally to address domestic violence. These frameworks take various approaches, with specific considerations for cultural contexts:

- Criminalization: Many countries have enacted laws that criminalize specific acts of domestic violence, such as assault, battery, and stalking. This approach holds perpetrators accountable and serves as a deterrent. However, enforcement can vary significantly across regions. For example, in some European countries, police have the authority to make temporary arrests for domestic violence offenses, while in other regions, police intervention may be limited unless a serious injury occurs.
- International Conventions: Policy and legal frameworks aimed at addressing domestic violence against children vary across jurisdictions but generally include legislation, regulations, and initiatives at the national, regional, and local levels. These frameworks typically encompass child protection laws, family law provisions, criminal statutes, and social welfare policies. Additionally, many countries have ratified international conventions and treaties, such as the United Nations Convention on the Rights of the Child (UNCRC), which obligate states to protect children from violence, abuse, and exploitation.
- Protection Orders: These orders are civil court rulings that prohibit the abuser from contacting or approaching the victim or their children. They can also mandate the abuser to leave the shared residence. However, the effectiveness of protection orders relies heavily on enforcement mechanisms. In some Latin American countries, for instance, a lack of resources and training for law enforcement can hinder the proper enforcement of protection orders, leaving victims vulnerable.
- Victim Support Services: These services, often provided by shelters and advocacy organizations, offer victims a safe space, counseling, and legal

assistance. However, access to these services can be limited in many regions, particularly in rural areas or developing countries.

- Pakistan's Initiatives: Pakistan has taken steps to address domestic violence through policy and legal measures, including the enactment of the Protection of Women (Criminal Laws Amendment) Act 2006, Domestic Violence (Prevention and Protection) Bill 2012, Punjab Protection of Women against Violence Act 2016, Protection against Harassment of Women at the Workplace Act 2010, and ICT Child Protection Act 2018.

While these initiatives are commendable, the policy and legal framework faces challenges such as limited implementation and enforcement, inadequate resources and infrastructure, societal resistance and stigma, and limited access to justice and support services.

Critical Assessment

While existing policies and legal frameworks represent crucial steps towards addressing domestic violence, they have limitations that vary depending on the specific region:

Limitations of the Criminal Justice System

- Underreporting: Many domestic violence cases remain unreported due to fear of retaliation, shame, and a lack of trust in the legal system. This issue is particularly prevalent in regions with strong patriarchal norms or limited access to legal aid.
- Inadequate Law Enforcement Response: Law enforcement officers may lack training in recognizing and responding to domestic violence cases effectively. This can result from insufficient training budgets or cultural biases that minimize the seriousness of domestic violence.
- Challenges in Prosecution: Gathering evidence and securing convictions can be difficult, particularly in cases of emotional or psychological abuse. This issue is further complicated in regions with limited forensic resources or a backlog of court cases.
- Inadequate Protection Orders: Protection orders can be ineffective if not properly enforced. In some regions, cultural norms that prioritize family unity may discourage victims from seeking protection orders, or communities may be reluctant to intervene in domestic disputes.

Limitations of Support Services

- Limited Resources: Shelters and support services are often underfunded and overwhelmed, leading to waiting lists and limited accessibility, particularly in developing countries.

- Lack of Culturally Competent Services: Services may not be culturally sensitive or cater to the specific needs of diverse communities. For instance, shelters in immigrant communities may struggle to provide services in multiple languages or may not be sensitive to religious or cultural practices.
- Limited Support for Children: Existing support systems may not adequately address the unique needs of children exposed to domestic violence. This can be due to a lack of specialized training for counselors or a shortage of resources dedicated to children's mental health services.

Future Directions

To effectively address domestic violence on a global scale, a comprehensive and multi-pronged approach is necessary, with specific considerations for regional needs:

Enhanced Prevention Efforts

- Public Awareness Campaigns: Develop and implement public awareness campaigns that challenge harmful gender norms and promote healthy relationships. These campaigns should be culturally sensitive and tailored to resonate with diverse audiences. For example, campaigns in regions with high rates of child marriage may focus on empowering young girls and delaying marriage until they are mature.
- Education Programs: Integrate comprehensive domestic violence education into school curriculums to empower young people to identify and prevent abuse. This education should be age-appropriate and address issues of consent, healthy relationships, and bystander intervention.
- Community-Based Interventions: Implement community-based programs that promote healthy masculinity and positive conflict resolution skills. These programs can be particularly effective in regions with strong patriarchal norms, where traditional ideas about male dominance may contribute to domestic violence.

Strengthening the Legal System

- Improved Training for Law Enforcement: Provide specialized training for law enforcement officers in recognizing domestic violence, conducting thorough investigations, and interacting with victims sensitively. This training should be culturally appropriate and address regional challenges, such as language barriers or specific types of domestic violence prevalent in the area.
- Streamlined Prosecution Processes: Develop faster and more efficient prosecution processes for domestic violence cases. This may involve

dedicated domestic violence courts or specialized prosecutors to expedite cases and improve conviction rates.

- Enhanced Enforcement of Protection Orders: Allocate resources to ensure effective enforcement of protection orders, including mandatory offender tracking and swift responses to violations. This may involve collaboration between law enforcement, social services, and victim support organizations.

Expanding Support Services

- Increased Funding: Increase funding for shelters and support services to ensure greater accessibility for victims. This funding should be allocated strategically, considering the specific needs of different regions.
- Culturally Competent Services: Develop culturally competent services that cater to the specific needs of diverse communities. This may involve providing services in multiple languages, hiring staff from diverse backgrounds, and ensuring cultural sensitivity in all aspects of service delivery.
- Comprehensive Support for Children: Create specialized support programs for children exposed to domestic violence, including individual and group therapy, trauma-informed interventions, and educational support. These programs should address the specific needs of children at different age groups and consider factors such as witnessing violence, experiencing direct abuse, and living in a dysfunctional home environment.
- Economic Empowerment Programs: Implement programs that support victims' financial independence, facilitating their ability to leave abusive relationships. This may involve job training, microloans, or childcare assistance. Economic empowerment programs can be particularly crucial in regions with limited opportunities for women's employment.

Two critical issues and challenges require effective intervention and prevention strategies. First, cultural and social norms perpetuate attitudes that condone or justify violence against women and children, hindering efforts to change behaviors and create a culture of respect and equality. Deeply ingrained gender stereotypes, patriarchal power dynamics, and societal expectations often discourage survivors from speaking out and seeking help, while also enabling perpetrators to act with impunity. Addressing these entrenched norms requires targeted interventions that challenge harmful beliefs, promote gender equality, and engage communities in dialogue and advocacy for change.

Secondly, underreporting of violence remains a pervasive challenge, fueled by fear of retaliation, shame, and mistrust in the justice system. Many survivors hesitate to disclose their experiences due to concerns about safety, privacy, and the potential consequences of speaking out. Furthermore, marginalized and vulnerable populations, including Indigenous communities, racial minorities, and persons with disabilities, face additional barriers to reporting and accessing support services due to intersecting forms of discrimination and systemic inequalities. Overcoming underreporting requires the implementation of survivor-centered approaches that prioritize confidentiality, safety, and autonomy, along with efforts to build trust in support services and strengthen legal protections for survivors.

Conclusion

This policy paper on violence against women and children underscores the urgent need for comprehensive, evidence-based policy interventions to address this pervasive and complex social issue. Drawing on a multidisciplinary approach and integrating both quantitative and qualitative findings, the paper highlights the interconnectedness of individual, relational, community, and societal factors contributing to violence. It emphasizes the importance of promoting gender equality, human rights, and social justice as fundamental pillars of effective prevention and response efforts. Furthermore, the paper calls for a holistic approach that addresses the root causes of violence, provides comprehensive support services for survivors, strengthens legal and policy frameworks, and fosters collaboration among stakeholders at all levels. Ultimately, the conclusion underscores the imperative of sustained political will, resource allocation, and collective action to end violence against women and children and create a safer, more equitable society for all.

Recommendations

Policymakers can work towards creating a society free from violence, where women and children are empowered to live with dignity, autonomy, and safety by implementing the following recommendations:

1. **Strengthen Legal Protections and Enforcement**: Implement and enforce comprehensive legal frameworks that criminalize all forms of violence against women and children, including domestic violence, sexual assault, child marriage, workplace abuse, trafficking, and honor killing. Ensure effective implementation of laws, hold perpetrators accountable, and provide survivors with access to justice through specialized courts, legal aid services, and victim support programs.
2. **Enhance Prevention and Education Initiatives**: Develop and implement evidence-based prevention programs and educational initiatives aimed at challenging harmful gender norms, promoting healthy relationships, and building skills for conflict resolution and bystander intervention. Integrate gender-sensitive education curricula into schools and community settings to raise awareness about the root causes and consequences of violence and empower individuals to take action.

3. **Expand Access to Support Services**: Increase funding and resources for essential support services for survivors of violence, including crisis hotlines, shelters, counseling, medical care, and legal assistance. Ensure that services are accessible, culturally sensitive, and tailored to meet the diverse needs of women and children, including those from marginalized communities.
4. **Empower Women and Girls**: Invest in programs and initiatives that empower women and girls economically, socially, and politically, including access to education, employment opportunities, financial resources, and leadership positions. Promote women's rights and agency through targeted interventions that address intersecting forms of discrimination based on gender, age, ethnicity, and socio-economic status.
5. **Foster Multi-Sectoral Collaboration**: Strengthen collaboration and coordination among government agencies, civil society organizations, academia, and the private sector to develop holistic, multi-sectoral responses to violence against women and children. Establish inter-agency task forces, partnerships, and networks to share information, resources, and best practices and ensure a cohesive approach to prevention, intervention, and advocacy efforts.
6. **Address Structural Inequalities**: Tackle the root causes of violence by addressing structural inequalities and social determinants of health, such as poverty, unemployment, housing insecurity, and lack of access to essential services. Implement policies and programs that promote gender equality, economic empowerment, social inclusion, and human rights for all, with a particular focus on marginalized and vulnerable populations.
7. **Monitor and Evaluate Impact**: Establish robust monitoring and evaluation mechanisms to assess the effectiveness of policy interventions, track progress towards achieving key objectives, and identify areas for improvement. Collect disaggregated data on violence prevalence, service utilization, and outcomes to inform evidence-based decision-making and resource allocation.
8. **Amplify Voices of Survivors**: Center the voices and experiences of survivors in policy development, implementation, and evaluation processes. Create avenues for meaningful participation and representation of survivors in decision-making forums, advocacy campaigns, and programmatic initiatives to ensure that policies are responsive to their needs, preferences, and priorities.

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