



Corridors of Knowledge for Peace and Development



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Corridors of Knowledge
for
Peace and Development



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**Sarah S. Aneel
Uzma T. Haroon
Imrana Niazi**

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Sustainable Development Policy Institute

Taimur Chambers, # 10-D (West), 3rd Floor
Fazl-e-Haq Road, Blue Area, Islamabad
Tel: (92-51) 2278134, 2278136 Fax: 2278135

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Sang-e-Meel Publications

Phones: 37220100-37228143 Fax: 37245101
<http://www.sangemeel.com> e-mail: smp@sangemeel.com
25 Shahrah-e-Pakistan (Lower Mall), Lahore-54000 PAKISTAN

Corridors of Knowledge for Peace and Development

Table of Contents

About the Sustainable Development Policy Institute	vii
About the Sustainable Development Conference (SDC) Series	x
Acknowledgements	xviii
Foreword - Re-imagining Connectivity in South Asia and Beyond	xxv
REFLECTIONS AND LEARNINGS: MOVING SOUTH ASIA BEYOND BORDERS & BOUNDARIES	
Chapter 1 Sartaj Aziz Vision for Pakistan: Corridor of Knowledge for Peace and Development	3
Chapter 2 Ishrat Husain Human Capital and Pakistan's Future	7
Chapter 3 Shamshad Akhtar Regional Cooperation through Connectivity: Lessons for South Asia and Pakistan	13

Chapter 4 17
Sherry Rehman
The Connectivity Dream

Chapter 5 24
Moneeza Hashmi
Harnessing Power of Media for Sustainable Development

Chapter 6 32
Shoaib Sultan Khan
Poverty Reduction through Social Mobilisation in Pakistan and India

Chapter 7 41
Ratnakar Adhikari
Fourth Industrial Revolution:
From Least Developed Countries to Knowledge Societies

Chapter 8 67
Amitabh Kundu
South-South Cooperation in Building a Knowledge Corridor for Achieving
Development Targets

PERSPECTIVES ON ECONOMIC DEVELOPMENT IN SOUTH ASIA

Chapter 9 81
Ahad Nazir and Vaqar Ahmed
National and Sub-National Tax Reforms:
An Iterative Public-Private Dialogue Approach from Pakistan

Chapter 10 96
Jan Werner
Fiscal Equalisation and Fiscal Conflicts:
Junction between Solidarity and Subsidiarity for Khyber Pakhtunkhwa,
Pakistan – Lessons from the German Experience

Chapter 11	124
Fatima Khushnud and Asad Khan Afridi	
Pakistan's Power Sector: The Way Forward	

Chapter 12	136
Pradeep S. Mehta, Ujjwal Kumar and Parveer Singh Ghuman	
Interface between Competition Policy and Intellectual Property Rights: Select Case Studies from India	

REGIONAL CONNECTIVITY IN SOUTH ASIA

Chapter 13	165
Nagesh Kumar and Joseph George	
Connecting for Trade and Development: Issues and Prospects of Land Transport Corridors in South Asia	

Chapter 14	183
Bipul Chatterjee and Surendar Singh	
Regional Connectivity in South Asia: Role of the International Road Transports (TIR) Convention	

Chapter 15	200
Ruwan Edirisinghe	
Unleashing SAARC's Trade Potential	

POTENTIAL OF SOUTH ASIA'S HUMAN CAPITAL FOR DEVELOPMENT

Chapter 16	207
Raj Kumar Dhungana	
Paradoxes of Quality Education in South Asia	

Chapter 17	229
Foyasal Khan	
Economic Relevance and Sustainability of Technical and Vocational Education and Training Programmes: Case of Bangladesh	

Chapter 18	253
Anne Nairuko Mootian	
Avenues for Climate-resilient Development through Shared Research and Policy Initiatives: Case of Narok County, Kenya	
STATE, SOCIETY AND VOICE: FUTURES THAT MATTER	
Chapter 19	279
Nathelene Reynolds	
Hindu Nationalism and the Muslim Minority in India	
Chapter 20	304
Ammaz Khan and Rabia Manzoor	
Women's Access to Justice in Pakistan: Understanding Barriers	
Chapter 21	323
Sadia Bokhari	
Protecting Religious Minority Women in Pakistan	
Chapter 22	335
Victoria Perrie	
Addressing Gender-based Violence against Women in Malaysia: Impact of CEDAW's Concluding Observations	
ANNEXURE: CONFERENCE PROGRAMME	355

Reflections and Learnings: Moving South Asia beyond Borders & Boundaries

Vision for Pakistan: Corridor of Knowledge for
Peace and Development *Sartaj Aziz*

Human Capital and Pakistan's Future *Ishrat Husain*

Regional Cooperation through Connectivity:
Lessons for South Asia and Pakistan *Shamshad Akhtar*

The Connectivity Dream *Sherry Rehman*

Harnessing Power of Media for Sustainable
Development *Moneeza Hashmi*

Poverty Reduction through Social Mobilisation in
Pakistan and India *Shoaib Sultan Khan*

Fourth Industrial Revolution: From Least
Developed Countries to Knowledge Societies *Ratnakar Adhikari*

South-South Cooperation in Building a Knowledge
Corridor for Achieving Development Targets *Amitabh Kundu*

This chapter focuses on a new concept of Human Capital that goes beyond the traditional definition of Human Development. By improving their skills, health, knowledge, and resilience — their human capital — people can be more productive, flexible, and innovative. Human capital is a central driver of sustainable growth and poverty reduction. Investments in human capital have become more important as the nature of work has evolved (World Bank 2018: 2). Human development focuses on quantitative indicators such as the average number of schools, while human capital captures the quality — how much children have learnt at school. In health, the rate of stunting of children under five has serious repercussions on their future mental development. Measuring spending on education, health or social protection does not indicate whether the spending has led to better outcomes. This outcome orientation is of essence as the future is to be driven by innovation and knowledge, and that is where we have to focus our policies, institutions, investment and governance.

Over the last decade, significant progress has been made in getting children into school, reducing child mortality and tackling communicable diseases, increasing life expectancy, and expanding social safety nets in low income countries (Ibid.: 8). The global economy since 1990 has done a wonderful job in bringing poverty levels almost to 15%, which was a Millennium Development Goal (MDG). But that should not make us complacent because what has happened is that the benchmark for the future is no longer the 1990 poverty line of USD 1.90 a day. The benchmark for the future has to be USD 3 a day — which means that according to this criteria a

* Dr Ishrat Husain is Advisor to the Prime Minister of Pakistan on Institutional Reforms and Austerity, Government of Pakistan.

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majority of people are still living below the poverty line. Therefore, the challenge is to address that goal of poverty reduction which is more difficult, more pervasive and deep-rooted as compared to what we were able to achieve by 2015. The new challenges would be more complex and daunting and cannot be met through the past tools and policies. The World Bank has developed a new measurement index which is the Human Capital Index (HCI) so education, health, etc. are purposeful in increasing productivity. Education is required to create the opportunities for livelihoods, for employment and for entrepreneurship. Although the developing countries have done extremely well on the Human Development Index (HDI) since 1990, their record on HCI is far from satisfactory. Therefore, the task ahead is to invest in quality of education and to increase productivity of our labour force, both in agriculture and industrial/services sector to reach what the economists called the 'production possibility' because we are way behind as far as human capital is concerned.

The other element which is worrisome is that though we have made progress in poverty alleviation, the relative inequalities, both within countries, and between groups of countries, have become worse. The two glaring examples are those of China and India — the two great performers as far as economic growth is concerned. But, the Gini coefficient has gone up from 0.35 to 0.45 and 0.42 in both countries. Therefore, regional disparities, gender disparities and interpersonal income inequalities have really taken a heavy toll both on developing countries as well as on advanced countries. The Yellow Vest (movement) in France; Brexit; Trump's success in the United States; ascendancy of the rightist government in Italy; Orbán in Hungary; the difficulty in forming a government in Sweden are all manifestations of the despondency, hopelessness and despair, which have been created by these stark disparities even within advanced economies.

It has been rightly pointed out that returns to capital, particularly human capital, i.e. talent and skills are rising consistently compared to returns on unskilled labour, and that difference is likely to widen due to technological disruption. How do we go about enhancing these rates of return? Investment in Human Capital, Trade, Technology, and Connectivity are the means by which we can do so. I have already dwelt upon Human Capital. Let me turn to other aspects.

Regional trade, especially with contiguous neighbours, has an excellent track record. My studies on Pakistan-India trade for the last many years show that our Punjab along with East Punjab, Haryana, and Delhi is a contiguous market, which is geographically integrated, culturally similar (taste and preferences) and that forms a big opportunity for both the countries to cash in. Production, as well as consumer sectors of the economy are likely to benefit from this, contiguousness. Take, for example, the raw material ingredients, which are coming to the pharma industry from India via Dubai or via other places for final products. If there is direct import from India to Pakistan, the drug prices here will go down quite significantly providing a great financial relief to the sick in this country. In agriculture, if there are fluctuations in the cycle of production, and East Punjab produces surpluses, while our Punjab is short in supply, trade would actually benefit each other and smooth out the prices of perishable commodities such as vegetables like onions and potatoes which are critical for these regions. So, it is a win-win situation for the consumers and farmers of both countries.

At the time when the State Bank of Pakistan carried out the first in-depth study of Pakistan-India trade volume potential, it was projected at USD 10 billion. The latest World Bank study shows it is USD 37 billion, but in reality, we are stagnating at USD 2 billion. Look at the job opportunities that can be induced by such large exchange of goods and services between the two countries. In Pakistan, majority of the rural population suffers because of poverty as compared to the urban areas. Therefore, Pakistan-India trade is a powerful engine for better livelihoods and earnings, shared prosperity, poverty alleviation and mitigation of inequality.

The other aspect of possible regional cooperation is joint efforts in **promoting knowledge corridors**. Both China and India have some of the finest institutes of science technology, mathematics, and medicine. We can enter into collaboration and partnerships with them in the areas of research and higher education, particularly in Information Technology (IT) fields. But, this would require an overhaul of the curriculum, pedagogical tools, teaching quality and assessment methods which are not aligned with the spirit of inquiry and curiosity – the pre-requisites for a solid foundation in Science and Technology education.

In this context of youth education, I would like to draw your attention to the waste of our human capital which is taking place at a massive scale, and has not been fully understood in the context of our current schooling structure.

Some 90% of the schools in Pakistan today provide primary education up to grade 5. But, thereafter, there is an abrupt steep decline in the number of middle, and secondary (high) schools. Most of the children out of school – almost 15 out of 22 million – cannot pursue their education beyond primary because of the missing middle schools. We are, therefore, creating a new class – not-in-school and not-in-work cadre of millions of young men and women every year who are not employable. The rigidity in our schooling system due to age limitations and entry requirements for technical and vocational education render these kids totally rudderless in improving their futures. We need a more flexible and tailor-made approach at least for vocational education so that these children can become useful productive citizens in the future. At the same time, there must be a proportionate expansion in the number of middle and high schools, particularly in the backward districts of Pakistan.

These 15-16 million children, who could have gone to middle school and to secondary and higher secondary schools, and have per force dropped out, should have alternative choices. Otherwise, they are fodder for extremism, they are fodder for crime because they have no future at all, because they are not employable, they do not have skills, and they do not have vocational training. Some kind of **non-formal education and training** needs to be imparted to this cohort in order to prepare them for skills which are scarce in this country. Nursing, plumbing, air conditioning mechanic, auto-mechanic, paramedics, and lady health workers are in huge demand, but we are not producing them because everybody wants general education.

Let me now turn to the state of **higher education** in Pakistan. It must be said that there has been some improvement since 2000, but, we still have a long way to go. Karachi University used to produce the largest number of Science graduates back in 1960s. Today, it is producing the highest number of graduates in Islamic Studies, in Languages and in Humanities and Arts. I have nothing against these subjects which should be taught, but to face the challenges of the 21st Century we have to incentivise and encourage students towards Science education.

Unless we do that, we would not be able to make much headway and the Knowledge Corridor would remain a one-way street as has been the case so far. We may develop knowledge corridors with China and India, but the corridors would do no good as the receptacle to absorb, assimilate and apply knowledge would remain empty. We had a world-class Pakistan Council of Scientific and Industrial Research in the 1960s comparable to India, but the Indian Council has forged ahead while ours is stagnating.

This brings me to my pet subject i.e., the governance deficit that has made our institutions dysfunctional and created the plethora of problems in the delivery of basic public services such as education, health, water and sanitation. We should deconcentrate administrative powers, delegate financial resources and devolve operational responsibilities to local tiers of government. The local authorities would involve citizens, communities, civil society organisations and private sector in various ways and forums to ensure that these services are accessible without hassle or difficulties. The present trend of over concentration and centralisation of powers at the top would not allow Pakistan to gain dividends from investment in human capital. To me, it is not 4% or 5% of Gross Domestic Product (GDP) allocation that is important, it is how efficiently and effectively this allocation is utilised for the larger good of the majority of the population.

In 2002, I went back to my first sub-division, where I started my career, Shikarpur, and I was curious to figure out as to what kind of preoccupation or what the level of discussion of the district councillors would be. You know what I heard, one village councillor stood up and said, 'I do not have a girls' school in my village and my girls can't go far off, so we need to set one up.' The other councillor gets up and says, 'I have a school, a building and teacher, but there are not enough girls in my school so why don't we construct a pathway, to connect your village with my village, and therefore, your girls can come and our school facilities would be fully utilised. Both of our villages would benefit from this arrangement.' This is the power of local knowledge, the local need articulation, which is superior to any PhD central planner, we have in this world. Therefore, we have to empower and transfer resources to the local level and trust them. Do not consider that knowledge transfer is only confined to people like me. Knowledge transfer, to become equitable, should go to the grassroot level.

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