SECURING PEACE AND PROSPERITY

SDPI
Sustainable Development Policy Institute

SANG-E-MEEL PUBLICATIONS
LAHORE — PAKISTAN
# Securing Peace and Prosperity

About the Sustainable Development Policy Institute (SDPI)

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About the Sustainable Development Policy Institute (SDPI)

Who we are
The Sustainable Development Policy Institute (SDPI) is one of South Asia’s leading non-partisan policy research organisations providing the global development community representation from Pakistan and the region as a whole with the mission ‘to catalyse the transition towards sustainable development, defined as the enhancement of peace, social justice and well-being, within and across generations.’

SDPI was recently awarded at the national level for its collective contribution in the fields of social service, social sciences, arts and humanities according to the Inter University Consortium for the Promotion of Social Sciences (IUCPSS), Pakistan in February 2016.1 Internationally, the Institute has also been ranked 15/95 in the category of ‘Top Think Tanks in Southeast Asia and the Pacific’; 65/95 in the ‘Top Environment Policy Think Tanks’; 38/80 on the list of ‘Best Trans-disciplinary Research Think Tanks’; 104/137 in the ‘Top Think Tanks Worldwide (non-US)’; and 40/100 as the ‘Think Tank to Watch’, according to the 2015 Global Go To Think Tank Index Report.2

Where we come from
The Institute’s genesis lies in the Pakistan National Conservation Strategy (also known as Pakistan’s Agenda 21), which approved by the Federal Cabinet in March 1992, outlined the need for an independent non-profit organisation in the country to serve as a source of expertise for policy analysis, evidence-based research and training services. The Institute, therefore, started its humble beginnings on 4 August 1992.

What we do
We function in an advisory capacity by carrying out robust research, policy advice and advocacy; and in an enabling capacity by strengthening other individuals and organisations with resource materials and training. Specifically, our broad-based yet holistic mandate is to:

- conduct evidence-based research, advocacy and trainings from a broad multi-disciplinary perspective;
- promote the implementation of policies, programmes, laws and regulations based on sustainable development;
- strengthen civil society and facilitate civil society-government interaction in collaboration with other organisations and activist networks;

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• disseminate research findings and public education through the media, conferences, seminars, lectures, publications and curricula development; and,
• contribute to building national research capacity and infrastructure.

How we do it
The diverse array of projects and programmes, from inclusive economic growth to institutional governance, from energy economics to climate change, from food, water and human security to education, from sustainable industrial growth to hazardous waste management, from religious tolerance to peace and gender equity, that SDPI has been involved in over the past 24 years, outline the following core activities:

• Providing policy advice to the government;
• Facilitating and organising forums for policy dialogue;
• Supporting in-house, local, regional and international academics, students and researchers;
• Publishing critical research for public and private sector use;
• Acting as a conduit for North-South and South-South dialogue;
• Creating an environment for information dissemination and training;
• Campaigning for regional advocacy and networking.

Why we do it
The Institute’s efforts remain unwavering in its vision to become a Centre of Excellence on sustainable development policy research, capacity development and advocacy in the country and South Asia by producing knowledge that not only enhances the capacity of the state to make informed policy decisions, but also engages civil society and academia on issues of public interest for the betterment of current and future generations.

How we reach out
Since its inception, the SDPI has organised innumerable seminars and national and international conferences. The Sustainable Development Conference (SDC) series has become a flagship event of the Institute that not only provides a forum for highlighting SDPI’s own research, but also offers space to other researchers and academics from South Asia in particular and across the globe in general, to share their work and engage in constructive dialogue with fellow intellectuals, movers and shakers from the public and private sector, students and the general public (see Annexure 1 for details about the previous SD Conferences).

To date, SDPI has organised eighteen annual conferences. This book is a collection of working papers, speeches and policy briefs were presented at the Eighteenth SDC titled ‘Securing Peace and Prosperity’ and the Eighth South Asia Economic Summit (SAES) on ‘Regional Cooperation for Sustainable Development in South Asia’ held over a four-day period (7-10 December 2015) in Pakistan’s capital Islamabad (see Annexure 2 for detailed Conference Agenda).

The Nineteenth SDC is planned from 6 – 8 December 2016 in Islamabad, Pakistan.
Acknowledgements

The Eighth South Asia Economic Summit (SAES) and SDPI’s Eighteenth Sustainable Development Conference were held simultaneously from 7-10 December 2015. The list of individuals and organisations who made these two events a success is long. Special thanks, however, goes to the following:

Eighth South Asia Economic Summit (SAES) Organisers:

- Sustainable Development Policy Institute, Pakistan, in partnership with the
  - Centre for Policy Dialogue, Bangladesh
  - Research and Information Systems for Developing Countries, India
  - South Asia Watch on Trade, Economics and Environment, Nepal
  - Institute of Policy Studies, Sri Lanka

Donors and partners of the Eighth South Asia Economic Summit (SAES) 2015:

- The World Bank, Pakistan
- Commonwealth Foundation, UK
- United Nations Development Programme (UNDP), Pakistan
- South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Thailand
- SAARC Chamber of Commerce and Industry, Pakistan

Donors and partners of SDPI’s Eighteenth Sustainable Development Conference 2015:

- International Development Research Centre (IDRC), Canada
- Heinrich Böll Stiftung (HBS), Pakistan
- AAWAZ Voice and Accountability Programme, Pakistan
- Overseas Development Institute (ODI), UK
- World Food Programme (WFP), Pakistan
- Friedrich-Ebert-Stiftung (FES), Pakistan
- HTSPE Limited (TEP) - Alif Ailaan
- United States Institute of Peace (USIP), USA
- Oxfam GB
- South Asia Partnership Pakistan (SAP-PK)
- South Asian Network for Development and Environmental Economics (SANDEE), Nepal
- Commission on Science and Technology for Sustainable Development in the South (COMSATS), Pakistan
- Nestle, Pakistan
SDC-SAES Anthology Review Panel

The Sustainable Development Policy Institute (SDPI) prides itself in producing valuable and credible research. The blind peer review process is, therefore, a crucial means of determining both quality and validity of the research work which is published each year in the Sustainable Development Conference (SDC) Anthology. This Anthology also contains peer reviewed papers presented at the Eighth South Asia Economic Summit held alongside SDPI’s Eighteenth Sustainable Development Conference.

While our Panel of Referees grows each year, we remain cognizant that reviewer selection is just as critical as the review itself and hence, we chose each one carefully based on their reputation and expertise. Given how important and yet often invisible this activity is to the outside world, we truly appreciate the unbiased and timely feedback we received on the papers that were peer reviewed this year. The Institute and anthology editors wish to thank the following academics, researchers and professionals for their fair, constructive, and informative critique of the submitted works:

Dr Ayesha Siddiqa is an independent social scientist and author. She was the first Pakistan Fellow at the Woodrow Wilson International Centre for Scholars and a Charles Wallace Fellow at St. Antony’s College, University of Oxford, UK. She is currently working on a monograph on militancy and radicalism in Pakistan.

Dr Babar Shahbaz is Associate Professor and Chairperson of the Outreach Programme at the US-Pakistan Centre for Advanced Studies in Agriculture and Food Security, University of Agriculture, Faisalabad, Pakistan. He earned his Ph.D. degree from the University of Agriculture, Faisalabad and post-doctorate from the Zurich University, Switzerland, and Korea Development Institute, Seoul, South Korea. His specialised fields include rural development and sustainable livelihoods, agricultural extension, food security and natural resource management.

Dr Eaisha Tareen is an independent clinical psychologist working both in Colchester, in the UK and, more recently, in Lahore, Pakistan. Her doctorate from the University of Essex is in the area of social support and depression in Pakistani women. She has a special interest in Islam and gender, and women’s issues. She did her Masters in Islamic Studies from Birkbeck College, University of London, and taught Islamic Studies at the undergraduate and postgraduate level. In Lahore, she also works in the area of educational development, particularly special education.

Dr Fahad Saeed is a Research Fellow in the Environment and Climate Change Unit since September 2014 at the Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan. He has also worked with the Climate Service Center (CSC) and the Global Change Impact Studies Center (GCISC) in Pakistan. He completed his doctorate and post-doc from the Max Planck Institute for Meteorology (MPIM), Germany in 2013.

Mr Ghulam Samad is a Research Economist at the Pakistan Institute of Development Economics (PIDE), Islamabad, Pakistan.
**Dr Humaira Ishfaq** has 12 years work experience as a writer, literary critic and teacher of Urdu literature at the International Islamic University and at the Department of Gender and Women Studies at Allama Iqbal Open University in Islamabad, Pakistan. She is also the General Secretary of South Asian Research and Resource Center and a consultant for the Research and Urdu Publications branch of SDPI in Islamabad, Pakistan. She has authored 24 publications.

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**Dr Muhammad Shoaib Suddle** currently heads Safer Communities Foundation (SCF), a not-for-profit civil society organisation registered with the Securities and Exchange Commission of Pakistan. He is a Senior Fellow of the Global Think Tank Network (GTTN), National University of Science and Technology; Member, Steering Committee for the Assessment of Quality of Governance in Pakistan, Pakistan Institute of Legislative Development and Transparency; President, International Police Association, Pakistan; International Director, Asia Crime Prevention Foundation, Tokyo; and,
Executive Director, Asia Crime Prevention Foundation, Pakistan. He has been a veteran public servant for over forty years.

Mr Nadeem Iqbal is the Director of the Network for Consumer Protection, Islamabad, Pakistan.

Dr Sajid Amin is a Research Fellow and heads the Policy Solutions Lab at the Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan. Prior to moving to SDPI, he was working at the Pakistan Institute of Development Economics (PIDE). His research areas include inclusive economic growth, poverty alleviation, exchange rate uncertainty and intergenerational mobility. Dr Amin has recently shifted his focus towards socio-economic inequities in Pakistan. He also teaches Macroeconomics, Development Economics and Global Political Economy.

Ms Sarah Siddiq Aneel has more than a decade of research, writing and editorial experience in the development sector of Pakistan. She has co-edited 14 peer reviewed research anthologies. Her most recent book as volume editor is titled Evolving Situation in Afghanistan: Role of Major Powers and Regional Countries (2016). She is also editor of the IPRI Journal, Pakistan’s second highest ranked Social Science journals. A Chevening Fellow (2008) in Governance and Environmental Democracy and LUMS McGill Fellow (2005-06) in Social Enterprise Development, her portfolio also includes multi-stakeholder programme management, training module development, organisational governance, strategy development and performance reporting.

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Dr Sofia Ahmed is a freelance economic and social policy researcher in Sydney, Australia. From 2006-13, she worked as a Research Economist at the Pakistan Institute of Development Economics (PIDE), Islamabad, Pakistan.

Dr Usman Mustafa is a Professor and Joint Director at the Project Evaluation and Training Division, and is Head of the Department of Management Studies at the Pakistan Institute of Development Economics (PIDE), Islamabad, Pakistan.

Ms Uzma T. Haroon is Director of the Sustainable Development Conference (SDC) Unit at the Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan. She has over 25 years’ experience in media and communication and has been the tour de force behind SDPI’s annual international conference series since 2003. She is also co-editor of the past 14 SDC anthologies, including this one. She holds a Masters degree in Communications from the University of Hawaii, USA; and, a Masters in Journalism from the University of Punjab, Pakistan.
Dr Vaqar Ahmed is Deputy Executive Director and head of the Economic Growth Unit at the Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan. He has worked as an economist with the United Nations Development Programme, Asian Development Bank, World Intellectual Property Organization, Oxford Policy Management, Irish Rural Economy Research Centre and Ministries of Finance, Planning and Commerce in Pakistan. He is a visiting faculty member at the National University of Ireland, IMT Institute of Advanced Studies in Italy, and Pakistan Institute of Trade and Development.

Editors
Apart from the cooperation of panel organisers and the entire SDPI staff, the Eighth South Asia Economic Summit (SAES) and the Eighteenth Sustainable Development Conference (SDC) and this publication would not have been possible without the constant support of the following colleagues/co-editors:

- Ms Uzma T. Haroon, Director SDC Unit, SDPI
- Ms Imrana Niazi, Coordinator, SDC Unit, SDPI
- Ms Sarah Siddiq Aneel, Editorial Consultant

The book title has been adapted from the SDC-SAES poster by Brandania.
Section I

A Panoramic View of Sustainable Development in South Asia
Setting the Scene

Abid Qaiyum Suleri

Honourable Dr Miftah Ismail, Advisor to Prime Minister and State Minister on Investment.
Representatives from national, regional and international partner organisations.
Respected parliamentarians, delegates from the media and academia.
Respected colleagues and dear friends.

On behalf of co-organisers of the Eighth South Asia Economic Summit, including Centre for Policy Dialogue, Bangladesh; Research and Information System for Developing Countries, India; South Asia Watch on Trade, Economics and Environment, Nepal; Institute of Policy Studies, Sri Lanka; and the Sustainable Development Policy Institute, I extend a warm welcome to all of you on this august gathering convened to discuss regional cooperation for sustainable development in South Asia.

Over the years, SAES has established its recognition and relevance across the region. This Summit, in so many ways, is different from the earlier ones. The difference certainly does not lie in this gathering being more important or historic or successful than the previous summits. That every Summit has been important goes without saying: After all, this forum is a perfect manifestation of South-South and South-North cooperation. It has become a crucial platform of engagement amongst the government, academia, development partners, parliamentarians, media and the civil society. As a forum for deliberating on regional economic policies going beyond political differences prevailing in this region, the Summit has achieved landmark status in the regional calendar.

South Asia is a region with multiple interstate and intrastate conflicts over politics, history, geography, environment, commerce and distribution of natural resources. In such a region, finding an opportunity for public thought leaders to sit together, discuss the regional and national issues objectively, share their success stories and learn from each other’s mistakes in itself is a big success.

This year’s Summit is all this and much more. It is a clarion call, a red alert, a warning. It is a clarion call for urgent but thoughtful action; it is a red alert about a fast approaching situation where we lag far behind the rest of the world in regional cooperation, while at the same time failing to preserve and protect our natural resources; it is a warning that the costs and the consequences of inaction, and even delayed action, are too steep to pay for the current and the future generations of South Asia.

Not that we do not know how to respond to that clarion call, how to avoid that red alert and how to respond to that warning. We, indeed, have asked all the questions over the last seven Summits and people who have spoken here in the past have also offered

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1 Dr Abid Qaiyum Suleri is the Executive Director of the Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan.
seriously relevant and practical answers to those questions as well. As a region, our failure is not the failure to think; it has always been the failure to act.

Even when we know the questions that haunt the states and societies in the region and even when we know the need to work out timely answers for those, there is precious little that shows that countries are serious about resolving the multiple crises and problems facing them. Decidedly, we have been long on words and theories, but short on actions and implementation. The time to act has been fast passing us by but, alas, all we have done so far is to wait, procrastinate and delay.

While the international community would be gathering in Nairobi for the World Trade Organization (WTO) Ministerial Meeting next week to discuss how to further liberalise trade in goods and services, the countries in South Asia are still struggling with an environment of mistrust, at least on the economic cooperation front. Almost every country has erected visible and invisible tariff and non-tariff barriers and political and ethnic restrictions on the movement of goods, services and people belonging to its regional neighbours. Not just that, almost every country remains mired in multiple violent conflicts, both internal and external, and this at a time when the most sworn enemies elsewhere are trying to resolve their decade-old conflicts through peaceful means. Just look at how Iran and the West are giving negotiations and diplomacy a chance.

The reason for South Asia’s slow progress is obvious: We do not think of sustainable development as a dividend of regional cooperation. A regional cooperation that would bring collective peace premised on shared prosperity. We do not think of a future where collective and collaborative management of natural resources can lead to a common understanding of the need to preserve and protect them.

It goes without saying that achieving the Sustainable Development Goals (SDGs) would require commitment of resources, implementation and monitoring to become a reality. But while this realisation has been there since the time of the Millennium Development Goals (MDGs), it has not resulted in corresponding timely action. This has been compounded by our profligacy in spending our natural resources. In order to achieve what little development we could manage, we have been wasting those very resources that could have guaranteed a better, faster and more sustained development had we been able to use them through collective wisdom. We, on the other hand, have been cutting the same tree for making fire to cook our food that is meant to provide us shade from the sun and protection from the hailstorm. A small section of the spendthrift sons and daughters of South Asia may have secured a prosperous present for themselves, but the cost which the rest and the future generations will have to pay is definitely steep. Either we start acting today or there will be no tomorrow that promises economic equality, social justice, environmental sustainability and societal peace and security to more than one billion people living in the region. The options we still have will soon become missed opportunities of yesterday. Inaction no longer remains an option if it ever was in the past. Just consider a scenario in which all states and societies let the present pass by without ensuring a future that people in the region not only deserve, but direly need. Without
moving instantly to resolving the multiple interstate and intrastate conflicts, we can only envision a future where room for regional cooperation would further shrunk.

I am not being pessimistic. It is not that nothing positive is taking place in the region. The Heart of Asia Conference, commonly known as the Istanbul Process is starting in Islamabad from tomorrow (9 December 2015), where top political leadership from 20 plus countries, including the honourable President of Afghanistan would be deliberating on working for regional peace and prosperity through stabilising Afghanistan. The ministerial conference of Developing 8 countries, on agriculture and food security, is also around the corner. So is the next South Asian Association for Regional Cooperation (SAARC) Summit which would be held in Islamabad in 2016.

However, to take advantage of those positive steps, we need to move today to give collective wisdom, diplomacy, participatory politics and democratic dialogue a big chance in running regional affairs, especially regional economic affairs. Otherwise, we run the serious risk of losing out in the international arena, not due to anyone trying to hold us back, but due to our own collective failure to develop in a planned, sustained but fast and timely manner. By not taking care of our today, we have pawned our tomorrow to the very forces of conflict and competition which have been one major factor in why we, the South Asians, have been unable to see our problems from a common perspective and find answers which work for all of us.

The five co-organisers of SAES are creating ripples of positive change. Our collaborative research findings and brainstorming goes beyond national boundaries. We try to gather the voices of sanity within and across the region to catalyze the process of turning knowledge into action.

The mere fact that despite the issues of visas, connectivity, and other bottlenecks, the delegates have been managing to congregate and the Summit is successfully taking place for the last eight years in itself is a reflection that despite the gloom surrounding slow progress of regional cooperation, we are not disappointed. As Nelson Mandela once said, ‘It always seems impossible until it’s done.’ Regional cooperation for sustainable development may look impossible. But this august gathering is determined to get it done, and I am a firm believer that together we can do it.

Let me once again welcome all the participants and delegates who have travelled from far to share their wisdom at this unique gathering. Have a learning stay.

Thank you all.
Reframing South Asian Cooperation with the 2030 Agenda: Benchmarking the SDGs and a New Role for SAARC
Debapriya Bhattacharya and Umme Shefa Rezbana

Abstract
Regional cooperation was a missed opportunity for improving the delivery of the Millennium Development Goals (MDGs). Since the Sustainable Development Goals (SDGs) would be demanding more effort for their successful implementation, exploring regional cooperation becomes essential. This is particularly relevant for South Asia, home to a large number of the world’s poor and a region with huge governance deficit. Besides addressing economic, social and environmental dimensions of SDGs, ensuring peace and security in the region will be a challenging issue. Moreover, successful implementation of the SDGs would require revamping the regional platform— the South Asian Association for Regional Cooperation (SAARC). The forthcoming 19th SAARC Summit (November 2016) may play a role in this regard by, among others, establishing a Group of Eminent Persons (GEP) entrusted to provide a new vision for South Asia in the context of the SDGs.
Introduction

United Nations member states formally adopted Transforming Our World: The 2030 Agenda for Sustainable Development in September 2015 following a long process of global consultations and inter-governmental negotiations (UN 2015a). The agenda consists of 17 Sustainable Development Goals (SDGs) with 169 targets and a 2030 deadline and integrates three dimensions of sustainable development – the economic, social and environmental. The agenda officially came into effect on 1 January 2016 and a set of 230 global indicators proposed by the Inter-agency and Expert Group on SDG Indicators was then agreed in March by the UN Statistical Commission (UN 2016a). Moving forward, 193 countries from across the world have started implementing the 2030 Agenda.

The SDGs build on the Millennium Development Goals (MDGs) that were adopted in 2000 as part of the Millennium Declaration and expired in 2015. Experts on the SDGs have underscored that they would go much further than their predecessors. The SDGs are much more integrated in nature, while the MDGs were addressed in isolation. The inclusiveness and transformative vision of the SDGs also differentiates them. Notably, the new goals are universal – they call for action by all countries irrespective of their economic status (UN 2016b). Moreover, they try to address some important issues that were ignored by the MDGs. For example, the MDGs were criticised for not clearly covering peace and governance issues, while the SDGs include peace as a cross-cutting issue and SDG 16 is to ‘promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels’ (Saferworld 2016). Other issues, such as human rights principles and standards, the prevention of conflict, violence, insecurity and their interlinked challenges, and the availability of quality and disaggregated data for review and follow-up, also receive more attention in the SDGs.

Learning from the MDGs experiences, the role of regional organisations in implementing the SDGs is being prioritised. For instance, UN regional commissions have been tasked with assisting governments to integrate the three dimensions of sustainable development into national plans and policies, providing them with technical support and facilitating follow-up and review in an effective manner. Notably, the UN Statistical Commission pointed out that the agreed set of 230 global indicators are intended for the global review of and follow-up on the SDGs and may not necessarily apply to all national contexts. It also mentions that sub-national, national and regional indicators for monitoring will be developed and national reviews will be voluntary and country-led (IISD 2016).

Since South Asia has 23.7% of the global population (World Bank 2016) and 37% of the world’s poor (UNESCAP 2015a), meeting global targets on ending poverty and sharing prosperity is not possible without development in the region. According to the UNESCAP, the 2030 Agenda is especially relevant for South Asia – Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka (Ibid.). These countries managed to achieve some MDG targets, such as eliminating poverty, realising gender equality in primary education, reducing tuberculosis (TB), and increasing forest cover and protected

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1 All data from the World Development Indicators database, which at the time of writing was last updated on 17 February 2016, are for 2014.
areas, but achievements varied both across goals and targets as well as across and within countries (Ibid.). In addition to poverty, unemployment, social exclusion and infrastructure gaps, almost all countries face major governance failures (Rahman 2004). The Worldwide Governance Indicators provided by the World Bank illustrate the state of poor governance in South Asia (World Bank 2015c) which erodes governments’ capacities to address the basic needs of their populations – especially the poor and disadvantaged segments – threatens regional peace and security, and causes inter-state conflicts, cross-country migration and refugee flows. However, SDG 16 on governance, peace and security can open a new vista for the region.

Concerns have been raised about how the 2030 Agenda will be implemented and monitored at the country and regional levels. Governments have been focusing on how to tailor the global goals to national contexts for their successful implementation and tracking progress. Measuring progress on the SDGs, especially soft goal areas such as SDG 16, will require an unprecedented amount of quality and disaggregated data (UN 2016a). Special emphasis has been given to strong commitments from all stakeholders; national, regional and global leadership and, above all, cooperation. Unfortunately, a regional approach to the MDGs was largely missing in South Asia. Despite being the best established regional inter-governmental organisation, the South Asian Association for Regional Cooperation (SAARC) – consisting of the eight aforementioned South Asian countries failed to play a vital role in this regard. How South Asian countries will transform themselves and the region as a whole to achieve the SDGs, particularly SDG 16, with a successful regional approach has now become significant.

The objective of this chapter is to revisit the prospects of strengthening regional cooperation and integration for successful implementation of the 2030 Agenda, with special attention to governance, peace and security, in South Asia. Following this introduction on the current status of the 2030 Agenda and South Asia, the chapter discusses the opportunities that were missed in the MDGs and outlines the need to strengthen regional efforts on implementing the more ambitious SDGs. In the third section, regional aspects of the 2030 Agenda are identified and references to the MDGs and SDGs in SAARC Summit declarations are located. The fourth section deals with benchmarking the SDGs according to the three dimensions of sustainable development. Governance, peace and security issues in South Asia from the perspective of the 2030 Agenda are described in the fifth section. Proposals for the November 2016 SAARC Summit are provided in the last section.

Regional Approach to MDG Implementation: Missed Opportunities

MDG Achievements in South Asia

Asia was the geographical region with the fastest progress on the MDGs, though hundreds of millions of people remain in extreme poverty and even the countries that were considered high achievers were not on track to achieve some of the non-income goals (Müller 2006). A sub-region of Asia, South Asia experienced relatively slow progress on the MDGs (Bhattacharya 2015a). Analysis of South Asia’s MDG achievements (Table 1) shows that countries in the region achieved notable success with
targets on poverty reduction, gender equality in primary education, reducing TB, increasing protected areas and access to safe, drinking water. Certain South Asian countries also managed to get on track towards achieving the targets on underweight children, HIV prevalence and TB incidence. However, the region as a whole faced challenges in eliminating gender disparity in tertiary education, reducing maternal mortality, increasing the number of births attended by skilled health personnel, achieving antenatal care coverage and providing basic sanitation. In addition, Bangladesh, Nepal, Pakistan and Sri Lanka were found to be off track in terms of land area covered by forests, while Afghanistan, Bangladesh and the Maldives were off track on carbon dioxide (CO₂) emissions. Above all, significant gaps and uneven progress were found across countries in the region (UN 2015b).

Table 1: South Asian Countries On and Off track for the MDGs

<table>
<thead>
<tr>
<th>Goals</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators</td>
<td>$1.25 per day poverty</td>
<td>Underweight children</td>
<td>Primary enrolment</td>
<td>Reaching last grade</td>
<td>Primary completion</td>
<td>Gender primary</td>
<td>Gender secondary</td>
</tr>
<tr>
<td>Afghanistan</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh²</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Bhutan</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maldives</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Nepal</td>
<td></td>
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<tr>
<td>Pakistan</td>
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<tr>
<td>Sri Lanka</td>
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</tr>
</tbody>
</table>

Early achiever: Already achieved the 2015 target.
On track: Expected to meet the target by 2015.
Off track: Slow, but expected to meet the target after 2015.
Off track: No progress, regressing, stagnating or slipping backwards.

Source: Adapted from UNESCAP, ADB and UNDP (2015).

²Although the UN Economic and Social Commission for Asia and the Pacific, Asian Development Bank and UN Development Programme show Bangladesh to be off track for net enrolment in primary education (UNESCAP, ADB and UNDP 2015), the Government of Bangladesh showed that the country was well on track for this MDG target with a net enrolment ratio of 97.7% (girls: 98.8%; boys: 96.6 %) in 2014 (GoB 2015).
Literature shows that there are specific and crosscutting factors that underpinned the performance of the MDGs in different countries. For instance, an analysis on India’s MDG performance done by the UN ESCAP mentions five key drivers that could have improved the MDG achievements for the country. These are:

1) ‘broad-based and employment-creating economic growth;
2) adequate allocation of resources towards the social sectors and basic services;
3) strong design and effective implementation of MDG related programmes;
4) creating basic infrastructure for better access and delivery of MDG related services; and
5) women’s empowerment’ (UNESCAP 2015d).

In case of Pakistan, among others, governance and weak institutions, resource security, localisation and ownership for MDGs, lack of coordination, political instability, and natural disasters were identified as reasons behind not achieving the MDGs in the country (Usman 2015). Criticism was also found regarding MDG progress shown in improvements in national averages, but that women and girls, people living in rural areas and extreme poverty, disabled persons were left behind.

**The Need to Strengthen Regional Efforts**

Addressing ongoing challenges and achieving the SDGs in South Asia necessitates strong regional cooperation and the establishment of a regional monitoring and review mechanism. Certain countries need to progress more or faster and regional efforts are essential for assisting individual countries (Heyzer 2008). For instance, South Asia has fallen short in reducing the share of people living in hunger. In 2015, the region had the second highest Global Hunger Index score after sub-Saharan Africa (Von Grebmer et al. 2015). Moreover, South Asia had one of the lowest regional Human Development Index values at 0.607 (UNDP 2015), with cross-border and internal conflicts remaining the biggest threats to human development. Notably, labour markets in South Asia are characterised by poorly paid and unprotected jobs and informal and agricultural employment (ILO 2014). MDG experiences indicate that regional cooperation is key for achieving development goals. Achieving food security in the region requires liberalised trade, efficient food markets and adequate investment. Water sharing, the power and energy sectors, watershed management, regional interconnectivity, and regional transportation and storage facilities also need to be improved (Khan 2013).

In addition to weak regional cooperation, lack of regional monitoring and review mechanisms was one of the fault lines of the MDGs (Bhattacharya 2015b). The availability of and access to reliable data and information remain major concerns in South Asia (Khan 2013). Due to insufficient data, development policy-making at the regional level continues to be challenging (UN 2015b). An effective regional monitoring and review mechanism would facilitate SDG implementation at both the national and regional levels by informing the development policy-making process, increasing transparency and broadening participation (Bhattacharya 2015b).
Examples of Successful Regional Mechanisms for MDG Achievement

Two examples of successful regional mechanisms that helped countries achieve at least some of the MDGs are the New Partnership for Africa’s Development (NEPAD) and Organization of American States (OAS). Established by the Organisation of African Unity, the African Union’s predecessor, in 2000, NEPAD is an economic development programme that focuses on operationalising the African Peer Review Mechanism, a voluntary self-monitoring mechanism of the African Union open to any member state; facilitating and supporting implementation of short-term regional infrastructure programmes as well as food security and agricultural development programmes; preparing coordinated African positions on market access, debt relief and official development assistance reforms; and monitoring and intervening to ensure that the MDGs were met (Sanga 2011). NEPAD has a long list of successes in MDG achievement in Africa. For example, NEPAD:

- established regional strategies on agriculture that pushed for the allocation of 10% of national budgets to agriculture, which helped some countries achieve MDG 1 on eradicating extreme poverty and hunger;
- disbursed €20 million through the NEPAD Spanish Fund for African Women’s Empowerment to facilitate women to access knowledge development, education, HIV/AIDS prevention and information and communications technology skills, which helped some countries achieve MDG 3 on promoting gender equality and empowering women and MDG 5 on improving maternal health;
- allocated USD1.5 million to train nurses and midwives to the post-graduate level, which contributed to efforts toward MDG 5;
- initiated research into herbal remedies to treat HIV/AIDS through the NEPAD African Bioscience Initiative, which contributed to efforts towards MDG 6 on combating HIV/AIDS, malaria and other diseases;
- established the Action Plan of the NEPAD Environment Initiative and a pan-African policy mechanism for reforms in the fisheries sector, which contributed to efforts towards MDG 7 on achieving environmental sustainability; and
- initiated a method for African countries to review each other’s governance and hold each other to account, indirectly facilitating MDG governance and accountability.

The world’s oldest regional organisation established in 1948, the OAS is the main political, juridical and social forum in the Americas that currently brings together 35 independent countries. It has also granted permanent observer status to 69 countries and the European Union (OAS 2016a). The OAS helped countries reach their MDGs targets through the adoption of regional and national public policies, specifically contributing to efforts towards MDGs 1, 3, 7 and 8 in Latin America and the Caribbean by initiating a number of initiatives:

- The Inter-American Social Protection Network helped lower poverty rates in Brazil, Chile and Mexico, thereby contributing to efforts towards MDG 1, by

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3 Diplomat Africa 2011.
strengthening the institutional capacities of national social development agencies to formulate and implement poverty alleviation policies, particularly conditional cash transfer programmes (Insulza 2010).

- The Inter-American Network for Labor Administration was established in Mexico in 2005 to boost cooperation among ministries of labour in the Americas to build their human and institutional capacities and improve the employment situation in the region (RIAL 2016), thereby contributing to efforts towards MDGs 1 and 3.
- The Inter-American Biodiversity Information Network promotes technical collaboration and coordination for the collection, sharing and use of biodiversity information, which is relevant to policy- and decision-making on natural resource conservation and development (OAS 2016b), thereby contributing to efforts towards MDG 7. The OAS also contributed to efforts on MDG 7 through its Integrated Water Resource Management initiative (Khan et al. 2012).
- The OAS supported historically marginalised groups, who often operate in the informal sector or engage in trade, through its Economic Empowerment and Trade programme, thereby contributing to efforts towards MDG 8 (Insulza 2010).

Certain regional efforts are also observed in South Asia. For instance, the SAARC Food Bank (SFB), SAARC Comprehensive Framework on Disaster Management etc. While the SFB was established to provide food security to the people in the SAARC countries, a SAARC Comprehensive Framework on Disaster Management was developed for efficient regional disaster management. SFB and the Disaster Management Framework were signed and approved by the 14th SAARC Summit held in New Delhi in 3-4 April 2007 respectively. Although the agreement for the SFB was signed in 2007, unfortunately it is not yet effectively operational. Problems have been identified related to transportation systems, border formalities, institutional mechanisms, and price negotiation and withdrawal etc. (Pant 2014). On the other hand, the SAARC Disaster Management Framework was developed in line with the Hyogo Framework for Action (HFA) for the period (2005-2015). The implementation of the framework did not make significant progress due to limited resources, lack of accountability by the member states, scarcity and conservation in sharing data etc. (SAARC Disaster Management Centre 2014). However, consultations on post-2015 Disaster Risk Reduction have been held in most of the SAARC member states and a regional consultation workshop was also held during 20-21 February 2014. Specific priority areas and actions were recommended to achieve the proposed goals of HFA2 in the workshop considering the HFA gaps and challenges faced in the region (Ibid.).

Regional Aspects of the 2030 Agenda: New Opportunities

**Regional Issues in the 2030 Agenda**
The SDGs are much more holistic than the MDGs. The 2030 Agenda refers to multiple regional aspects which can be classified in five areas:

- Policy frameworks, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.
- Soundly managed and diversified seed and plant banks for agricultural diversity.
- Quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being.
- Regional development planning to support positive economic, social and environmental links between urban, peri-urban and rural areas.
- Cooperation on science, technology and innovation.

In the ‘Means of implementation and the Global Partnership’ section of the 2030 Agenda, focused support to regional organisations in order to sustain achievements and address ongoing challenges and the promotion of regional economic integration and interconnectivity with a focus to provide trade-related capacity building for developing countries are mentioned (UN 2015a). To summarise, regional perspectives are covered in the areas of poverty, food security, infrastructure, inclusivity, oceans, seas and marine resources, and science, technology and innovation (Ibid.). Follow-up and review processes, which build on existing platforms and processes where they exist, at the regional level are also mentioned. There are also areas in which regional perspectives are not covered – health, energy, economic growth and employment, sustainable production and consumption patterns, and global partnership (Ibid.). Although the 2030 Agenda acknowledges the need for peaceful societies based on effective rule of law and good governance at all levels, regional perspective or mechanisms are yet to be clarified in this regard.

The MDGs and SDGs in SAARC Summit Documents
SAARC with the objective to promote and improve the quality of life of South Asian people provides them a platform to work together. After the adoption of the MDGs, regions and countries started to localise the goals. SAARC, in this regard also made attempts for South Asia. However, despite its potential, it failed to play a role in advancing a regional approach to the MDGs. The inter-governmental organisation was founded in 1985 to reduce suffering due to perpetual war, poverty and underdevelopment and promote the welfare of the various peoples of South Asia (NTI 2011). A review of SAARC Summit declarations found references to achieving the MDGs in the 13th and 14th Summit declarations. In the 13th Summit declaration, Heads of State decided that finance ministers should meet during the first quarter after every Summit and on the sidelines of the World Bank and the Asian Development Bank annual meetings with regard to the achievement of the 22 SAARC Development Goals, which were adopted at the Summit for a period of five years from 2007 to 2012, since they were ‘co-related’ to the MDGs. They called for effective measures to ensure universal primary education and stated their full support for a comprehensive approach to facilitating the MDGs in a time-bound manner (SAARC 2005). In the 14th Summit declaration, the work of the Independent South Asian Commission on Poverty Alleviation, which reflects the regional determination to attain the MDGs, was appreciated (SAARC 2007).

Moving forward, SAARC indeed has the potential to advance a regional approach to the SDGs. The authors found references to the post-2015 development agenda, which would become the 2030 Agenda, in the 18th Summit declaration – the latest to be issued. Commitments to poverty alleviation and the initiation of an inter-governmental process to contextualise the SDGs at the regional level were expressed (SAARC 2014). Notably,
no references of the MDGs or SDGs can be found in the 15th, 16th and 17th SAARC Summit declarations. As an inter-governmental organisation that is committed to promoting regional development and integration, SAARC can build on the commitments found in the 18th Summit declaration to build momentum and contribute to efforts toward the SDGs.

**Benchmarking the SDGs in South Asia for Moving Forward**

While they share similar geographical and cultural features, South Asian countries are very diverse in terms of populations, income levels and natural resources. Most countries in the region face problems including poverty, corruption, inter- and intra-state conflicts, political instability and challenges related to climate change (Kumar 2014). With regard to sustainable development, the status of key indicators within the economic, social and environmental dimensions are discussed below for benchmarking the SDGs.

**Economic Dimension**

South Asia is expected to maintain its lead as the fastest growing region in the world in upcoming years. The World Bank projected that economic growth would accelerate from 7% in 2015 to 7.4% in 2016, noting that the forecasting is significantly influenced by strong expansion in India (World Bank 2015a). Trend analysis using data from the World Bank’s World Development Indicators database reveals that annual GDP growth in South Asia has been on the upswing recently and is beating the world average (Figure 1). However, weaknesses in fiscal space and financial sectors persist (World Bank 2015b).

![Figure 1: Annual South Asian and World GDP Growth](source: World Bank (2016)).

South Asia had the second lowest gross national income (GNI) per capita (at purchasing power parity [PPP]) in 2014 at USD5,298.53, after Sub-Saharan Africa at USD3,396.26 (Table 2). Among the eight countries in the region, the Maldives had the highest GNI per
Securing Peace and Prosperity

capita (PPP) at USD10,920, while Afghanistan had the lowest at USD2,000 (World Bank 2016).

Table 2: GNI per Capita by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia and the Pacific</td>
<td>11,576.08</td>
<td>12,390.75</td>
<td>13,273.4</td>
<td>14,043.68</td>
<td>14,891.01</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>25,710.31</td>
<td>27,033.73</td>
<td>27,592.34</td>
<td>28,067.42</td>
<td>28,813.10</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>13,077.12</td>
<td>13,890.61</td>
<td>14,354.71</td>
<td>14,748.14</td>
<td>15,184.35</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>16,360.30</td>
<td>16,846.05</td>
<td>17,491.94</td>
<td>17,731.86</td>
<td>n/a</td>
</tr>
<tr>
<td>South Asia</td>
<td>4,127.22</td>
<td>4,409.77</td>
<td>4,646.23</td>
<td>4,951.71</td>
<td>5,298.53</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2,945.21</td>
<td>3,058.61</td>
<td>3,155.46</td>
<td>3,270.04</td>
<td>3,396.26</td>
</tr>
</tbody>
</table>

Note: ‘n/a’ stands for ‘not available.’

In mobilising tax revenue, South Asia is lagging behind. Although South Asian countries have undertaken considerable tax policy reforms, they have been less successful in generating tax revenue to meet their financing needs (Gupta 2015). In 2012, South Asia’s tax revenue was 10.73% of GDP compared to that of the world’s (14.38%) (Ibid.). In 2014, exports of goods and services of South Asia were 21.50 (as % of GDP) which is also much lower than the world’s 30.36 (as % of GDP) (Ibid.). Analysis of growth in four key sectors – agriculture, industry, manufacturing and services (value added) – over 2000-14 in South Asia reveals that growth in the region has been largely led by services. The industrial and manufacturing sectors have been stagnating, while the agricultural sector has been declining (Figure 2). Sustainability in the agricultural, manufacturing and industrial sectors is an important prerequisite for sustainable development. Notably, South Asia has been experiencing land degradation and low agricultural productivity. It has also been weak in harnessing renewable energy resources and improving energy efficiency. Compared to the East and South-East Asian regions, South Asia’s proportion of industry in GDP is much lower due to the lack of substantial backward and forward linkages (UNESCAP 2015c).

4 At PPP; current international USD.
Moreover, South Asia has not been performing well in terms of productive employment, which has led to some vulnerability. The share of agriculture in total employment has been declining in the region, but the agricultural sector still generates about half of total employment (Figure 3). Although official unemployment figures in South Asia have been low and declining, underemployment has been generally high across the region. Therefore, ensuring productive employment in the region should be given priority.

The mitigation of these problems is possible through the implementation of the 2030 Agenda. SDGs 8 and 9 specifically deal with inclusive and sustainable economic growth, industrialisation and full and productive employment. Fundamental requirements that
undergird progress on these goals include health (SDG 3), education (SDG 4), access to water and sanitation (SDG 6), energy (SDG 7) and transport (SDG 11).

**Social Dimension**

The social dimension generally considers indicators on poverty, income inequality, gender equality, voice and accountability, political stability and absence of violence/terrorism. Analysis of the share of women in wage employment in the non-agricultural sector in South Asia shows that proportions vary across countries, with a low of 12.6% in Pakistan in 2008 and a high of 40.5% in the Maldives in 2010 (Table 3). Timely data for comparative analysis are evidently largely unavailable for countries in the region, with no data at all available for Nepal.

**Table 3: Share of Women in Wage Employment in the Non-agricultural Sector (% of Total Non-agricultural Employment) in South Asia**

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</tr>
</thead>
<tbody>
<tr>
<td>South Asia</td>
<td>18.41</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>19.43</td>
<td>19.36</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>25.90</td>
<td>18.00</td>
<td>17.60</td>
<td>18.40</td>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>20.10</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>18.30</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Bhutan</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>26.80</td>
<td>n/a</td>
<td>27.70</td>
<td>26.30</td>
</tr>
<tr>
<td>India</td>
<td>18.10</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>19.10</td>
<td>19.30</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Maldives</td>
<td>n/a</td>
<td>30.00</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>40.50</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Nepal</td>
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<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>32.70</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Pakistan</td>
<td>13.90</td>
<td>13.40</td>
<td>13.20</td>
<td>12.60</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>31.10</td>
<td>34.60</td>
<td>33.10</td>
<td>34.20</td>
<td>33.10</td>
<td>32.70</td>
<td>32.30</td>
<td>32.40</td>
<td>32.40</td>
</tr>
</tbody>
</table>


Note: ‘n/a’ stands for ‘not available.’

Gender disparity exists in tertiary education and political representation in South Asia. Moreover, female child mortality and child marriage remain higher in South Asia compared to the other regions (UNESCAP 2015c). Therefore, gender equality and empowerment should be prioritised in each and every sector. SDG 5 deals with achieving gender equality and empowerment in the 2030 Agenda.

**Environmental Dimension**

While South Asia as a region has improved its forest area coverage, not all countries managed to record improvements over time. Specifically, Afghanistan, Bangladesh, the Maldives and Pakistan continue to lag behind (Table 4).
Table 4: Forest Area Coverage (% of Land Area) in South Asia

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asia</td>
<td>16.94</td>
<td>17.02</td>
<td>17.10</td>
<td>17.18</td>
<td>17.26</td>
<td>17.33</td>
<td>17.36</td>
<td>17.39</td>
<td>17.42</td>
</tr>
<tr>
<td>Afghanistan</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
<td>2.07</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>11.18</td>
<td>11.16</td>
<td>11.14</td>
<td>11.12</td>
<td>11.10</td>
<td>11.08</td>
<td>11.06</td>
<td>11.04</td>
<td>11.02</td>
</tr>
<tr>
<td>Bhutan</td>
<td>69.67</td>
<td>69.93</td>
<td>70.19</td>
<td>70.45</td>
<td>70.71</td>
<td>70.97</td>
<td>71.23</td>
<td>71.49</td>
<td>71.75</td>
</tr>
<tr>
<td>India</td>
<td>22.77</td>
<td>22.91</td>
<td>23.05</td>
<td>23.19</td>
<td>23.33</td>
<td>23.47</td>
<td>23.53</td>
<td>23.59</td>
<td>23.65</td>
</tr>
<tr>
<td>Maldives</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
<td>3.33</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2.47</td>
<td>2.41</td>
<td>2.36</td>
<td>2.30</td>
<td>2.24</td>
<td>2.19</td>
<td>2.13</td>
<td>2.08</td>
<td>2.02</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>33.77</td>
<td>33.73</td>
<td>33.68</td>
<td>33.63</td>
<td>33.58</td>
<td>33.54</td>
<td>33.43</td>
<td>33.32</td>
<td>33.22</td>
</tr>
</tbody>
</table>


Moreover, South Asia’s per capita CO₂ emissions are lower than the world average (Figure 4), but the region is highly vulnerable to climate change. Extreme heat and disruptive changes in seasonal rainfall have been negatively affecting the agricultural sectors of countries in the region, particularly Bangladesh, India and Pakistan.

Figure 4: CO₂ Emissions in South Asia and the World


The poor rural populations of Bangladesh, India and the Maldives will likely bear the most adverse impacts of rising sea levels. Climate change impacts will lead to economic and social disruptions, with environmental refugees pressing already stressed cities (IFAD 2009). SDGs 13 to 15 deal with climate change and other environmental issues. SDG 12 on sustainable consumption and production patterns specifically addresses the management of waste and control of pollution. Regional cooperation in these regards is again crucial. It may be mentioned here that the 21st Conference of Parties (COP)⁵

⁵ COP is the supreme decision-making body of the United Nations Framework Convention on Climate Change (UNFCCC).
meeting held on Paris (from 30 November to 11 December 2015) came up with two major issues of negotiation, i.e., reduction of CO₂ emissions and finance for adaptation, loss and damage and low carbon growth (for developing countries). South Asian countries (except for Nepal and Pakistan) pledged to reduce emissions as well (Table 5) (Khatun 2015).

**Table 5: CO₂ Emission Reduction Pledge in Intended Nationally Determined Contributions (INDCs) by South Asian Countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>CO₂ Emission Reduction Pledge in INDCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>13.6% conditional*</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>5% unconditional**, 15% conditional</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Pledge to be carbon neutral, and to make 60% of the country forest covered</td>
</tr>
<tr>
<td>India</td>
<td>33 to 35% by 2030 compared to 2005 levels; 40% of electricity from non-fossil fuel sources</td>
</tr>
<tr>
<td>Maldives</td>
<td>10% unconditional, 24% conditional</td>
</tr>
<tr>
<td>Pakistan</td>
<td>No measurable target</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>7% unconditional, 23% conditional</td>
</tr>
</tbody>
</table>

*conditional: with external support **unconditional: without external support

Source: Adapted from Khatun (2015).

In case of climate financing, USD 3.45 million is approved for South Asia under the category bilateral climate finance (excluding global projects). Country-specific approval under the category ‘multilateral climate finance recipients’ are provided in the following Figure 5.

**Figure 5: Funding Approved under the category ‘Multilateral Climate Finance Recipients’ (in USD millions)**

Source: Adapted from Climate Funds Update (n.d.).

However, the analysis of the outcome of the Paris COP21 meeting received both positive and negative feedback from different sectors. Although it has been criticised since it ‘ended up balanced politically but not morally’, and for not reflecting ‘climate justice’ and ‘polluter-pay principle’, it could be a stepping stone for taking things forward (Khatun 2015). South Asian countries should concentrate on their commitments in line with the agreement in this regard. However, continuous and ambitious measures from big emitter countries are essential to successfully combat climate change.

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6 Climate Funds Update (n.d.).
Successful implementation of the 2030 Agenda can contribute to long-term sustainable economic growth and development in South Asia and beyond. Many South Asian countries have the potential to accelerate economic growth in the short to medium-term. Others, such as Bangladesh, Nepal and Sri Lanka, are bracing for sluggish economic activity in the short-term, with the reasons being stagnant productivity growth and capital accumulation in Bangladesh, the earthquakes in Nepal and revisions to national accounts in Sri Lanka (World Bank 2015b). Moving forward, regionally coordinated strategies for balanced agricultural, industrial, manufacturing and services growth along with productive employment across all South Asian countries are essential. Regional cooperation on gender-responsive policies, regional connectivity and strategies to deal with environmental challenges are of critical importance.

Governance, Peace and Security: An Area of Special Focus for South Asia

Relationship between Security and Development

The global recognition of the relationship between security and development is not new. Relationships between peace, the environment, development and the economy as matters of security were successively recognised by the Brandt Commission in 1980, Brundtland Commission in 1987, Rio Declaration in 1992, UN Development Programme in 1994, Commission on Global Governance in 1995 and UN Security Council in 2007 (Kumar 2014). The Millennium Declaration made reference to the correlated relationship between security and development, which was based on the fact that approximately 65% (22 out of 34) of the poor countries farthest from reaching the MDGs were in or emerging from conflict. Moreover, conflict and state fragility created serious obstacles to achieving four MDGs (Denney 2012). The World Bank (2011, p.5-6) stated:

People in fragile and conflict-affected states are more than twice as likely to be undernourished as those in other developing countries, more than three times as likely to be unable to send their children to school, twice as likely to see their children die before age five, and more than twice as likely to lack clean water . . . . The average cost of civil war is equivalent to more than 30 years of GDP growth for a medium-size developing country. Trade levels after major episodes of violence take 20 years to recover. In other words, a major episode of violence, unlike natural disasters or economic cycles, can wipe out an entire generation of economic progress.

Notably, the Organisation for Economic Co-operation and Development demonstrated that 50 countries and economies on its ‘2015 fragile states list’ account for 43% of the

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7 The World Bank (2005) outlines that such fragile states ‘share a common fragility, in two particular respects: State policies and institutions are weak in these countries: making them vulnerable in their capacity to deliver services to their citizens, to control corruption, or to provide for sufficient voice and accountability. They face risks of conflict and political instability.’
world’s population living in extreme poverty and suggested that, even under the best-case scenario, 62% of the global poor may be located in fragile states (OECD 2015).

**SDG 16: A Striking Inclusion in the 2030 Agenda**

The MDGs were criticised for not properly addressing insecurity, abuses of human rights and weak governance. UN Member States recognised the importance of these issues and included a separate goal on governance, peace and security – SDG 16 – in the 2030 Agenda, after which the UN Statistical Commission finalised indicators (Table 6). SDG 16 includes 10 targets and two suggested means of implementation (target 16.a and target 16.b). Targets 16.1, 16.2 and 16.4 concentrate on peace and security, whereas targets 16.3 and 16.5 to 16.10 deal with governance (Fiedler et al. 2015). SDG 16 tackles important omissions of the MDGs by focusing attention on governance, peace, justice, participation, rights and security. Having the potential to catalyse profound social transformations, the goal has been appreciated by experts on the SDGs as being key to the success of the 2030 Agenda (FDSD 2016).

<table>
<thead>
<tr>
<th>Table 6: SDG 16 and its Targets and Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</strong></td>
</tr>
</tbody>
</table>
| 16.1 Significantly reduce all forms of violence and related death rates everywhere. | 16.1.1 Number of victims of intentional homicide per 100,000 population, by sex and age.  
16.1.2 Conflict-related deaths per 100,000 population, by sex, age and cause.  
16.1.3 Proportion of population subjected to physical, psychological or sexual violence in the previous 12 months.  
16.1.4 Proportion of population that feel safe walking alone around the area they live. |
| 16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children. | 16.2.1 Proportion of children aged 1-17 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month.  
16.2.2 Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation.  
16.2.3 Proportion of young women and men aged 18-29 years who experienced sexual violence by age 18. |
| 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all. | 16.3.1 Proportion of victims of violence in the previous 12 months who reported their victimisation to competent authorities or other officially recognised conflict resolution mechanisms.  
16.3.2 Unsentenced detainees as a proportion of overall prison population. |
| 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. | 16.4.1 Total value of inward and outward illicit financial flows (in current United States dollars).  
16.4.2 Proportion of seized small arms and light weapons that are recorded and traced, in accordance with international standards and legal instruments. |
<p>| 16.5 Substantially reduce corruption and bribery in all their forms. | 16.5.1 Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, |</p>
<table>
<thead>
<tr>
<th>SDG 16 Targets</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.6 Develop effective, accountable and transparent institutions at all levels.</td>
<td>16.6.1 Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar). 16.6.2 Proportion of the population satisfied with their last experience of public services.</td>
</tr>
<tr>
<td>16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.</td>
<td>16.7.1 Proportions of positions (by sex, age, persons with disabilities and population groups) in public institutions (national and local legislatures, public service, and judiciary) compared to national distributions. 16.7.2 Proportion of population who believe decision making is inclusive and responsive, by sex, age, disability and population group.</td>
</tr>
<tr>
<td>16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance.</td>
<td>16.8.1 Proportion of members and voting rights of developing countries in international organisations.</td>
</tr>
<tr>
<td>16.9 By 2030, provide legal identity for all, including birth registration.</td>
<td>16.9.1 Proportion of children under 5 years of age whose births have been registered with a civil authority, by age.</td>
</tr>
<tr>
<td>16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.</td>
<td>16.10.1 Number of verified cases of killing, kidnapping, enforced disappearance, arbitrary detention and torture of journalists, associated media personnel, trade unionists and human rights advocates in the previous 12 months. 16.10.2 Number of countries that adopt and implement constitutional, statutory and/or policy guarantees for public access to information.</td>
</tr>
<tr>
<td>16.a Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime.</td>
<td>16.a.1 Existence of independent national human rights institutions in compliance with the Paris Principles.</td>
</tr>
<tr>
<td>16.b Promote and enforce non-discriminatory laws and policies for sustainable development.</td>
<td>16.b.1 Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of discrimination prohibited under international human rights law.</td>
</tr>
</tbody>
</table>

*Source: UN (2016c).*

The design of SDG 16 and its targets and indicators should contribute to addressing long-hidden issues like corruption, exclusion, injustice and violence. Still, criticism regarding the effective implementation of and measuring progress on the Goal have been voiced. For instance, effectively tracking progress requires a new and disaggregated set of data, which necessitates significant funding and strengthened capacities of national statistical systems. Thus, governments worldwide must go a lot further than simply introducing SDG 16. Strong national, regional and global commitments to providing funding for data
collection and statistical production, the capacity building of national statistical systems and relevant research are needed (Lawson-Remer 2015).

**Why does SDG 16 Matter for South Asia?**

Security threats have led to crises in South Asia during the 21st century. The security situation in the region is characterised in two ways. One is conventional security threats, such as the territorial and boundary conflicts between India and Pakistan over Kashmir and those between Pakistan and Afghanistan regarding the recognition of the Durand Line. The other is non-conventional security threats, such as ethnic and separatist movements and internal migration and refugee flows in the region due to civil strife and natural disasters (Wagner 2014).

In the case of governance, South Asia has been lagging behind on all of the World Bank’s Worldwide Governance Indicators (Parnini 2015). The Worldwide Governance Indicators, which cover 215 economies from 1996 to 2014, are considered as a refined form of assessment criteria of a country/regional governance system. They measure governance of a country on the basis of ‘voice and accountability’, ‘political stability and absence of violence’, ‘government effectiveness’, ‘regulatory quality’, ‘rule of law’ and ‘control of corruption.’

Analysis of data from the Worldwide Governance Indicators database shows that in 2014, compared to other countries, Bhutan appeared strongest in terms of political stability and absence of violence/terrorism as well as government effectiveness. India received the strongest score on voice and accountability, while Afghanistan remained the weakest, followed by Pakistan. Except in India, regulatory quality across South Asia appeared to be unsatisfactory. Rule of law seemed particularly weak in Pakistan, Bangladesh and Nepal. Still, Afghanistan’s scores were the weakest across the board (Table 7).

| Table 7: Worldwide Governance Indicators for South Asian Countries |
|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Afghanistan     | -1.25 | -1.46 | -1.16 | -2.30 | -2.70 | -2.46 | -0.88 | -1.50 | -1.34 | -1.50 | -1.67 | -1.13 | -1.71 | -1.91 | -1.53 |
| Bangladesh      | -0.68 | -0.30 | -0.47 | -1.38 | -1.54 | -0.88 | -0.78 | -0.79 | -0.77 | -1.10 | -0.85 | -0.94 | -1.00 | -0.77 | -0.72 |
| Bhutan          | -0.92 | -0.51 | -0.14 | 1.17 | 0.82 | 1.00 | -0.14 | 0.48 | 0.27 | -0.81 | -1.10 | -1.01 | 0.36 | 0.18 | 0.35 |
| India           | 0.38 | 0.45 | 0.42 | -1.22 | -1.33 | -0.96 | 0.10 | -0.01 | -0.20 | -0.40 | -0.31 | -0.45 | 0.04 | 0.02 | -0.09 |
| Maldives        | -1.12 | -0.08 | -0.33 | 0.54 | -0.22 | 0.88 | -0.11 | -0.45 | -0.37 | -0.10 | -0.41 | -0.36 | 0.08 | -0.17 | -0.49 |
| Nepal           | -1.15 | -0.47 | -0.44 | -2.12 | -1.62 | -0.70 | -0.75 | -0.94 | -0.83 | -0.53 | -0.70 | -0.85 | -0.76 | -0.90 | -0.68 |
| Sri Lanka       | -1.23 | -0.90 | -0.74 | -1.56 | -2.63 | -2.44 | -0.45 | -0.78 | -0.75 | -0.88 | -0.55 | -0.79 | -0.83 | -0.84 | -0.78 |

*Source: World Bank (2015c).*

*Note: Governance scores range from -2.5 (weak) to 2.5 (strong).*
Along with weak governance, South Asia is home to unstable and relatively fragile states. Afghanistan, Bangladesh, Nepal, Pakistan and Sri Lanka are among the 67 countries and economies that have been on the Organisation for Economic Co-operation and Development’s annual fragile states list at least once between 2007 and 2015. Afghanistan is in the group of 23 ‘chronically fragile countries’ that have appeared on every list (OECD 2015).

South Asia also faces the threats of crimes such as human trafficking, prescription and drug trafficking, the smuggling of migrants, economic and cyber-crimes. There is also a new form of crime, for example, piracy that has surfaced in the Indian Ocean, affecting especially Bangladesh, India, the Maldives and Sri Lanka (UNODC 2013).

Apart from human-made security threats and crimes, as mentioned, South Asia is particularly vulnerable to natural disasters and extreme weather events. Afghanistan, Bangladesh and Pakistan are listed as fragile states that have experienced an average of more than three natural disasters each year over the past decade, facing 105, 89 and 83 disasters, respectively (OECD 2015). Maplecroft’s (2014) Climate Change Vulnerability Index identified Bangladesh as the most climate-vulnerable country in the world and suggested that it would feel the economic impacts of climate change most intensely.

Evidently, without dealing with the aforementioned challenges of security and governance, ensuring South Asia’s inclusive development and prosperity will be impossible. SDG 16 should, therefore, be prioritised across the region. Furthermore, progress on the other SDGs depends on the effective implementation of SDG 16, which calls for good governance among other things. For instance, reducing poverty depends on reducing conflict and building resilient institutions and societies (OECD 2015).

SAARC: The South Asian Regional Platform for the SDGs?
From the perspective of implementing the 2030 Agenda, many issues require a regional approach. SDGs 1, 2, 9, 11 and 17 include regional aspects, while other goals, targets and means of implementation can be interpreted from a regional perspective. Besides poverty and low human development, South Asian countries suffer from various security threats linked to poor governance, which are captured by SDG 16. A regional platform indeed could help solve problems that are beyond the capabilities of individual countries in the region.

As mentioned, SAARC has the potential to advance a regional approach to the SDGs moving forward. Indeed, the long-established inter-governmental organisation has been identified as a ‘fundamental and unchallenged building block’ in the process of alternative drivers of growth at the regional and sub-regional levels (UNESCAP 2015b). Successful implementation of the SDGs requires a much more integrated approach than the ‘silo approach’ that focuses on individual sectors. Transforming SAARC into a more effective organisation that explicitly addresses the SDGs beyond mentions in summit declarations could enable it to fulfill its potential. For the SDGs, SAARC should consider an integrated strategy for their implementation and a regional review and follow-up mechanism.
Integrated Strategy for Implementing the SDGs

As a regional platform, SAARC can contribute to SDG implementation by advancing economic integration, improving regional interconnectivity and transportation, boosting trade and business, and creating an enabling environment in South Asia. Besides economic development, regional peace and security has always been an area of focus for SAARC. Integrating national, regional and global strategies to facilitate SDG implementation and prioritising SDG 16 should increase SAARC’s effectiveness.

As mentioned, SAARC adopted 22 SAARC Development Goals at the 13th SAARC Summit in 2005 for the 2007-12 period. These goals, which had associated 67 indicators, were considered to be a ‘comprehensive roadmap’ in line with achieving the MDGs. Unlike the MDGs, the SAARC Development Goals were narrowed down to four major categories, namely livelihood, health, education and environment (Singh and Singh 2009). The terminal year of the SAARC Development Goals was extended from 2012 to 2015 at the third SAARC ministerial meeting on poverty alleviation in 2013. Since South Asian countries have begun implementing the SDGs, SAARC could realign the SAARC Development Goals to support regional-level implementation of the SDGs.

Regional Review and Follow-up Mechanism

The monitoring and review processes for the MDGs were criticised for being fragmented and incoherent. They were characterised by poor delineation of responsibilities and lacking in quality and ownership (Janus et al. 2015). Furthermore, the reporting system of the MDGs was inefficient due to the low capacities of many national statistical systems, especially those of developing countries. Learning from MDG experiences, UN Member States identified inter-linkages between levels of governance – national, regional and global – as a major component of the accountability framework for the SDGs (Ibid.). The 2030 Agenda includes commitments to review and follow-up of the SDGs as well as discussing regional-level peer learning, voluntary reviews, sharing of best practices, and shared targets (UN 2015a). Regional-level peer learning mechanisms would help countries in the same regions to jointly address shared or similar challenges. The 2030 Agenda provides countries with the opportunity to select suitable regional forums in this regard. Some regions already have forums for ‘peer review’, but the African and Asian UN regional commissions have been criticised for insufficient capacities (Beisheim 2016).

In South Asia, SAARC could establish a regional review and follow-up mechanism to support the SDGs. For instance, a Group of Eminent Persons (GEP) may be established to monitor the progress of SDGs and prepare reports. Other expert groups or sub-groups may be created to address data and other challenges at the country level as well as regional level in tracking the SDG progress. It may also establish a peer review mechanism in the context of the 2030 Agenda learning lessons from the African Union’s African Peer Review Mechanism (African Peer Review Mechanism 2016). Besides,

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8 Examples include the UN Economic Commission for Latin America and the Caribbean, the UN Economic Commission for Europe and Organisation for Economic Co-operation and Development in Europe, and the African Peer Review Mechanism of the African Union (Beisheim 2016).
independent assessments, review reports etc. could be prepared by the think tanks, CSOs, business bodies and the private sectors to feed into the SDG implementation and monitoring status prior to each SAARC Summit (Bhattacharya and Rezban 2016).

**Towards the Upcoming SAARC Summit**

Discussions and decisions on greater regional cooperation and integration to implement as well as review and follow up on the SDGs in South Asia need to be identified as priorities in the agenda for the 19th SAARC Summit that will be held in Islamabad, Pakistan on 8-10 November 2016. SAARC should consider the following in this regard:

- Effectively countering extremism and terrorism in South Asia by partnering economic connectivity with transparent, accountable and inclusive government as emphasised at the 18th SAARC Summit, the theme of which was deeper integration for peace and prosperity. Ensuring good governance and adopting environmentally sustainable growth policies for the region were also highlighted (Biswal 2014). As promised at the 18th Summit, a follow-up and update on the inter-governmental process to contextualise the SDGs at the regional level are expected at the upcoming summit.

- To deal with the SDG issues, SAARC could establish a Group of Eminent Persons (GEP). It may be mentioned here that SAARC once established a GEP at its Ninth Summit in 1997 to enhance the inter-governmental organisation’s effectiveness. This group could set common regional indicators alongside the global indicators, agree on definitions and identify relevant country-specific data sources. Supportive research initiatives may be considered, including peer learning and the sharing of best practices. The group could develop a regional data tracking system along with a detailed plan for a regional follow-up and review mechanism. It could also prepare a detailed action plan framework for the SDGs and may consider publishing an annual detailed progress report to clarify the facts of development progress in the region.

- SAARC could create a regional trust fund for data and statistics to help track progress on the SDGs.

- SAARC could devise sectoral funding mechanisms for regional priorities such as infrastructure, poverty alleviation and climate change.

- SAARC could consider raising the efficacy of SAARC technical committees in different areas such as agriculture, communications, education, environment, health, population and child welfare, drug trafficking and drug abuse, rural development, technology, women in development and transport. The same consideration could be given to commissions, such as the Independent South Asian Commission on Poverty Alleviation, and various projects. Technical committees and commissions should consider work programmes from the perspective of the SDGs.

- Priority should be given to operationalising the SAARC Food Bank and SAARC Seed Bank. Notably, the regional exchange of seeds through the Seed Bank could improve food security and facilitate climate change adaptation in South Asia.
Regarding SDG 16, SAARC should consider sharing best practices on governance, peace and security in South Asia. It needs to invest in regional institutions for the purpose of skill-building, training and sharing intelligence on capital movements to address money laundering. Addressing human and drug trafficking through research and action in the region is also important. Establishing links with regional research institutions, facilitating peer learning and information exchange, and funding research and development on SDG issues would benefit all South Asian countries.

Regarding regional economic integration, South Asia has been slow compared to other sub-regions. The full potential of sub-regional cooperation arrangements, such as Economic Revisiting and expediting existing regional and sub-regional cooperation arrangements from the perspective of the SDGs should be considered.

A number of regional strategies for implementing the SDGs need to be devised. They should cover a renewed approach to poverty eradication, boosting productive capacity, bridging gaps with political goodwill, regional commitments and good leadership, reducing adverse impacts of climate change and ensuring climate-induced migrants’ resettlement and rehabilitation, strengthening regional interconnectivity and tracking contributions from all SDG stakeholders.

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Human Development and Public Policy in Pakistan
Shakeel Ahmad

Abstract
While economic growth may have accelerated in recent years, the progress on human development has been less than satisfactory in Pakistan. By drawing on regional comparisons, this chapter explores the failure of public policy and governance that has led to a declining rate of change in human development in the country. As measured by indicators of health, education and gender disparity, Pakistan’s performance has been far behind its potential over the past decade. To address the root causes, Pakistan needs to pay special emphasis to social policy. Rising inequalities, especially in the social sector, is both the cause and consequence of poor human development indicators in the country. While terrorism might have contributed to the current state of human development, it is not the only disabler. Public sector expenditure on social development is inappropriate both in terms of quantity and its targeting. Women disproportionally lag behind men on social and economic indicators. Expecting that economic growth will automatically convert into social development especially for the marginalised communities is a flawed assumption. Addressing spatial and gender disparities is key to accelerating human development in Pakistan. Government policies should clearly articulate their focus on human development and should brand them so.

* This chapter has been approved as a Speech by the referee.
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Introduction
We know that the concept of human development originated in Pakistan. Dr Mahbub ul Haq, Pakistani economist and former Deputy Chairman of the Planning Commission of Pakistan, along with Dr Amartya Sen, an Indian economist, introduced human development as an alternative measure of well-being other than the Gross Domestic Product (GDP). Human development is about enlarging human choices – focusing on the richness of human lives rather than the richness of economies. The Human Development Index (HDI), which is a crude measure of well-being in three areas namely health, education and wealth, is a quantitative measure of the level of human development in a country. Since 1990, the UNDP Global Human Development Report provides a comparison of the status of human development, measured through HDI and other indices, across 188 countries on average.

But despite the birth of the human development concept, Pakistan’s performance on human development has not been at par with its peer countries in South Asia and elsewhere. From 1990 to 2014, Pakistan’s ranking using HDI has virtually not changed. In comparison, other South Asian countries have demonstrated much better progress. According to the 2015 Human Development Report, Nepal has made three points increase, India six, Iran seven and Sri Lanka five on the scale of change in the HDI rank.

If development was assessed only through income based monetary measures and if estimates are to be correct, Pakistan has made stellar progress in reducing by half the number of people living below the USD1.9 a day international poverty line since 1990. Even by using the national poverty line, Pakistan has performed fairly in reducing income / consumption based poverty. But is there not a corresponding impact on human development in Pakistan?

The Caveat
The issue lies in social sector indicators. Somehow Pakistan has not been effective in converting economic progress into human development: transforming economic richness into the richness of human lives. For instance, when reflecting on measures of health, since 1990 Pakistan has demonstrated slow progress in reducing the incidence of maternal mortality, while countries like Bhutan, Nepal, Maldives and Cambodia have made rapid progress and are included in the category of early achievers of the related Millennium Development Goals (MDGs). Even countries like India, Sri Lanka and Bangladesh who may be categorised as slow in their progress are still closer to achieving their MDG target than Pakistan (Asian Development Bank, United Nations Economic and Social Commission for Asia and the Pacific & United Nations Development Programme 2015).

In developing countries, improvement in provision of health services can also be gauged by the important indicator of under 5 mortality rate. Using the most recent available data, while Pakistan has reduced its under 5 mortality rate by 38% since 1990, Nepal has reduced it by roughly 76%, India by 66% and Bangladesh by 69%. These statistics once again highlight the dismal performance of Pakistan in improving the provision of good quality health services to its citizens (UN Statistics Division 2016).
It is the same situation in the education sector. According to the 2015 Human Development Report, the expected years of schooling in Pakistan stands at 7.8, while mean years of schooling is 4.7. On these very same scales, India has 11.7 expected years and 5.4 mean years of schooling; while Bangladesh has 10.0 and 5.4 years of expected and mean years of schooling respectively (UNDP 2015). Similarly, the net enrolment ratio in Pakistan has only increased by 28% from 2002 to 2013, while Nepal has increased it by 42% and Bangladesh by 34% over roughly the same time period. Other countries like India and Sri Lanka already had a high net enrolment ratio and hence only needed to improve it slightly to reach their MDG targets (UN Statistics Division 2016).

These weak social sector outcomes in Pakistan are also corroborated by the low quality of services. In Pakistan, only 53% of surveyed people have been found satisfied with the education quality; 39% with healthcare quality and 57% with the general standard of living. These perception statistics stand in stark contrast to perceptions of well-being reported by other regional countries. In India, 69% are satisfied with education quality and 58% with healthcare quality and standard of living. Similarly, in Bangladesh 87% are reported to be satisfied with the quality of education, 59% with healthcare and 80% with overall standard of living. Other countries like Nepal and Sri Lanka also have higher perceptions of well-being in all three categories (UNDP 2015).

Possible Disablers affecting HD in Pakistan

So what could be the probable disablers that are negatively affecting human development outcomes in Pakistan? To put it bluntly, it is the failure of public policy and weak governance. It appears that the country is still trapped in the ‘trickle down’ economic theory of the 1960s. Discussion on rising inequalities in the country, especially with regards to inequality on the basis of access to social services, is missing from the public policy discourse in Pakistan. Rising inequality has made development progress even more challenging. While inequality in income stands at 11.6% in Pakistan, inequality in education stands at 44.4% (UNDP 2015). For a comparison, the inequality in education in Nepal is at 41.4%; in Bangladesh at 38.6%; in India at 42.1%; and in Sri Lanka at 12.8%. Pakistan’s HDI reduces by 29.9% when adjusted for inequality (UNDP 2015), mostly because of inequality in access to education and health services, which is the highest when compared to peer countries in South Asia.

Social sector development in Pakistan has also been affected by inadequate public spending. In 2013, public health expenditure in Pakistan as a percentage of GDP stood at 2.8% (UNDP 2015). In Nepal, public health expenditure is 6% of GDP; in Bangladesh 3.7%; India 4%; Sri Lanka 3.2% and in Iran 6.7%. Similarly, while Pakistan normally allocates around 2% of GDP to public expenditure on education, Nepal allocates 4.7%, India 3.8% and Iran 3.7%.

Gender disparity in social and economic sectors stands out to be the major reason for Pakistan’s weak performance on human development. Pakistan is ranked 121 among the 155 countries covered by the UNDP Gender Inequality Index. The gender gap in human development is further highlighted when the dimensions of human development index are reported separately for males and females (Figure 1):
As can be seen from the figure above, the human development index is drastically low for females as compared to males. Moreover, the difference between gender-based human development indices is highest in Pakistan in comparison to other countries. Similar trend of huge gender disparity is also noticeable in GNI per capita and expected years of schooling.

Investment in gender equality and women empowerment could accelerate progress on human development. Investment in girls’ education has a multiplier impact. Girls’ education helps break the vicious cycle of poverty: educated women are less likely to marry early and against their will; less likely to die in childbirth; more likely to have healthy babies; and are more likely to send their children to school. Evidence shows that the return to a year of secondary education for girls correlates to a 25% increase in wages later in life (UNICEF 2015).

Many research studies have found that returns to education in Pakistan is higher for women than men (Aslam et al. 2010). One study has estimated returns to education around 13-18% per year for women in comparison to 7-11% for men (Aslam 2006). These studies have demonstrated that education and skills attainment allow women to enter into higher paying professions and as a result break out of the poverty trap. Higher wages then subsequently allow women to access better health facilities reducing infant and maternal mortality ratios, and enrol their children in improved education facilities. Women’s education creates a ripple effect, by accelerating social development and increasing economic returns for the country.

Lately, Pakistan’s poor performance on human development has also been impacted by law and order and terrorism in the country. Pakistan is ranked 4th on the Global Terrorism Index 2015 (Institute for Economics and Peace 2015). Besides its economic cost, terrorism has a negative impact on the overall environment for economic and social development. One of the distinctive aspects of terrorism in Pakistan is its disproportionate effects on children, women, minorities and other vulnerable groups. But terrorism is a comparatively newer phenomenon in Pakistan. It has contributed to the weakening of Pakistan’s trends on development, however, it is obviously not the single disabler for human development in the country.

### Figure 1: Gender Gap in HD

<table>
<thead>
<tr>
<th>HDI Rank 2014</th>
<th>Gender Development Index (value)</th>
<th>Human Development Index (HDI) (years)</th>
<th>Life expectancy at birth (years)</th>
<th>Expected years of schooling (years)</th>
<th>Estimated gross national income per capita (2011 PPP $)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>India</td>
<td>0.795</td>
<td>0.525</td>
<td>0.660</td>
<td>0.695</td>
<td>11.3</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>0.917</td>
<td>0.541</td>
<td>0.590</td>
<td>0.729</td>
<td>10.3</td>
</tr>
<tr>
<td>Nepal</td>
<td>0.908</td>
<td>0.521</td>
<td>0.574</td>
<td>0.711</td>
<td>12.5</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.726</td>
<td>0.436</td>
<td>0.601</td>
<td>0.672</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: Author’s compilation from data given in UNDP (2015).
Conclusion
In moving forward, perhaps, what Pakistan needs the most is prioritising social policies. Addressing spatial and gender disparities is key to accelerating human development in the country. Government policies and strategies should clearly articulate their focus on human development and should brand them accordingly. We still see a lot of government emphasis on economic growth. Many provincial governments have developed what are called growth strategies. Growth is a means and not an end in itself. Growth is a necessary, but not a sufficient condition for enlarging human choices. The policy emphasis should be on human development which should be the ultimate goal of any economic or social policy with growth and other economic variables as a means.

The government needs to give a human face to their policies. Policy branding is important. This not only creates awareness, but also sensitises stakeholders and implementers about the goals of public policies. For Pakistan to accelerate progress on human development, its policy paradigm needs a major shift from the one which prioritises the ‘richness of economies’ to the one which focuses on the ‘richness of human lives’.

Acknowledgement
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H.U. Beg Memorial Lecture

Role of Women Empowerment in Securing Peace and Prosperity for Sustainable Development in South Asia*

Khawar Mumtaz**

I would like to express my gratitude to the Sustainable Development Policy Institute (SDPI) for inviting me to deliver this lecture in memory of late Mr H.U. Beg and his contribution to SDPI as Chairperson of its Board of Governors.

When speaking of women’s empowerment we need to keep in mind the factors that determine the dimensions of empowerment in a country or society, i.e. its stage of development; the level of harmony that prevails; opportunities available to citizens; economic resources; structures of social relationships; and, priorities, among others. We also need to be aware of the universal acknowledgement of the principle that all citizens are equal regardless of sex, class or creed; and women and other vulnerable groups need special measures to ensure their full participation in the affairs of a country. There are multitudes of examples of affirmative actions in South Asian countries in recognition of this principle. The example of quotas comes to mind, e.g. quota for women in administrative services (10-15% in Pakistan); in representative bodies (33% in local government in India, 60 seats in the National Assembly in Pakistan); and a range of others in other South Asian countries.

There is enough evidence of the correlation between women’s emancipation, enhanced educational and skill levels and the impact on prosperity, e.g. completion of secondary school education; fertility and contraceptive prevalence rate; education and skills and income levels; education and delayed marriages with critical impact on population growth rates; and a skilled labour force.

Elements of women’s empowerment by now are clearly defined and enshrined in the various UN Conventions and treaties like CEDAW¹ as well as in global declarations and commitments like the Beijing Platform for Action, ICPD² Programme of Action, Millennium Development Goals and now the Sustainable Development Goals. The markers of women’s empowerment and equality are accepted as levels of health; education; labour force participation; power and decision-making; elimination of violence against women; asset ownership and control; physical security and freedom.

¹ Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).
² International Conference on Population and Development (ICPD).
from fear. All these dimensions are reflected in the sustainable development agenda agreed upon in September 2015 at the UN General Assembly. Among its 17 Sustainable Development Goals, Goal 5, *Achieve gender equality and empower all women and girls* is for women’s empowerment with targets that define the main elements of empowerment for sustainable development as follows:

- ‘End all forms of discrimination against all women and girls everywhere.
- Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.
- Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation.
- Recognise and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.
- Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences.
- Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.
- Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.
- Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels’ (United Nations n.d).

These are complemented by gendered targets under goals for poverty (Goal 1), health (Goal 3), education (Goal 4) and sustainable economic growth (Goal 8). There is a global consensus that all SDGs will be achieved by 2030 and set the world on the path of sustainable development and the recognition that women’s empowerment is integral to peace and prosperity that remains the elusive goal that we all aspire for.
However, we also know that in South Asia, the current social indicators vary from low to medium levels of achievement across the eight SAARC member countries – 50% of women aged 20-24 years are married before 18 years; 50% of women of working age are in the labour force – in Pakistan, 26% women are more likely to be unemployed or unpaid family workers or in the unregulated and exploited informal sector. Furthermore, in Pakistan, 74% of the informal sector is made up of women. Social indicators for women are poor, with Sri Lanka being an exception.

The process of women’s empowerment is both slow and uneven, commitments and good intentions notwithstanding. Those in privileged positions – class, caste, family support, wealth, religion – manage to get both position and ‘power.’ Sustainable Goal 5 is, in fact, recognition of these barriers confronting women across the board in varying degree and intensity – discrimination against women and girls, trafficking, violence against women, harmful practices – and for inclusion of women (with or without disabilities), for equal opportunities, access to services, and role in decision-making. The goals are aspirational. The challenge lies in achieving them. Paucity of resources may be one reason for low achievement in eliminating discrimination and empowering women. In reality, the major barriers in the way of women’s emancipation and empowerment are entrenched in our social systems and structures and impede women’s roles in development (including self-development) and in building peaceful and prosperous societies. These are pervasive and deep rooted in women’s low levels of education, political participation, and limited choices; they define and prescribe women’s roles and restrain women’s potential.

The time has come for us to reflect on how we counter these barriers as despite progressive laws, policies, programmes, and affirmative action they continue to persist. What can be the key to unlock the restraining phenomenon? Thinking out of the box, I propose that it may be instructive to examine women’s roles that are out of the ordinary routine and in situations of collective stress that may be due to natural disasters or man-made: conflicts, insurgencies, law and order crises where women have been compelled ‘to take on new independent roles and demonstrate capacities for decision-making with implications for at least, the equal involvement of women in community management, peace process and reconstruction activities’ (Manchanda 2005, p.4738). I would like to emphasise here that I am not commenting on the merits/demerits, legitimacy or otherwise of these situations. My purpose is to examine what happens to women under these circumstances and the nature of roles they assume. I reviewed some literature documenting and analysing this phenomenon – Manchanda (2005); deMel (2001); Rajasingham in Manchanda (2001); Khattak (2002); Khattak et al. (2008); Saigol (2002), Menon and Bhasin (2007); Butalia (2000); Brohi (2013) and some of my own work (2015 and 2012).

Most of the literature shows that under situations of collective stress women are widowed or become ‘half widows’, become heads of households, challenge social taboos, or have no option but to, and assume non-traditional roles. They become responsible for family/community survival, peace-building and also as combatants. Caste hierarchies in
Sri Lanka, e.g. were eroded during the prolonged LTTE[^3] war, mobility restrictions on single Tamil women melted away and taboos associated with widowhood were dispensed with (Rajasingham-Senanayake 2001). Tamil women entered the public arena, acquired new technical, commercial and professional skills. Women took up lagoon fishing, food processing and marketing beyond their traditional roles.

In Afghanistan, dislocated women took charge as women-headed households since men had either died in combat, disappeared or had become physically disabled in Kabul city. They took upon themselves the task of de-mining their villages of 1,200 cluster bombs dropped by the US military. In Swat, during the military operation in 2009 when many women were left to fend for families, they assumed the task of meeting family needs in the absence of men. In Nepal, during the decade long Maoist struggle, women (‘internally stuck’) again left behind with small children, the elderly and disabled, crossed the gendered division of labour and took on ploughing and thatching of roofs – traditionally a male task.

There are ‘narratives of women’s peace activism in Kashmir, Naga conflict, Nepal and Sri Lanka - there is a pattern of women unthinkingly, rushing forward to shield the men, blocking the roads to prevent “sons” from being taken away, standing surety for arrested boys, getting hostages released, defusing tension and reaching across faultlines and stopping factional violence’ (Manchanda 2005, p.4741). We have seen this in Okara and Sahiwal when women came to the defence of their sons and husbands with wooden thapas (wooden clubs) that they used for washing clothes. They actively advocated Muslim-Christian harmony (Muntaz and Muntaz 2012).

There are myriad such examples. What I am trying to posit is that women have the capacity and ability to break constraining social norms and contribute to food security, peace and prosperity – essential conditions for sustainable development. More interestingly, in those difficult circumstances their non-traditional roles are accepted; breaking of taboos that restrict women otherwise is not questioned, their managerial capacities and skills are highlighted.

Questions arise about why the skills that women display in times of armed or other conflicts/disasters are not consolidated after the conflict; law and order situation or crisis ends and women not enabled to become leaders in the formal sphere of politics and other processes? Why are women forced or expected to go back to their traditionally prescribed roles even after years and decades of conflict? Nepal seems to be the exception where the massive presence of women in the struggle produced social radicalisation that has resulted in ground breaking actions – they have elected a woman president and speaker of the legislature and have filled 50% seats in the parliament.

Why is it that women are not allowed freedom to determine their own destiny in periods of peace? Why are cultural prejudices allowed to prevail post-peace and women who have experienced certain levels of autonomy of action expected to conform to older norms?

[^3]: Liberation Tigers of Tamil Eelam (LTTE).
norms? Why is it that women’s experience of demonstrated resourcefulness not included in peace processes and in shaping new structures and institutions? Why is it that, ‘women who had been so visible - at the community level managing survival, building peace and reconciliation - are marginalised?’ (Manchanda 2005, p.4743).

My argument is that if social constraints diminish and norms are set aside in certain situations, then those can also be done away with in order to pave the way for women to play a full role in securing peace, security and sustainable development. I, therefore, strongly recommend that women not be seen as victims and dependents pressed into action in difficult times, but to be seen as active participants; their agency unshackled and their potential allowed to come forth. One is recommending eschewing of the devaluation of women’s role, to include them in pre- and post-conflict, post-disaster processes as provided in the Security Council Resolution 1325, to create an environment and space for women to participate fully at different levels according to their inclinations and capacities. The shift required is to make inclusion the norm and refrain from the ghettoization of women.

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Leadership for Sustainable Development: Role of the Private Sector*

Majyd Aziz**

As former President of Karachi Chamber of Commerce and Industry, as well as former Chairman of SITE Association of Industry, and as Chief Patron of Bilateral Forums, I often attempt to assess the contributions made by my seniors and peers who are business leaders. When I interact with counterpart business leaders of other countries and discuss their roles, I am more convinced that we are potent stakeholders who should play a decisive and exemplary role in spearheading sustainable economic development, at least among the regional nations by acting as a strong and acceptable advisory group.

What is the role of business leadership in ushering in sustainable economic development through a focused and cooperative approach? How does one effectively channelise the critical mass that regional trade organisations have into regional economic prosperity? The ground reality, sadly, is far different from the steps taken by business leadership to be Track II motivators and lead performers. Thus, as a representative of trade and industry, I offer a mea culpa, as I am of the opinion that business leaders have not been as proactive as their position and status accords them, and that they have not been successful in bringing about required fundamental changes in the policies of their respective governments, bureaucracy, economic management decision-makers and even the judiciary.

Trade organisations have been, by and large, transformed into personal fiefdoms of many leaders in the same manner like most political parties who have adopted dynastic succession modes, whose leaders have become cult personalities, or who have cliques that tightly control the organisations’ activities and policies. This stranglehold is primarily responsible for the ineffectiveness of most of these organisations. I shall highlight a few of these organisations and would restrict myself to the regional scenario.

The SAARC Chamber of Commerce and Industry (CCI) is composed of trade representatives of the eight SAARC nations. The headquarters is based in Islamabad and the President’s office is rotated among the member countries. SAARC CCI was touted as the focal point for promoting, protecting, and presenting the interests of the SAARC private sector which is well and good. SAARC CCI held elections, organised conclaves and seminars in various cities, and prepared studies and reports for members as well as policymakers. It was instrumental in getting approval for SAARC visas that were issued to designated applicants. Pakistan’s quota was 100 visas. This multiple-entry, one-year visa enabled the holder to travel to SAARC countries without additional paperwork or bothersome immigration requirements. However, what actually transpired was that 80-

*This chapter has been approved as a Speech by the referee.
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85% of the visas were issued to the same people who dominate and who may or may not be doing bilateral trade with other SAARC countries. The issuance of visa should have been more linked to the improved trade and business promotion. In addition to this, the visas could also have served as a requirement of advocacy and to convince national governments towards more regional trade agreements.

Despite the significance of SAARC CCI, the bare fact is that its leadership succumbed to the dictates and dynamics of political and bureaucratic exigencies; and, thus, gradually lost its effective importance. One reason is that there is only a facade of synergy, in short, more talk than action about cooperation, harmony and mutual understanding of issues. The policymakers rarely accept the decisions taken at various conclaves and so pragmatic solutions are waylaid and, even if accepted by the regional political leadership, are seldom implemented. It is imperative to mention that business leaders of SAARC are not even welcome as official delegate members at the head of the state summit as and when these are held. The statutory role is also not accredited or registered. Private to private sector partnership does appear at times, with the otherwise required public sector decision-making bodies. The efforts of the private sector are further hampered by the lack of seriousness in working towards attaining an all-inclusive regional economic integration programme that would lead towards a common approach in assuring sustainable development of the South Asian nations. It is widely accepted that this region is the least integrated region in the world. Combining resources and experiences needs to be focused on for the overall development of all the countries at large.

The South Asian region has severe energy deficiencies, high poverty figures, escalating cross-border conflicts, and demanding domestic constraints and pressures that have ensued an environment of distrust and disharmony. While the political and military establishments are engrossed in their own spheres, the onus of ushering in sanity should have been on the economic stakeholders, that is, the business and industry leadership.

Global dynamics are in a rapid changing mode. Regional economic blocs are integrating their economies and finding workable and acceptable solutions to their contentious issues among themselves. This development has enabled the countries in these regional blocs to address myriad domestic and international dimensions both individually or from a common platform. The Association of Southeast Asian Nations (ASEAN), European Union (EU), North American Free Trade Agreement (NAFTA), MERCOSUR,1 Shanghai Cooperation Organisation (SCO) are vivid examples. The SAARC regional bloc is oscillating between a stagnant level and a diminishing course. The concept of shared challenges is unheard of within SAARC.

The past few years witnessed a flurry of activity in the normalisation process of Indo-Pak trade and investment relations. The signals emanating out of the trade bodies as well as from political corridors were encouraging and positive. The two Prime Ministers, Narendra Modi and Nawaz Sharif, were seen as corporate-oriented and both desired trade

1 Editors’ Note: A sub-regional bloc with Argentina, Brazil, Paraguay, Uruguay and Venezuela as full members; and Bolivia, Chile, Peru, Colombia, Ecuador and Suriname as associate countries.
normalisation. This gave impetus to the private sector leadership to strike while the iron was hot. Currently, although Indo-Pak bilateral trade is moving along supplemented by an increase in informal trade, the business leadership has become silent spectators or have retreated into their shells. There are no revolutionary initiatives under consideration and thus no apparent advancement in removal of Non-Tariff Trade Barriers, granting of Non-Discriminatory Market Access to each other, no progress in issuing licenses to banks to set up branches across the border, no modalities of allowing investment in each other’s countries, and no concrete steps to reduce informal trade. At the same time, the India Pakistan Joint Chamber of Commerce and Industry has become dormant, the India-Pakistan Joint Business Council has lost its lustre, the Mumbai-Karachi Joint Chamber of Commerce and Industry is just on paper, and there are no delegations from FPCCI, FICCI, or local Pakistani and Indian Chambers to discuss how gaps can be filled through knowledge and development and to find ways to use and develop combined resources to have positive impact in overall business growth.

Over in Afghanistan, President Ashraf Ghani was billed as an economic czar and his initial pronouncements were directed towards peaceful co-existence and economic deliverance. This was another grand opportunity for business leaders of Afghanistan and Pakistan. This was the moment for the private sector, especially Pakistan Afghanistan Joint Chamber of Commerce and Industry and the Pakistan Afghanistan Joint Business Council to catch the bull by its horns. Nevertheless, when events became unsettling for the political governments in each of these countries, the back-peddaling commenced and camaraderie was hijacked while menacing rhetorical outbursts became a common everyday event. The depressing truth is that the private sector leadership became invisible bystanders, rather than strategic participants who could have rallied the decision-makers by becoming active anchors instead of passive players.

There is still a vacuum that needs to be filled, and it is high time the dormant regional business leadership shapes up, wakes up, and sheds its double standards and hypocrisy. Business leaders of South Asia have to make an immediate paradigm shift. They have to stress their role as prime stakeholders. They have to persistently lobby not only with their own political governments but also form a joint platform to reduce tensions, to create harmony, and to seriously tackle the issues that have made SAARC ineffective and a waste of time. Business leadership must become the ‘tipping point’ because once over this point, the stronger positive results from regional cooperation would push the region to a higher growth trajectory, thereby generating genuine support for cooperation and integration. They must sincerely address the four key elements of regional economic integration, i.e., an integrated SAARC market, seamless physical connectivity, financial cooperation, and shared vulnerabilities and risks.

Business leaders must remove existing barriers and roadblocks by ensuring that the concepts of economic policy, technical and business innovations, information technology, human resource development, diplomatic and military conflicts, and regional
economic integration are not just debated and discussed but are implemented in real time and accepted by all the SAARC member countries.

The private sector must learn, understand, and promote what the Sustainable Development Goals (SDGs) 2030 are and why these are imperative for them, their motherland, and their fellow citizens. The SAARC Heads of Government Conference in Islamabad in 2016 could become the game changer if all countries really want to bring about lasting peace, economic prosperity, and sustainable well-being of the denizens of all eight SAARC countries. This is the hope because there is no other practical way to achieve the SDGs for South Asia. Business leadership must take comfort from Alexis de Tocqueville, the French thinker and historian who very aptly stated:

Trade is the natural enemy of all violent passions. Trade loves moderation, delights in compromise, and is most careful to avoid anger.
Role of Fiscal Policies in Reducing Rising Inequality in Asia: A Perspective from Bangladesh*  
M. Syeduzzaman**

Introduction
The role of fiscal policy in rising inequality cannot be looked at in isolation. To reduce inequality, one needs a ‘composite tool’: a coordination of fiscal policy, monetary policy and structural reforms for economies; and redistribution of income through policies and programmes.

The region of East and South East Asia (SEA) includes South Korea, Taiwan, Singapore, Hong Kong City, Malaysia, Thailand, the Philippines, Indonesia, and Vietnam, with the People’s Republic of China now becoming a top economic power. Historically, these countries adopted several strategies for economic management in an attempt to reduce inequality such as:

- Fiscal policy to raise domestic savings which was greatly helped by a flexible and autonomous system of public enterprise management.
- Policies to attract Foreign Direct Investment (FDI).
- A favourable and supporting external trade environment during the Cold War era.
- Export-oriented development strategies.
- Formation of the Association of Southeast Asian Nations (ASEAN).

It is interesting and useful to mention that as China moved towards market-oriented policies and selectively opened up its economy, industrial countries took advantage of the low Chinese labour cost, and China’s willingness to have access to modern technology and management, and rushed in with massive FDI.

Looking at South Asia
In Asia, the economies were earlier characterised as Under Developed Countries (UDC)/Developing Countries, then Newly Industrial Countries (NIC), and finally, the East Asian Tigers. Now, we have an overlapping and parallel track of Less Developed Countries (LDC), Low and Middle Income Countries (LMIC) and Upper Middle Income Countries (UMIC). South Asia seems to be following this LDC-LMIC-UMIC track.

Among South Asian countries, the canvas of economic development shows that almost all countries lay the foundation to promote economic growth by putting the public sector at ‘Commanding Heights’ through Five-Year plans in order to develop physical infrastructure, energy, heavy industrial base, ports, and selective social infrastructure.

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* This chapter has been approved as a Speech by the referee.
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Securing Peace and Prosperity

(such as IIT\textsuperscript{1}/ IIM\textsuperscript{2}, universities of science and technology), with fiscal policy taking the lead.

However, when growth of the Gross Domestic Product (GDP) stagnated (as in India and Bangladesh), policies were liberalised in the late 1980s and early 1990s for attracting private investment through trade policy reforms, tariff reforms, financial sector policy reforms, emphasis on exports, and on the whole, measures to improve the investment climate, all of which started showing good results. The benefits, however, were mostly urban / semi urban based, and inequality between the rural and urban areas, and also within urban areas, started rising, and the consequences were fast growing political-economic problems.

In China, public expenditure on human development was actively directed towards universal literacy, skills development, universal healthcare, sanitation, and housing. These expenditures were much higher as a percentage of the GDP for distributing the benefit of growth for promoting human welfare. This was a clear indicator of what fiscal policy could do to reduce inequality. However, let me draw your attention to the following: as industrialisation and export growth were thriving in the east, and south-east coastal regions of China (especially economic zones), from the mid-90s, China intentionally, as a public policy, directed new investments to the inner regions, to improve their standard of living, which helped to reduce inequality.

Income inequality must, therefore, be achieved mainly through public expenditure and promoting equity, as is now happening in most Asian countries following the example of China. However, the private sector also has an important role, supported by appropriate fiscal policies, to promote investment, employment, and growth. Though India is nearing the GDP growth rate of China in per capita expenditure on human development (a key to reducing inequality), the country has been way ahead of India. Attention has been drawn to this by Prof. Amartya Sen. In the early part of this millennium, India’s growth rate of 8.5% was not far behind China’s 9-10%.

Experts, economists and political leaders in South Asia have been emphasising that for reducing poverty and inequality, the priority areas of cooperation include:

- Food security.
- Comprehensive water resource management for agriculture and non-agriculture sectors.
- Adapting to the consequences of climate change.
- Cooperation for energy security.
- Acceleration of South Asia’s internal trade (currently 5% intra-SAARC\textsuperscript{1} trade only) along with growth of their total global trade.
- Investment cooperation through:

\textsuperscript{1} Indian Institutes of Technology (IITs).
\textsuperscript{2} Indian Institutes of Management (IIMs).
\textsuperscript{3} South Asian Association for Regional Cooperation.
Role of Fiscal Policies in Reducing Rising Inequality in Asia

- Similar investment framework (like the 1980 Investment Promotion and Protection Act in Bangladesh and country-specific Special Economic Zones);
- Gradual eradication of tariff and non-tariff barriers;
- Increasing connectivity for trade facilitation through physical and non-physical measurers in water, sea and road transport and use of ports.
  - Acceleration of investment through joint ventures and in SEZs.
  - Trade in skills and technology-based services.

Unfortunately, very little progress has been made in these areas in the past two-and-half decades since the SAARC was formed.

The basic issue behind reducing inequality in the economic growth process is growth versus human development and quality of life at the individual and household levels. This was emphasised by the late Dr Mahbub-ul-Haq (and his friend Prof. Dr Amartya Sen) while discussing ‘welfare’. Growth will lead to human development if people are able to find employment based on literacy and skills and be productive in their work. That is why fiscal policy and deployment of public resources is essential for development of human capability, reducing poverty and inequality, and improving welfare.

It is not surprising, therefore, that the political leaders in South Asian countries embraced quite early the concept of Public Food Security (PFDS) - sometimes called ‘food rationing.’ That is why the recent Public Food Safety Act of India is a move in the right direction. Bangladesh transformed from a ‘Test Case for Development’ to a model for LDCs by:

- Achieving food self-sufficiency;
- Achieving steady increase in growth from the first half of the 80s to the second half in the 90s, and in the new millennium from <5% to 5.5%, to 6% and now 6% plus in recent years.
- Growth in exports and significant globalisation of the economy led by remittances, and ready-made garments export (second largest globally), and simultaneously achieving increased female empowerment through concrete programmes.
- Steady growth in foreign exchange reserves over the years, which was over USD 26 billion at the last count.
- Reasonable ME stability with acceptable levels of inflation, fiscal deficit, and nearly steady exchange rate for several years.
- Reducing poverty from 80% at the birth of Bangladesh to about 24% in 2014-15, with ‘ultra poor’ at around 11%.
- Human Development Index better than most mainland South Asian countries.
- Finally, moving towards reducing social inequality, with gender parity in the areas of education (primary and secondary), public healthcare, sanitation, employment, access to assets through microcredit programmes and financial sector innovations.
However, the picture is not completely rosy: at the end of the Sixth Five-Year Plan in June 2015, targets were not achieved; inequality still remained within rural areas, between rural and urban areas, and within urban areas. With the end of the MDGs4 era, and beginning of the era of SDGs5, Bangladesh faces many challenges. In fact, the long-term inequality trend is still visible. The gini coefficient, which was 0.36 in 1983-84 was 0.46 in 2015. The major reasons for this include inadequate public fiscal resources, institutional weaknesses, and inadequate coordination among concerned ministries and public agencies.

It is useful to mention the difference between South Asian countries in terms of their fiscal policy interventions. Bangladesh uses the Annual Development Programme (ADP) mechanism which outlines the list of projects and their allocations in various sectors under the Five-Year plan for implementation of the government’s development policies, programmes and investments, in coordination with the monetary authorities and use of resources from development partners (as has been the system for most of South Asia).

The weaknesses in this system include institutional inefficiency, inadequate public resource (revenue/GDP ratio) mobilisation, and slow use of available development aid from the donors. Naturally, achievements fall short of targets. Political institutions influence political economy aspects of public expenditure and fiscal policy, at times resulting in allocation of financial resources for non-priority projects, which raises the cost of doing business. The Government of Bangladesh has put in place a mechanism for public-private participation (PPP), following some SEA countries, for development of physical infrastructure. But the outcome has yet to become visible. Under the PPP system, in physical infrastructure, the private sector is interested mainly in power production and telecommunication sectors. In Bangladesh, economic and financial institutions need strengthening in order to accelerate growth rate and help reduce inequality. Government (including state-owned commercial banks, state-owned enterprises in the industrial and infrastructure sectors), including the local government also deserve particular attention after years of neglect.

India recently abolished the Planning Commission (PC). In Pakistan, there has been a significant devolution of power between the central government and the provincial, though the PC remains important. It is to be seen how these decisions will impact inequality.

Reducing Inequality in South Asia: Key Steps
In order to reduce inequality, GDP growth rate must be increased not only in Bangladesh, but in all South Asian countries so that benefits can be redistributed. The first step is to raise more domestic resources, to raise revenue/GDP ratio, by redesigning and rationalising the tax system, improving tax collection efficiency, reducing losses / subsidies of State Owned Enterprises (SOEs), based on the benefits they bring to the economy. A comprehensive VAT system (first introduced selectively in 1991) is on the
cards and will help to raise domestic resources, but it is not without partisan opposition, very much like the General Sales Tax (GST) proposal being processed in India, and the current discussions with the International Monetary Fund (IMF) on sales tax in Pakistan.

Next to GDP growth rate comes employment creation - the major role for which depends on the private sector. In Bangladesh, the private sector investment is at 22% of GDP, but needs to grow systematically. An essential prerequisite for quality employment is skill development and the quality of basic education.

Another basic foundation for ensuring reduction of inequality in all South Asian countries is food security. Food security is now defined as:

- Food availability (through production).
- Access (through employment/income/social security plans).
- Nutrition (bio-fortification and agricultural diversification, production of vegetables, fruit, fish, poultry, and livestock).

In Bangladesh, currently the production structure is as follows:

- Agriculture - 16-17% of GDP
- Services - ≥50% of GDP
- Industry (manufacturing, mining, construction) - 30% of GDP.

After the 2007-08 world food crisis, most countries opted for food self-sufficiency because of uncertainty in the world food trade due to political and economic reasons. These realities for agricultural transformation have major fiscal implications predominantly when it comes to policies, programmes, institutions and governance with greater emphasis on research and diversification, and consequent public investment.

For the production system, fiscal policy provides subsidies, where necessary, on fertilisers, irrigation, and High Yielding Variety (HYV) seeds, and in building up the Public Food Distribution System (PFDS). In reducing inequality, politicians are viewing these as investments rather than subsidies. Other important factors are rural non-farm employment (RNFE), social safety net (SSN) programmes and access to credit, and financial inclusion. The latter is also being discussed in other forums by South Asian central banks.

A new dimension of reducing inequality is by creating rural non-farm employment (RNFE) since rural livelihoods are not limited to income derived solely from agriculture, but may be derived from diverse sources. Agriculture’s share is below 20% of GDP, but 50% of the population in Bangladesh still works in agriculture; and 70% people are living in rural areas. Plus, agriculture mechanisation has also reduced the need for farm labour, hence the need for RNFE, which works by:

- Creating rural transport infrastructure since agricultural products need to reach urban marketing centres and for export.
• Providing facilities for processing and marketing of non-crop agriculture, such as fisheries, poultry, and livestock.
• Organising workshops for repair and maintenance of agricultural machinery.
• Processing agricultural products and non-cereal products on a small scale.

For reducing ‘ultra poverty’ a whole range of Social Safety Net Programmes (SSNPs) are critical. In fact, in the Seventh Five-Year plan of Bangladesh, a separate Social Safety Net System has been designed by consolidation of dozens of programmes which are presently being implemented by different ministries, albeit without coordination.

Conclusion

In the end, let us look at the temporal transition of some Asian countries from LMIC to UMIC\(^6\) status:

Table 1: LMIC Status

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>2007</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2009</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>2014</td>
</tr>
</tbody>
</table>

Table 2: Transition from LMIC to UMIC

<table>
<thead>
<tr>
<th>Country</th>
<th>Time Taken (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>17</td>
</tr>
<tr>
<td>S. Korea</td>
<td>19</td>
</tr>
<tr>
<td>Malaysia</td>
<td>27</td>
</tr>
<tr>
<td>Thailand</td>
<td>28</td>
</tr>
</tbody>
</table>

Table 2 shows that in order to significantly reduce, and ultimately, eliminate inequality, South Asian countries have a huge challenge ahead of them. To do this, fiscal policy has to be the main driver. No doubt fiscal resources can be saved if we have peace in South Asia, and if military expenditure is drastically reduced as a consequence, which will help to free up much needed resources for the SDGs which can bring prosperity nearer and faster.

\(^6\) Low and Middle Income Countries (LMIC) and Upper Middle Income Countries (UMIC).
Section II

Securing Economic Sustainability
Recovering from War and Living in Hope: Fruit and Vegetable Markets in Pakistan’s Swat Valley
Abid Qaiyum Suleri, Babar Shahbaz and Qasim Ali Shah**

Introduction

The Swat Valley in Pakistan is an important producer of fruit and vegetables. During the years 2007-09, socio-economic activities were heavily compromised: Taliban militants captured the valley in 2007 and there was subsequently a series of fierce army operations against them. This study analyses the impact of conflict (occupation by the militants and the military operation) on fruit and vegetable supply chains, with a focus on impacts on livelihoods and the recovery of markets. For the purposes of this study, the market is defined as ‘any systematic process for market actors (people, businesses) to buy and sell products and services. This includes not just the way that those goods and services are produced, transported, bought and sold, but also the formal and informal rules that govern those interactions’ (Gerstle and Meissner 2010).

Swat district is the centre of fruit and vegetable production in Khyber Pakhtunkhwa (KP) province of Pakistan. Apples, peaches, persimmons, apricots, pears, plums and walnuts are important crops. The area is also well known for producing tomatoes, potatoes, onions, honey, soybeans and trout (Ali 2010; Khan 2012). One of Swat’s agricultural specialties is peaches; before the conflict, Swat’s peaches made up more than 50% of national production (Khaliq 2011). Similarly, about two-thirds of provincial apple production is in Swat. Many studies, including the baseline survey conducted by the Sustainable Livelihoods Research Consortium (SLRC) research group for Pakistan, have shown that farming is the most important livelihood activity in the conflict-affected areas of Malakand region of KP in general, and Swat Valley in particular (Shahbaz et al. 2012). The conflict had serious impacts on the sector (Ibid., 2012). Nyborg et al. (2012) claim that Taliban militancy and the army action against them led to about a third of agricultural workers losing their livelihood source. In this context, the specific research questions were as follows:


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What are the characteristics of major stakeholders in fruit and vegetable markets in Swat?

How did conflict disrupt the market for fruit and vegetables and how is it recovering?

What changes occurred with respect to different aspects of the market (composition of crops, availability of inputs, composition of farmers)? Have there been new entrants (post-2008) into the fruit/vegetable/agricultural market in Swat?

What is the role of women in Swat’s agricultural value chain?

How have government and aid actors attempted to support the sector?

In making such an assessment, it is necessary to consider the nature of market and market-related factors – actors, agricultural inputs, transportation, financial resources, access to markets, etc. – and how they can potentially affect livelihoods (Rota and Sperandini 2009).

Methodology

The system under study includes all supply chain partners associated with Swat’s agricultural produce outputs. Within this, we reviewed the secondary literature and held semi-structured interviews with key informants in order to grasp how the conflict had affected stakeholders’ livelihoods. Direct observations were also recorded during the field visits. The literature review was based on various papers and reports: ‘Livelihoods and Markets in Post-conflict Settings: No Short Cuts, No Quick Fix’ (Commins 2014); the various Emergency Markets Mapping and Analysis (EMMA) reports carried out by different donors in post-floods 2010; ‘Markets in Crises: The 2010 Floods in Sindh’ (Zyck et al. 2015); and ‘The Social Life of the Onion: The Informal Regulation of the Onion Market in Nangarhar, Afghanistan’ (Minoia et al. 2014).

Key informant interviews covered the following topics, for both before and after the conflict: actors, products, supply of inputs, terms of trade, recovery after conflict, etc. Key informants interviewed included agricultural input sellers, farmers, agricultural extension staff, agricultural labourers, transporters (individuals and associations), traders, trade association representatives and commission agents.

Interviews were conducted within the following union councils (UCs): 1 Matta, Barikot, Kabal and Khwazakhela, whose main sources of income are fruit and vegetable production. Interviews were conducted in villages where the conflict had badly affected fruit and vegetable production. Village selection was carried out after a series of

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1 The UC is the lowest tier of administration in Pakistan. A UC usually comprises three to six villages depending on their population. In relation to the agricultural supply chain, the UCs are the administrative units where market-related activities are instigated; middlemen usually visit the main villages of UCs to get in touch with local farmers. The UC office is generally located in the largest of the villages. Markets in the vicinity of the UCs act as a hub for local commercial activities, bringing together small input supplier shops and transporters.
discussions with the district administration, the Provincial Rehabilitation and Settlement Authority and local organisations.

Participatory methods were used to determine large, medium and small farmers. At least one large and one medium farmer were included in the sample from each UC. Labourers, traders, commission agents, small transporters and input suppliers were also selected from the same UCs. At least one big trader/transporter was selected, using a participatory approach. In all, 80 key informant interviews were carried out (Table 1). We found no females working in the markets or even in the fields in the study areas; as such, all respondents were males.

**Table 1: Number of Key Informants**

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Number per UC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Labourers</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Traders</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Transporters</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Trade association representatives</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Commission agents</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

**Conflict-affectedness in Swat**

The conflict in Swat began when Taliban militants took control of a large area of the district at the end of 2007 and started to advance towards neighbouring districts. Consequently, Pakistan’s army started a war in Swat during 2009 and, after a few months of fierce battles, took control of Swat and other areas (Shahbaz et al. 2012). During the war between the army and the militants, most of the population of Swat and neighbouring districts (around 3 million) left the area and took refuge in other districts of KP as internally displaced persons (IDPs), mostly in Mardan, Swabi and Peshawar. Markets, roads and transport infrastructure were destroyed as a consequence of the occupation of Swat by Taliban militants and the subsequent military operation. Severe floods in 2010 added to the miseries of the population.

Agriculture was one of the main affected sectors: when the war began, the wheat and fruit were almost ready to harvest, but the farmers had to leave their homes. When they returned after peace was made, almost all of the crops were damaged. According to the World Food Programme (WFP) (2010), 80% of surveyed markets in the (then) North-West Frontier Province (now KP) and the Federally Administered Tribal Areas (FATA) were affected by the conflict, and also by looting. The same study pointed out that traders’ access to most markets was restricted during 2007-09, whereas in FATA increased transaction costs were reported as a major outcome of the conflict. And it was not just farmers who were affected: most labourers and traders also lost their income because agriculture is the major source of employment in Swat. Productivity was reduced by more than 45% during 2008-10 as a result of the severe loss of markets and other infrastructure (Ali 2015; and Nyborg et al. 2012).
Most of the skilled labourers associated with fruit production in Swat migrated to other cities in the country in search of peace and safety, which caused delays in harvest; 60% of wheat crops on thousands of acres was not harvested (Nyborg et al. 2012). Moreover, potatoes, onions and other vegetables could not be transported to the markets because of road blockages and prolonged curfews. A change in production patterns was also evident, such as a shift to peaches from apples. In 2013, about 250,000 tonnes of peaches were grown in Swat; the number was 40,000-50,000 tonnes in 2002. Apple production went down because of this increase in peach production, which came to pass mainly as a result of higher demand for Swati peaches during summer, particularly during the fasting month of Ramadan (Farooq 2013).

Before the conflict, 500-600 trucks of fruits were transported daily to the rest of the country during the harvest season. Swat in the pre-war era was a centre of orchards and held multi-utility processing industries, cold storage and a huge amount of dry storage, along with an efficient transportation and marketing mechanism. It also used to be a training centre for the budding and grafting of plants (Bari 2010). Labourers from the district were highly in demand in KP and Balochistan, particularly for their skills in fruit harvesting. Skilled workers from other districts, particularly Punjab, migrated to Swat to work in the fruit-growing areas to learn the efficient techniques of the district (Zareef and Maula 2014). Swat’s plant nursery production was graded third best in the country after Pattoki (Lahore) and Tarnab (Peshawar) (Ali 2010).

In pre-war times, the overall gross output from farming activities in Swat district was estimated to be PKR 9 billion per annum. According to the Department of Agriculture, 55-70% of the total fruit produce in Swat went to waste as a result of the hostilities, artillery shelling, blowing up of bridges, road blockades, attacks and curfews (Ibid.). Overall losses were estimated at between PKR 3 and 8 billion (Nyborg et al. 2012; Zahid 2009).

Studies indicate that, in conflict-affected areas of KP and FATA, traders adopted coping strategies that were likely to be harmful to consumers. These included increasing commodity prices; reducing the scale of operations to minimise the losses from looting – which in turn led to increased prices and reduced supplies; quick rotations of stocks to meet high demand in Afghanistan rather than selling in FATA – which again led to local shortages and increased prices; and changing the terms of trade from credit to cash, thus limiting buyers’ options (WFP 2010). These coping strategies negatively affected the ability of households to purchase food, and sales supplies decreased. For instance, Bhatti (2015) reports that, during the conflict, if local people wanted to sell their animals, the traders made these ‘distress sales’ by offering a price up to 20% lower than the market rate. And Shah (2010) indicates that, during the conflict, villagers sold their animals and other farm produce at less than half of the market price to meet their daily needs. Thus, farmers received a substantially lower price for their livestock, which have traditionally served as a complementary source of income. This put more pressure on farmers who had previously made some income from the sale of milk and butter.

\(^2\) USD 1 = PKR 65 during 2007-08.
There was a big influx of donor-supported aid interventions immediately after the military operation. Shahbaz et al. (2012) indicate that donors paid relatively little attention to either the private sector or key market linkages, in the post-conflict development phase as well as the ‘emergency setting’: ‘There is often little focus on market systems and their role in the rebuilding of livelihoods.’ Shah and Shahbaz (2015) indicate that there was a mismatch between the demand of communities and supply from external aid providers. Shahbaz et al. (2014) also note that, in addition to being supply side-dominated, most of the external interventions either ignored the importance of markets – both as a physical place with shops and stalls and as a broader commodity exchange for buyers and sellers – or were unable to capture the political economy of markets (e.g. the relationship between market chain actors, the governance structure of markets and market access, etc.).

It is also reported that, in designing donor interventions for KP and FATA, relatively little attention was paid to the private sector and their role in the rebuilding livelihoods. It can be argued that the processes of elaborating market relations, especially if carried out in participatory ways, can be important interventions in themselves – directly improving linkages and relationships between market actors and preparing local communities to introduce or generate innovation in products, processes and market access (Albu and Griffith 2006 and 2005).

Swat’s Agricultural Supply Chain: How it Changed During and After the Conflict?
Farmers, traders, commission agents, transporters and labourers are identified as the major actors of the fruit and vegetable market in Swat. This section presents the main characteristics of these stakeholders and the following section describes how they were affected during and after the conflict.

Farmers
As the conflict may have had a different impact on farmers possessing different sized farms, we grouped farmers into small, medium and large. In KP and Punjab, farms are classified by the area under cultivation (State Bank of Pakistan n.d.). In the mountain areas of KP, this classification becomes meaningless, as farms are determined by the terrain, and even small landholders owning one acre of land can be considered large. Like other mountainous areas of Pakistan, in Swat most of the farmers are subsistence farmers.

As it is difficult to categorise mountain farmers on the basis of the size of their landholding, we used a participatory approach, asking our respondents how they differentiated among small, medium and large farmers. The majority of respondents perceived large farmers to be those who had comparatively large landholdings and employed labourers on their farm, or those who had rented their land to small, in some cases landless, farmers. Large farmers grow multiple crops (wheat, maize, fruit, and vegetables) for commercial purposes; medium farmers grow crops for their own consumption and fruit and vegetables for selling in the markets; small farmers generally grow crops for their own consumption only. However, most of the small and medium
farmers were not solely dependent on farming and had additional sources of non-farm income, such as a small shop, taxi-driving, working as a daily wage labourer, government or private employment and livestock-keeping. The key informant interviews indicated that non-farm activities were of importance for small and medium farmers, but not pursued by all as this is against the legacy of their ancestors and, therefore, perceived as a social taboo.

Farm size also has an impact on access to upstream and downstream markets. The majority of small and medium farmers do not have sufficient cash available to buy inputs and rely on local commission agents to provide cash and/or inputs in advance of the harvest. In return, the farmer is bound to sell the harvest through the agent at his (the agent’s) terms and conditions, usually at a price lower than the normal market price. The commission agent is acting as a moneylender and insurance agent for the farmer, as he offers a loan without collateral and bears the risk by buying the standing crop. The farmer relies on the inputs the agent provides, which are usually of low quality. As he has to sell his produce to him, the farmer is also dependent on the prices the agent pays. Microcredit facilities are very limited in the area and farmers have no choice but to rely on the credit the commission agents provide. This implies that smallholders should be provided easy access to microcredit to safeguard them from exploitation by commission agents.

**Labourers**

Labourers are an integral component of fruit and vegetable markets. Most work on daily wage basis, either on the farms of big farmers or with traders and even in some shops. In markets, labourers perform a variety of tasks, from sorting and packing to loading fruit/vegetables on trucks. They work for an average of five to eight hours per day. Some labourers also own small pieces of land and perform non-farm activities as an additional source of income. During the military operation, most labourers were displaced along with their families. Some of them were able to find manual work at their new destination. However, many remained dependent on humanitarian aid in the form of food and cash in IDP camps. After the conflict, the majority came back, but some of them started work in other markets situated in the lowlands.

Interviews indicated that the composition of labourers did not change after the conflict. However, labourers with experience in growing apples and apricots told us that, after the conflict, there were fewer opportunities for them because new products, such as peaches, plums and turnips, were in demand and they did not have expertise in these. Changes in markets affect labourers’ terms and conditions of work. Similarly, changes in the composition of products means some labourers have gone out of work and some have started working in construction or gone to other cities to try their luck. The construction sector flourished after the conflict because government and aid agencies started to repair damaged infrastructure. There was demand for labourers, and many agricultural labourers started to work in the sector (more detail in the following section).

**Traders**

There are three major categories of traders (big, medium and small). To clarify these
categories, we again used a participatory approach, asking respondents to classify themselves and others. Big traders are perceived as those who have a wholesale business and deal in wheat and maize as well as fruit and vegetables. They hold their business in the markets of the major towns (e.g. Mingora). Big traders buy crops directly from farmers and also from commission agents, before the harvest, when it is in the field. They also buy fruit and vegetables from external markets (of other districts) to sell in the local market. Some respondents perceived big traders to be those who came from other cities (Lahore, Rawalpindi and Peshawar) to buy fruit and vegetables from the local market. A (self-perceived) big trader from Matta commented:

Sometimes we buy these products [fruit and vegetables] directly from the farmers and sometimes from commission agents. We are dealing with both local and outside markets. In winter, we go out to other markets; and in summer, we buy fruit from the local area. We also buy from small, medium and big farmers through contract. The normal practice is that the traders visit the orchards and buy fruit when the fruits are at the flowering stage.

Medium traders have medium-sized businesses, such as general stores in the town, and are retailers dealing with different commodities (wheat, maize, fruit, and vegetables). They buy fruit and vegetables from local markets (sabzi mundi) through open auction, from commission agents or from wholesalers (in Mingora market). Small traders typically deal with vegetables and fruits. They purchase these from wholesalers and sell to consumers on handcarts (as street vendors) or at roadside shops. A medium trader commented:

I always buy from different people. The reason behind this is that I look for my profit and benefit. Some of the vegetables here are not of good quality so I buy local produce as well as from downtown.

In the absence of any formal tax collection mechanism among traders in this area, governance is informal. There is no licensing mechanism; all that is needed to open a store is the availability of a shop in the local market.

**Transporters**

Transporters transport the commodities within the local market or from the local market to down-country markets. Big transporters have proper transport companies and possess different vehicles, such as trucks (six-wheelers or more) and mini-trucks, Suzuki vans, etc. They transport all kinds of commodities to other cities of Pakistan. Small transporters usually have just one or two small vehicles and their operation is limited to Swat district. Many perceived that big transporters were those who went to Lahore and Karachi, whereas medium transporters went to adjoining districts such as Dir and Mardan. Some vehicle owners also do contracted transport for large companies. The owner of a large vehicle commented:

We are connected with the transport companies. The transport companies take commission from us and give us the opportunity to carry the products. The
second option is the commission agents, who contact us directly to deliver the goods. The third priority is the traders. The big traders talk with us directly to deliver the goods.

The buyers of fruit and vegetables hire the transport and bear all transport-related expenditures. The transportation cost is usually based on distance (per kilometre) and buyers also have to pay road taxes while transporting the goods. They also have to deal with the police. A big transporter from Kabal commented:

There are no taxes on fruits and vegetables transport. We pay road taxes only. However, on every trip police fine us forcefully. On the last trip, I had to pay two fines, one on the motorway and the second in Mingora. I did nothing wrong, but the police charge us fines.

Police impose fines for different reasons (e.g. speeding, lack of necessary documents, overloading, etc.) and sometimes these fines are illegal. During the winter, most of the large transporters transport onions, tomatoes and some fresh vegetables from Punjab. In summer, they deliver fruit and vegetables from Swat to other parts of the province. There is a union for local transporters, but it is not very active and most of the transporters do not see any benefit in it; however, big transporters and transport companies are connected with the regional transport union, which helps them in case of emergency (accidents, etc.).

**Commission Agents**

Commission agents (middlemen) are an important actor in the market. They have multiple identities and can be local businessmen and farmers as well as traders. However, they have one commonality – that is, they link the farmers with the traders. They buy the products from the farmers and sell to the big and medium traders. In most cases, they give loans to farmers and then farmers are bound to sell their harvest through their respective commission agent. In some cases, the commission agents buy the standing crop from the farmers (at a pre-agreed price) and give advance money to the farmers. A commission agent from Barikot commented:

We provide them [farmers] seeds and fertiliser and after that they give us products. This is how we are running our business with them.

Similarly, a commission agent from Matta told us that, when farmers are in need, agents provide them with money and inputs and in return they agree to sell their produce back to the agent. A positive role of commission agents is that they provide new varieties of seeds to the farmers because many small and medium farmers are short of money during the cultivation season – so this is a win-win situation for both parties.

The rate of commission depends on the commodity, quality and the market situation. Most commission agents have developed long-term relationships with the farmers. Some farmers said the price the agents offered was somewhat below the market price. The farmers usually use the money to buy inputs and household items.
Most commission agents sell their products to traders in the open auction. Most of the traders interviewed acknowledged the importance of commission agents. For instance, a trader from Kabal said, ‘These people are important for us because we have long-term and lasting relationships with farmers [through them].’ Another trader, from Khwazakhel, commented, ‘We prefer to buy products only from these people [commission agents] because they deliver the goods on time.’ Interviews with some traders revealed that agents also provide goods on credit to traders. In most cases, there is no element of interest involved and the only benefit for them is guaranteed transaction.

**Women**

The role of rural women in farming and market-related activities is minimal. Although women are involved in the care of livestock, very few work in the fields. Local cultural barriers restrict women’s movement and prevent them from working in the fields/markets. For instance, a farmer elaborated:

> In our village, women don’t work in the fields. Some of them work in their kitchen gardens and grow vegetables for household use, but there is no concept of wages for women for helping in animal husbandry or kitchen gardening. There is no space for them in the market too.

Another farmer commented:

> Women are not working in farms because they cannot do such [hard] work. Moreover, there are culture barriers for them. Our women work in houses only and this is enough. There is no need of women to work in fields. Women should do domestic chores only.

Unlike in the plains of Punjab and Sindh, where women help family members in farming (especially women family members of small farmers and tenants), there is social stigma against women’s mobility in KP in general and Swat in particular. This taboo means there is no evidence in the literature of any (visible or invisible) role of women from this region in farm management or their contribution to the vegetable and fruit supply chain. The silence of the literature means an in-depth anthropological study is needed to determine any indirect support women provide to orchard management, the smooth running of fruit and vegetable markets and other means of supplementing the household income, such as poultry husbandry, kitchen gardening, embroidery, etc. Women are mostly confined to fetching water and firewood, and are also involved in backyard poultry-rearing and tending to small ruminants. Hardly any women were seen working in the open fields, except a very few working in the potato fields in upper Swat in non-Pukhtoon villages. They buy food for household consumption from local shops (within the village). These small contributions should not be overlooked, however, and our respondents’ acceptance of women’s engagement in kitchen gardening might be taken as an entry point for thinking of innovative ways of making the most economic use of the social space offered to women through this activity.
Changes in the Conflict-affected Context

Shifts in Crops and Occupation
During the Taliban occupancy, Tehrik-e-Taliban Pakistan (TTP) established a state within a state. Mingora’s Green Square, which was the centre of business in the valley, received a new name, Death Square. Dissidents were hanged, shot or whipped in this square. The markets were deserted. TTP set up its own system of tax collection. In Swat, *ushr* (Islamic tax), which is one-tenth of the crop and fruit produce, was collected to pay salaries to TTP fighters and to equip them with weapons and ammunition. Other sources of fundraising included kidnapping for ransom, looting banks and taking items from the captured households of opponents (Khan 2009).

The miseries of orchard farmers continued during and immediately after the military operation. This began in Malakand in 2009 and continued for about six months. Civilians were asked to vacate the area to avoid any collateral damage. Farms were abandoned. Vegetables and fruits could not be harvested and rotted in the fields and orchards (WFP 2010). Those farmers who had some harvest before the military operation could not sell their crops because of market closures. There were no farming and market activities during the military operation, because of the ongoing curfew, and vegetables such as tomatoes and onions rotted. Information collected during field visits indicated that small, medium and large farmers suffered equally. Most of the IDPs stayed in camps or with relatives/friends in safer districts for four to six months. Afterwards, they gradually started to come back to their homes. A big farmer from Barikot explained, ‘It was a very bad time and no one was ready to bring agricultural inputs to be sold. People used to save their money for their survival. It was a totally uncertain environment and I almost stopped farming.’

Similarly, a medium orchard farm owner from Matta told us that during the military operation, they were unable to do anything except migrate to Mardan district. When they came back after four months, after the harvest season, the fruit had fallen from the trees. According to him, medium orchard farmers suffered more financial losses than the others. Another medium farmer from Khuwazakhela said, ‘We had some produce in the field, but couldn’t sell during the war because everything was closed and people were fleeing from the area to safer places.’ A small farmer from Kabal related his experience:

> During the military operation, we faced a lot of trouble. At first, we were displaced, our children and women walked down from the mountains to the IDPs camps. Here, we were dependent on the support from NGOs [non-governmental organisations] to fulfill our basic needs. My fields were destroyed and when we returned the onions were in the field, we uprooted these onions one month later than the usual harvesting time.

Traders were also severely affected by the conflict as businesses were halted during the military operation and the majority of people were displaced to nearby cities. Almost all the respondents said there was zero business because people had started leaving even before the war; within a few weeks almost the entire district was deserted and a curfew
was imposed. The situation was no better before the military operation (i.e. during the Taliban occupation). For instance, a big trader said, ‘During TTP rule, we faced several problems. I bought apples worth PKR 1 million (USD 10,000) in the fields. At that time, we were busy packing them, and suddenly they [the militants] fired on us, my brother was severely injured and we took him to the hospital and left the fruit there. After a few days when we visited the field everything was destroyed, so I lost more than one million rupees.’ A medium trader said, ‘During TTP rule, I loaded one truck of apples and handed it over to a transporter in Matta but because of the continuous curfew all of the fruit was rotten and we threw it in the river.’

When the army took control of the area and peace was restored, IDPs were allowed to return to their homes. Infrastructure (roads, bridges, schools, etc.) had been damaged by heavy firing from both sides, as were places of work. However, farms and orchards remained in place. In many cases, though, farmers had to start afresh to revive their orchards and farms. Most started by clearing debris and rotten vegetables. Aid agencies provided some basic inputs and seeds to farmers, which helped them resume their activities. Apart from the initial losses, there was a slight increase in the farming income for most farmers. Some farmers talked about the high price of inputs, but this may have been because of overall inflation and the high price of petrol rather than the conflict and the army operation.

A noteworthy change observed is the shift towards high-value crops; however, this has been limited mostly to large and small farmers. This change can be attributed to two factors. First, almost all the farmers temporarily migrated to other districts, which improved their down-country linkages. Second, some aid agencies distributed vegetable seeds and established fruit nurseries in many locations.

Depending on the demand in down-country markets, most large and some medium farmers reported changes in their farming pattern. For instance, many farmers shifted from wheat/maize to vegetables, while many others went from vegetables to fruits. Most of them said a better profit margin was the motive for making such a change. For example, a medium farmer from Kabal commented, ‘I now prefer to grow fruit rather than vegetables, because it gives more profit.’ Likewise, better tomato prices in down-country markets have led to increased tomato production, and high prices for strawberries compared with apples have led to the replacement of areas under apples by strawberries.

For most small farmers, there has been no or very little change. It is also pertinent to mention here that, despite this gradual shift, cold storage facilities are very limited. Mostly, freshly picked fruit is packed and sent down-country as fast as possible. Some other actors in the supply chain also noticed this change. For instance, a rice mill owner from Barikot said, ‘I am running a rice mill, but now the peaches have made problems for us because farmers are shifting from rice crops to peaches, and, therefore, our rice market business is no more profitable.’ Swati rice was famous for its quality, but now

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3 This was an overall impression; we did not analyse commodities separately.
farmers prefer to grow vegetables and peaches. The rice crop is vanishing and people have to buy rice imported from other regions.

Apart from better prices, the shift from vegetables to fruit might be attributed to interventions by donor agencies regarding the distribution of fruit saplings and the establishment of new fruit nurseries in some areas of Swat. Trainings on nursery-raising have been given to some farmers and they have started work (Shah and Shahbaz 2015). For example, a medium farmer from Matta said, ‘Only one change [after the military operation] has been observed: the number of fruit nurseries has increased, this is a good development for all of us farmers.’ Similarly, a large farmer from Barikot explained, ‘After the army operation, the situation is now calm and life is going on as it was before the conflict. Now inputs [fertiliser, seeds, saplings] are abundantly available in the market and I can buy inputs from the local market because the government and aid agencies have ensured the supply of inputs in Swat.’

Some farmers have received new variety saplings and seeds from aid agencies and tried these (more profitable) crops. A small farmer from Khwazakhela said, ‘Now we have increased the varieties, including wheat, maize and vegetables […] an NGO supported me by giving me vegetable seeds.’ Although provision of seeds and inputs by aid agencies was a one-time intervention, it increased awareness among farmers regarding the use of better seeds and inputs and also had some implications for input suppliers (discussed in following sections).

Another factor that has negatively affected the demand for vegetables in down-country markets is the import of vegetables from India. For instance, a farmer from Khwazakhela said:

My main products were tomatoes, turnips and other vegetables like spinach and radish but now tomato is the main product and most of the farmers are growing tomatoes because of good market [prices]. However, this year the market is not feasible for our domestic tomatoes because the government is importing tomatoes from India.

After the conflict, many farmers shifted cultivation from vegetables to fruit, and one of the reasons for this was the former’s non-competitiveness with imported vegetables with regard to prices and quality. Despite the volatile relations between India and Pakistan, the bilateral trade in vegetables remains persistent. Indian imports are obtained when a particular crop in Pakistan fails (and vice versa).

Tomatoes from Swat never dominated Pakistan’s market. The decision to import tomatoes from Indian Punjab via Lahore was based on overall production in Pakistan. Once an import arrives, an oversupply can easily disturb the price of local produce. Likewise, the quality of Indian produce can lead to competition, whereby local farmers come under pressure to either grow quality produce or shift to other crops: ‘We cannot compete with foreign produce because we are using low-quality seeds and fertilisers.’
It seems that, originally, vegetables from Swat were sufficient to cater not only to local markets, but also to the needs of nearby major markets. Hence, imported vegetables could never capture a market share. However, during the conflict, the suspension of vegetable supplies for an extended period may have opened up this market to imported vegetables, which means many vegetable farmers from Swat are now switching from vegetables to fruit.

Like the market for vegetables, the fruit market is quite volatile in Pakistan. Fruit-processing is not very sophisticated and lack of cold storage means a bumper crop of fruit will often have an inverse correlation with profit. Profitability is also measured through better storage life of the fruit. Better seed varieties that give a yield with a long storage life mean increased profitability. This profitability is the key factor in deciding which fruits to grow. Some peach farmers agreed that peaches made a better profit than other fruits and vegetables. Another factor was the destruction of crops during the war and the loss of local markets. Wheat and corn were sold in the local market, but fruits and vegetables were sent to other districts. Therefore, farmers started to think about adopting alternate cropping patterns. For instance, a large farmer from Matta commented, ‘Before the militancy, the main products were peaches, wheat and maize, but during the military action we couldn’t sell them because of the war and the crops were damaged in the field. Now we are growing apples along with rice and maize.’

Some small and medium farmers who decided to stick to their previous cropping patterns started to use new and better varieties of crops. This indicates that, although they could not diversify their crops, they were, partly because of government and NGO livelihood interventions who introduced and distributed improved seeds and saplings, able to grow new varieties of crops and vegetables.

Traders did not report major changes in terms of commodities, although trading of apples has reduced because of the destruction of apple orchards and also some diseases. Similarly, trade in pears and persimmons was also reported to have declined, whereas the market for peaches and plums is increasing. This change may not be completely because of the conflict: other factors include economic value, introduction of improved peach cultivars, a prolonged bearing season, better adaptation to the climate and abundance of water application sources. Farmers have gained skills in peach farming and the Department of Agricultural Extension has technically sound experts in the area. Skilled labourers with experience in growing apples and apricots reported that there were now fewer opportunities for them in agriculture, because they did not have expertise in new products such as peaches, strawberries, plums and vegetables; therefore, some of them had started working in construction and some migrated to the big cities.

Investment in post-conflict infrastructure development has had some positive impacts on the local labour market as it has opened up a new avenue for labourers, with more and more skilled and unskilled labourers opting for construction-related labour. The following comments of labourers from different parts of Swat district demonstrate this:
Agricultural labour is low wage and it is seasonal and when the season is off then we have to look for other work. Many labourers are now going towards the construction side.

Now there is a shortage of labourers in the market and wages have increased from PKR 400- 500. Before the conflict, labourers were in surplus; now construction activities are abundant and demand for labourers is higher.

There is a huge difference before and after the conflict; because of loss and lack of money some [small] farmers have left farming and started daily wage labour because they want to earn money and want to sustain their lives.

The conflict has changed the composition of skilled labour because they are now working in other fields [construction].

Although militancy and poor law and order affected the business of transporters before the army operation, these actors were immediately in demand when the government asked locals to evacuate the valley. Local community members hired them to shift household equipment and people to IDP camps (or to relatives in adjacent districts where applicable). During the operation, many transporters started plying new routes, which helped them build new professional networks.

When life returned to normal, some of those networks remained intact. One large transporter from Mingora reported:

[Before the conflict] we used to ply trucks between Swat and Peshawar, and Islamabad. Sometimes, we used to take fruit to Lahore. However, during the military operation, we based our vehicles in Peshawar and started taking bookings from Peshawar to Punjab and to Karachi. After the military operation, we returned to our base in Mingora but are serving our clients up to Karachi.

Mini trucks and vans mostly cater to the needs of the local population, as before the militancy. However, since the operation, the number of security check posts has increased. This causes delays during transportation, affecting all types of transporters.

According to Article 247 of Pakistan’s Constitution, Malakand (including Swat) is included in the Provincially Administrated Tribal Agency and is a tax-free zone (Khaliq 2013). However, some minor taxes are to be paid, such as road tax and municipality taxes. Nevertheless, freight charges have become higher since the conflict, partly to take care of delays and partly to meet the high fuel cost, which saw an increase between 2008 and 2014 (before the recent dip in prices). A mini truck owner from Matta said, ‘The price of diesel has increased manifold. We have to pay bribes at different police check posts (not at the army check posts) to avoid delays in security clearance. Our client has to
include all these costs in the freight costs, we are not going to pay it from our pocket.’ Similarly, a trader told us, ‘There are no taxes on us, the transporters mostly have to pay road taxes when we are bringing our products. As far as the crisis is concerned, when we were bringing commodities from Batkhela and Timergara, the police were there for taxes. They were taking PKR 100 in the name of district tax. They told us we were crossing the district so we had to pay the tax.’

During the military operation, many transporters charged much more than usual. For instance, a transporter commented, ‘Those transporters who survived in the crises were using the Shangla route to the downtown and were charging double.’ Transporters with contacts in the police and army were successful. After the military operation, some transporters left the business because of damage to their vehicles during the conflict. Interviews with traders revealed that the composition of transporters had changed because of the conflict, with some transporters leaving the business and starting work in other fields. There are also some newcomers: local people who can afford to start a transport business. Remittances received from the Gulf and from the big cities of Pakistan are an important source of income for the majority of households in Swat, and the conflict has not affected this. Many new entrants in transport have used remittance money to invest in the business.

**Changes in Input Supply**

During the war, inputs were unavailable and the government banned the sale of fertilisers because militants could use them to make explosives. After the conflict, sales were re-established but some changes were reported. An important change was improved cash flow. The Federal Government provided USD 250 per household during the displacement. A few of our respondents (mainly shopkeepers) received financial support from Qatar Charity and Save the Children, of around USD 600 for restarting their businesses. The Provincial Disaster Management Authority paid USD 4,000 as compensation to those whose houses were completely destroyed; those whose houses were partially damaged were paid USD 1,800. Many invested the extra cash in hand in restoring their livelihoods, including in orchard and farm reconstruction.

After the military action, the government of KP and NGOs such as Literate Masses distributed fertilisers and new varieties of seeds. This brought about the entry of new seed varieties into the valley. Now, there is an increased supply of seeds in stores operated by the provincial Department of Agriculture as well as by private owners. Nevertheless, because of limited access to microcredit and bank loans, farmers are still dependent on loans from commission agents. International humanitarian agencies and some NGOs have also provided fertilisers, seeds and saplings to farmers, but some big farmers said they now bought seeds directly from authorised dealers of multinational companies. A large farmer from Barikot explained the input situation in relation to the pre- and post-conflict scenario as follows:

> Before the conflict, everything was going well and all the inputs were available easily at local markets. War/conflict adversely affected local markets and they turned non-functional. The supply of inputs was suspended and so was farming.
After the army operation, life is back to normal and fertilisers, seeds are now available in the market. I can buy the required inputs from the local market. Moreover, some NGOs have visited Swat, and they supported me too.

Initiated by post-disaster aid (from governmental and non-governmental sources), and sustained by the improved physical security conditions, the availability of seeds in the market is greater since the military operation. For example, new stores have opened in the local market and the Department of Agriculture has also provided seeds to affected farmers. The number of fruit nurseries has also increased and some farmers are taking part in trainings. However, the access of small and medium farmers to formal credit facilities remains limited and business for them remains as usual – that is, they take advance cash and/or seeds from commission agents with the agreement that they will sell their produce to them (sometimes at lower than market price):

Opportunities [for bank loans] are there, but not for us because we do not have our own land [collateral]. We cannot receive loans from banks. The owners of land are receiving loans from banks.

Responding to a question on familiarity with microcredit schemes, a medium farmer said no microfinance schemes or other benefits were available to them, but now in their village a new trend had emerged of commission agents coming with new and high-yielding seeds, which they give to farmers on credit.

**Selling the Harvest**

Generally, small farmers sell their crops in local markets to those commission agents from whom they bought inputs (on credit) or borrowed money. Large farmers have resources and can sell their fruit and vegetables in the main market. In most cases, the harvest is sold to a person with whom the farmers have been in contact for many years. A large farmer elaborated: ‘I used to sell my produce in the local market of Mingora and Swat and sometimes also to other cities (Mardan, Peshawar and Rawalpindi). Sometimes I used my standing crop as collateral and received money before the harvest. The wave of militancy disrupted everything. However, things are back to the same routine and my marketing trend remains the same.’

Regarding pricing, the fruit market was reported to be performing well, but vegetable growers were unhappy because of imports from India. The majority of farmer respondents felt the increase in prices was an outcome of the conflict. According to most of them, ‘Because of conflict and floods, supply decreased, demand increased, prices changed and nowadays they are too high.’ One farmer said the fruit market was working smoothly, but that vegetable imports from neighbouring countries had caused Pakistani vegetables to become non-competitive; domestic tomatoes are rotting in the market because they are of low quality and have a shorter shelf life than Indian tomatoes. It was the shortage of vegetables immediately after the conflict that first created the space for imported produce. These imports, particularly of tomatoes, affected prices in the local markets and caused produce from small and medium farmers to become non-competitive. The shift to peaches from rice and some vegetables has also impacted the labour market.
In the words of one farmer, ‘Most labourers are now unemployed because peach orchards are less labour-intensive.’

The majority of medium farmers used to sell in the local market: ‘We were selling to local buyers. Unlike big farmers, we didn’t have the finance and resources to sell in other provinces or in external markets. Now [since the conflict] we are trying to sell commodities out of the district market and also outside the province, but it requires more money to invest in this business and it is very risky for us as we cannot take the risk of a big loss. Sometimes big farmers and dealers take the risk but they have the potential to take risk.’

There is a lack of storage in the area; onions can be stored for a period of three months, but other commodities produced in the area cannot be stored for more than a week because of their perishable nature. An onion grower commented, ‘We cannot store the tomatoes for a longer time. We don’t have facilities to store vegetables. We can store onions from January to March but not for a longer time.’ Some respondents also complained of lack of sufficient support in the form of subsidies from governmental and non-governmental sources to revive the market after the military operation. One medium farmer said, ‘During the conflict, the crops were destroyed and the price of inputs increased manifold, but there was insufficient support from the government and donors when the situation became normal. Input prices have increased whereas the profit margin on commodities has gone down, partly because of cheap imported vegetables.’

The increase in the cost of inputs and transportation is due mainly to increased inflation and the higher price of fuel (in Pakistan) since the military operation, and, therefore, cannot be fully attributed to the conflict. For instance, a big farmer from Barikot said, ‘Now we are trading better, but the situation is not like the pre-conflict situation, now inflation is high and fuels rates are also high, therefore, freight is high. But we cannot sell our commodities at high rates because our commodities are not in good condition.’

Post-conflict, the new security check posts are also creating problems for traders. They have to wait in long queues for hours and the products come late to the market and their quality deteriorates. Traders have asked law enforcement agencies (army and police) to issue them special passes so they can cross the check posts on a priority basis.

**New Entrants and Leavers**

Some farmers have left farming because of losses and some farmers have also sold their land. Fear of loss and conflict remains in farmers’ minds. Most are not ready to take risks. For instance, a medium farmer commented:

I think farmers are leaving this field because of the small profit margin. Their investments in agriculture are on the decline. Before the militancy, people were investing PKR 2-4 million, but now they are shy of investing in agriculture. They are facing financial losses and market rates are also unpredictable. Government has allowed the import of some vegetables (especially tomatoes and onions) from other countries, particularly from India, which has had a huge
effect on the local farmer. In my opinion, more people are leaving the field than new entrants.

Another medium farmer from Barikot explained:

Some farmers are going away from this field because they suffered losses during the conflict and army operation. But some are coming towards farming. They are not aware of the risk in this field and so they are coming towards it. Most of the [small] farmers have to work for their subsistence.

Interviews with key informants also indicated that some small and medium farmers had left farming and attempted to adopt alternate livelihood strategies, such as petty business and labour, but they had had to come back to farming because of a poor labour market and lack of experience. ‘Some farmers left this field, but immediately they came back to farming because they did not have other skills and were not successful’ said a farmer from Khwazakhela.

The same logic might be valid for new entrants: lack of farming skills may mean they have to change their new profession. For instance, a farmer from Matta commented, ‘I think the trend is going to increase in farming as every day new people are coming, but they go back after one or two years because they cannot survive in this field. It is a tough and hard. Less experience and training make new farmers lose [out].’

A farmer from Barikot explained:

I think there are now more people in this field from previous time and more farmers are going towards peaches and new people are entering farming. Most of those who left the area during the military operation are coming back and restarting their farming because now these people have no other skills except farming. However, some are not coming back because they cannot take risks and they have started working as daily wage labourers. […] I am trying to go to a foreign country so I can earn money for a better future for my children.

Likewise, a trader from Barikot said:

I was a farmer but now I am a trader of vegetables. I think people are coming because it is a good job. However, some people are going to foreign countries for work.

The above comments and interviews with other respondents indicate an increasing trend of going abroad by the local population since the conflict. Swat has traditionally been a remittance-based economy (Steimann 2005). Shahbaz et al. (2014) also point to the importance of remittances in the household economy of Swat and a study by Suleri and Savage (2006) underlines the resilience of remittance-dependent households in the event of a disaster. Therefore, we can argue that the local people see migration as one strategy to deal with conflict affectedness.
Composition of traders has not changed much in the area, although some ‘new’ traders have entered the market and fewer people have left the field. ‘The restoration of peace has given some confidence to locals. The authorities are encouraging the opening-up of new stores of inputs. With improved varieties of seeds and fertilisers, better produce is being expected and this leads to the entry of new traders in the market’ commented a commission agent in Swat. Similarly, a vegetable trader from Matta said, ‘New people are coming to this field [trading] rather than leaving. The reason is that there are fewer employment opportunities. Peoples are compelled to limit their work to trading. Few people are going back. Those who are going back have employment in foreign countries.’

One popular strategy for new entrants is the transport business: this is perceived as an easier business and some farmers have sold their land and bought a vehicle. However, ‘I would say this is not an easy business but many people think this is easy and those who have no experience in other skills are coming towards transport,’ said a transporter. New entrants also have to face resistance from those who are already in the field. A transporter from Barikot said, ‘This work looks easier but it is very hard. Some fool[ish] people don’t know about the difficulty of this work and getting into this work.’

**Surviving Conflict – Living in Hope**

Immediately after the military operation, when IDPs returned, contacts with the army and the police were found to be an important factor. Some influential farmers and transporters learned quickly how to use contacts to transport their produce to the market. Typical comments of farmers in this regard are as follows:

> I was in loss because I was not aware of some ways to supply vegetables to the market, but some farmers made profits because they have relations with the army, police or other security agencies, therefore they made profit during the war. And those who did not have contacts were in loss.

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> Some people made a profit because they were aware of ways to transport commodities to the external market and some were in loss because they were not aware of such processes.

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> Some farmers (and transporters) survived during the crisis because they had links with the army and had permits; others were at loss because they could not do anything. Some people’s relatives were in foreign countries and they also benefited because they had good contacts.

Social relations played an important role in the rehabilitation process for some actors (particularly transporters and farmers), who used their contacts to influence the police and army personnel and obtain favours from them. The wealthier transporters and farmers were able to establish contacts but we did not hear of any cases of bribery in this regard. Social linkages seem important in this case. A study by the Centre for Poverty Analysis (CEPA 2006) also indicates the importance of social networks and political and
social linkages in moving out of poverty in conflict-affected areas of Sri Lanka.

Survival for people living in the mountains was reportedly more difficult than it was for those living in the valley and closer to the market. For instance, a farmer commented:

In my area [Matta], some people transported products [during and after the army operation] but they were very few in number. You can say that 20% of farmers and traders did that. These people transported goods by animal, donkeys, etc. [...] The people of Mingora and down took benefits, while the people of Matta, Charbagh, Khwaza Khela and adjacent areas were in trouble because of frequent curfews.

Interviews with farmers revealed that, although most commercial and farming activities ceased during the conflict, farmers and traders were recovering slowly and steadily. Donor interventions had had some positive impacts in terms of new seed varieties and fertilisers. Most farmers were happy with the seed supply and the increased availability of fertilisers. Some international and local organisations, such as the International Rescue Committee; the Food and Agricultural Organization; the Sarhad Rural Support Programme; the Provincial Relief, Rehabilitation and Settlement Authority; Lasoona; and Hujra distributed seed and fruit saplings and some also conducted trainings on nursery-raising. These interventions are perceived as having been beneficial and the shift from the production of subsistence crops (rice) to cash crops (vegetables and fruit) may be attributed to these interventions (Shah and Shahbaz 2015). Introduction of fertilisers and better seeds by donor agencies in the local market has also led to the opening-up of new stores in remote areas because of increasing demand.

Shah and Shahbaz (2015) divide post-conflict interventions in conflict-affected districts of KP into two wide categories: (1) immediate or short-term relief efforts; and (2) rehabilitation or long-term interventions. Short-term interventions began immediately after the start of the war between TTP and the army and gained momentum when IDPs returned home after the war. At this stage, food and non-food items and cash grants were distributed to those who returned from IDP camps. This approach helped address urgent needs. These interventions were mostly supported by international organisations and implemented at the local level in coordination with government agencies. The focus of long-term interventions is on rebuilding livelihoods through the distribution of agricultural inputs, agricultural tools, livestock and poultry; arranging capacity-building trainings; and rebuilding infrastructure, etc. However, a few farmers complained about the quality of seeds and fertilisers. Similarly, small farmers said they did not receive seeds and fertilisers from any humanitarian organisation; rather, they bought from the local shop. This is in line with the findings of Shah and Shahbaz (2015) – that small farmers were generally excluded from access to livelihood-related interventions by international aid agencies.

The positive thing that surfaced from this research was hope for the future. Most of the respondents were optimistic and foresaw a better life for their families. It is pertinent to mention here that Pukhtoons are very resilient: historically, they have confronted
different types of conflicts, wars and natural disasters. In their folklore and traditional songs, they are taught to face difficulties with courage and honour. An English translation of a Pukhtoon folk song is, ‘If we show resilience and courage, we can easily face any difficulty. We can have our thorny paths turned into flowery tracks. It also implies that we should not be afraid if we fall on bad times. We should face challenges with courage’ (UNESCO 2013). Likewise, the people of KP in general and Pathans (a major ethnic group of KP and of Swat district) in particular are thought to possess entrepreneurial spirit and have a reputation for being successful traders and businesspersons.

Conclusion

Two things appear to be important here. One is the change in produce: farmers are replacing apples with peaches and crops (particularly rice) with vegetables, partly because of interventions by aid agencies in the form of seeds and nurseries and partly because of increased linkages with the down-country. The second is external, but was reported only in the vegetable sector and relates to competition with imports, especially from India. The shift from subsistence to cash crops (vegetables) and vegetables to fruit and fruit to other varieties of fruit indicates a general level of discontent with existing cropping patterns. Farmers hope for a greater profit margin by changing their specialty, which is both an opportunity and a challenge for them.

Aid interventions had direct and indirect impacts on farming and the fruit and vegetable market – direct in the sense that those who received improved inputs were able to grow more; and indirect in the sense that the introduction of new varieties paved the way for small businesses at the local level. Small farmers were generally excluded from access to livelihood-related interventions by international aid agencies, but the positive impact was such that interventions boosted the trend of new seed varieties and fertilisers in the local market. This is evident from the opening of new input stores by individuals and also by private companies. Many farmers said they had bought new varieties of crops, fruits and vegetables from newly opened local shops.

The cost of doing business has gone up considerably in the post-conflict scenario, mainly because most people (except transporters who have their vehicles) have had to start from scratch. Almost all actors are able to understand the impact of imported vegetables from India on local agriculture. However, some actors fail to understand that the import of Indian vegetables has been a regular feature for many years. It is the vacuum in supply from the local area due to the conflict that led Indian imports to capture the market share, and now they have to compete with these imports. The WFP (2010) report on negative coping strategies of traders, such as increased prices and stocking of goods, etc., may be valid for other markets (groceries, etc.), but in the case of fruit and vegetable markets in our study area we could not find such evidence.

A notable strategy in post-conflict rehabilitation is actors’ use of social contacts and linkages in their rehabilitation efforts. IDPs established contacts in down-country markets while they were in camps between April and September 2009. They use these contacts now to market their produce. Similarly, some labourers who stayed in IDP camps during
the conflict started work in nearby cities and are earning more wages. During wartime, social linkages became more important; some influential farmers and transporters used their contacts at security check posts to get favours from policy and army personnel.

Many skilled agricultural labourers have started working in construction and receive better wages than they did for work in the fields or with traders. Construction flourished post-conflict because the government and aid agencies started to reconstruct damaged infrastructure and there was demand for labourers.

This study has also revealed that small and medium farmers have multiple livelihood strategies and sources to supplement their (often limited) on-farm income. Meanwhile, large farmers are largely dependent on their on-farm income and have a major stake in agricultural markets functioning smoothly. There is an absence of co-operative farming in Swat, and small and medium farmers have to rely on local dealers and commission agents for the supply of agricultural inputs. However, large farmers think local dealers charge more for inputs.

The role of middlemen (commission agents) is important in the context of recovering from conflict because – owing to the very limited role of formal credit-providing institutions – they provide loans to farmers and in return, the farmers sell their crops through them (usually at less than the normal market rate). Microcredit facilities are rare in the study area and particularly small farmers have no choice but to rely on the credit the commission agents provide. This implies that smallholders should be provided easy access to microcredit to safeguard them from exploitation by commission agents.

Transporters assisted communities to go to ‘safer’ places during the militancy and the army operation, so their livelihoods remained intact to some extent. Some have now moved on to commercial cargo business.

We did not find any evidence of women working in fruit and vegetable markets in the study area (the major reason may be the taboos and restrictions on women’s mobility in KP). Some women are involved in household kitchen gardening on a very limited scale, but it is not perceived as a commercial activity by the locals.

The local population also reported an increasing trend of going abroad since the conflict. Swat has traditionally been a remittance-based economy, and remittances from overseas labour and from the big cities of Pakistan is the main source of income for the majority of households. Our data also points to the resilience of remittance-dependent households during the conflict. Some households used remittance money to invest in small business (especially transport), and social linkages and networks of overseas migrants also helped during the conflict in the form of obtaining favours at security checkposts.

To sum up, there is some good news here. The conflict was enormously disruptive, with large numbers of people displaced and essentially one agricultural harvest being lost, causing substantial difficulties for farmers and traders. But the recovery has been fairly rapid, with farmers able to re-establish production and traders, commission agents and
transporters able to re-establish marketing networks. The role of external assistance (aid agencies or government) seems to have been helpful, in the sense that livelihood interventions in the form of the provision of seeds, fertilisers and trainings have brought direct and indirect impacts. A few input distributions have been directly helpful to those who received them but there have also been many indirect benefits. One main impetus appears to have been improved security and the entrepreneurial spirit of the local population in terms of returning and re-establishing their livelihoods.

**Acknowledgement**

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90% Real: The Rise and Fall of a Rentier Economy  
(Stories from Kandahar, Afghanistan)*  
Adam Pain and Giulia Minoia**

Abstract

This ethnographic study started as an enquiry into the employment opportunities that rural migrants have found in urban Kandahar Street’s informal economy. It further broadened into a more general investigation into the rise and fall of the Afghan Southern capital economy since 2001.

The study on three sub-sectors of the street vendor economy - the selling of tarpaulins, clothes and mobile phones - found that many of those who were interviewed were migrants from Kandahar’s rural districts, and were often landless and driven out by violence and a lack of employment. Yet, prospects in the city economy were better. Entry barriers to becoming a street vendor were relatively low and familial ties provided the initial capital needed. In the boom years (2005-11), being a street vendor provided a significantly better living than they had before. But more recently, it has become much harder and insecurity has increased while there has been a general economic downturn. In addition, they faced predatory behaviour from the police and municipality.

Meanwhile, the flow of funds from military and reconstruction funds created an extreme rentier economy that was regulated by political power brokers. Resources were sufficient for those who were well connected to prosper. The fortunes of these different players in the urban economy may be likened to two different games of snakes and ladders with different rules and entry barriers. The question remains whether the Afghan Government and international actors will ensure Afghans the provisions of political preconditions to growth: freedom from predation and rent-seeking behaviour, allowing consequently investments in public goods.

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Introduction

This case study is part of a series of four developed under the Secure Livelihoods and Research Consortium Programme with the aim to investigate how markets and economic life work in post-conflict Afghanistan.

In Kandahar city in early November 2014, the 32-year old Deputy Governor, Abdul Qadeem Patyall, was killed by a gunman in a classroom of Kandahar University. During the study, a conversation with a businessman brought about the topic that moved from markets to politics and personalities and led into a conversation about the killing. The interlocutor gave his account of who was likely to be responsible and when asked about the veracity of his sources his answer was: ‘...what you hear in the bazaar (market) is 90% real.’

Some of the stories that were heard for the study in November 2014 came from the upmarket suburb of Aino Mina, located on the outskirts of the city. This gated community was built by a company owned by the brothers of Hamid Karzai (President of Afghanistan between 2004 and 2014) allegedly on land that had been grabbed and was seen by those with funds as an opportunity to reinvest profits from Kandahar’s grey economy. It has left a visible legacy of the wealth that was circulating in the city in the form of monumental architecture, spacious roads and sidewalks, fountains and shops set against a background of rocky mountains. Some of the contractors who did business with the International Security Assistance Force (ISAF) and the Provincial Reconstruction Team (PRT) have left and even if they did not, their accumulated capital has. A few are still living in Aino Mina, where they have bought properties and live gated and guarded.

The stories of businessmen here speak for those who were attracted by and could access Afghanistan’s reconstruction funds. One of the subjects of the study returned to Kandahar from Pakistan with his family in 2002 and found employment with the United Nations Development Programme (UNDP) as Project Manager. However, he said, ‘There was money and opportunities to contribute to the reconstruction of the country and I started my own business.’ The years 2005-11 saw the peak of his business activity, but since 2014 the company he ran has had no new contracts and during the interview, he said, ‘We (can only) hope for the best.’

Leaving Aino Mina and moving to the old, crowded and dusty bazaars (markets) in the city centre, researchers met the street vendors that have been trading at the margins of the urban economy between 2001-13. One of them worked with the American Special Forces. After leaving his district to escape rising violence in 2007, he became a street vendor. He initially sold ready-made garments for women. In 2009, he moved into selling mobile phones, which he termed as ‘more profitable’ at that time. During the time of the study (August-November 2014), he was 28 years old: ‘Around 2008-09 getting into the business of second-hand mobile phones was a good option to make a living and it was a cheap and easy way to overcome debt, and not to be in the war.’ As with many

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1 Key Informant interview #7, Kandahar, pers. comm., 3 November 2014.
others, he now wished to find a job in a non-government organisation (NGO) because of the decline in second-hand mobile phone sales, fuelled by the import of cheap phones from China.2

These accounts, which the study explored, are two versions of a fairly consistent story of the rise and fall of the city economy since 2001. The study was designed as an inquiry to understand linkages between rural to urban migration, and the push to access self-employment opportunities in urban Kandahar during the years of the military surge and the peak of aid funds in the South. Drawing on earlier findings, it can be affirmed that moving into the urban economy had offered opportunities to prosper for the rural poor from Kandahar’s surrounding districts (Pain 2010). The core part of the chapter, thus, explores not only questions of access to trading opportunities and networks within each sector, but also examines the broader risks of working in the informal sector which remains for the authorities a threat to security.

However, stories from the informants opened the spectrum of the enquiry into an investigation of Kandahar’s city economy over the last decade. This cast light on a different group: the contractors and those who have been doing business in the higher reaches of the city’s rentier economy. They were attracted by the ready opportunities for business, but which turned sour as times changed with the withdrawal of ISAF and reconstruction funds. Kandahar’s urban economy has crumbled and the rural economy in its hinterland remains in poor health. The injection of reconstruction funds that Kandahar experienced attracted many, but what has been left behind?

This chapter then speaks on two broad issues. The first is that of agrarian transitions and the links between Afghanistan’s rural and urban economies. It is seen that the insecurity and a failing rural economy has pushed migrants to work as self-employed at the margins of a bubble economy. These are not the conditions that are likely to create enduring employment opportunities or decent work that the Government of Afghanistan aspires to do. Second, while much of the literature on Afghanistan’s private sector speaks about the enabling conditions for the private sector to develop (Ghaisy et al. 2015), the evidence points to, (supported by a companion paper on the politics of Kandahar (Jackson 2015), more of a political constraint to growth (Williams et al. 2009): even the basic conditions for growth – absence of predation, control of rent-seeking behaviour and sufficient investment in public goods are not in place.

The chapter first describes the methods used and presents the two groups of informants it has drawn on – the businessmen and street vendors. It then moves on to set an outline of the broader dynamics of the rise and fall of Kandahar’s economy; what fuelled it and its informal control and regulation. This is examined in more detail through the accounts of two businessmen who prospered in the construction boom, but who are now struggling to maintain their businesses. The fourth section examines three sectors of the urban economy in which street vendors are active – in tarpaulins, garments and mobile phones

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and the accounts of vendors who have been drawn into it. The section then elaborates on common themes, highlighting the drivers behind their move into the urban economy and the risks and hazards associated with it. It examines in particular the challenges of being able to prosper. The fifth and the final section explores the evolution of the troubled relationship that street vendors have with the city authorities and the police around issues of legality and security.

**Methodology**

This chapter draws on the findings of an ethnographic study and interviews of 61 informants over three rounds of fieldwork. These were undertaken in Kandahar city between mid-August and early December 2014 by the research staff from Afghanistan Research and Evaluation Unit (AREU). 47 of the informants were street vendors, retailers and wholesalers. A further 14 respondents were interviewed as key informants. This second group included businessmen, members of the United Nations, civil society and government officials. This group provided the information on the wider picture of the dynamics of Kandahar’s economy.

The first round of fieldwork was a scoping study designed to map the diversity of street vendor activities and the locations in which they traded. The sectors covered included fruit and vegetables, food stalls, garments and shoes, tarpaulins, money exchange and mobile phones. The second and third rounds of fieldwork were held between the end of August and December 2014 with delays due to the uncertainties over the presidential election results. A sub-sample of three sectors in which street vendors traded were selected to provide contrasts in terms of the size of the sector and number of traders, the geography of the supply chain, credit relations, social origins and identity and the history of the specific commodity. The first sector was a small group of tarpaulin sellers who had strong internal ties of kinship that extended to the wholesalers in Kandahar city and Chaman (the Pakistani border town near Quetta). The second sector contained a larger group of garment sellers who had no specific kinship ties, but had well-established relationships of patronage with the *bazaar* (market) retailers. The third sector were the mobile phone sellers, of mostly second-hand cell phones. This again was a disparate group who were new comers to street vending and who accessed a booming market during the years of the military surge (2005-10). These three groups are located in different parts of the old city, mainly in *nahia* (sub-districts) 1 and 4. The tarpaulin sellers are to be found mainly in Arg *bazaar* and Ganj; while the garment sellers and the second-hand mobile phone sellers are in Herat and Charso *bazaar* (see Figure 1). Other groups of street vendors active in these markets were vegetable and fruit sellers, money changers, soap and cosmetics sellers and vendors of costume jewellery for women.
Interviews were held with street vendors, retailers and wholesalers from each of these three sectors following a set of themes as follows:

- The personal history and reasons for entry into a particular market sector: what factors contributed to the ‘choice’ of sector to work in? What relations and networks did individual street vendors draw upon to establish access to a specific sector of the market and to maintain their foothold within it? What changes have they experienced working in that specific sector?
- The socio-economic organisation of the sector and relations between street vendors.

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1 Digitised map illustration based on initial drawing as provided by the authors of the study, contributed by Mr Danyal Haroon, student of Islamabad College of Arts and Sciences (ICAS), Islamabad, Pakistan.
vendors, retailers and wholesalers.

- The potential for economic mobility: what resources would make it possible for them to improve their economic circumstances? What did they see as their future trajectory?
- Risks and uncertainties in the sector, including attempts to regulate street vendors: to what extent have security measures in urban Kandahar impacted street vendors’ lives? What are the ongoing attempts to regulate street vendors and how are these perceived by the different actors involved (police, municipality, retailers, wholesalers and street vendors)?

During the scoping phase of fieldwork, a group of women selling second-hand clothes in Herat bazaar was selected as a part of the sub-group of garment sellers and as a way of exploring the gendered dimensions of access to trading activities. However, it proved impossible for the interview team to meet them in a private space due to the cultural constraints imposed by the practice of female seclusion from unrelated men (purdah). Although the team initially negotiated the selection of a sheltered space to conduct the interviews, noting the fact that female street vendors are already exposed to the public while trading in the bazaar, the interviews were ultimately refused.

The AREU team had access to key informants, in particular businessmen, in Kandahar through the introduction of international journalists who have been working for several years in the South.

The Urban Context

The city itself (structured in nine sub-districts or nahias) hosts a number of traders associations mainly working to collude over prices and lobbying. There are two main bazaars in Kandahar city: Shah bazaar (with around 2,000 shops) and Herat bazaar (with around 2,000 shops) located in nahias 1 and 2, respectively south and west of the Governor’s House. One of the areas of the city receiving incomers from the districts has been Loya Wiala (nahia 9), an informal settlement in 2003 when UN Habitat started working there under the National Solidarity Programme. According to the ANSF, Loya Wiala is still considered of high interest, requiring constant patrols to monitor potential insurgent activities in the city (Gopal 2014). However, Loya Wiala has also been sheltering many of the migrants escaping violence or searching for better wages.

The market places explored during this study were Arg, Ganj, Herat and Charso. All these areas are located in the old city, between nahia 1 and 4. Even though the municipality reported that there are around 600 street vendors in Kandahar, the figures that can be derived from the primary data gathered during fieldwork suggest the number of street vendors in the city may be considerably more than this.4

The groups of street vendors interviewed trade in Kandahar city, between the shrine of Ahmad Shah, the adjacent Shah Bazaar and the southern areas of Charso and Herat,

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4 Key Informant interview #14, Municipality, pers. comm. 3 November 2014.
situated on a line that crosses the city from East to West. Other groups of street vendors active in these markets are vegetable and fruit sellers, money changers, soap and make-up sellers and vendors of costume jewellery for women.

**The Upper Reaches of Kandahar’s Economy**

Before turning to examine the street vendor economy of Kandahar, the study draws first on accounts from two contractors who benefited from the reconstruction effort. They were both living in the up-market suburb of Aino Mina and their stories provide detailed accounts of the trajectory of Kandahar’s economic environment. But, they also indicate that the economic and political processes that allowed them and others to find opportunities for ‘doing business’ for 12 years in Kandahar have vanished along with the troops withdrawal from the South.

According to the contractors, after 2001, the economic rise of Kandahar was shaped mainly through the investments of ISAF and the PRT. The PRT, with its 250 military and 47 non-military personnel, made investments in military and civilian infrastructures such as the Kandahar Air Field (KAF) and the Dahla Dam on the Arghandab River. When the PRT shifted to Canadian authorities in 2005, the priorities were chosen in close collaboration with the military in order to facilitate Canadian and American operations in the districts.

However, the peak of investments in the South followed the curve of the conflict and expanded along with the military presence. From 2009 and 2010, aid funds for the South grew along with the Karzai family power over the city. The economic boom created by the war economy and the grey economy – fuelled by opium – injected a cash flow into construction as is visible today in the up-market suburbs of Aino Mina. Even though it has been represented as a source of employment and profits for the whole city, the Aino Mina project was contestable. The land on which it was built once belonged to the Afghan Ministry of Defence and was bought by a company in which former president Karzai’s brothers Ahmed Wali and Qayum Karzai had a share (Jackson 2015). Cases of illegal land grabbing have been widely reported as part of the real estate enterprise practice. In Aino Mina, the two contractors reported that their fortune had risen and declined along with the military and aid intervention.

Both signed contracts with ISAF, the PRT, and development agencies during the decade 2001-11. The number of contracts then decreased sharply in 2012 after the closure of the PRT. The first contractor started his account when his family moved back from being refugees in Pakistan in 2002. He saw that the amount of investment flooding into post-Taliban Kandahar (after 2001) was creating economic opportunities and a possibility to contribute to what was seen as a new beginning for the country. As he sensed the investments were growing he decided to shift into construction and he opened his own company in 2004, ‘I wanted to have my own business’, he said. Opportunities to be a businessman and to make profits with the reconstruction funds were possible at that time. In fact, the most profitable time for construction in the city and around KAF airfield started after the PRT moved under Canadian control: ‘Between 2005-11, we had big projects. I was doing everything with my company from construction to maintenance.’
By 2014, however, his company had no new projects contracted. He remained nonetheless reluctant, as many others are, to consider that NATO has left for good and that with the foreign troops leaving contracts for construction will cease and aid funds will diminish.\(^5\)

On the contrary, he saw the collapse of the construction market as a side effect of the political transition that the whole country has been experiencing in the second half of 2014. ‘In the past seven months, the government situation was not good because of some political issues and the BSA (Bilateral Security Agreement) was not signed.’ Although he referred to the second half of 2014 and the presidential elections as a critical phase of transition for the country, yet his vision of the future reflects a widespread attitude where Afghans are ‘hoping for the best.’ But his experience also shows the effects of the military withdrawal. Of the 100 people he used to employ only 70 are still working with him. As he explained, out of approximately 30 they were contracted, around 70% projects between 2005 and 2011 were reconstruction projects linked to ISAF.

Even though he sees the province in need of infrastructure, industries, and electrification, his judgment on the outcomes of more than ten years of foreign investments fuelling the local market was extremely positive:

> I can see many changes in the city. In 2002, there was nothing in Kandahar, one or two roads, and only few schools inside the city. There were only few female teachers and only few female members of government departments. If we see Kandahar today, it still has many problems; people are jobless, there are no factories and we do not have electricity. Aino Mina has been a good thing for business [though]. It has been creating jobs.\(^6\)

The Aino Mina venture was also celebrated as a success by the second contractor who talked proudly about the construction in the area. He welcomed us to his marble house, while the female members of the family occupied a second villa built at the back of the first building. In his view, the investments he and others made in Aino Mina real estate benefited the city as a whole while creating job opportunities (for non-Afghan labour):

> In 2007-2011, constructions in Aino Mina were at their peak and there were about 5,000 Pakistani labourers working there. They were coming either from Quetta via Spin Boldak or through Torkham border. Labour from Pakistan was more expensive but better skilled than the Afghan one. Afghan labour is cheap. They get paid 2-3 USD per day but they can build only mud houses. They cannot do what we did here in Aino Mina.\(^7\)

There is continued investment in the area and the price of land has not yet decreased even

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\(^5\) Key Informant interview #7, Kandahar, pers. comm., 3 November 2014.

\(^6\) Key Informant interview #7, Kandahar, pers. comm., 3 November 2014.

\(^7\) Key Informant interview #8, Kandahar, pers. comm., 4 November 2014.
though money has left the region and ex-contractors are leaving themselves or planning to do so. ‘The money has already left Kandahar and it has gone to Dubai. I am looking for opportunities in Europe myself.’

In contrast to the property market in the other areas of Kandahar city, prices in Aino Mina are still increasing. The land authority Arazi reports that a plot of one square metre is now sold for USD 40 to 100, while in 2011 a plot of land in Aino Mina was sold for USD 22 per square metre. Outside Aino Mina, the economic downturn has started to show its effects and the prices of land have decreased by about 50% after the closure of the PRT in 2011. In non-commercial areas, land that was sold for USD 100 per square metre in 2011, is now sold for USD 50.

Daily wages have also not decreased despite the uncertain economic environment although the base level is low. Given the investment climate of 2014, figures of wage rates for unskilled labour are high. Daily wage rates in Kandahar grew steadily until 2010, declined in 2012 and rose again towards 2014. This trend suggests that return of the opium poppy economy may fill the cash vacuum left by the PRT (Fishstein 2014, p. 38), but more recently, there has been a decline in opium area in the region forcing the poor to migrate out of marginal rural areas (Mansfield 2015).

The Street Vendor Economy of Kandahar

In this section, the main features of the three groups of street vendors selling in the old town of Kandahar are investigated. Kandahar Municipality was of the view that there are about 600 street vendors in urban Kandahar. However, there are possibly considerably more than this according to the figures received from informants in the city bazaars. They estimated that there are at least 30-50 tarpaulin street vendors, 300 garment street vendors, and 250 mobile phone street vendors in Kandahar city (totalling 600) which does not take account of the other sectors in which street vendors are engaged.

Street vending offers, according to our informants, better income than the average daily wages available for unskilled labour looking for casual work in the city. The Danish Refugee Council (2013) found that internally displaced people (IDPs) moving from the rural districts to urban Kandahar for casual work could make a daily income of USD 1 – 1.5. Of the three groups that were interviewed, the mobile phone sellers reported the greatest net income saying they could make between USD 4 to 20 daily, while mobile phone wholesalers reported a maximum of USD 100 income per day. Garment street vendors declared an income of between USD 1.5 to 2 for second-hand clothing and USD 5 daily for ready-made clothing, while wholesalers suggested a maximum daily income of USD 30. The tarpaulin sellers had the lowest reported income of street vendors and wholesalers. While the street vendors indicated a daily income of USD 2 to 5,

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8 Ibid.
10 Key Informant interview #8, Kandahar, pers. comm., 4 November 2014.
11 Key Informant interview #14, K. M. pers. comm., 3 November 2014.
wholesalers reported a maximum of USD 20 income per day.

**Tarpaulin Street Vendors**

Locally sold under the label of ‘parachute cloth’ tarpaulins are used in agriculture to protect the fodder from the rain in winter or to provide shade in summer and to cover trucks and pick-ups. The sale of it is largely confined to Arg market in the vicinity of the tomb of Ahmad Shah. The market is located around and within Roshan Plaza building and is adjacent to the municipality offices. As well as its trading within the city and its surrounding districts, the Kandahar tarpaulin market also attracts wholesalers from other Afghan provinces, especially Helmand, Uruzgan, Kunduz, Herat and Mazaar.  

Roshan Plaza was built by the Municipality of Kandahar between 1992 and 1999, during the Taliban regime. The shops of the three-storey mall were then sold through a system called *sar gulf*. This is an informal agreement between the Municipality and the buyers, which leaves the Municipality with the responsibility of reconstructing the building if some natural disaster occurs. There is a high wall dividing Arg square from the compound occupied by the Municipality and the Governor’s office. The area is, therefore, heavily guarded by the Afghanistan National Police. As one street selling in Arg told us:

> One of the back doors of the Governor office is located in Roshan Plaza and this is why [during his governorate] Shirzai gave another place to vegetable and fruit sellers.  

Shirzai is well remembered amongst the street vendors as he tried to keep them outside the old town, but they eventually filtered back. The same respondent also observed that the tarpaulin street vendors are ‘more vulnerable as compared to other street vendors.’ The market’s proximity to the local authorities has led to frequent raids by the Municipality officials on Arg *bazaar*, periodically chasing the street vendors out as they are considered illegal.

An estimated 50 tarpaulin wholesalers have their shops in the basement of Roshan Plaza, while another 40-50 tarpaulin street vendors squat around the perimeter of the building. The majority of street vendors and wholesalers trading are from Dand and Panjwai districts. Wholesalers of tarpaulin in the border *bazaar* of Waish, in Chaman and in Quetta, Pakistan, are also from Panjwai district. These familial ties have helped many street vendors and wholesalers to enter the market without having the financial capital to do so (the initial capital for a wholesaler is around USD 450).

There is another separate and small group of tarpaulin street vendors in Gang *bazaar* who are from Spin Boldak and not under the patronage of the wholesalers from Panjwai. This

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12 Vendor #39, Kandahar, pers. comm., 3-15 November 2014.
14 Vendor #39, Kandahar, pers. comm., 3-15 November 2014.
second group stayed in the same market where they were previously renting shops to sell plastic materials. They became street vendors out of debt and property loss. The study counted 4 to 5 sellers scattered on the ground in the little square of the market. It was also reported that there is also another small group of tarpaulin wholesalers with shops in Kabul Bazaar, an area originally occupied by the Indian money lenders of Kandahar before they left around 1978, but their origins are not known.

According to informants, Kandahar’s tarpaulin market started flourishing towards the end of the Taliban era and expanded rapidly during the past 12 years in ‘Karzai’s time.’ Between 1992 and 1999, tarpaulin was imported from the United States. After 2001, imports from South Korea started, the fabric from the latter was resistant enough and for a cheaper price as compared to imports from the United States. After 2005, imports from China took over and ‘because it’s cheap and people are poor’ – now almost all wholesalers are buying tarpaulin from China via Pakistan. The wholesalers in Arg are from Panjwai, the same district as those trading in the border market of Waish. The traders in Arg deal with their suppliers in Waish, either directly or through intermediaries (called balti). The road between the border at Spin Boldak and Kandahar city is not considered to be particularly insecure as trading in tarpaulin does not seem to compromise the traders in the eyes of the Taliban. However, it does require some informal taxation to be paid to the police.

An account from a young street vendor appears to reflect a common trajectory amongst his group, and the historical and social background of their lives. He was a refugee and migrated to Pakistan. He returned to the district looking for work, but the low rural wages and security deterioration forced the migration of one member first and then the entire household to the city. Born in Pakistan in the 1980s from a father who was a sharecropper in the district of Daman, he returned to Kandahar after 1992. Due to the low wages of rural labour, the father decided to move to urban Kandahar to sell vegetables and fruit on his cart. The respondent started selling tarpaulins in Arg bazaar in 2005, at the age of 16 when his father managed to establish a relationship with a wholesaler to support his first move into the market. A year later, the father suddenly became severely ill and was unable to work. The informant, who at that time was 17 years old, became responsible for the entire family. His daily income was around USD 4, providing enough to survive, he commented, but not to accumulate.

**Garment Street Vendors**

The garment sector in Kandahar is bigger than that of the tarpaulin selling and it has a clear structure of wholesalers, retailers and street vendors. There are an estimated 50 garment wholesalers doing business in the city and 20 have their shops in the China Market building. This building also contains about 200 of the estimated 500 garment retailers doing business in Kandahar. China Market is an area where petty traders are not wanted by retailers and wholesalers and they are kept away from the stairs and sidewalks.

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15 Vendor #10, Kandahar, pers. comm., 22 Sept-2 October 2014.
16 Vendor #16, Kandahar, pers. comm., 22 Sept-2 October 2014.
Located at the intersection between Herat and Charso bazaar, the mall is about two years old. It was built by Haji Hayat Khan, previously involved in PRT funded construction projects. He is now selling and renting shops. A retailer pays around USD 50 a month for the rent, while the rent paid by wholesalers reaches USD 200-300 a month.

There are a further 80 retail shops selling clothing for men and women, shoes and cosmetics in Herat bazaar with the remainder scattered throughout the city. It is here that the majority mobile garment vendors are based in an area leading towards Shaidano Square. Herat bazaar is on one of the busy roads that leads towards the western provinces; garment street vendors squat on the footpath and park their three-wheel carts across the open sewage drains on the side of the road.

According to informants, there are around 300 (50 of whom are women) street vendors selling garments on mobile carts in the streets of the bazaars of Kandahar’s old town. They sell both second-hand clothing, but mostly ready-made Chinese garments for children, women’s undergarments, jackets, coats and accessories. The mobility of the garments street vendors (in contrast to the tarpaulin street vendors) means that they are likely to change their location temporarily if officials from the Municipality chase them to confiscate their goods; which they reported has happened often.

Retailers buy their stocks from wholesalers in China Market. There are though different supply chains for commodities imported from China and Pakistan. Wholesalers trade directly with Pakistan and only a few trade with China as the investment required is too high. Informal taxation on the way from Quetta is reported to be common.

Those who trade with China, usually have land in the family (in Spin Boldak for example). They work as a first tier of wholesalers and they sell products to the garment wholesalers in Kandahar. Trading with Pakistan remains the easiest way to do wholesale business as it can be done importing directly or using a balti (transport agent) who pays the customs official and unofficial taxes.

For the street vendors, access to the market heavily depends on retailers and their benevolent protection. Without retailers’ patronage, there is no space for petty trade and without retailers, there is no protection and space to hide from the Municipality and the ANP (Afghanistan National Police). These petty traders need to be accepted by the neighbouring shopkeepers when occupying a spot in the market as they will then get shelter for their goods in case the police or Municipality arrives. Retailers also use street vendor carts to exhibit their goods to passing customers, an element of the patron-client relationship between the two groups. Petty traders, therefore, establish a long lasting relationship with retailers and they will usually trade around the same few shops for many years. Street vendors admit that their merchandise is less expensive than the same quality available in the shops as a reason why they attract people from the districts.

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17 Key Informant interview #9, Kandahar, pers. comm., 22 Sept-2 October 2014.
18 Vendor #7, Kandahar, pers. comm., 22 Sept.-2 October 2014.
Thus, the garment street vendors place themselves in the market as low-quality suppliers for those who cannot afford the retail market and are usually coming to the city for seasonal shopping. These low income consumers are those whom the street vendors in Herat bazaar aim to attract.19 There are few tactics they apply to do so. For example, ‘differentiating’ is the key to being competitive, one vendor said.20 Another tactic can be to buy off the whole stock of a clothing piece in demand from the wholesaler. More generally though, the accounts from street vendors speak of principles of solidarity. In fact, they often refer a customer to a colleague if they do not have a specific clothing item.

The geographic origins of garment street vendors are diverse. Those who are not from Kandahar, come from the peri-urban district of Dand21 where their families are usually landless.

**Mobile Phone Street Vendors**

There is an estimated 250 street vendors in Kandahar city selling second-hand mobile phones, most of which are imported from Pakistan. Around 40 of them are in Herat Bazaar and another 100 are in Charso bazaar. The rest of them are scattered throughout the city. There are around 350 retailers and of these 100 shops for electronic goods are scattered between Herat and Charso bazaar. The majority are in Al-Jadeed and in Muslim Ishaq Market in Herat Bazaar. The other retailers have occupied different malls built in the city during the past 5-7 years. Muslim Ishaq Market, however, is where 10 to 15 wholesalers are located. In Kandahar city, the estimated number of wholesalers of mobile phones is around 20, although these are trading in different ways.

Among the wholesalers of mobile phones, we can identify three different groups: the first buys from China, Korea, Pakistan and India. The second group buys from the first group of wholesalers and they sell on retail as well. Then, there is a third group, which is importing mainly from Pakistan via Spin Boldak. These traders are identified with the name of lagharyan.22 This last group, that has around 15-20 members in Kandahar is characterised by having no shops - and for the same reason are very close to street vending. They smuggle into Afghanistan a small number of mobile phones from Pakistan through Chaman border and sell them to shopkeepers. They can be seen walking the bazaar carrying the mobile phones in a plastic bag:

\[\text{This experience of lagharyan is good. I go to Pakistan once a month and bring 5 -- 10 mobile phones and sell them to shopkeepers. After six months, I bought a Kawat (wood and glass box) and started selling mobile phones in the bazaars.}\]

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19 Vendor #28, Kandahar, pers. comm., 3-15 November 2014.
20 Vendor #7, Kandahar, pers. comm., 22 Sept.-2 October 2014.
21 Vendor #33, 28, 7, Kandahar, pers. comm., 22 Sept.-2 October 2014.
22 The term means ‘naked’. It describes someone who is having nothing behind him, no protection and no financial capital (Key Informant interview #9).
But I did not stop importing mobile phones from Pakistan. I go to Pakistan once a month and sometimes after two months and buy ten mobile phones in Pakistan and sell them in Kandahar. Right now, I am doing both trades: street vending and importing mobile phones from Pakistan.²³

Around 2008-09, entering the mobile phone business was a good option to make a living, and it was a cheap and easy way to try to earn income, settle debts, and escape violence in the rural areas. The mobile phone sellers’ geographic origins are more diverse if compared to the other two groups. The life histories of these mobile phone street vendors revealed previous lives as shopkeepers, employment with the American Special Forces and debt.

The street vendors buy second-hand cell phones from wholesalers and retailers who sell new models buying in the old ones (this relationship and market exchange is called *marcha*). Street vendors buy and exchange second-hand cell phones on their own as well. When customers are looking for a new model and cannot afford to buy a brand new one they go to street vendors (in this case they charge for the exchange around USD 3-5). Street vendors also buy old broken cell phones at a very low price and repair the machine and put it back on the market.²⁴

The easy access to the petty trade of mobile phones around 2005-09 might have been, however, a side effect of the lively urban economy. As a street vendor commented he was making USD 20-24 per day, selling seven to ten mobile phones in 2011 and now he can barely sell a phone per day.²⁵

**Common Threads**

Common to the accounts from the three street vendor sectors described above has been the constant threat of harassment by the authorities. The issue of relationships with the authorities is addressed in the following section. However, as the accounts from all the informants make clear, there are common reasons why individuals have become street vendors. First, many of them are rural-urban migrants and there are common factors that have driven them out of the rural economy such as drought. However, insecurity in the districts has been a major factor as a result of the post 2001 counterinsurgency in Kandahar. This is particularly true for those street vendors coming from Panjwai and Arghandab where after 2006 there was significant violence caused by clashes between ISAF troops and the Taliban sheltering in local villages.

Respondents interviewed from these two districts reported that they left Panjwai after 2007 and Arghandab after 2008. These accounts were consistent with other sources including those of the failure of government to gain control over Panjwai (Forsberg 2009). At that time, the escalation of violence and the presence of insurgents in the area

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²³ Vendor #45, Kandahar, pers. comm., 3-15 November 2014.
²⁴ Vendor #2, Kandahar, pers. comm., 3-15 November 2014.
²⁵ Vendor #6, Kandahar, pers. comm., 3-15 November 2014.
of Arghandab and Panjwai forced many to flee the area, as the accounts from the vendors showed:

We were not able to work openly, every day there was fighting between government and anti-government.26

Security in Panjwai was not good and Taliban were targeting families of army and police. Due to my job my family was facing threats. I left my job (with the police) but it was difficult to stay in the village because of the influence of Taliban in the area. Then we moved to Kandahar city.27

However, even though being in the city was safer than being a truck driver or being in the army,28 security in urban Kandahar has impacted street vendors’ life too, although in a slightly different way. Street vendors, retailers and wholesalers describe security as one of the determinants of their economic prosperity and government stability or instability is seen as having a decisive impact on their income:

Now all street vendors, retailers and wholesalers are in a ‘survivor mood’. There is no sale in the market - a lot of people come and just ask the price but they do not buy. Neither the retailer nor the wholesalers or the street vendors have customers. The reason behind is the government instability.29

What the street vendors say is that the security - in the districts and in the city - is one of the requirements for trading. It impacts, for example, the ability of customers to come to the city:

Although security is good in Kandahar city, in some of the districts security is still not good and for us when security is good, more people visit and do more shopping. So, security has a direct effect on our business. Right now people from Kandahar and secure areas are coming to the city for shopping but if security was good (in the districts), people would come to city and do more shopping and that would increase our sales.30

Security is not surprisingly a constraint for those trading in the streets as told by the informants questioned in the bazaar. While mobile phone street vendors did not define their customers as urban dwellers or rural dwellers, those doing street vending in the garment sector trade with people from the districts who come to the city for their seasonal shopping. Tarpaulin customers often come from the districts too as the plastic cloth is used in agriculture. Tarpaulin wholesalers also trade with people coming from

26 Vendor 27, Kandahar, pers. comm., 3-15 November 2014.
27 Vendor #14, Kandahar, pers. comm., 3-15 November 2014.
28 Vendor #33, Kandahar, pers. comm., 3-15 November 2014.
29 Vendor #9, Kandahar, pers. comm., 3-15 November 2014.
30 Vendor #16, Kandahar, pers. comm., 3-15 November 2014.
outside urban Kandahar, either from the districts or from other provinces. Kandahar works as a hub for tarpaulin wholesale because even though Waish is a well-known market it remains risky for a non-Kandahari to cross the districts highlighting how security is shaping market opportunities.

Balancing the reasons to move out of the districts there are factors which have enabled them to move into the urban economy and street vending. In part this has been because the entry barriers are low and relationships of solidarity have provided access too and in many cases direct provision of starting capital. Initially in the boom years, particularly in the mobile phone sector, it has provided a significantly better living than the one they had before. But there are examples of failed retailers becoming street vendors. Some of the mobile phone sellers were ex-shopkeepers who lost their business due to market price fluctuations, or because they were unable to pay back a loan they had taken.31

Start-up capital may often come from friends and family. But once connections are made with a wholesaler the use of a credit system called ograi (the practice of being repaid at the end of the week) comes into play. This practice allows street vendors to pay back only half of the credit they have taken and protects at the same time the wholesaler from losing the total amount of money he lent. But while access to the bottom end of trading is possible, prospering as street vendor has been much more difficult. As was seen, many of the retailers and wholesalers come from families owning land, while a common attribute of the street vendors is that they have little or no land. They come from a rural or urban background with no capital. They were either sharecroppers in the districts (in Karz village in Dand district, for example) or they were daily labourers in the city. Their families have no land and no capital to be reinvested. In contrast, retailers and wholesalers reported life histories where the familial ties and the ownership of land in the districts (Arghandab and Panjwai) play a significant role in their access to market opportunities.

Physical security and access to credit, therefore, are key issues that emerge from these accounts. But moving into the informal economy of Kandahar also carries other risks associated with the attitudes and actions of the authorities in relation to street vendors. They have to deal with the municipality who treat their actions as illegal and the security forces, notably the ANP, who see them as a security threat.

_Dealing with the Authorities_

In Kandahar, power stays with the police, not with the Municipality.32

This statement was followed by many others describing Lieutenant Raziq33 as the person who had brought security to Kandahar city: street vendors, retailers and wholesalers

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31 Vendor #2, 12, and 26, Kandahar, pers. comm., 3-15 November 2014.
32 Vendor #45, Kandahar, pers. comm., 3-15 November 2014.
33 Abdul Raziq is the police chief widely credited with bringing much greater security to the city of Kandahar although his method were controversial.
agree that during the past 2-3 years security became better in Kandahar city thanks to Abdul Raziq and his men. Much has been written on the public figure of Raziq (Jackson 2015) and the methods he has been using in counterinsurgency. He was described by traders living in the bazaars as the most influential person in Kandahar city. However, even though stories of violence and the extortion of money and goods by the ANP were very often part of the accounts we received, Raziq’s name was never associated with the extortion practiced by his men.

If we consider the police’s perspective, they see street vendors as a source of threat for security, but also as a potential source of valuable information. A few incidents occurred during April 2014, probably related to the elections. Although Kandahar has been extremely peaceful during the most recent polls compared to those of 2009, the reports received for the study talked of explosives often being left in the proximity of street vendors’ carts. Feeling unable to control the street vendors, the ANP clears the streets of Kandahar of them each time a high profile official is visiting. The perception of street vendors as a threat by the Municipality and the police is related to the imperative felt by the authorities to reduce the presence of insurgents in the urban area. Many say Raziq had Kandahar city law and order as a key priority. Raziq’s spokesperson explained in detail why the position of street vendors is perceived as sensitive by the local authorities and why the police see them as a potential threat:

Our concern regarding street vendors is not how much space has been grabbed by them [...]. Our major concern is that if we do not control street vendors it will increase insecurity in the city. Street vendors may provide information to opposition or help them (insurgents) in different attacks. This is why our police check-posts keep an eye on street vendors. And if we notice anything suspicious we do our investigations.

Kandahar Municipality then decided to register and distribute licenses to each of them in an attempt to control their presence and numbers on the street. Each cart would be numbered and monitored by the police. At the time of fieldwork, only one street vendor wakeel (representative) had been selected following a consultation process amongst other petty traders of the bazaar. The registration process that started by identifying representatives for each nahia was projected to be completed within a year in an overall plan that there will be around two street vendor representatives for each bazaar.

Rumours in the bazaar were that Hashmat Khalil Karzai (cousin of the former president Hamid Karzai) himself went to Raziq and asked him to tell his men not to ‘disturb the poor people’. Whether or not Hashmat Khalil had an influence on the Municipality decision to register street vendors, the shift in police behaviour might be justified by the

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34 Respondent #41, P.O. pers. comm, 3-15 November 2014.
35 Ibid.
36 Ibid.
37 Vendor #39, Kandahar, pers. comm., 3-15 November 2014.
collaborative turn the relationship between police and street vendors has taken.

The decision to register the street vendors seems to have stopped the weekly harassment by the police and municipality and they are now paid less attention. Street vendors are, in fact, often _irtibati_ (police informants) given their privileged perspective on what is happening on the streets and they might as well benefit from this deal, having a better treatment from the Municipality and privileges from the police, or money.

The ANP position in this regard is pretty clear: the security of Kandahar city might benefit from street vendors collaboration. Supporting this view an ANP officer from the police station of _nahia_ 2 (responsible for Herat bazaar and Shikarpur bazaar) says that what allows reliable security in Kandahar city nowadays is coming not only from the efforts made by Raziq but from “regular patrolling and search operation are another good reason for good security.”

The difficult relationship between local authorities and street vendors speaks of problems related to security and management of public space in urban Kandahar. These issues have been previously managed with customary methods and white beards have been the intermediaries between the street vendors and the police. And while the adoption of street vendors as informants might be useful to the police and it could lower the level of violence street vendors were experiencing before, it may not benefit the petty traders as a whole. Those selected as official _wakeels_ might receive benefits in terms of money or rents in different nature. Those who are not recognised by local authorities express the need to lobby for the interests of their group with no outcomes.

**Conclusion**

_Snakes and Ladders in Kandahar City_

Snakes and ladders is a classic children’s board game and a game of chance: if one throws a lucky six with the dice and ends up on the right square, he can climb a ladder to move quickly to the winning post. But throw an unlucky five or one and one can end up on the wrong square, fall into a trap and slide on a snake’s back downslope to the beginning and have to start all over again. Snakes, ladders and traps as an analogy for the life chances of poor people has been memorably deployed by Kabeer (2004) in her account of livelihood trajectories in rural Bangladesh. It can be applied with even more force in Kandahar.

As has been seen, some of the participants have come to the Kandahar economy with a degree of choice and opportunity. Many others have come because they have been impelled to do so, driven out of the rural economy by insecurity, poverty and lack of opportunity. Some remain on the absolute margins of the urban economy as casual

38 Vendor #7, Kandahar, pers. comm., 3-15 November 2014.
39 Respondents #41, 42, 43, 46, Kandahar, pers. comm., 3-15 November 2014.
40 Respondent #43, P.O.2, pers. comm., 3-15 November 2014.
labour, unable to even join the game. For the informants of the study, there have been ladders to help them. Friends and relatives may have been able to give them a helping hand to start with small loans of capital, introductions to key people and moral support. Maybe this has got them onto the first rung of the ladder of being a petty trader, but the number of rungs on the ladder has been variable. In good times, when money was flowing through Kandahar and there were customers to buy, there have been several rungs to climb. More recently, they have had to work harder and harder just to stay on the first rung and the ladders have gotten shorter and shorter.

But this street-based game has been biased in the sense that there are not an equal number of ladders and traps. There have been few sponsors to directly fund the ladders and as a result there are many more traps and snakes than the ladders. One uncertainty has been how far the ladder will stretch to give opportunity and the increasing difficulties of climbing it as opportunities have disappeared through economic decline and insecurity. Another risk has been that the ladder may be pulled from beneath them as they stand on it; the Municipality may sweep into the streets and confiscate their goods and the police may demand payments. A ladder may become a snake and one would slide back to where one started or worse. But there is a sense that at least all the players of this game who got on the ladder are in a roughly equal position as players although some might seek protection and gain advantages through informal alliances with the authorities.

There is, however, a second premier league snakes and ladders game that has been played in Kandahar with longer ladders and for greater stakes. It has also had some major sponsors in terms of funding, but it is now in trouble as many of them have withdrawn funding severely reducing resource flows. This decline has had major spillover effects for the street-based game. Before multiple resource flows made the premier league an opportunity worth playing for. But the sponsors gave contradictory messages about the rules of the game allowing key players to reframe them to their advantage. As a result, there were strict entry requirements, often with a high entry fee to join, to gain access to the main game, limiting the number of players. Continued participation in the game required further fee payments. Moreover, the dice was heavily loaded so that only a select few could throw sixes, while lesser players had to make do with fours and twos. More threatening opponents might be done away with altogether. Now the lesser players no longer have access to it as there is less to share. The good times are over. The rules of the game, such as they are, are still in place. For the street game, there are still many who wish to or are compelled to join it. But they play it subject to the effects of the way the premier league snakes and ladders game is played.

In the classic formulation of an agrarian transformation, something strongly aspired to by Afghanistan’s policymakers, both national and international, rising agricultural productivity generates surplus and promotes growth linkages with developing urban centres. This, in turn, creates productive employment and jobs for those moving out of agriculture and rising profits which promotes further investment in agriculture driving further productivity gains and surplus. This has not happened in Kandahar. Even the windfall profits from opium, the one agricultural commodity which until recently has
bucked the trend, has not contributed to strengthen rural-urban linkages. Nor have the windfall profits made from a decade or more of Kandahar’s extraordinary rentier economy done much to put in even the basic building blocks of more secure and stronger rural-urban linkages.

Instead there has been a consolidation of the very political factors that will block growth (Williams et al. 2009) – predation, rent-seeking behaviour and lack of investment in public goods. A recent report on the private sector in Afghanistan (Ghiasy et al. 2015) argues that the Afghan government, supported by international donors must provide the preconditions for an inclusive, productive, rule-based and formalised market economy. The question is, given what exists, what are the first steps to be taken to move towards that goal?

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The Role of Competition Policy in Promoting Sustainable Development Goals (SDGs)*

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Abstract

Competition reforms can help countries meet some of their key developmental objectives; and so a discussion on the linkage between competition policy and sustainable development is opportune. Such a discourse would contribute immensely to implementation of the 'Sustainable Development Agenda 2030.' This chapter highlights those SDGs whose attainment is possible through competition reforms. This is illustrated through evidence especially gathered in developing and least developed countries from across the world. While competition policy reform is more directly linked to the attainment of some SDGs, the linkage is rather indirect with the other 'Goals'. There is some literature and evidence to highlight the direct link between competition reforms and some of these 'Goals', whereas there is very little on the more indirect link. The onus remains for competition 'champions', especially from the developing world to highlight how competition reforms can act as a useful tool in achieving the SDGs, and thereby create greater buy-in and discussions about the relevance of competition and regulatory reforms in the post-2015 era. Further, while choosing the sectors/markets where application of competition policy principles would lead to the achievement of SDGs, it is crucial for policymakers and practitioners to identify those sectors/markets that can have positive impacts on the larger sections of society.

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Introduction

Background
The eight Millennium Development Goals (MDGs), which were adopted in 2000, have now been replaced by the fairly ambitious 17 Sustainable Development Goals (SDGs), to be achieved by 2030. There has been progress made by developing countries towards the achievement of the MDGs, especially against poverty, hunger, and disease. In addition, they have remained a focus of global policy debates, becoming incorporated into the work of both state and non-state actors. However, there are also significant challenges in attainment of the goals, as the progress is highly variable across goals, countries, and regions. Some of the MDGs have not been achieved, including promises of official development assistance by rich countries, which have not been kept (Sachs 2012). Maternal health and sanitation objectives were also mostly not realised.

With the recent adoption of the SDGs, it is critical to ensure that all of the useful tools that can be used towards their attainment be fully understood. While general economic policies, which include fiscal and monetary policies, are expected to be pivotal in the attainment of the SDGs, they should also be complimented by other policies that are relevant for the attainment of the SDGs. It is within this context that this chapter has been developed. It is intended to assess the extent to which competition policy can also be used as a tool for the attainment of the SDGs.

Objectives
The objective here is to explore through literature, the linkages between competition policy and sustainable economic development, especially how competition policy can be a useful tool for the attainment of SDGs. This is done through a review of literature to analyse evidence from the ground, including examples from Consumer Unity & Trust Society (CUTS) International, India activities on competition reforms from across the developing world.

Methodology
The chapter takes a look at the 17 SDGs as well as the key strategies that the Heads of State and Government identified as key in the attainment of these goals. It then selects those goals where competition policy can play a role based on the identified strategies and discusses the various channels through which competition policy can play a role, based on the general competition policy theory and application. The chapter makes reference to some studies that have been conducted to establish the link between competition policy and various issues through which SDGs are linked.

Context: Competition Policy and its Main Objectives
In general, competition policy is understood to refer to a package of reforms, measures and tools that government can put in place to have an impact on competition in the local market by directly affecting the behaviour of enterprises and the structure of industry. The objectives of such laws and regulations is to enhance competition or competitive outcomes in the markets, through creating conducive entry and exit conditions as well as
protecting consumers and business against anti-competitive practices of dominant firms. Competition policy is aimed at protecting as well as enhancing both consumer and producer welfare, which are also critical attributes for sustainable development.

The influence of competition in the market can be achieved by directly affecting the behaviour of enterprises, the structure of industry or both. The tools to achieve this could be a set of government pronouncements, laws and regulations that enhance competition or competitive outcomes in the markets. This, therefore, implies that competition policies can be very broad, resulting in their interaction with several other government policies, objectives and programmes. This interaction can imply that competition policy can also be used as means towards attainment of other government objectives.

The extent to which a competition policy can be used to achieve sustainable development goals can be understood from the interaction between competition policy and other select government policies that also have a bearing on competition. Such policies include the following:

**International Trade Policy**

The adoption of a competition policy in a country could also be preceded by an audit of its international trade policy to check whether it is in line with competition policy objectives (principles of fair competition). A restrictive trade policy confines competition and can easily create dominant firms as well as the manipulation of the market (Sengupta and Dube 2008). Trade liberalisation also results in an influx of goods into the economy, which could enhance competition, as well as be the avenue through which cartelised products could also find their way into the economy. Thus, a national competition policy (forming the basis of a Competition Act) can be a useful tool to ensure that international trade that maintains a balance between an open market and avoidance of market distortions exists. This implies that whilst a liberal trade policy is ideal, it should be complimented by strong institutions that ensure that anti-competitive behaviour resulting from the liberal trade can be regulated. Thus, liberalisation with safety nets is critical.

**Industrial Policy**

There is also a close relationship between competition and industrial policies. First, industrial policies are used as tools to strike a balance between competition in the market and domestic industry protection (especially of sectors that import from developing/least developed countries). Second, industrial policies generally determine the contestability of a market, as licensing conditions, sector regulation regimes and other compliance mechanisms are also part of industrial policies. Third, industrial policies can also be used as tools to promote or deter competition in some sectors, through provision of specific support and incentives by government, which may or may not be extended to all players fairly and transparently. Thus, an effective competition policy can be used for the removal of obstacles and attainment of a predictable legal and regulatory environment that reduces the scope of arbitrary decision-making, thereby instilling transparency in the system (Ibid.).
**Investment Policy**
An investment policy has a direct bearing on competition prevailing in the economy as it influences the number of players in the market. The extent to which foreign investment is promoted or restricted (including through national Investment Promotion Agencies) would also go a long way in determining the nature of competition in the national economies. Specifying areas of domestic industry preference through reserved sectors, limits competition if local investment capacity is constrained, which would also deny opportunities from increased investment. Competition policy would, thus, help ensure that potential harm to competition would be limited while the countries continue to pursue their public interest objectives.

**Intellectual Property Rights (IPRs) Policy**
IPRs bestow the holder some legal monopoly over an invented product/service, which can be easily abused. On the other hand, competition policy advocates for the encouragement of entry into sectors where there are monopolies. Thus, ideally IPR laws should allow for flexibilities which protect the innovator, while at the same time, giving room for some action to be taken in the event that there is abuse of such rights. Thus, the extent to which a country’s IPRs policy allows for measures against anti-competitive conduct will play a role in shaping the extent to which markets are competitive. Competition policy might result in reforms in the IPRs regime to allow for such flexibilities, especially if there is a history of abuse of such rights.

While a competition policy can be implemented through other policies and programmes, one of the most critical instruments for attainment of competition objectives is the competition law. This comprises of legislations, judicial decisions and regulations specifically aimed at creating institutions for preventing anti-competitive business behaviour. It generally focuses on three issues: regulation of anti-competitive mergers and acquisitions; prohibition of abuse of dominance; and prohibition of anti-competitive agreements among companies.

In many modern competition laws, a fourth element, namely competition advocacy, is also provided as a key function of a competition enforcement agency. Competition advocacy involves the agency engaging the government to highlight its policy inconsistencies or activities or its departments that actually facilitate or act as anti-competitive tendencies. Competition advocacy is intended to give the government the necessary inputs for amending policies and regulations that militate against competition promotion objectives.

Provisions of the competition legislation on competition advocacy, thus, give such powers to the competition enforcement agency to highlight policy-induced distortions or weaknesses that stifle competition in key markets of the country. However, it has been observed that in many countries, in spite of these provisions in the law – such advice is rarely sought by the government. The strength of a competition law mostly lies in that it gives the implementing institutions power to impose fines and penalties for anti-competitive behaviour. Within the context of the sustainable goals debate, this can also prove to be a critical tool. A brief description of Sustainable Development Goals might
help to properly contextualise the possible means through which competition policy can be useful in their attainment.

**Sustainable Development Goals**

Sustainable Development Goals (SDGs) were adopted during the 70th anniversary celebration of the United Nations (UN) at the UN headquarters in New York from 25-27 September 2015. The 17 goals generally build upon the achievements of the Millennium Development Goals (MDGs) and seek to address some of the areas which could not be achieved by the MDGs due to various challenges. The 17 SDGs, together with select key policy strategies (selected based on the context) for their attainment, can be described as follows (Box 1):

**Box 1: The 17 Social Development Goals**

Goal 1: End poverty in all its forms everywhere.
Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
Goal 3: Ensure healthy lives and promote well-being for all at all ages.
Goal 4: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.
Goal 5: Achieve gender equality and empower all women and girls.
Goal 6: Ensure availability and sustainable management of water and sanitation for all.
Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
Goal 10: Reduce inequality within and among countries.
Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.
Goal 12: Ensure sustainable consumption and production patterns.
Goal 13: Take urgent action to combat climate change and its impacts.
Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation.
Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Securing Peace and Prosperity

Linking Competition Policy and SDGs

Indian economist Dr C. Rangarajan has asserted that in a debate between growth and equity, it is not possible for either side to take on an extreme position. He has pointed out that sustained high growth might not be possible in developing economies, unless sufficient attention is also paid to equity. In the absence of attention to distribution of income and equity, social tensions will rise and this could block sustained high growth (Mehta and Stewart 2013).

A number of international experts and practitioners have asserted that the main objective of competition policy and law is to create competitive conditions for efficiency and thereby growth. However, there are scholars and practitioners, especially from developing countries, who highlight that application of competition policy should not be done through a rigid framework (based on economic theory considerations only), but should take into consideration specific circumstances and developmental concerns especially in the ‘South’.

Therefore, competition policy application in the developing world should be done through a broad framework, so that it can help influence the attainment of various socio-economic developmental goals. Although competition policy can be shown to be useful for the attainment of all the 17 SDGs, we argue that it is only the first nine for which the linkage is more direct. This section of the chapter attempts to highlight the linkage between competition policy and these first nine goals as follows:

Goal 1: End Poverty in all its Forms Everywhere.

The biggest challenge in the developing world today is getting rid of the abject poverty that deprives a large section of the population a dignified life. Obviously, policymakers remain overwhelmingly preoccupied with designing and implementing policy measures to tackle this problem. As a result, no policy response can be designed in these countries without looking at how it will affect the poor. Competition policy is no exception. An important approach to poverty reduction is to empower the poor, provide them with productive employment and increase their access to land, capital and other productive resources. But this approach may not be successful unless the poor are linked to the markets and markets are made to work for their benefit. This would open economic vistas for them, providing them with economic empowerment and freedom that is so crucial for their survival and well-being (Mehta and Nanda 2004).

There are several means through which poverty can be alleviated. This includes direct food aid from donors as well as direct subsidies by governments. However, other measures involve policy interventions intended to ensure that prices of basic products, including basic food items such as staple food, are kept at affordable levels. In some countries, on an average, about 40-45% of income is spent on food expenditure and any policy that can be used to make food less expensive would complement poverty reduction efforts. This is where competition policy becomes important. The rational behaviour of food suppliers across the whole value and supply chain is generally to get more profit, despite the importance of the products that they produce for poor consumers.
This is also compounded by the fact that most sub-markets across the whole food and agro-processing value chain are mainly highly concentrated, with limited competition among the players (OECD 2013). Food and medicine are often attractive to producers due to their inelastic demand. Examples can be found from across the world on the impact that competition or lack of often has a bearing on food prices.

Over 2004-11, European competition authorities established cartels between flour millers (in Hungary, the Netherlands and Portugal), bakeries (association) (in Belgium, France, Italy, Slovakia and Portugal), egg producers (in Lithuania and Hungary) and poultry producers (in the Czech Republic and Bulgaria). Over the same period, the European competition authorities also investigated cases which involved abusive conduct by dominant operators in the food sector. Sectors with the most abuse cases were dairy products (in Cyprus, Greece, Portugal and the Nordic countries), soft drinks (in Austria, Belgium, Bulgaria, Greece and Portugal), and multi-products/retail (in the Czech Republic, France, Hungary, Italy, Latvia, Poland and Slovenia) (Ibid.).

The anti-competitive practices that take place in relatively more developed economies generally imply that worse cases would be prevalent in developing economies, especially where competition laws are yet to be developed or with less competition enforcement. Such countries are more attractive for anti-competitive practices as there is a low probability of getting caught, lack of strong countervailing buyer power and powerful trade associations, whose mandate also include influencing prices.

Thus, one of the biggest threats to the attainment of this first SDG is the impact that anti-competitive practices would have on food prices. High food prices affect the poor more in the short run, as most of the world’s poorest people spend more than half their income on food, such that price hikes for cereals and other staples can force them to cut back on quantity or quality of their food (IFAD 2011). A World Bank study also shows that in Africa, many of the key barriers to trade in food staples relate to regulatory and competition issues regarding elements along the value chain, which also has implications on poverty (World Bank n.d.). The pursuit of the first SDG goal, thus, cannot be divorced from the need to ensure that anti-competitive practices and competition distortions in the food sector are addressed. One of the key strategies that member states have already identified as critical for the attainment of Goal 1 is: ‘Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions’ (United Nations Department of Economic Affairs 2015).

Ensuring that a well-functioning competition regime with sound regulatory mechanisms is in place would be a significant investment in poverty reduction activities. One of the expected immediate benefits of such a reform is reduced prices or maintenance of prices at competitive levels, which would help in poverty alleviation.

Further, competition policy can also contribute in helping countries adapt a more systematic approach to poverty reduction. A 2006 UK White Paper emphasised that the fight against poverty cannot be won without good governance and that there is a need to
help governments and citizens make policies work for the poor. The governance model in the White Paper suggests three key elements that are needed to build better governance and state legitimacy: (i) capability; (ii) accountability and (iii) responsiveness. Capability is the extent to which public institutions have the money, the people, the will and the legitimacy to get things done. Accountability is the process by which people are able to hold government to account, while responsiveness is the degree to which the government listens to what people want, and acts on it. An effective competition policy can help achieve these principles – and thereby contribute towards poverty reduction (Preston et al. 2006). As outlined by them, capability, accountability and responsiveness are defined as follows:

- **Capability** requires the capacity to identify clearly the nature of competition problems, including the extent to which separate treatment might be necessary for particular sectors. Capability also requires being able to select the approaches that will be most appropriate for dealing with these issues, while taking account of both the economic and political dimensions. Policy selection should be through transparent processes, including cost/benefit studies.
- **Accountability** includes the legal and political processes required for transparency in all regulatory systems, including the competition law regime.
- **Responsiveness** implies that there is a political context of concern by the government to deliver a competitive economy that will achieve economic growth to benefit the whole population over the longer term. A responsive competition policy regime will react appropriately as new competition problems emerge’ (Ibid.p.13).

**Goal 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.**

The impact of competition policy towards the attainment of this goal is not very different from what has already been explained with respect to Goal 1, as hunger and food security cannot be separated from the anti-poverty agenda. However, it can also be further established that competition policy is a useful tool in promotion of sustainable agriculture. Many policy interventions in the agriculture sector can fail to reach their intended beneficiaries due to competition distortions along the value or supply chain.

At the input supply stage, the conduct of seed and fertiliser suppliers, in terms of supply and pricing are often characterised by anti-competitive practices, which balloon input prices and compromise affordability by farmers. In countries where seed supply is characterised by monopolies, over-reliance on previous harvest crops as seeds are common due to affordability concerns, also affects yields. Seed supply markets where varieties are produced under intensive research technology by multinational companies have also seen excessive pricing and unfair buying conditions being imposed due to abuse of intellectual property rights. The anecdotal evidence also shows that regulated private sector participation (which is a character of well-functioning markets) in the seeds market in some countries (e.g. in the state of Bihar, India) has benefited farmers by making good quality seeds available at affordable prices. Such private sector providers seem to have a comparative advantage over the public sector in terms of their ability to
develop and maintain a strong network of agents/sellers/shops, especially in remote areas (CUTS 2015).

Agriculture markets in many Least Developed Countries (LDCs) in West African countries are controlled by monopolies (public monopolies in some countries and private monopolies in others). According to a study done by Dube and Mitra (2011) in seven countries of the Economic Community of West African States (ECOWAS), farmers interacting with these monopolies (and their agents) complained about non-transparent pricing and other exploitative practices. They noted that in the inputs market of these countries on account of significant levels of subsidies on fertilisers, and the presence of a limited number of private firms - there was very little scope for competition in the fertiliser market. Therefore, low levels of inputs together with the use of traditional seeds affects productivity of farmers – and adversely affects the possibility of small/medium scale farmers to support their families through staple food production.

Fertiliser supply is also very prone to anti-competitive conduct which is both policy induced and due to behavioural conduct. In Zambia, the subsidised fertiliser distribution system has seen mostly two fertiliser firms winning the bids and with time these firms are alleged to have started bid rigging (CUTS 2015). In South Africa, a fertiliser supply company, Sasol, was also fined for abuse of dominance and collusion with others in the supply of fertiliser.

Agriculture supply is also affected by the nature of the markets in the production system, as some crops in many developing countries are dominated by huge firms or controlled by associations, e.g. sugarcane, tea, coffee, cotton, which creates opportunities for abuse of dominance. Powerful middlemen have also emerged in many developing countries and have organised themselves into positions of influence, abusing their near monopsony in buying from farmers and near monopoly in selling to retailers. Such conduct creates huge producer-consumer price margins, with serious implications for affordability by poor consumers. Thus, the objective of elimination of hunger should not be divorced from the realm of competition policy.

The two critical strategies that have been identified in pursuit of this goal include to ‘correct and prevent trade restrictions and distortions in world agricultural markets’ as well as to put ‘measures to ensure the proper functioning of food commodity markets’ (United Nations Department of Economic Affairs 2015). Both of these are directly related to competition policy as the implementation of a competition law to curb these practices at the various stages in the agriculture sector is critical. This makes competition policy a very useful tool in the attainment of Goal 2 of the SDGs.

**Goal 3: Ensure healthy lives and promote well-being for all at all ages.**

This section focuses on how a healthy competition regime can be instrumental in the attainment of healthy lives and well-being. This is done by looking at access to healthcare services and medicines, especially in developing countries. In addition, access to affordable medicines is always a critical determinant of the state of health in
developing countries, given frequent outbreaks of diseases. However, the affordability of medicines is often compromised due to distortions in the pharmaceutical market.

Kanavos and Wouters (2014) show that in most developed countries, various stakeholders in the supply chain are regulated extensively to improve the affordability and availability of medicines as well as maintain levels of service. However, this is not true for many low- and middle-income countries, where the distribution chain is neither regulated nor subjected to any formal oversight. This scenario makes the market vulnerable to abuse by the suppliers, which also contributes to problems of availability and affordability of medicines. Across many countries, there is a wide price spread, especially for generic medicines, at each level of the supply chain, which is mostly a reflection of regulatory effectiveness across the countries (Ibid.).

Further, ‘gaps’ in the regulatory framework in both healthcare services and pharmaceutical markets are common. Such weaknesses in the regulatory framework and institutions (in India, this is further complicated by a federal structure) seem to have contributed towards ‘opportunist behaviour’ among firms in both these markets (Sengupta 2011). This is further compounded by the fact that the pharmaceutical sector is characterised by ‘information asymmetry’ as far as consumers’ welfare is concerned. Consumers of medicines cannot make a choice on their own and have to depend on prescriptions by medical practitioners. Sengupta (2011)’s study based on evidence gathered in Assam and Chhattisgarh in India established that private healthcare remains unregulated and prone to malpractices, with one common malpractice being the practice of cuts or commissions available to doctors for referring patients to diagnostic/pathological tests. Thus, patients were found to be subjected to unnecessary medical investigations, driven by the need of the doctors to earn the commissions and cuts. The practice was a result of coordinated vertical agreements between doctors, on the one hand and pharmaceutical companies and diagnostic testing centres on the other (Ibid.). The implication from this is that if left unregulated, the pharmaceutical sector is also subject to anti-competitive practices which result in higher costs of medicines.

One of the key strategies for Goal 3 is to provide access to affordable essential medicines and vaccines for all. This would be difficult to achieve if such anti-competitive tendencies are not regulated. While there could be other mechanisms for dealing with such malpractices, only a competition law can ensure that a proper punishment is levied on the perpetrators to make it deterrent. Thus, the implementation of competition law remains one of the key strategies to ensuring that there is enhanced access to affordable medicines. This was highlighted in an earlier study that showed the possibility of using the national competition regime to deal with anti-competitive tendencies and market distortions in the pharmaceutical sector in India (CUTS 2006). Several studies undertaken subsequently have reiterated this.

**Goal 4: Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.**

Given the constant challenges in public schools in many developing countries, the provision of private schools has become a lucrative business. Public education is mostly
catering for the low income earners, as most parents prefer private sector colleges. There is now an intense competition among private schools, which has, however, not resulted in a corresponding decrease in education fees as these private sector players compete with each other. Associations of private schools have also been developed and the presence of associations generally facilitates collusion on fees, especially if there is no competition law.

Education provision is now more business-oriented than socially-oriented as private education is now a purely commercial market. The quality of education from a private institution is generally regarded to be higher than that of public schools. Thus, low income families now are also sacrificing a lot to ensure that their children get an opportunity to study in such schools. The high fees charged by private institutions compared to their public counterparts, thus, deny other children from enjoying such high quality education.

In many developing countries, there is a lack of an effective regulatory framework to monitor performance of private education providers. This is akin to the situation in private healthcare services. The general inability of the government to provide good quality educational services has been used as an opportunity by the private sector to spread their control in this market. While this is good, it does not necessarily result in improved quality or reduction of school fees as would be expected from increased competition.

There are many possible reasons as to why school fees may fail to come down in response to the increase in the number of institutions providing such training. Collusion among the service providers is a possible reason, where a group of providers actually agree on the fees that they will charge, which would imply that even those institutions which would have charged lower fees would also charge higher fees. Through their associations, private institutions can prepare and circulate regular information on their future intentions on fees that they will charge learners. Existing schools can also use various means to restrict or prevent the entry of new players into the market (BIS 2013). Furthermore, selling of uniforms and books has now been accepted as a norm in many developing countries.

The objective of achieving inclusive and quality education for all is, thus, difficult to attain if there is disparity in the quality of education that children in developing countries are subjected to due to higher fees. Competition law regulation needs to be invoked to ensure that there is fair competition among the providers, which should allow fees to come down to affordable levels.

**Goal 5: Achieve gender equality and empower all women and girls.**

Although competition policy is often gender neutral, it can also be used as a tool to complement other efforts by other policies to promote gender equality. One of the mechanisms is through priority setting. Women have the primary responsibility of household expenditure, especially the basic needs such as food, utilities and clothing. Ensuring easy access of these products to women would also give them an equal
opportunity to also participate in other activities which their male counterparts are participating in. Difficulties in accessing these critical products are often attributed to the limited opportunities available to women, as most of their time is spent in getting access to these products. Since a competition law helps ensure access to products, it can also be a useful tool in the gender equality campaign. What would be critical is for competition authorities to prioritise products from basic food sectors with the objective of enhancing gender equality.

Given limited opportunities availed in menial jobs, there are also critical sectors that are dominated by women, including general retailing and other small and medium scale enterprises (SMEs). SMEs are, however, generally not targeted by competition authorities as they do not have the necessary economies of scale to engage in significant anti-competitive practices or to compete with big firms. They are, however, very large customers to the manufacturing and agricultural sector, as they have to source raw materials. Thus, the sector is very vulnerable to anti-competitive behaviour and their viability heavily depends on whether they get fair prices at source, given that they have to add value and hope for some buyer patronage. The sector also plays an important part in the competition process as an alternative source of products, such that they offer some pressure against anti-competitive pricing. Competition enforcement that prioritises the SMEs sector would also go a long way in enhancing women empowerment and ensuring that they also get equal business opportunities compared to their male counterparts.

Experience across countries indicate that women’s groups and representatives have rarely been engaged in the process of designing and implementing competition and regulatory reforms in key sectors. One example is the public transport sector, where reforms have rarely taken into consideration the welfare and safety of women. It is only in some Latin American countries that special attention to the needs of working women has been incorporated into planning regulatory reforms in this sector. There are some examples that highlight how an enabling environment for private sector participation in the agriculture procurement market led to the emergence of socially and economically empowered women [e.g. the market queens in Ghana (CUTS 2015)].

**Goal 6: Ensure availability and sustainable management of water and sanitation for all.**

One of the key distinguishing characteristics of the water and sanitation sector relative to other public utilities include the absence of any scope for direct competition in the market and the strong social character of the service as a result of positive social and negative environmental externalities in consumption (Foster 1996). Water has traditionally been served by monopolies in most developing countries, most often established through legislation. However, in most economies, services by these monopolies is often characterised by less-than-satisfactory performance, with non-competitive rates, inadequate service offerings or a lack of innovation or readiness to adopt improvements in technology being some of the characteristics (Anderson and Müller 2013). Governments have been trying different strategies to ensure that access to affordable and reliable water supply is enhanced. One of the strategies includes regulating the behaviour of these public service providers, including unleashing the
provisions of competition laws to ensure that they do not abuse their dominant or monopoly positions. In January 2014, newspaper reports indicated that China’s State Administration for Industry and Commerce fined the state-owned water company, Yiyuan Fresh Water Company, a sum of RMB 3.2 million (€388,000) for abuse of its monopoly position. The company was engaged in tied selling, where it was bundling its water supply services with the supply of water meters and pipes (Mehta 2014). Examples can also be found from other countries where competition authorities had to come to the rescue of consumers by calling public water supply companies to order.

Governments have also noted the shortcomings of public-owned enterprises in the water sector and tolerated private sector participation. However, despite the product being very critical to the well-being of people, the business-oriented private sector players have often been found cartelising the product, taking prices beyond the reach of many. News reports indicate that in Nairobi, Kenya, private vendors come in whenever water shortages persist, but these are accused to have cartelised the market to exploit the consumers of the basic product (Wanzala 2015). In a 2008 report, the Centre on Housing Rights and Evictions (COHRE) also reported that water cartels and gangs had tightened their grip on services in Nairobi, raising prices and vandalising competitor’s infrastructure. The report also accused these cartels of manipulating price hikes for water (COHRE 2008).

Thus, while other policy instruments are needed to ensure that water is produced efficiently and at affordable rates, one of the key strategies to help availability of water and sanitation for all is to ensure that the provision is free from anti-competitive practices by both public and private sector suppliers.

**Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.**

The energy sector is generally regarded as a very critical sector of the economy, with heavy public sector involvement, hence, normally not very open to competition. However, the energy sector is very broad and some energy sources are actually more in private sector hands than the public. The quest for profit in these circumstances can easily pose some challenges as far as access to affordable energy is concerned. However, given the critical role of the sector, it is also not immune to anti-competitive practices.

An OECD report identifies several possible means through which competition issues in the energy sector could arise. Energy supplying companies often engage in vertical mergers which foreclose market entry by new energy suppliers who would otherwise help increase energy security by diversifying energy sources. Abuse of dominance (monopolisation) is also prevalent, where owners of essential transmission facilities continue to impede entry by limiting use of transmission facilities and charging discriminatory prices to competitors of the network owners upstream or downstream affiliates (OECD 2007). Supply of other critical items used in the sector, such as electricity bulbs, liquid petroleum gas (LPG), and fuel are also often in private sector hands and not spared from anti-competitive practices, including cartelisation.
If these practices are not regulated, they would not only make energy difficult to access but would also make it costly to obtain for the majority of the poor. Thus, a properly regulated competition law would be a useful tool to ensure that this important SDG goal is attained.

**Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**

This goal encompasses two distinct objectives which might not necessarily happen simultaneously - inclusive and sustainable economic growth on the one hand and employment on the other. Whilst economic growth is generally dependent on fiscal and monetary policies a government can pursue, it can also be shown that competition policy has an important role to play. Competition policy is expected to create more competition, where firms strive to keep abreast of others by innovation, efficiency and investment into better production methods, which would result in more output and economic growth. Empirically, it has been established that the implementation of competition laws have a relationship with economic growth. In a study, Dutz and Hayri (2002) found that measures of effective antitrust policy are positively associated with residual economic growth (that is, growth that is not explained by variables for which there is some consensus that they lead to higher economic growth - trade openness, human capital, and investment in physical capital). They established that there is a strong correlation between the effectiveness of competition policy and economic growth (Dutz and Hayri 2000). Kahyara (2004) also establishes a positive relationship between competition policy and productivity, investment and exports. Thus, one of the key strategies to ensuring that sustainable economic growth prevails is the enactment and implementation of a competition law.

Competition policy, through the implementation of a competition law, also has a bearing on employment creation. Decisions which promote competition and result in more firms entering the market would also boost employment. Some firms, whose survival could also be threatened by abusive conduct by dominant firms, could be saved by competition policy, thereby also protecting jobs and employment opportunities. Many competition laws have generally been used to protect employment, especially during merger regulation through the ‘public interest’ provisions in the competition law. ‘Section 12A of the Competition Act, 1998 of South Africa on consideration of mergers, provides that whenever the Commission or the Tribunal is considering a merger, they must initially determine whether or not the merger will result in substantial lessening of competition, and if it does, they must also look at whether the merger can be justified on substantial public interest grounds. The Competition Act, 2003 of Namibia also has provisions enshrined in merger analysis procedure that are intended to safeguard the interest of the public. According to sub-section 2 of Section 47 of the Act, the Competition Commission is empowered to base its determination of a proposed merger on the extent to which the proposed merger would be likely to affect employment (CUTS 2008a). Thus, competition policy is also a tool to protect employment.

An effective competition regime can also protect SMEs from coercive practices of larger firms (national and/or MNCs), which goes a long way in ensuring continued existence of
the SMEs as well as possible expansion into bigger payers with greater employment capacity. This is the reason why competition agencies have been able to find allies in SMEs and their associations in some developing countries. Thus, just like other goals, competition policy also has a significant role to play in ensuring the attainment of Goal 8 of the SDGs.

**Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.**

Competition policy can be a useful tool in the attainment of this goal through its impact on sustainable industrialisation and innovation. As already mentioned, competition policy can help remove entry barriers and create a conducive environment for business to thrive, which would enhance industrialisation. By constantly checking on firm behaviour, competition policy also helps ensure that existing firms, which are relatively weaker, are protected from market exit through exclusionary practices by the dominant firms, which would also help in industrial sustainability.

Competition policy is also a critical instrument in fostering innovation. The incentive-based theories show that firms that are under conditions of competition have a greater incentive to innovate than those under conditions of monopoly. Competition ensures that profit making is not achieved by increasing prices as this would virtually drive away customers to rivals. This implies that firms have to find a way of coming up with the same or similar product at more or less the same price, hence the need to innovate in order to reduce costs and produce more output at prevailing market prices. Thus, it is through the introduction of competition in the markets that enterprises will be compelled to re-invest in new production technologies, new production processes and new products (CUTS 2008b). Empirically, Acs and Audretsch (1988) found that industry innovation tended to decrease unequivocally as the level of concentration rises. Carlin et al. (2003) used a cross-section survey data from 6,000 firms in 26 transition economies in 2002 to investigate, among other things, whether product market competition affects innovative activity. The study found some indications that the firm’s relationships with its competitors play a distinctive role in innovation decisions and in firm growth. Thus, innovation, in pursuit of the SDG goal, can also be achieved through the implementation of a sound competition policy framework.

**Conclusion**

From the above narrative, the following issues in the interface between competition policy and sustainable development (specifically the SDGs) emerge:

- Competition policy is manifested through a set of government strategies/priorities that has implications on various other government policies such as industrial policy, IPR policy and investment policy.
- There is a more direct linkage between competition policy and some SDGs – which this chapter has highlighted both from literature and through anecdotal evidence.
- The linkage between competition policy and some of the other SDGs is much more indirect – and there is a need for further exploration of these linkages.
• As contained in the Addis Ababa Action Agenda (2015)\(^1\), a commitment has been made for creation of enabling domestic and international conditions for inclusive and sustainable investment through transparent rules and fair competition for the achievement of national developmental priorities. This commitment needs to be translated into action at the national levels – by highlighting how fair and well-functioning markets can help achieve some of the (developmental) priorities of developing countries.

• There is a need for greater attention of the international community (bilateral and multilateral donors, international/regional organisations and international businesses) towards developing internal capacity and awareness among national stakeholders about benefits of pro-competitive reforms and administrative actions.

Generally, while the whole world is now geared at ensuring that the SDGs are attained, there is also a need to ensure that competition policy is seen as playing a complementary role in the process. However, competition policy can only be effective in the attainment of SDGs if other complimentary issues are also effective.

References


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\(^1\) Addis Ababa Action Agenda 2015 or AAAA was adopted at the Third International Conference on Financing for Development in Addis Ababa, Ethiopia, 13–16 July 2015; and endorsed by the General Assembly in its resolution 69/313 of 27 July 2015, United Nations, New York.
The Role of Competition Policy in Promoting Sustainable Development Goals


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The Role of Competition Policy in Promoting Sustainable Development Goals


Energy as the Motor for Sustainable Economic Development, Peace and Security in South Asia*
Alias Wardak**

Abstract
South Asia as an energy deficit region requires economical and feasible solutions in the energy sector in order to secure sustainable economic development. An effective approach to obtain the required energy is the creation of a Regional Energy Market that connects the energy surplus countries of Central Asia and energy deficit countries of South Asia through Afghanistan. Regional energy projects such as CASA 1000, Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) electricity interconnection and Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline are the first steps towards the realisation of the Central Asia-South Asia Regional Electricity Market (CASAREM). In order to guarantee long-term and sustainable cooperation, with the provision of economic development and peace, it is necessary to establish an umbrella organisation and develop the required cooperation frameworks. This chapter discusses the advantages of regional cooperation in the field of energy between Afghanistan, Pakistan and India. It argues for the creation of a Regional Energy Office (REO) to coordinate and facilitate cooperation among the regional stakeholders. Considering its geographical location Kabul could be a suitable location for the REO.

* This chapter has been approved as a Policy Brief/Paper by the referee.
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Introduction

According to the World Bank (2015a), South Asia is one of the most populated regions (1.7 billion) in the world, with an average annual population growth of more than 1.7%. Although, one of the richest locations in natural resources, with a GNI per capita of USD 1,496 (World Bank 2015b), the region has the highest number of poor in the world. Afghanistan, Bhutan, Nepal and Bangladesh are among the least developed countries (United Nations 2015) in the world.

Considering population growth in the next decades, political instability due to insecurity could jeopardise the entire region and push it towards more extreme poverty\(^1\) (Modi et al. 2005), feasible and sustainable solutions for economic development that contribute to peace, political stability and poverty alleviation in the region are urgently required. Energy security plays a major role in the development of a sustainable economy. Currently, the SAARC countries suffer from energy deficit.

This chapter focuses on the importance of energy security for Pakistan, India and Afghanistan, as these countries play a major role in the realisation of regional projects in the field of energy. In addition to economic factors, the political commitment of these

\(^1\) > 430 million people in South Asia live under the poverty line.
three countries is imperative for the development and implementation of regional energy security from which all SAARC members can benefit.

**Current Status – Pakistan, India and Afghanistan**

Pakistan has an installed capacity of 22,500 MW (available power 17,500 MW) and is highly dependent on fossil energy sources (Ministry of Finance-GoP 2009). The current annual deficit between demand and supply is 3%. Pakistan’s peak demand is projected to be more than 45,000 MW in the year 2030. According to the World Bank, the gap between supply and demand has led to a decrease in GDP by 2% per annum (World Bank 2014). Considering the figures above, there is an urgent need for Pakistan to reduce the demand-supply-gap through development of domestic resources and regional energy programmes.

Despite the fact, that India has improved its electricity connection rates and increased domestic generation in the last decades, around 400 million people still do not have access to electricity and the energy deficit rate is more than 8% (GoI 2013). According to Indian experts during the last Afghan-Indian Renewable Energy Summit in New Delhi in August 2015, India requires 75,000 MW in the next five years in order to meet demand. The huge dependency on fossil energy (> 70%) is a critical factor that especially requires more cost-effective solutions, in order to strengthen the growing economy of India.

According to the Ministry of Energy and Water of the Islamic Republic of Afghanistan (GoIRA 2014a), Afghanistan has huge potentials of renewable energy sources that can be viewed as the main development pillar of the country towards self-reliance and sustainable economic development. Afghanistan can be an exporter of economic and eco-friendly energy to its SAARC partners. But to date, less than 2% of the hydro, solar and wind resources have been developed, which force the country to import more than 75% energy from Central Asia and Iran. The connection rate at 25% is among the lowest in the region, while in rural areas less than 10% of the population have access to electricity. Considering the figures above, the need for joint efforts in the energy sector seems to be a necessity; in order to prevent scenarios that would definitely threaten political stability, security and sustainable economic development in the region.

**About CASAREM**

CASAREM stands for the Central Asia-South Asia Regional Electricity Market. Its main objective is to create a sustainable energy market by connecting the energy surplus Central Asian countries with the energy deficit South Asian countries. The idea of CASAREM was developed by Central and South Asian countries, supported by two main organisations – the World Bank and the Asian Development Bank (ADB).

The first phase has already started with the CASA-1000 project that will supply in 1,300 MW from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan. Pakistan will receive

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2 Hydro = 23,000 MW; Solar = 222,000 MW; and Wind = 67,000 MW.

3 SAARC: South Asian Association for Regional Cooperation.
1,000 MW and Afghanistan 300 MW. Afghanistan will act as transit land, but will also provide Pakistan with the surplus power available during summer.

A second important project is the Turkmenistan-Uzbekistan- Tajikistan- Afghanistan- Pakistan (TUTAP) electricity interconnection that is in the planning phase. Upon completion, the project will provide up to 1,000 MW (Neifer 2014) of power from thermal and hydro sources from Central Asia that will be transmitted through Afghanistan to Pakistan. Furthermore, the project will lead to a unified Afghan grid that will contribute to a more efficient energy supply for Afghanistan and Pakistan.

The development of available hydro power resources in Afghanistan offers further opportunities to supply energy to South Asia. Pakistan can take the most benefit from Afghanistan’s hydro potential, as its geographical proximity will allow import of eco-friendly and low cost electricity to the country. Currently, two projects are under discussion:

1. Kunar hydropower plant (789 MW)
2. Joint-1200 MW hydropower project

Considering the relationship between the two countries, it is important to put continuous efforts on the realisation of these projects, especially, the joint-1200 MW hydropower project on the Kunar River. Besides its economic value, it has considerable trust-building relevance that is not only important for this project but for the vision of CASAREM. According to the Afghan Ministry of Finance, a pre-feasibility study (Ministry of Finance 2014b) has already been completed. During the 2014 negotiations, both governments agreed upon acceleration of the process. Unfortunately, almost no progress has been made since then. Therefore, it is of utmost importance that both governments restart negotiations as soon as possible. Funding by the World Bank, ADB or USAID will increase if visible results are achieved through negotiations between the two countries.

The TAPI project where construction work will commence very soon is a very good example which shows that implementation of mega regional projects is possible if all countries commit themselves to support the process. Although, experts are concerned about the security situation of some regions and the negotiated prices, the ‘Big Picture’ of this project promises a new era of regional cooperation.

**Next Steps for CASAREM**

The ‘SAARC Energy Framework Agreement for Energy Cooperation’ signed in November 2014 (SAARC Secretariat 2014) is a positive signal towards long-term cooperation among the member countries, but we need more in order to create CASAREM. The SAARC member countries have already started cooperating with the Central Asian countries who are members of CAREC4, but there is no institution that ensures the continued collaboration between these two regions in Asia. Therefore, a

4 CAREC: Central Asia Regional Economic Cooperation.
Regional Energy Office (REO) should be established (Wardak 2015) to coordinate the necessary steps and act as facilitator for all involved partner countries. Considering Afghanistan’s geographical location as the link-point between Central Asia and South Asia, Kabul could be a suitable location for the office. Every SAARC member administrates at least one sector-specific Regional Centre which supports the SAARC Secretariat to promote regional cooperation. But Afghanistan has not taken the responsibility for administration of such an institution yet. Therefore, a REO is a good opportunity to engage the country actively in the CASAREM process, which can contribute to effectiveness of the process.

**Figure 2: Regional Energy Office**

![Regional Energy Office Diagram](image)


At the same time, the practical side of CASAREM should be accelerated through further regional projects. It is important that the current ‘one way’ road of supply is changed into a ‘two way’ road, where each country can see its benefits from the intended cooperation. The cooperation should be a ‘door opener’ for export of Pakistani and Indian goods and products to Central Asia and through these countries, to Russia and even Europe.

Afghanistan’s generation capacity in the field of renewable energy and gas should be used as an additional source from which not only Pakistan, but also the Central Asian countries can take advantage. The realisation of the Afghanistan-Tajikistan Gas Pipeline (ATGP) (GoIRA 2015) is another encouraging project where Afghanistan will supply Tajikistan with surplus thermal energy available in the northern part of the country. Furthermore, available revenues from this energy trade will help Afghanistan build its infrastructure and commence with the extraction of its valuable natural resources in the mining sector.
Conclusion
Energy as the motor for sustainable economic development can play a crucial role in regional peace building and security, as proven by European countries after World War II (Zöpel 2014) and the countries of the Greater Mekong sub-region (Yu 2003). Thus, more regional energy programmes and the establishment of an umbrella organisation like a Regional Energy Office by the partner countries should be the next step.

A pre-condition for the realisation of CASAREM is the creation of trust between countries which should be based on mutual respect and honesty. The sovereignty and national interests of each country has to be considered within a cooperation framework, in order to ensure long-term and sustainable collaboration between partner countries.

An active participation of the media, civil society and, of course, the private sector will definitely support the process of trust-building and even encourage policymakers to accelerate the realisation of the CASAREM vision.

References


Energy as the Motor for Sustainable Economic Development


Cotton Value Chain in Pakistan: A Preliminary Assessment of its Climate Vulnerabilities*
Samavia Batool and Fahad Saeed**

Abstract
The Cotton Value Chain (CVC) is the largest source of export earnings for Pakistan and provides livelihood opportunities to 42% of the total labour force. In 2016, the decline (by 33%) in cotton production compromised the national income by 0.5%. Climate change is a major factor affecting crop productivity which, over the long-term, can trickle down to associated industries like processing. Keeping in view the importance of the cotton crop to the national economy; and its sensitivity to climate change, a detailed assessment to map the vertical and horizontal linkages in the CVC has been conducted for the identification of pathways through which these risks spread out to each associated actor and unit. Climate risks facing the CVC have also been briefly explored based on a secondary literature review. The chapter provides the groundwork for further research on climate risk assessment for the CVC; and emphasises role of the private sector in promoting community-level adaptation.

* This chapter has been approved as a Policy Brief by the referee. It summarises a detailed report titled ‘Mapping of Cotton Value Chain in Pakistan: A Preliminary Assessment for Climate Vulnerabilities & Pathways to Adaptation’, which is under review.

** Ms Samavia Batool is a researcher and Dr Fahad Saeed is Head of the Climate Change unit at the Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan.
Introduction
Agriculture remains the largest employment generating sector of Pakistan and contributes almost 20% to the national income (GoP 2016). The importance of this sector cannot be emphasised enough as it provides inputs to various industrial units. However, recent global changes in climate have threatened the output of this sector and Pakistan is no exception. The country has been a victim of climate catastrophes for the last two decades. Major climatic events include floods and droughts; whereas changes in rainfall patterns and increase in temperature are some of the gradual changes that the region has been experiencing.

The Cotton Value Chain is by far the largest source of export earnings for Pakistan. Cotton and textile products combined contribute around 10.5% to the Gross Domestic Product (GDP). However, cotton being the lifeline of this value chain, is under continuous threat due to the changing climate. Analysis of historical climate events and scientific studies available on the subject reveal high sensitivity of the cotton crop to changes in climatic parameters. In 2016, a decline of 33% has been observed in cotton production. This shortfall has caused a loss of USD 5.7 million to the national exchequer (Zaidi 2016).

The Sustainable Development Policy Institute (SDPI) has initiated a three-phase research project titled ‘Climate Change Impacts, Adaptation and Opportunities for Cotton Supply Chains’ that aims to analyse existing data on the cotton and textile sector in Pakistan; and to generate knowledge on ways to promote resilience of the actors and institutions involved in the CVC, against climate change. More specifically, the research will:

- Identify direct and indirect linkages in the CVC in Pakistan, including support markets and associated secondary industries.
- Identify current and future climate risks within the value chain; and vulnerable groups and their current adaptive practices.
- Explore adaptation options and opportunities for communities, businesses and private sector investment in responding to climate change.

This chapter provides an initial assessment of climate risks facing the CVC in Pakistan.

Using the Value Chain (VC) Approach to Identify Climate Risks
A value chain is a cumulative process through which a product reaches its end users and each step in the process adds value to the product. The interrelatedness of the actors/institutions involved in a value chain is what makes this concept relevant to the modern approach to development, which centres on social capital. Using a value chain approach to climate resilience and adaptation has two major benefits. First, it looks at climate issues holistically because any positive or negative impact of climate variability on a single actor in any industry has implications for associated actors/firms/industries

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1 This sector employs around 42.3% of the total workforce.
2 The CVC includes cotton production, ginning, spinning, knitting and made ups.
3 This is a cumulative figure of cotton (1%) and textile (9.5%) contribution to the GDP.
within and across the chain. Thus, a VC perspective allows us to look both at individual impacts as well as compounded impacts of climate change. Second, analysis of climate risks within a value chain framework proves helpful in identifying shared opportunities and threats as well as effective collective adaptation options.

There is a dearth of literature in Pakistan on the Cotton Value Chain in particular, since most studies explore either one or more units involved in the chain. The available literature extensively focuses on SWOT\(^4\) analysis, competitiveness and chain management and does not explore the climate change perspective. Also, these value chains are mostly explored in the context of supply chain management, its linkages with poverty and employment (Orden et al. 2006); potential for value addition through product diversification and human resource development etc. (Hamid et al. 2014); and energy crises (Ali and Nawaz 2012). Some researchers have also conducted skill gap analysis for certain parts of the CVC (CABI South Asia 2008) along with SWOT analysis (Hussain et al. 2011). Climate risks, however, have been discussed for different segments of the value chain. For example, Siddiqui et al. (2012); Rahman (2006) and Iqbal (2011) focus exclusively on climate implications for cotton crop production, while Mehwish and Mustafa (2016) explore dust pollution impacts on workers’ health in the textile industry in Faisalabad in detail.

Three major gaps emerge from the existing national literature on the subject, which provide us a way forward for further research. First, most of the studies on CVC take a linear value chain approach, and fail to capture its diversities (vertical and horizontal linkages, gender dimension etc.). Second, the literature does not take into account climate implications for the whole cotton value chain. That said, the research on climate impacts on individual actors fails to present a comprehensive picture by undermining climate repercussions for the CVC. Third, spatial characteristics have not been incorporated into the CVC analysis. While international studies (notably Hewitson 2014; CDKN 2014; and Lemma et al. 2015) establish that climate change may impact some regions (like semi-arid lands) more than others and climate risks may magnify due to socio-economic settings of a particular region (poverty, low water availability etc.). This is one of the significant aspects of CVC analysis which needs to be explored. Keeping in view these limitations in the existing literature, we aim to holistically cater for these important gaps.

**Why Cotton and Textiles Matter for Pakistan?**

According to the Pakistan Bureau of Statistics (2016), almost 14% of the cropped area in Pakistan is covered by cotton. Almost 1.3 million farmers are associated with cotton production in Pakistan (Khan 2016) and for most families, cotton production is the primary source of income. This has huge implications for socio-economic outcomes like food security, poverty, and employment. Based on the 1981-2009 and 2009-14 data (Pakistan Bureau of Statistics n.d. and 2014), Punjab contributes around 80% to the total cotton production of the country, whereas Sindh’s total contribution is almost 20%. Figure 1 presents a historical overview of cotton production in Punjab and Sindh and

\(^4\) SWOT: Strengths Weaknesses Opportunities and Threats.
compares it with the total production of the country. National cotton production has increased two-folds during the last three decades (Ibid.).

**Figure 1: Annual Raw Cotton Production (1981-2014 [000 Bales])**

Source: Authors’ own with Pakistan Bureau of Statistics data available online and in print editions (1981-2009 and 2009-14).

The textile sector is the largest industrial sector in Pakistan and accounts for about 40% of the industrial labour force and employs ten million people (Government of Pakistan 2014). This sector provides one-fourth of industrial value added; and makes up 55% of the exports of Pakistan (Government of Pakistan 2013). Cotton and textile products combined make up 55.4% of the total exports of Pakistan, whereas cotton imports are 2.3% (International Trade Centre 2016). Pakistan imports cotton products from China and India; and textile products from China and Korea; whereas US, UK and Germany are major destinations for its cotton exports (Ibid.).

**Figure 2: Comparison of Cotton and Textile Exports with Total Exports of Pakistan (2003-14)**

Source: Authors’ compilation from International Trade Centre 2016 data.
Mapping Pakistan’s Cotton Value Chain

Given the data, it is clear that the cotton value chain is one of the largest value chains in Pakistan, extending from cotton production to readymade garments and then to exports. It takes many actors, industrial units and processes to convert cotton lint to a final product. Focus group discussions (FGDs) and key informant interviews (KIIs) were conducted to identify all actors associated with the cotton value chain. Figure 3 maps both vertical and horizontal linkages across Pakistan’s CVC:

**Figure 3: Pakistan’s CVC Map**

Source: Authors’ own, based on stakeholder feedback and literature review.
Cotton Production

Seeds, fertilisers, pesticides, machinery, extension services and credit are major inputs for cotton production. Fertiliser and pesticide companies are largely owned by the private sector, whereas credit and extension services are provided by public institutions like agriculture banks, district/provincial level agriculture departments and agriculture universities. In fact, a few multinational companies have monopolised the pesticide and fertiliser market. This has resulted in high price inputs for the farmers. Moreover, fertiliser use efficiency has significantly declined (i.e. more fertiliser required per unit of yield) for cotton during the last decade which points towards the poor regulation of the inputs industry in Pakistan which has resulted into low returns for cotton growers and high profit margins for the private sector.

Almost 99% of the land used for cotton is privately owned. Within privately owned farms, three prominent ownership systems can be observed i.e. private ownership, sharecropping (harvest is shared between landlord and tenants) and contractors (pay annual rent for land).

Seed cotton (also known as phutti) is a major output of the cotton crop. The waste from cotton plants (stems and sticks) are often used by other manufacturers to produce clip boards and artificial furniture, and by households as firewood. Cotton waste is also exported to France, Italy, Korea, Thailand, USA and others (COTISTICS 2015).

A major issue facing the Pakistani cotton industry is its low quality determined by picking, transportation and ginning processes. According to the study’s respondents, since cotton is mostly hand-picked in Pakistan, trash content in raw cotton is around 9%, while trash content is 3.5% in machine-picked cotton in other cotton producing countries.

Female labourers make up 24% of the labour force working in the cotton growing regions of Pakistan (Daily Times 2014). Almost 600,000 women labourers are engaged in activities related to cotton in major cotton producing districts in Punjab and Sindh (Ibid.). Despite the large number of female labourers, per month average wages for unskilled female workers in Pakistan is just USD35.9 as compared to wages earned by unskilled male workers i.e. USD59 (Pakistan Bureau of Statistics 2014). Not only this, 59.9% of the female labourers in agriculture work more than 50 hours per week, while only 26.6% of male labourers work above 50 hours a week (Ibid.). The excessive work by women indicates low wages per hour which forces them to contribute more hours to work.

Ginning and Spinning

Ginning is the process of separating cotton fibre from its seed. According to the respondents, Pakistan currently has 1100 small and large ginning units. The industry produces two by-products i.e. cotton lint and cotton seed. Ginned cotton (lint) is a cleaner form of raw cotton which is transferred to the spinning units for further processing. Cotton seed, remaining part of the cotton boll, is used both as animal feed and to produce cottonseed oil, seed cake, soap etc. Lack of modern and efficient technology, poor marketing skills, non-standardised ginning practices and lack of government support
prices are some of the major issues facing the ginning sector of Pakistan (Aslam and Rasool 2013).

The spinning industry is a major part of the CVC as it is the primary step in adding value to raw cotton fibre. Yarn is the output of spinning units. It is a major input for the textile made-up sector, which includes readymade garments, knitwear, dyeing and printing etc. Yarn is exported as well as sent to weaving (to produce gray cloth), knitting units and garment manufacturing units. Some large textile manufacturers have in-house spinning facilities, combined weaving and knitting as well as dyeing and stitching.

**Manufacturing: Weaving/Knitting, Made-ups**

Manufacturing units are mostly clustered in Faisalabad, Karachi, Lahore and Multan. The weaving and knitting sector is dominated by small and medium enterprises, mostly clustered in Faisalabad and Karachi. There are 400 textile mills, 7 million spindles, 30,000 automatic looms and 0.25 million small (home-based looms, 4000 garment units with 0.2 million sewing machines, 650 printing and dyeing units, 300 large-scale banola oil units and 20,000 small oil expellers in Pakistan (Khan 2016a).

The weak linkage between upstream cotton industry and downstream textile industry leads to low quality and high production cost. There is a limited flow of knowledge from textile industries to cotton producers. This hinders the spread of innovation and creates difference in demand and supply between the two sectors. Moreover, weak linkages between actors in a value chain is major reason of its skewed growth, in which a few actors become competitive, compelling small and weak units to eventually leave.

The textile sector enjoys a conducive policy environment as compared to the cotton production sector. Government of Pakistan’s Textile Policy (2014-19) lays out a perspective development plan for the textile sector through tariff rationalisation, product diversification, technology upgradation, development of SMEs and vocational training of manpower. As ambitious as it is, this policy has serious drawbacks on the implementation side. Plus, while this policy exclusively caters to the interests of the industrialists, there exists no policy to safeguard the interests of the cotton producers in Pakistan.

The sector also has a number of representative bodies such as the All Pakistan Textile Mills Association (APTMA), All Pakistan Textile Processing Mills Association (APTPMA), Pakistan Textile Exporters Association (PTEA), Pakistan Cotton Ginners Association (PCGA) and Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA). APTMA is the strongest lobby group representing large-scale yarn producers. On the contrary, cotton producers do not have any exclusive representative body and are represented through Pakistan Farmers Association, Farmers Associates Pakistan, Anjuman-i-Kashtkaran (Farmer’s Council) and Pakistan Kissan (Farmer) Board.

Field visits to various industries also revealed a difficult working environment for female workers in the manufacturing sector. Women are mostly engaged in the trash removing
units. Some units do not provide masks which makes them vulnerable to allergies from cotton fibres.

**Associated Industries**

Transport and credit are major supporting industries for the cotton value chain in Pakistan. There exists a huge network of agricultural credit banks which support cotton farmers for production activities. This, however, has a minimal role in times of climate-induced disasters. Cotton farmers are usually unable to repay high interest loans after the loss of crops. In case of transport, the vulnerability links are quite unclear at this stage.

Some of the secondary industries associated with the CVC are Banola oil, cardboard, firewood, soap and seedcake industries. The waste of the cotton crop is supplied to these industries as well as used for domestic use in the form of firewood. These industries are solely dependent on cotton and any adverse impact of climate on the crop is likely to affect their performance.

**Potential Climate Risks to the CVC in Pakistan**

Pakistan is considered to be one of the climate change hotspots. According to the German Watch’s Global Climate Risk Index (2016), Pakistan stands at 8th position in terms of number of climate catastrophes witnessed so far. These calamities have not only grown in number, but also in intensity since the start of the century (CDKN 2014). Cotton crop shows extreme sensitivity to climate parameters. Some of the major climate risks, facing the CVC highlighted in the literature and discussed by the respondents, are discussed below:

1. **Floods** pose an imminent threat to cotton production in Pakistan. Most of the cotton production in Punjab and Sindh is cultivated along the River Indus, which is one of the major sources of floods in Punjab. Analysis of various episodes of floods experienced in the last two decades reveals excessive damage to the cotton crop. Almost 21% of the cotton cultivated area was destroyed during the 2010 flood (ADB and World Bank 2010). Losses worth USD0.1 billion to the farming community were also reported from 2012 floods (SUPARCO and FAO 2012).

2. **Rising temperature** is gradually affecting growth of the cotton plant. Cotton sowing usually takes place during summers and mostly in areas where the average temperature in summers is above 43°C (Rahman 2006). A further rise in temperature would likely trigger a decline in crop productivity. A similar study by Siddiqui et al. (2012) finds that cotton production may decline by 42.33 thousand bales, per 1°C in case of temperature deviation from maximum 32°C during the whole season, in cotton producing districts in Punjab. Crop growth models (with a focus on temperature increase) applied by Iqbal (2011) and Yu et al. (2013), predict cotton yield decline between 2 to 42%.

3. **Change in rainfall patterns** also affects the quality of cotton crop. Cotton farmers report issues of low quality cotton boll and pesticide attack in the aftermath of
changes in rainfall patterns. Cotton plant mostly starts to develop in the monsoon season and excessive rainfall at this stage slows down the growth of the plant. In areas where the water table is high, salinisation was also observed which completely destroys the crop.

Cotton value chain in Pakistan spreads across borders (through linkages of exports and imports) which provides a pathway for disseminating adverse impacts of climate change to exporting and importing partners. Thorpe and Fennel (2012) take note of quality issues with the cotton exported by Pakistan to international companies after the 2010 floods. This caused the importing companies to incorporate climate risk models in their business model, which indicates that climate risks not only affect local producers and markets (in the form of decline in demand for local cotton), but also have global implications (Ibid.).

Similarly, the extent of exposure and sensitivity to climate risks differ among actors associated with a particular value chain. Discussions with the stakeholders revealed that climate impacts are stronger for upstream actors (cotton producers, ginners etc.) as compared to downstream actors (textile processors). Cotton production is a direct entry point for climate impacts and is more vulnerable to climate extreme events, whereas dependence of the processing sector on imported cotton makes it more resilient to climate impacts. A secondary entry point for climate impacts exists at the processing stage as changes in temperature, in particular, deteriorates the working environment for the workers resulting in health hazards. Furthermore, ownership of land is another important factor defining resilience of a particular actor. Cotton producers who own land are more resilient to climate impacts (as they have access to agricultural loans etc.) and are less likely to be affected than daily wage labourers who lack land ownership and often face loss of employment in the aftermath of a climate extreme event.

**Gaps in the Literature and Way Forward**

Review of the literature related to climate implications for cotton value chain processes and associated actors in Pakistan highlights the following gaps:

- Existing literature on the subject presents a skewed evidence of climate risks. Not a single research study has been carried out to assess climate vulnerabilities for the whole CVC in Pakistan. However, there are several studies addressing the climate threats facing cotton production (discussed earlier). There is, however, a need to explore the vulnerability pathways through which losses in production translate into high cost production for downstream industrial units and associated industries.
- A human dimension of climate-related risks needs to be explored. Some potential questions to address are: how does change in climate affect the working environment of agricultural and industrial labourers? Does climate change promote loss of employment through health and safety issues? Do changing climatic parameters also create new job opportunities?
- Spatial characteristics have not been incorporated into the CVC analysis. While international studies establish that climate change may impact some regions (like semi-arid lands) more than others and climate risks may magnify due to socio-
economic setting of a particular region (poverty, low water availability etc.), this is one of the significant aspects of CVC analysis which needs to be explored.

- Policy-making with respect to climate adaptation is another area which remains unexplored. In this backdrop, a potential question to be addressed is: what sort of policy environment is needed to promote inclusive growth of the CVC and adaptive capacity of the actors associated with it in Pakistan?

- The role of the private sector should also be explored. Private sector has the potential to invest in climate smart and climate resilient technologies which would enhance the resilience level of the various actors. Keeping this in view, analysis should be done on how the private sector in Pakistan can promote adaptation efforts at the community level (cotton production level).

Conclusion

The Cotton Value Chain being an extensive structure has varying degrees of climate vulnerabilities. There are some clear and direct entry points, for example, at the production stage where cotton crop is directly impacted by changes in climatic parameters; and some secondary points like worsening working conditions for industrial labourers due to extreme heat at the processing stage, which is not directly related to the cotton crop. Indirect effects of climate change, primarily on production trickle down to the processing units (causing shortage of input) as well as to the input industries (in the form of higher demand for better seeds, pesticides and fertilisers) and supporting markets like transportation etc. Some of the important policy recommendations are as follows:

1. Agriculture and textile policies should explicitly address the climate change issue. A conducive policy environment to support adaptation measures at the local as well as industrial level should be created. More importantly, sustainability in adaptation should also be focused as short-term relief measures like a one time grant, for example, does not deliver in the long run. Agriculture research institutes and R&D units in the Ministry of Textile Industry and Ministry of National Food Security & Research may be taken on board for the assessment of adaptation needs at the community level.

2. Ministry of Textile Industry has a representative department of cotton. Efforts should be made to improve the linkage between cotton producers and specialised textile units. Industrialists should be sensitised about the climate threats facing cotton production; how these vulnerabilities have the potential to disrupt functioning of their industries; and the industry’s role in promoting adaptation at the local level. A research, development and advisory cell under the Ministry of Textile Industry and Pakistan Central Cotton Committee may collaborate to strengthen the linkages between the two sectors. Collective adaptation options should be identified and implemented.

3. There is also a need to broaden the role and scope of the Pakistan Central Cotton Committee. A special unit may be created to focus on climate-related issues facing cotton farmers in Pakistan and to promote adaptation.

4. The difficult working environment of female labourers calls for the introduction of a gender conducive working environment in textile units. Female workers should be provided with necessary safety kits like gloves and masks if they’re
involved in cotton cleaning. The Ministry of Labour and Manpower and provincial labour departments may undertake awareness raising campaigns regarding possible health issues and safety as they are mandated to create awareness on occupational diseases. Gender units in provincial labour departments should also be mobilised to oversee this. Moreover, textile units should also ensure proper implementation of labour laws.

References


Section III

Water Governance
Shared Water Resources: Indo-Nepal Conflict and Cooperation*

Bishnu Raj Upreti and Gopikesh Acharya**

Abstract

Nepal and India share transboundary rivers in the Ganges Basin. Sapta-Kosi, Sapta-Gandaki, Mahakali and Karnali are some of them. In the dry season, Nepali rivers contribute up to 70% of the total flow to the Ganges, while the contribution on average annual flow is about 45%. Nepal and India have signed bilateral treaties and agreements to utilise shared rivers, but politicisation of these pacts has obstructed development. This chapter aims to contribute on policy programming thereby addressing the gaps. It identifies and delineates the potential of cooperation and conflict between Nepal and India in managing transboundary rivers. International water laws, bilateral treaties and agreements are also reviewed to present evidence. Likewise, interviews were also conducted with water sector experts to be better informed of their perceptions about Indo-Nepal shared water resources.

* This chapter has been approved as a Research Paper by the referee.
** Dr Bishnu Raj Upreti is working as Executive Director of Nepal Centre for Contemporary Research (NCCR) and co-leading different regional and global research projects. He has 43 books and hundreds of articles to his credit. Mr Gopikesh Acharya is a Research Associate at the Nepal Centre for Contemporary Research (NCCR). He is actively engaged in the national/international water debates and research.
The Context
Most of the shared rivers between India and Nepal originate from the Himalayan ranges and the high hills of Nepal and Tibet and flow southwards and are drained into the Ganges in India. Letters of Exchange (1950), Kosi Agreement (1954), Revision of the Gandak Treaty (1964), Letters of Exchange (1965), Revision of the Kosi Agreement (1966) and Mahakali Treaty (1996) are some of the main bilateral agreements and treaties signed by India and Nepal for the development of shared rivers. But these are confronted with the issues of equality (in distribution), efficiency and sustainability. According to Upreti (2007, p. 23), ‘availability, reliability, equity and seasonality’ are the key factors commonly associated with ‘water supply’ shaping the level of water (in)security in India and Nepal. Water resources cooperation between India and Nepal has faced multi-stage actions and reactions among the intellectuals, policymakers, politicians and common people from both the countries. Acharya (2015) opines that India and Nepal need to reconcile disputes so as to create an environment for negotiations, mediation, and conciliation, which advances sustainable water management of the shared rivers. However, productive negotiations and bargaining have not happened.

The Nepali side perceives that it is being treated unfairly in terms of merit sharing. Treaties on Gandak, Kosi and Mahakali in the 1950s, 1960s and 1990s remained the most contradictory and politicised. Be it an issue of compensation, merit sharing, or about information sharing, India is unable to fulfil its commitment on these pacts. Nepal is concerned that over the years, India has maintained one-sided initiatives, delayed compensations and retains unequal benefit sharing, while the Indian side stresses that it invests more, has greater needs and thus should receive a larger share of the benefits. However, experts argue that the Indian side has long failed to understand the uneasiness of Nepal, meaning India needs to make an effort to resolve all these issues through a credible political dialogue.

Regarding the issue of over-sensitivity of sovereignty in Nepal, Dwarika Nath Dhungel has a different opinion in this regard, he argues:

> It is not a sovereignty-related matter in water sector relationship[s], it is the historical legacy and the absence of long-term vision in Nepal as to how she wants to deal with India in the sector on the basis of the experience gained and persuasion of sustained policies with a system of regular review and policy revision as per the need of the country.

The belief is that Nepali people are biased, they have a grudge towards India, and Nepali politicians want the umbrella protection of Indian politicians. Whatever the beliefs, it comes down to the people of Nepal to inculcate a good image of India. The Nepali side remains sensitive, but should also be learned, clear and competitive enough to engage India in the matter.

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1 Senior Researcher and former Water Resources Secretary of the GoN, Kathmandu, pers. comm., 01 February 2016.
Christopher Butler\textsuperscript{2} argues:

\begin{quote}
It is true that Nepal is extremely sensitive about its sovereignty, but with good reason. Since the 1950s, Nepal has never really been its own country - whether influenced by India or ceding power to development agencies. For this reason, I think Nepalis are rightfully concerned about and focused on creating a ‘new Nepal’ under the latest Constitution. Also, India has a long history of taking advantage of Nepal through past water agreements (e.g., Gandaki, Kosi) or not upholding its commitment to those agreements. However, this sensitivity I do not think has been the main issue in non-cooperation. The main issue is India’s reluctance to cooperate multilaterally with the region.
\end{quote}

Likewise, Ashok Swain\textsuperscript{3} responds:

\begin{quote}
Nepali people are over-sensitive in the matter of sovereignty [and] that is okay on the one side, because it may be the result of their experience with India in the past. But wandering around does not bring any good for the expected development of the country. It is India’s responsibility to create a just environment for cooperation and improve her image in Nepal.
\end{quote}

The opinions expressed above clearly show that the issue of over-sensitivity of sovereignty in Nepal, which is supposed to be contributing in non-cooperation, is not a great factor. There are some arguments in the Nepali academia that Delhi has never been able to realise the privileges the Nepal Government has been providing to the Indian Embassy in Kathmandu. Unlike other countries’ embassies in Nepal, Indian Embassy is privileged and enjoys facilities such as building hospitals, distributing aid, building libraries, schools and recruiting Nepali youth into the Indian Army.

Indian intervention is politicised and a section of Nepali nationalists have intensified the issue. India has been enjoying the privilege of conducting the above activities in Nepal. The Government of India, through these activities, can project a positive image amongst the general Nepali public. But the results are perceived as opposite - the general Nepali public has negative perceptions of Indian interventions.

The seventh largest country of the world, India (occupies 2.3% of the land), it is the second most populous country in the world (GoI 2012, p. 3), yet it has less than 4% water resources (Christopher 2013, p. 11). Nepal is facing energy crises, while politicisation of hydropower production in the rivers shared between Nepal and India has hampered overall development of the country. The general Nepali public see the Indian water resource bureaucracy as more conceited and uncommunicative than the Indian Government. Although flooding remains one of the critical challenges to India from

\textsuperscript{2} Lecturer in Sociology, University of Minnesota, Morris, pers. comm., 26 January 2016.
\textsuperscript{3} Professor of Peace and Conflict Research, Uppsala University, Sweden, pers. comm., 28 January 2016.
Nepal always thought that India’s interest is mainly hydropower production among the different other water uses, but India’s main interest is securing the water supply for drinking and irrigation purposes, with flood control being another main interest. The World Bank (2013), Gopalakrishnan et al. (2011) and Upreti and Acharya (2016) shed light on the fact that 76% of the total population in North Bihar, India alone suffers the terror of floods. The 2008 flood displaced about 3,000,000 people in the 16 districts of northern India. This explains how important it is for India to manage the problem of flooding.

India has never been greatly interested in investing in hydropower production in the shared rivers, while Nepal has always imagined harnessing 43000 mega watts hydropower energy, regarded as techno-economical potential. Here lies the clash of interests between these two countries. India has not invested in mega projects such as dams in Nepal because big dams might create big challenges for the downstream riparian. Rather in a few cases has shown her interest in run-of-the-river projects so that the downstream flow to India will not be disturbed in the dry season. India needs water for drinking and agriculture purposes. Nepal has failed to understand this reality. Ashok Swain opines that it is very important to recognise the mutual interests first. Unless and until mutual interests are not recognised and addressed, the confusion and controversy will continue.4

Cooperation between India and Nepal has been mired by historical and political antagonism. Under international law, unhindered transit facility is a fundamental right of a landlocked nation. However, in late 2015, there was an unofficial blockade preventing vehicles from entering the country. The Indian side claimed that the blockade was done by Madhesi protesters in the border area, rather than the government.5 Fuel supply was almost halted which put the Government of Nepal (GoN) in a difficult position, especially since this came on the heels of its Constituent Assembly passing a Constitution

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4 Professor of Peace and Conflict Research, Uppsala University, Sweden, pers. comm., 28 January 2016.
5 Protesters from the Madhesi political parties were involved in a ‘United Democratic Madhesi Front (UDMF)’ that led the blockade. The Madhesi political parties involved included Sanghiya Samajbudi Forum Nepal, Terai Madhes Lokatantrik Party, Nepal Sadbhawana Party.
with overwhelming majority. In this context, the K.P. Oli\textsuperscript{6} led government made political promises for more hydropower production in the country to end power-shedding in the near future. But, the challenges are still apparent as Nepal lacks the necessary technology.

The Indian government has long enjoyed tremendous space in Nepali politics, case in point, Prime Minister Narendra Modi’s visit to Nepal in August 2014. Bilateral relations soured after the promulgation of Nepal’s Constitution in September 2015, which led to more anti-India sentiments after the undeclared Indian blockade following that. In the context of Modi’s visit to Nepal in August 2014 and the blockade in October 2015, Swain (2015) opined:

\begin{quote}

Everywhere in Nepal the graffiti #backoffindia welcomes you. Giving the taste of his first neighbourhood policy, Prime Minister Narendra Modi has turned himself from “Hero Number One” in August 2014 to “Enemy Number One” in October 2015 in Nepal.
\end{quote}

In this way, political and diplomatic relations between the two countries became unfavourable. One may say that when it comes to outcomes, the two countries ‘intend one; practice another; and the result is another.’ The present need is that both the countries should identify their actual needs and communicate with each other for cooperation. Dwarika Nath Dhungel\textsuperscript{7} argues:

\begin{quote}

….India definitely has, among other things, interest in the water resources of Nepal and wants to keep her eyes on the entry of any foreign government and private sector into the water sector in Nepal. Her interest is to get the large number of water-related projects under her control and use them whenever she is in need of using them for her benefits.
\end{quote}

Ashok Swain\textsuperscript{8} envisions successful transboundary water cooperation between Nepal and India, only when both parties try to understand each other’s needs. He argues:

\begin{quote}

One side [Nepal] is highly sensitive, while the other [India] lacks sensitivity. This trend does not invite successful water cooperation. In general observation, India has never seen Nepal as a development partner when water resource cooperation comes to be a matter, while Nepali side has gone through huge misunderstandings and doubts about everything India proposes, whether that is good or bad. Nepal and India have lost almost 20 years without any success in water cooperation. There was a very positive perception of India in Nepal when
\end{quote}

\begin{flushright}
\textsuperscript{6} Editor’s Note: 38\textsuperscript{th} Prime Minister of Nepal (11 October 2015 to 3 August 2016).

\textsuperscript{7} Senior Researcher and former Water Resources Secretary of the GoN, Kathmandu, pers. comm., 01 February 2016.

\textsuperscript{8} Professor of Peace and Conflict Research, Uppsala University, Sweden, pers. comm., 28 January 2016.
\end{flushright}
Modi came to power in 2014. Modi’s superfluous words for Nepal garnered positive vibe for a short time, because the real problem was another.

The debate on regional security concerns has also been a hot cake between the two countries. The common thing between Nepal and India is that they both are sovereign nations, but they have vast differences in terms of land and population size, and their techno-economic capacities. In this context, their separate interests, sensitivity and attitude plays a critical role in negotiating a co-operative pact in shared rivers. Since Nepal is a politically fragile country and she shares an 1800 km border with India (in the east, west and the south), the Indian Government has always tried to keep the former under its security umbrella.

**Water Scarcity: Perspective of Conflict and Cooperation**

Water is never a single and main cause of transboundary conflict, however, it can contribute in exacerbating existing communal, political, ethnic or religious disputes. Often water disputes occur due to quantity (allocation for different users and uses) and quality (contamination) and unequal merit sharing of development (hydropower). In whatever form it appears, transboundary water stress can damage political and diplomatic relations, and can result in poor water management and degraded ecosystems.

More importantly, initiatives for cooperation provide a basis for dialogue and through engagement for preventing further escalation of the conflict and resolving it. Likewise, initiatives for the development of shared water resources helps in acquiring confidence, identifying options for cooperation and building mutual trust.

UNEP (2008) and Upreti and Acharya (2016) shed light on the fact that South Asian countries are facing water scarcity and indicate that the scarcity situation is worsening in the major cities of South Asia. Nepal’s per capita water availability is more than the world’s average, while India’s per capita water availability is less than the world’s average. While water scarcity is increasing, water trade is increasing. The costlier a water bottle, tanker and jar is traded, the more water scarce a place is likely to be. Behr (2008), McKenzie and Ray (2005) and Babar and Ahmad (2007) as cited in Acharya (2015) agree that water trading has rapidly increased in Kathmandu, Delhi and Chennai, and in several other north Indian cities. Water traders are competing to increase their market, on the one hand, while fighting to use local water resources on the other. In this situation, there is an acute lack of institutional arrangements to address the water scarcity situation both in Nepal and India. Regarding water scarcity in Nepal, Dwarka Nath Dhungel⁹ opines:

> Indeed water is going to be a scarce resource in days to come. And there is a forecast that if at all there would be another world war, it would be on water resources. But in the case of Nepal, increasing water scarcity is mainly due to

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⁹ Senior Researcher and former Water Resources Secretary of the GoN, Kathmandu, pers. comm., 01 February 2016.
Christopher Butler\textsuperscript{10} opines that the Himalayan rivers are providing enough water for India and Nepal, except for a slightly reduced flow in the extremely dry seasons. Water scarcity in the context of Nepal is not an issue of limited resource; it is an issue of lack of techno-economic capacities and infrastructures:

Nepal’s water infrastructure is virtually non-existent. A well-developed water system would provide two benefits: one, it would more efficiently use water and eliminate waste and leakage; two, the infrastructure could be used to clean the water for consumption and eliminate the amount of water-borne illnesses, particularly in the monsoon months. It is not practical to have complex water systems in the rural areas. However, some infrastructure (simple piping running between wells and so forth) would have immense benefits for rural residents who currently spend large portions of their day fetching water (especially girls). So, the policymaker needs to think of the benefits not only in terms of available water, but also about the time and labour saved that can be devoted to other, more productive ends. Of course, the possibility of developing a water infrastructure depends heavily on a government that can function smoothly enough to make it a reality. Nepal, in my opinion, should no longer wait for INGO’s\textsuperscript{11} and aid agencies to provide water infrastructure.

Regional security, regional development and transboundary water are inextricably intertwined. Water has vital role in sustaining industry, agriculture and peoples’ livelihoods. In this regard, any deal, missing out peoples’ livelihoods, regional security and development, would not bring fruitful results.

Nepal, sandwiched between India and China, has its own world view. India taking Nepal for granted is not taken lightly by the Nepalese public. Whether it is overthrowing the autocratic Rana regime, or establishing democracy or restoring democracy or mainstreaming the Maoists into national politics, India has played decisive roles in key political developments in Nepal. But the growing anti-Indian sentiments among the general public signifies that India failed to look at the ground reality and always tried to gain political mileage in Nepal.

Since Nepal lacks the techno-economic capacity, it first needs to strengthen its negotiation and bargaining capacity vis-à-vis India, keeping in mind the climate change scenarios. Pachuri and Meyer (2014) and Goulden and Conway (2013) agree that devising effective climate change adaptation strategies is important in the arid and semi-arid areas where the river system has a climatic variation. Kosi river system has a great

\textsuperscript{10} Lecturer in Sociology, University of Minnesota, Morris, pers. comm., 26 January 2016.

\textsuperscript{11} International Non-Government Organisations.
climatic variation from its origin to end, so India and Nepal before initiating any water pacts need a farsighted strategy to tackle this challenge.

**Looking at the Past: Indo-Nepal Water Issues**

Unjust control, allocation and controversial development projects, lack of mutual understanding and politicisation of the water deals are causing security threats between India and Nepal (Acharya 2015; Malhotra 2010; and Regmi 2007). However transboundary water can be a positive pathway for building trust, creating an environment for cooperation, and even resolving conflict (Wolf et al. 2003).

There is discernment among Nepali public that Nepal was treated badly and not given due share in the three major water deals on Kosi, Gandak and the Mahakali. They perceive India as a big country exercising her hegemonic power and interest in a small country. At the same time, India has a very different perspective on the issue: Nepal is a small fragile country with huge potential of natural resources attracting other countries (including China). India, hence, wants very closed, bilateral relations with Nepal.

Thus, transboundary water development treaties and agreements are assumed given Indian interests more than Nepal’s interest. This has invited water disputes on different water treaties and agreements including Tanakpur Barrage dispute (1991), the Mahakali Treaty (1996) (despite ratification by the Parliament), Construction of the Sharada Dam (1927), the Letters of Exchange of 1950 and 1965 and the Kosi Agreement (1954).

Communication gap has been another factor that contributed towards worsening Indo-Nepal water relations. Revision of the Gandak and Kosi treaties in 1964 and 1966 respectively has allowed Nepal to use water in her territory without any restriction. In the revised Kosi agreement, India has recognised Nepal’s right to use water from any of the tributaries of Kosi for any purpose Nepal likes. This is not well communicated among the general public in Nepal. Clause 4 of the revised Kosi Agreement reads:

> HMG shall have every right to withdraw for irrigation and for any other purpose in Nepal water from the Kosi river and from the Sun-Kosi river or within the Kosi Basin from any other tributaries of the Kosi river as may be required from time to time. The Union (India) shall have the right to regulate all the balance of supplies in the Kosi river at the barrage site thus available from time to time and to generate power in the Eastern Canal (Clause 4, Revised Kosi Agreement, 1966).

Compared to the past, this revision serves Nepal’s interest more than India’s interest. The Treaty was revised and its validity stands for 199 years.12 There are conflicting arguments surrounding the extension of validity of the Kosi Treaty. What has not been clear among the Nepali people is that the revision of the treaty lets Nepal use water from Kosi and its tributaries as per the country’s need. The extension of validity of the Treaty

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12 Before the revision, validity of the Kosi Treaty was for 99 years.
to 199 years, in this sense is a positive achievement for Nepal. The extension allows her to implement water sector development projects in the Kosi Basin step-by-step.

Likewise, the Mahakali Treaty was signed by the then Indian Prime Minister P. V. Narshimha Rao and the then Nepali Prime Minister Sher Bahadur Deuba in 1996. The treaty was signed for the joint utilisation and development of the Mahakali River. The Treaty remained non-productive due to the prolonged political debate on it from both sides. However, the positive things in the Treaty are over-shadowed by its over-politicisation.

Nepal has not been able to pay serious attention to water sector development. There is nothing wrong in sharing transboundary rivers with India for mutual benefit. Some of the earlier co-operative ventures with India have given something good to Nepal even when Nepal had invested less techniques, funds, will and thought. While India has been receiving larger share of the merit in some of the shared projects, it is quite normal because if anyone invests more, they automatically receive more. What Nepal needs is to be more open, invest more, be more careful and be dignified in the same line. Observing the poor level of development in the water sector, more than 15 hours’ loadshedding a day, drinking water scarcity, and lack of irrigation facilities, anyone is right to ridicule water-rich Nepal that she has missed development opportunities.

Originating from Tibet and Nepal and flowing towards India into the Ganges, Kosi river is prone to seasonal and geographical variations in its flow and sediment discharge. The 2008 floods in Kosi river showed that this river can create havoc for India and Nepal. The 2008 floods was a major natural disaster. But, the media and politicians from India and Nepal blamed each other for it. Same thing happened in the 2013 floods in the Mahakali Basin that wreaked chaos in Nepal and India (Uttarkhand and Himachal Pradesh). The causes of the disaster were not explored seriously, whatever was studied, was kept secret, which created suspicion between both sides. In this way, politicisation of the problem faced and keeping information secret has further hampered Indo-Nepal relations for water resource cooperation.

**Indian Blockade, Past Water Legacies and Suspicion**

Without understanding the special features of some big rivers flowing from Nepal to India, it is very difficult to understand the water relations, politics and foreign affairs between Nepal and India. These rivers include the Kosi, Mahakali, Karnali and Gandak.

Nepal has more than 6,000 rivers and rivulets with a combined run-off of about 200 billion cubic metres, all of which drain into the Ganges. In the lean season, these rivers contribute up to 71% of the total flow of Ganges (Dhungel 2009). Kosi flows from Eastern Nepal to Northeast India with an average flow of 2166 cubic metres, Karnali flows (2990 cubic metres) from far Western Nepal to Uttar Pradesh and Bihar to join the Ganges, while Gandak flows through the central Nepal towards Bihar with 1760 cubic metres average flow and Mahakali flows from far western Nepal to Northern India and drains into the Ganges. There are several other small rivers flowing from Nepal to India and all are important for India. These rivers are India’s lifeline for an uninterrupted...
supply of drinking and irrigation water, while rivers like Kosi, sometimes, have been ‘tears of Bihar’ causing severe floods (for example floods in 2008). The Kosi flood in 2008 caused a tremendous loss of human life and property, it was estimated that about 50,000 Nepalis and 3.5 million Indians were affected.

Relating the above mentioned features of these rivers, it is important to discuss the issue of the new constitution and federalism in Nepal. Upreti (2007, pp. 27-28) writes that the trade-dependency of Nepal on India is repeatedly used by India for its own strategic and political interests, which is not necessarily advantageous to Nepal. In the new constitution of Nepal, India wanted to see a whole terai\(^\text{13}\) as a single federal state, but the leadership in Nepal proposed the structure of federalism based on equitable distribution of natural resources. This structure, in a way crushed India’s new plan to negotiate for Nepal’s water with one or two states in terai in the future. As a result, India sheltered the protesting Madhesi parties on her territory near the India-Nepal border in the second half of 2015. Those Madhesi protesters under ‘United Democratic Madhesi Front (UDMF)’ utilised the moment to call out a blockade to Nepal. However, India never declared that it was a blockade by India.

The issue is that both countries are either unable to understand the actual needs of each other, or are pretending as if they do not know what the other side’s interest is. However, as Christopher Butler\(^\text{14}\) argues, the story about Indian interference in Nepali political affairs is easy to understand especially when water is an issue:

> The main share of the flow in the Ganges Basin water is provided by Nepali rivers. This gives India a very strong interest in making sure that Nepal does not block those rivers or impede the flow to India in any way. If Nepal were to stop those rivers from flowing to India, more than 700 million Indians would feel the effects of that action. India, politically, cannot afford to have that. So it’s not inconceivable to think that India would be strongly involved in Nepali decisions regarding dams and irrigation systems.

Compared to the past, there have not been any positive changes in co-operative development of water resources between India and Nepal. Dwarika Nath Dhungel\(^\text{15}\) argues:

> The water sector relationship between Nepal and India is far from satisfactory. Both countries have a long way to go in this regard. There is a serious problem of confidence due to historical legacy. Despite the problem in certain sectors and at certain level, there is a feeling of close bondage between the people of Nepal and India on many fronts, religious front, (although doing away the

\(^{13}\) Terai region is considered to be the plain land in Nepal’s southern part stretched East-West.

\(^{14}\) Lecturer in Sociology, University of Minnesota, Morris, pers. comm., 26 January 2016.

\(^{15}\) Senior Researcher and former Water Resources Secretary of the GoN, Kathmandu, pers. comm., 01 February 2016.
notion of a Hindu state in the new constitution has made some Indians unhappy with Nepal), social and cultural fronts.

In the context of the undeclared blockade (imposed) by India in Nepal, Ashok Swain\textsuperscript{16} offers that:

It was been long that water cooperation between India and Nepal has been unable to bring any development outcomes at the ground level. And now, the blockade has postponed the possibility of cooperation for another 20-30 years. I was there in Nepal at the time of blockade: peoples’ life was hard there. The anti-Indian sentiment has increased. This situation invites frustration in Indo-Nepal cooperation, it pushes the relationship backward. Indian politicians and policymakers need to re-think their changing geo-political strategy in South Asia. The Indian foreign policy in South Asia is always hurried to know the problem and attempt quick-fix options, rather than opting visionary and sustainable solutions for the future.

It is also important to talk about how the past water legacies and suspicions have hampered cooperation. The previous agreements and treaties between the two countries for the development of Kosi, Gandak, Karnali and Mahakali are not perceived as successful packages. The Nepali side always showed its dissatisfaction for not being treated equally. The present pattern of political and diplomatic obstruction will only make bilateral relations worse.

**Agenda and Framework for Better Future Cooperation**

The bilateral water treaties between India and Nepal, at least, have held back possible water conflicts. But in terms of generating development outcomes, the bilateral treaties and agreements have failed. However, based on the local context and geography, it is quite clear that improved, inclusive and visionary bilateral agreements between India and Nepal for the development of transboundary rivers are essential. This is also because international laws are difficult to implement in the local context. The international laws such as the UN Convention on the Non-Navigational Uses of the International Water Courses (approved in 1997) have become contradictory as it cannot address the claims and counterclaims of both countries. The political climate in India and Nepal is hostile to co-operative pacts in the shared rivers as it always invites different interpretations of the international laws.

Nepal has been suffering terrible loadsheding (10-18 hours a day) during the dry seasons. The country is seeking international investments in hydropower development. It is often said that the country has the potential of economically feasible 42,000 MW hydropower production, of which only around 3% is being exploited. While India has

\textsuperscript{16} Professor of Peace and Conflict Research, Uppsala University, Sweden, pers. comm., 28 January 2016.
been facing terrible water scarcity in its cities, power crisis is another challenge in the country.

Indian diplomacy in hydrological sector remains at the epicentre in the Ganges Basin. This is because India is a lower riparian to Nepal and upper riparian to Bangladesh in the Ganges Basin. India has to struggle to communicate her legitimate downstream and upstream riparian rights and water needs to both these countries. If India neglects cooperation with its resource sharing pairs, it will induce mistrust in bilateral relations. In this regard, India needs to be attentive and evaluate its relations based on new hydrological knowledge. But it is very difficult to predict if India will be able to prevail over Nepal’s political roadblocks to reinforce hydropower cooperation effectively.

Outcome-oriented cooperation is essential and immediate among civil societies, researchers and the policymakers. There is no adequate level of cooperation among the above actors from Nepal and India at present. Such type of expected cooperation is badly hampered by internal politics in both countries. Dwarika Nath Dhungel\(^{17}\) argues:

> In the case of India, it is the Ministry of External Affairs with the support or instruction from the office of the Prime Minister and National Security Advisor that plays an important role in deciding Nepal related matters. In the case of Nepal, political decision-makers decide the matter.

An effective form of collaboration and concerted action is essential to boost Indo-Nepal water cooperation towards a better future. Dhungel emphasises ‘serious interest towards cooperation with prime consideration of creating a win-win situation for both countries.’

Examining the present situation, it is not sensible to initiate any kind of water deal before analysing and learning from past experiences and mistakes; identifying challenges and seeking a visionary framework that could help develop the transboundary rivers and generate mutual development outcomes. The ‘Regional Cooperation Framework’ developed in Acharya (2015) is adapted logically in the ‘Indo-Nepal Water Cooperation Framework (INWCF)’ in Upreti and Acharya (2016) as per the water utilities and needs of both countries (Figure 1):

\(^{17}\) Senior Researcher and former Water Resources Secretary of the GoN, Kathmandu, pers. comm., 01 February 2016.
Figure 1: Indo-Nepal Water Cooperation Framework (INWCF)

- Drining water and sanitation
- Hydro-energy development
- Irrigation water and flood management
- Environmental protection

Operational mechanism/shared vision/action programme

- Impact (environment/social) assessment mechanism
- Dispute settlement mechanism
- Joint monitoring mechanism

Secretariat (studies past understandings and agreements)

Policies/strategies/guidelines

- Political bodies/council of ministries
- Technical advisory committees
- Basin communities
- National line agencies/experts/development partners

Source: Ibid.
INWCF covers almost all water uses and utilities. It finds that drinking/sanitation water, hydro-energy production, supply of irrigation water, and flood management are the key aspects for better Indo-Nepal water cooperation. However, the framework does not forget to mention the issue of environmental protection also. A joint ‘Operational Mechanism’ to implement the ‘shared vision’ for cooperation is suggested in the INWCF.

Based on ‘mutual interest’, ‘mutual trust’ and ‘mutual risk’, a possible framework for better future cooperation between India and Nepal, is highlighted in Figure 2:

**Figure 2: Indo-Nepal Water Cooperation Framework: Mutual Interest, Trust and Risk**

**Mutual Interests:** The previous co-operative arrangements between India and Nepal seemed to be unable to incorporate genuine mutual interests. It is important for India to recognise the genuine energy needs of Nepal and Nepal to recognise the genuine water needs of India.

**Mutual Trust:** Both need to forget past misunderstandings and join hands for better cooperation in the future. It is important to refine the existing Indo-Nepal political and diplomatic relations. India, being a more advanced country in terms of technology and economy, needs to invest in Nepal which may also improve the negative public perceptions of India in the country.

**Mutual Risks:** Initiating a cooperation effort certainly needs an assessment of the potential risk that may appear in the future and may worsen the situation than it is at present. Making an assessment of regional security, demographic change, migration, climatic change, etc., is important. Issue of conflict, terrorism and instability from poverty, inequality, injustice are the other associated risks behind cooperation. To address and tackle all these risks, India and Nepal need to engage in productive talks.
Conflict Management Mechanisms and Building Negotiation Capacity: The mechanism can make an assessment of past misunderstandings and it can also sort out how to increase negotiation capacity between the two parties.

India and Nepal must respect each other’s territorial integrity and sovereignty, while settling all their previous disputes through peaceful bilateral negotiations. Future development of shared water resources must take environmental cooperation, economic cooperation, political cooperation, civil society cooperation and research and technological advancement into account.

Conclusion
Nepal and India are close neighbours who have a strong tie with reference to water resources. The Himalayan rivers have been flowing from Nepal to India carrying high potential of supplying enough fresh drinking water, irrigation water and industrial water for both countries. These rivers, at the same time, have very high hydropower generation potential. But these great Himalayan rivers are not harnessed as per the needs and expectations of either one of the countries. Despite showing interest and commitment for better cooperation to develop transboundary water resources, Nepal and India have frequently failed to generate development outcomes through co-operative arrangements they have signed and agreed upon. These countries are forgetting their better future given over-politicisation and over-sensitivity of sovereignty concerns. Political interferences of India in Nepal is a contributing factor for non-cooperation in shared water resources, such as the 2015 so-called ‘unofficial’ Indian transit blockade of Nepal.

This chapter has identified the separate and prime needs and interests of both countries, and indicates that the challenge is to find mutual interests. For better Indo-Nepal water cooperation, it is important to learn lessons from past misunderstandings and initiating a new form of collaboration. Mutuality on interest, trust and risk are identified as the key factors for future cooperation to properly harness the potential of hydropower generation and water supplies in the shared rivers. Based on this idea, an ‘Indo-Nepal Water Cooperation Framework: Mutual Interest, Trust and Risk’ is proposed.

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Regional Cooperation on Disaster Risk Reduction (DRR) in South Asia
Asish Subedi

Abstract
South Asia, by virtue of its geographic and socio-economic circumstances, is highly prone to natural disasters such as earthquakes, tropical cyclones and floods making it one of the most disaster prone regions in the world. In addition to the loss of lives and infrastructure, natural disasters set back poverty reduction programmes and cause diversion of funds to reconstruction and recovery. This is a serious challenge for the region that is poor and faces severe resource constraints to its development. Therefore, reducing the risk of disasters through, among others, regional cooperation is a key to achieving the poverty reduction goals of the South Asian Association for Regional Cooperation (SAARC) member states.

* This chapter has been approved as a Working Paper by the referee. It draws substantially on an article earlier published for South Asia Watch on Trade, Economics and Environment (SAWTEE) in Subedi (2015).

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Context
Severe hydro-meteorological disasters such as cyclones, tsunamis, floods and droughts are common in South Asia. The region is also a frequent victim of geological calamities like earthquakes and landslides. These natural hazards expose South Asia to socio-economic vulnerability and risks. Factors such as increasing population, rapid urbanisation, environmental degradation, and climate change have been compounding these exposures. The situation is exacerbated by the inability to take timely actions against possible threats. For example, non-construction of dams is one of the main reasons for floods.

During 1967–2006, about 800,000 people died in the region due to natural disasters with an alarming annual average death of 20,000 people. During the same period, cumulative direct economic losses in South Asia were calculated at USD80 billion (Gupta and Muralikrishna 2010). Natural disasters also impact the stock of natural resources and its use, which is a big challenge for a region that is poor and predominantly dependent on primary economic activities. Therefore, disasters have a deep and lasting impact on development. Keeping this in mind, disaster risk reduction (DRR) endeavours need to be examined in the context of broader development strategies.

South Asian countries have developed national policies and mechanisms to respond to disasters. But national efforts alone are inadequate as some of the causes of disasters are transnational in nature and can only be addressed through regional collaboration. Therefore, regional mechanisms need to be put in place to collectively cope with natural disasters.

Disasters in South Asia
The physiographic settings and climatic characteristics of the region put South Asia at a risk of high incidence of geological and hydro-meteorological hazards (Gupta and Muralikrishna 2010, p. iv).

Bangladesh appears at top five out of 171 countries covered in the World Risk Report (2014) of the United Nations University. Other countries in the region are also at high risk of disasters with Nepal (108) being the least at risk country followed by India (73), Pakistan (72), Sri Lanka (67), Bhutan (58) and Afghanistan (40). The Report takes into consideration threats due to natural hazards such as earthquakes, cyclones, floods, droughts and sea level rise and societal conditions (UNU-EHS and BEH/AWD 2014).

During 1967-2006, about 937 natural disasters were reported in South Asia that cumulatively affected two billion people. Out of the total disasters, 50% were floods (394), 13% earthquakes (100) and 25% cyclones (197). Cyclones caused the largest number of deaths (520,000) with the 1970 Bangladesh cyclone alone causing 300,000 deaths. Out of the total economic loss, about USD49 billion was lost to floods representing an average annual loss of more than USD1 billion. India and Bangladesh accounted for 43% of all floods. The number of deaths and economic losses due to earthquakes were also very significant in the region with 196,400 deaths and a loss of...
Regional Cooperation on Disaster Risk Reduction (DRR) in South Asia

USD11.6 billion, although earthquakes constituted only 13% of the total number of disaster events (Gupta and Muralikrishna 2010).

Figure 1: Percentage Distribution of Reported Disasters (1967-2006)

Source: Gupta and Muralikrishna (2010).

The Himalayan glaciers are melting. The receding glaciers pose serious threats of glacial lake outbursts and associated flash floods. The Dudh Koshi sub-basin of Nepal and the Pho Chu sub-basin of Bhutan are the two hotspots of glacial activity in South Asia (Bajracharya et al. 2007). Meanwhile, many of the disasters, particularly in rural areas, go unreported in South Asia mainly because local governments lack the technical and human resources for disaster monitoring.

Disaster Impacts

Disaster-induced damages and losses occur at various levels. Direct damages and losses relate to ‘the loss of human life and injury together with physical damage to assets’ (UNESCAP and UNISDR AP 2010, p.22). Indirect losses ‘arise out of direct losses and relate to disruptions in the flow of goods and services that cause additional losses in income earnings and jobs’ (Ibid.). Secondary effects come in the form of micro and macroeconomic effects such as the impacts on the gross domestic product (GDP) growth rates and fiscal deficits. ‘Macroeconomic effects also arise when disasters increase the scale and incidence of poverty, affect human capital and heighten gender inequalities’ (Ibid.).

The direct impacts of disasters are quite high in South Asia. Between 1990 and 2008 only, more than one billion - 78.5% of the population in the region - were affected by at least one natural disaster, leaving almost 230,000 dead and damaging assets worth about
USD 45 billion (Table 1). Countries like India and Bangladesh were among those with high number of disasters, number of people affected, number of deaths and scale of economic damages globally (World Bank 2009).

Table 1: Reported Natural Disaster Impacts in South Asia (1990-2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Population ('000)</th>
<th>Deaths ('000)</th>
<th>People affected ('000)</th>
<th>Population affected (%)</th>
<th>Damage (USD millions)</th>
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<td>Afghanistan</td>
<td>22,615</td>
<td>6.1</td>
<td>5,410</td>
<td>23.9</td>
<td>69,060</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>143,990</td>
<td>155.3</td>
<td>145,713</td>
<td>101.2</td>
<td>12,984,000</td>
</tr>
<tr>
<td>Bhutan</td>
<td>602</td>
<td>0.2</td>
<td>66</td>
<td>11.0</td>
<td>3,500</td>
</tr>
<tr>
<td>India</td>
<td>1,071,608</td>
<td>53.4</td>
<td>885,244</td>
<td>82.6</td>
<td>25,743,100</td>
</tr>
<tr>
<td>Maldives</td>
<td>279</td>
<td>0.0</td>
<td>2</td>
<td>0.7</td>
<td>500,100</td>
</tr>
<tr>
<td>Nepal</td>
<td>25,278</td>
<td>4.6</td>
<td>2,796</td>
<td>11.1</td>
<td>245,100</td>
</tr>
<tr>
<td>Pakistan</td>
<td>162,662</td>
<td>9.4</td>
<td>27,943</td>
<td>17.2</td>
<td>3,573,054</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>19,258</td>
<td>0.5</td>
<td>6,331</td>
<td>32.9</td>
<td>1,670,070</td>
</tr>
<tr>
<td>Total</td>
<td>1,446,292</td>
<td>229.5</td>
<td>1,073,504</td>
<td>78.5</td>
<td>44,787,984</td>
</tr>
</tbody>
</table>


Oxfam International (2008) estimates that between two and six percent of South Asia’s GDP is lost to disasters every year. For example, the total value of direct and indirect impacts of the 2015 earthquake in Nepal was estimated at USD7 billion, which is about one-third of the country’s 2013/14 GDP (Government of Nepal 2015). In Pakistan, the estimated damage resulting from the 2010 floods was close to USD10 billion representing 5.8% of the country’s 2009/2010 GDP (UNESCAP and UNISDR 2012).

Disasters also have potential budgetary consequences, relating both to possible disaster-related reductions in government revenue and additional, unplanned expenditure in support of the relief and recovery efforts. In the state of Maharashtra in India, INR 175 billion was spent during a single drought in 2003 and a flood in 2005, which is higher than the entire planned expenditure (INRs 152 billion) on irrigation, agriculture, and rural development for 2002-07 (World Bank 2009, p. 115).

About 399 million people - 40% of the world’s poor - live on less than USD1.25 a day in South Asia (World Bank 2015). They are most at risk due to natural disasters, and are likely to fall into a vicious cycle of hardship. The ‘2000-01 drought in Sindh province in Pakistan increased poverty by up to 15%’ (UNDP n.d., p.3). The 2015 Nepal earthquake is expected to push an additional 2.5 to 3.5% Nepalis into poverty in 2015-16 (Government of Nepal 2015). The 2005 India and Pakistan Kashmir Earthquake was estimated to have resulted in the loss of almost a third of local jobs on the Pakistani side of Kashmir (Shortall 2009). Farmers were hard hit in Pakistan - one of the top five rice exporting countries in the world - when its rice exports were reduced by 30% due to the 2010 floods (USDA 2011).

1 Because this is, the total number of people affected over 18 years, percentage affected as a proportion of average population over this time can be higher than 100%, since it indicates multiple exposures to disasters.
Small economies, especially the Least Developed Countries (LDCs) and Small Island Developing States (SIDS), are more vulnerable to hazards (UNESCAP and UNISDR AP 2010). Natural disasters can have long-term consequences for their national development. In case of the Maldives, the estimated damage from the 2004 Indian Ocean earthquake and tsunami was a staggering 62% of GDP, postponing its emergence from being categorised as an LDC for some years (World Bank 2007).

‘Disasters also have a significant impact on social sectors’ (UNESCAP and UNISDR AP 2010, p.24), including on women, children, elderly and people with disabilities. For example, the 2008 Koshi flood that hit Nepal and India ‘disrupted the education of 23,000 Nepali school students, including both displaced students and students of the host schools where the displaced were sheltered’ (Ibid. 2010, p.30). ‘During the 1998 floods in Bangladesh, 25-30% of students dropped out in the eastern part of Dhaka when schools were closed for more than three months due to floods’ (Ibid.). Disruption of classes occur after disasters even if there is no damage to school facilities, as schools are often used as emergency shelters for several months. Out of total casualties of the 2004 Indian Ocean Tsunami, between 60 and 70% were women and children (UNESCAP 2015).

Natural disasters deplete water resources, ecosystems and biodiversity, and displace thousands of people each year in South Asia, with 36% of the total reported displacements worldwide. More than three million South Asians have been displaced since the 1980s with natural disasters being one of the causes. The highest number of displaced has been in Sri Lanka with 15,000 people per million at risk of being displaced every year (Ginnetti and Lavell 2015).

Natural disasters may have had adverse impacts on several Millennium Development Goals (MDGs), including in South Asia. For example, Cyclone Sidr that struck Bangladesh in 2007 caused losses of USD925 million in the social sector. This had adverse impacts on MDG 2 (achieving universal primary education), 4 (reducing child mortality) and 6 (combating HIV/AIDS, malaria, etc.). Damage and losses of USD489 million in the productive sector affected MDG 1 (eradicating extreme poverty and hunger) (UNESCAP and UNISDR 2012).

**National DRR Efforts**

Given the recurrence of natural disasters and their devastating impacts, South Asian countries have formulated various disaster prevention and mitigation policies and mechanisms at the country level. The DRR programmes are designed along the lines of the Hyogo Framework for Action (HFA), 2005-2015. The HFA, endorsed by 168 nations aims to ensure ‘the more effective integration of disaster risk considerations into sustainable development policies, planning and programming at all levels, with a special emphasis on disaster prevention, mitigation, preparedness and vulnerability reduction’ (UNISDR 2011, p 13).

The HFA emphasises development of institutional and legislative frameworks, allocation of resources and mobilisation of communities. Given the particular needs of a country or
a community, these may include legislation, policies, frameworks, decentralised capabilities, increased accountability and more inclusive participation in governance (UNISDR 2011).

Within two years of endorsing the HFA, comprehensive disaster risk management programmes or action plans had been developed in a number of countries in South Asia. After the 2005 Indian Ocean tsunami, Disaster Management Acts were passed and National Disaster Management Authorities (NDMAs) were created. Pakistan, India, Sri Lanka, and Afghanistan now have NDMAs with necessary National Disaster Acts. Bhutan passed an updated Disaster Act in 2013, while the Maldives has a National Disaster Management Centre but lacks disaster management legislation. Nepal and Bangladesh operate according to laws dating back to 1982 and 1997 respectively (White 2015).

Bangladesh is one of the few countries globally that have experienced a decline in disaster losses due to its continued effort in DRR policies and programmes over the past few decades. DRR has been mainstreamed into its Poverty Reduction Strategy Paper (PRSP) from 2005. ‘This strategy identifies comprehensive disaster management as one of sixteen policy matrices and also includes various disaster risk management goals and actions under other policy matrices’ (UNESCAP and UNISDR 2012, p.45).

In South Asian countries, ‘targeted social protection measures such as supplementary incomes, in-kind transfer programmes at times of crisis, subsidies for urgent needs or recovery efforts and labour-intensive public works programmes have shown merits’ (Ibid. p.23). The National Rural Employment Guarantee Scheme of India is one such example ‘which provides a buffer to people facing economic crises or disaster loss’ (Ibid., p.44). In Bangladesh, the cash-based Employment Generation Programme for the poorest supports vulnerable people by maintaining their basic food security and preventing destitute migration (Ibid.).

However, while policies on disaster preparedness, prevention and mitigation are being put in place, their actual implementation is dismal in most cases. This happens due to inability of countries to put support mechanisms in place for their implementation. Consequently, government responses during the time of natural disasters are mostly ineffective. External support, including from development partners, is often ‘required to ensure that the immediate relief needs of the affected population are met in a timely and effective manner’ (Memon 2012, p.41). Moreover, there does not seem to be a sense of urgency and prioritisation of DRR in South Asia (White 2015).

**Need for Regional Collaboration in South Asia**

There is a clear need for regional cooperation for responding to disasters in South Asia. The first and the foremost is the transboundary nature of disasters and their impacts. SAARC nations are also diverse in terms of size, economy, and capacity. This level of diversity could be an opportunity for promoting regional cooperation on disaster response. For example, it is always easier to coordinate humanitarian support during a crisis through a trusted regional mechanism than a single-country effort.
Regional cooperation in responding to disasters is taking place through different government, non-government and intergovernmental organisations in South Asia. The work undertaken by SAARC is the most important and comprehensive among them. Based on the HFA, SAARC has developed the ‘Comprehensive Framework on Disaster Risk Management in South Asia’ approved by the 14th SAARC Summit held in New Delhi in April 2007. The framework envisioned the establishment of a system and associated institutions to develop and implement regional programmes and projects for early warning, disaster preparedness, emergency relief and rehabilitation (Gulati 2015).

The 13th SAARC Summit held in Dhaka in 2006 had established the SAARC Disaster Management Centre (SDMC) in New Delhi. The SDMC was mandated to provide policy advice, facilitate capacity building services and exchange of information, among others, for effective DRR mechanisms in South Asia:

The SDMC has produced regional guidelines, conducted technical trainings, and developed a mechanism for collective emergency response for ratification by states. However, despite these and other SAARC efforts, there is little sense that this regional support has been absorbed by Member States in a way that influences their DRR national capacities in any meaningful way (White 2015, p.1).

A potentially major contribution of the SDMC is the development of a Natural Disaster Rapid Response Mechanism (NDRRM). In 2011, the SAARC Agreement on Rapid Response to Natural Disasters was drafted and signed by all Member States (SAARC 2012). The NDRRM is largely modelled on a similar mechanism existing in Southeast Asia. It calls on countries to allocate assets and capacities for regional standby arrangements on a voluntary basis (White 2015). While NDRRM was ratified by India in 2012, it still awaits the ratification of other member states. Also under the SDMC, an agreement was signed to establish a SAARC Food Bank to be utilised during emergencies and food shortages in the region. However, the Bank remains non-functional due to the lack of an operational modality. India has planned to launch a SAARC satellite, among others, to address regional telecommunications and disaster management needs (SAARC 2014).

**Lessons from Nepal**

In April 2015, Nepal was struck by a devastating earthquake - and its aftershocks - measuring 7.8 on the Richter scale left about 9,000 people dead, 20,000 injured and over two million homeless (Government of Nepal 2015). The international community was quick to extend immediate rescue and relief operations. But SAARC as a regional organisation was conspicuously missing, and the SAARC Secretariat based in Kathmandu did not come out for support. The Secretariat merely asked for help for the Prime Minister’s relief fund through its website (SAARC 2015). Five months before the earthquake, SAARC leaders were in Kathmandu to attend the 18th SAARC Summit which had re-emphasised ‘the relevant bodies/mechanisms for effective implementation of SAARC Agreement on Rapid Response to Natural Disasters.’ SAARC leaders had
also agreed ‘to establish the SAARC Environment and Disaster Management Centre’ which was absolutely missed during the Nepal tragedy (SAARC 2014).

The dominant narrative that SAARC is a lost cause once again became apparent during the Nepal earthquake. SAARC’s inability to respond to the Nepal tragedy clearly shows the urgent need for a regional DRR mechanism that can be immediately and effectively mobilised during crises. Meanwhile, Nepal received phenomenal bilateral help from other SAARC countries.

**Looking Ahead**

The relevance of a regional organisation becomes evident when it can function well for the member states even during crises. Despite the seemingly slow progress of the overall SAARC process, including in the area of DRR, institutions such as the SDMC can play a pivotal role in building a common vision for DRR in the region. As SAARC is going to merge its different regional centres, the SDMC needs to be reconfigured as the nodal organisation for DRR that is capable of collective response to disaster risks in South Asia.

Now that the HFA has been further developed into the ‘Sendai Framework for Disaster Risk Reduction (SFDRR) 2015-2030’ (UNISDR n.d.), it is an opportunity for the SAARC states to update their national DRR policies and align them with a regional DRR policy as required by the SFDRR. This would not only help South Asian countries put in place prudent DRR policies at national and regional levels, but also help align DRR in their development priorities as the SFDRR covers a wide range of topics within the post-2015 development agenda.

The Sustainable Development Goals (SDGs) that will govern the post-2015 development landscape include disaster as a cross-cutting issue (see Box 1). The years of implementing MDGs and the HFA have resulted in considerable progress in reducing development disparities and the risk of disasters. South Asian countries now need to further their development and disaster-related policies in coherence with the SFDRR and SDGs. There is also a need to align these two with the climate change policies to bring in synergies from wider sectors that are exposed to natural hazards.
Box 1: Disaster as a Cross-cutting Issue in the SDGs

<table>
<thead>
<tr>
<th>Goal 1: End poverty in all its forms everywhere.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target 1.5:</strong> By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target 2.4:</strong> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target 11.5:</strong> By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.</td>
</tr>
</tbody>
</table>

| **Target 11.b:** By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels. |

<table>
<thead>
<tr>
<th>Goal 13: Take urgent action to combat climate change and its impacts.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target: 13.1</strong> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.’</td>
</tr>
</tbody>
</table>

*Source: United Nations (2016).*

**Areas of Cooperation**

SFDRR, SDGs and climate finance provide promising avenues to developing countries in financing their development needs, including financing their DRR policy-making and implementation. SAARC should work together with other developing countries and regions to ensure that such financial and other supports - including appropriate technologies - actually come to the region. With reasonable financing, SAARC can shift from a retrospective, post-disaster approach to an anticipatory way of thinking about and confronting disasters. The SAARC Development Fund (SDF) can be another plausible means to support the SDMC and implementation of SFDRR in South Asia. The USD300 million Fund founded in 2005 is yet to start work on its infrastructure and economic windows (UNESCAP 2014). SAARC countries should also cooperate by sharing best practices in development planning and policies that reduce disaster risks. DRR should be seen as an important cross-cutting theme in the pursuit of overall development of member states, and it should be incorporated in all policies and programmes.
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Managing Shared Marine Waters of the Indian Ocean in South Asia
Muhammad Khurshid

Abstract
The Indian Ocean in South Asia is shared by five countries: Bangladesh, India, Maldives, Pakistan and Sri Lanka. The South Asian sub-region is blessed with the oldest civilisations, and a rich and diverse natural resource base which has historically supported economic development and sustained rural livelihoods. However, South Asia is facing a host of environmental challenges linked to poverty and hunger as nearly 40% of the world’s poorest population lives there. As a result, these countries are faced with various issues related to sustainable management of these shared marine waters and therefore, a multilateral management regime was required to resolve the marine environmental issues. After hectic diplomatic efforts, the South Asian Seas Programme (SASP) was adopted in a meeting of Plenipotentiaries of the concerned countries held in New Delhi, India on 24 March 1995. The primary objective of SASP is the protection of a common and shared body of water in the Indian Ocean. The South Asia Co-operative Environment Programme (SACEP) was designated to serve as the secretariat of SASP. The Programme follows existing global environmental and maritime conventions and considers Law of the Sea as its umbrella convention (UNEP 2015).

So far, this multilateral inter-governmental arrangement has successfully been implementing the South Asian Seas Action Plan (SASAP) which focuses on Integrated Coastal Zone Management (ICZM), oil spill contingency planning, human resource development and the environmental effects of land-based activities. All the member countries are not only contributing their financial share, but also technical and other support to the joint efforts aimed at protecting the marine resources from various sources of pollution. To support the argument that favours a multilateral arrangement, this chapter tries to analyse the strengths of the multilateral intergovernmental arrangement among the SASP member countries in comparison with bilateral arrangements for the protection of marine environment in South Asia.
Introduction
South Asia, home to around 1.5 billion people (over 1/4th of the total world population) is facing a variety of water scarcity and pollution issues such as decrease in the per capita water availability, coupled with deteriorating water quality amid severe climate change impacts. This has led to unprecedented droughts, floods, sea level rise and glacier melting and outburst disasters. Consequently, the region is faced with acute vulnerability in terms of food security, poverty and loss of life and property.

Marine water pollution in South Asia is another major challenge faced by the countries in the sub-region sharing the Indian Ocean, not only at the national level but also jointly at the sub-regional level. It is argued that compared to bilateral, multilateral arrangements have greatly helped in the development of synergies, conflict resolution and consensus development on shared marine water resources in South Asia.

Figure 1: Map of South Asia Seas Countries

SACEP was established in 1982 as an inter-governmental organisation by the governments of South Asia to promote and support protection, management and sustainable development in the region. The member countries include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The Programme is registered with the Secretariat of the United Nations in accordance with Article 102 of the Charter of the United Nations and has its headquarters in Colombo, Sri Lanka. It is
also enlisted as a Specialised Agency under the Diplomatic Missions of the Ministry of Foreign Affairs (SACEP 2015).

The coastal region of South Asia is rich in biological wealth and supports a multitude of economic activities, yet it is an area of multiple vulnerabilities, including climate change induced disasters, and anthropogenic activities such as land and sea-based pollution. A total of 525 million tonnes a year of crude oil passes into or through the region which accounts for about 25% of the total world movement of crude oil by sea. An estimated 60,000 ships pass through it every year, carrying half of the world’s container shipments (SACEP 2015). Additional maritime oil spill risks arise from non-tanker shipping, carriage of refined products, offshore explorations and production operations. Several major oil pollution incidents have been reported from the region like the Tasman Spirit Oil Spill at Karachi (Pakistan) port in early 2005. It is argued that the future bread basket to feed the ever increasing population of the world lies in the marine waters and therefore, it is essential to manage marine ecosystems on a sustainable basis. The SASAP is based on the region’s environmental challenges as well as its socio-economic and political situation. It assists member countries in protecting the marine environment of the region. It covers issues ranging from chemical wastes and coastal development to oil spills, ballast water management and conservation of marine species, biodiversity and ecosystems.

The South Asian Seas region can be categorised into two distinct geographical regions—mainland and island nations. While Maldives and Sri Lanka are island nations, Bangladesh, India and Pakistan are situated on the Asian mainland. The length of the coastline of the region is 11,682 km (UNEP 2014). The region has some of the largest and biologically rich marine ecosystems such as the Gulf of Mannar, Atolls of Maldives and Mangroves of Sunderbans. Presence of perennial rivers like Brahmaputra, Ganges, Godavari, Indus, Kelani, Magna, etc., have also contributed to a large network of backwaters, estuaries, salt marshes and mangroves. Such habitats provide an ideal environment and serve as a breeding ground for fish and other marine biodiversity. They are also the habitats for endangered marine turtles like green and olive ridley turtles. Some of the largest coastal lagoons of the world like Chilka Lake in India and Puttam Lagoon in Sri Lanka are also located in the region (SACEP 2015).

The major coral reefs in the region include atolls along Lakshadweep-Maldives-Chagos ridge; fringing and patch reefs in the Andaman and Nicobar Islands, India; around the Gulf of Mannar in India and Sri Lanka; and south western and eastern coastline of Sri Lanka. The extent of mangrove forests in South Asia is approximately 1,187,476 ha representing 8.6% of the global total (SACEP 2008).

The coastal areas house the world’s largest urban population, mostly concentrated in the mega cities of Karachi, Mumbai, Chennai, Kolkata and Dhaka. The entire population of the Maldives can be considered coastal, while in Sri Lanka more than 32% of the population is located in the coastal belt. The coastal habitats of South Asia are at a high risk of eutrophication from nutrient enrichment due to seepage and leakages from agriculture, aquaculture, sewage, industrial effluents, marine trade and transport. The
Indian Ocean has about 22% of the global population, with only 4.8% of the world’s land mass, 14% of the global arable land, 2.73% of the world’s forest area and 4% of the world’s coastline (SACEP 2014a).

**Challenges**

The marine ecosystem in South Asia is facing major challenges of oil spill disasters that destroy the marine ecosystem, ballast water and dispersal of invasive species, mangrove cutting as source of fuel-wood, and construction. Dying coral reef accounts for almost 1/3 or almost ½ of coral reefs of South Asia, which are now effectively dead and further 30% are threatened. Various anthropogenic factors such as unplanned human settlements, improper industrial growth, improper infrastructure, over-exploitation of marine resources have further aggravated the degradation. Global warming is leading to sea level rise and coral bleaching, runoff of chemicals and nutrients from land, sedimentation and diversion of river water flows, rubbish including marine debris/litters, overfishing and coral extraction, physical damage from tourists and fishermen, and dumping of untreated solid waste, sewage and various types of oils (SACEP 2008). The region faces a major threat, i.e. the risk of losing a member country, namely, the Maldives due to changing climate and rising seas which looms large on the horizon.

**Action Plan**

The South Asian Seas Action Plan (SASAP) is trying to protect and manage the shared marine environment and related coastal ecosystems of the South Asia region in an environmentally sound and sustainable manner. Further, it tries to establish and enhance multilateral consultations and technical cooperation among member states within the region, highlights the economic and social importance of the resources of the marine and coastal environment and has established a regional co-operative network of activities concerning subjects/projects of mutual interest for the whole region.

In addition to specifying the needs under the main components of environmental assessment, environmental management, environmental legislation and institutional and financial arrangements, the Action Plan also identifies priority activities for implementation. These priority activities are grouped into: integrated coastal zone management which focuses on protection of marine environment from land-based activities; human resource development through regional resource centre of excellences; and development of national oil spill contingency plans (SACEP 2015).

**Programme and Projects**

The programme and projects executed, in collaboration with SASP member countries, includes a regional strategy and task force on ballast water management in South Asia which aims at minimising and controlling the marine pollution associated with the spread of invasive species and dumping of polluted ballast water into the sea. Further, the South Asia coral reef task force facilitates coordination among SASP member countries in protection of the coral reefs. The regional oil spill contingency plan helps in controlling, containing, early warning and rehabilitation of the oil spill disasters. A scoping study of nutrient pollution on the coastal and marine systems has already been completed with the support of the Food and Agricultural Organisation (FAO) for developing a database of
the chemical loading from land-based activities in the larger Bay of Bengal ecosystem. SACEP has developed a marine and coastal biodiversity strategy for the South Asian Seas region ‘Bay of Bengal Large Marine Ecosystem (BoBLME) Phase-1 and 2’; and marine litter control and management on a sustainable basis. All these activities aim at protection of the marine environment from various sources of pollution (SACEP 2014b).

**Analysis**

During the past twenty years, SASP has been working for the protection and sustainable management of shared marine water resources in South Asia. Experience of working with SASP member countries during this period revealed that the multilateral window offered by the SACEP secretariat and the strategic oversight of the SACEP Governing Council comprising of the Ministers of Environment of member countries has been successful in resolving strategic issues and problems faced by any one or more countries. SASP member countries work jointly and in partnership for protecting the common marine environment from pollution. Adoption of the action plan on joint oil spill contingency plan, negotiations on managing ballast water on sustainable basis and other such joint strategies and actions helps in developing synergies and demonstrates the strength of the multilateral arrangement while managing shared marine waters in South Asia.

The Programme is, however, facing capacity challenges in the national marine-related policy and enforcement institutions, lack of political support and awareness among the masses about the importance of protecting the marine environment from pollution. Lessons learned from the national policies and plans reveal that besides institutional weaknesses, a very few marine environment professionals and researchers are available at the national level for embarking on the marine environment protection plans and programmes. Apart from institutional and professional capacity, baseline data of various marine environment issues is sketchy and needs review and regular updating. Smart data management tools like the Geographic Information System (GIS) and online data management systems are required for updating the marine environment database on a regular basis.

**Recommendations**

Chemical offloading into the marine environment from land-based activities such as increased use of chemical fertilisers and pesticides, untreated sewage waste and industrial effluents finds their way into the marine waters leading to eutrophication and algal bloom. To control this problem, the SASP member countries have to develop policies and strategies aiming at controlling chemical loading into the marine environment in South Asia. Oil spill is another major source of marine environment pollution, which can jointly be addressed by the enforcement of the oil spill contingency plans developed by the member countries. What is needed is early warning, containment, relief and rehabilitation of oil spill pollution through more coordinated efforts.

With a view to achieving the objectives of the Action Plan and other programme activities and the fact that over the years, the magnitude and type of pollution of marine resources has increased, there is a need to revisit programme areas and revamp them for
increased effectiveness in the future. To this end, the following recommendations are made:

i. Adoption of policies and strategies for controlling land-based pollution sources such as chemical drainage into marine waters: Chemicals from various sources find their way into marine environment, which has to be controlled at source. The existing policy and strategies shall be reviewed and new ones developed for controlling such sources of pollution. SACEP can coordinate such policy and strategic interventions with national governments.

ii. Enforcement of the regional oil spill contingency plan: The oil spill contingency plans have already been developed by the SASP member countries and the regional one is almost complete waiting ratification by the parliament of one of the member states. As soon as all the member countries ratify the plan, it will be implemented using the SACEP platform. A series of capacity development, coordination and awareness activities will be planned aiming at early warning, containment, relief and rehabilitation of the affected areas.

iii. National and regional commitments including public sector, private sector (through CSR) and civil society: As marine environment of South Asia is shared by SASP member countries and these resources are used by a variety of stakeholders from public sector, private sector and civil society, the price of its rehabilitation or pollution control should also be shared by all the beneficiaries. To this end SACEP will develop a strategy to encourage all the stakeholders in the protection of marine environment using various resources like the CSR window of the private sector beneficiaries, community and especially youth involvement from the civil society platform and public sector institutional support from the SASP member states.

iv. Support (technical and financial) by the global community, development partners for policy, strategic and programme planning and implementation: SACEP is developing a fund raising strategy aimed at identifying and attracting various donors to support the marine environment pollution control programmes and projects. The strategy will be shared with global and regional donor community along with other such instruments like the SACEP Post-2015 Development Agenda and aligning it with the 2030 agenda already launched by the United Nations.

v. Information sharing and GIS database development: GIS is a very strong database management tool used for inventory, monitoring and information sharing among stakeholders. SACEP is planning to establish GIS database not only for marine, but also for other land-based resources as a planning and management tool.

vi. Awareness raising and capacity development at all levels and use of information and communication technologies for linkages with stakeholders: SACEP is also working to establish an Information and Communication Technology unit for increased and quick information
sharing. For this purpose, dedicated blogs will be established, besides using social media and other such communication tools aimed at increased and efficient information sharing.

Conclusion
The increasing pressure of population and loading of pollution from land and sea-based sources has greatly increased during the past decades, which is posing serious challenges and threats to the marine environment of the Indian Ocean. The multilateral intergovernmental arrangement of the SACEP and SASP has greatly helped in managing shared water resources in the Indian Ocean on a sustainable basis. Analysis of this multilateral regime shows that so far the experience proved highly successful and there has been increased cooperation among the member states.

References


Section IV

Dynamics of Social Justice
Profit in the Name of Islam: The Bazaar-Mosque Relationship in Punjab, Pakistan*

Umair Javed**

Abstract
Over the past three decades, Pakistan has witnessed two major trends in its political economy. The first has been the rise of the services sector as the principal driving force of economic growth in the country, largely on the back of a rapidly expanding retail/wholesale trade component. The second has been a rise in religious fundamentalism, Islamist militancy, and the entrenchment of exclusivist religio-political organisations in the political landscape. This study shows that the two trends, while occupying distinct analytical spaces in the existing literature on Pakistan’s political economy, are actually connected through patterns of social and political relationships found in urban centres, especially in the province of Punjab. Collective action and associational trends within the ‘bazaar’ sector are closely linked to the consolidation of mosque and madrasa-based religious organisations, which, in turn, create social norms of exclusion and violence.

In field site 1, Nankana Sahib city, ‘bazaar’ traders and religious actors have forged mutually beneficial relationships that have shaped an urban hierarchy wherein minority sects and communities are kept marginalised. This has happened through exchanges of social, economic, and political capital, and is made possible by a weak political party structure, and non-autonomous local administrative apparatus, beholden to socially dominant, ideologically motivated actors. Thus, exclusivist discourse is strong, and everyday acts of discrimination are frequent. In field site 2, Shah Alam market Lahore, Islamist organisations of the Deobandi denomination have used inter-generational cultural transitions to forge their links with the ‘bazaar’ class. Protests against government regulation and mass mobilisation on religious causes, along with charitable acts and philanthropy provide sites for the consolidation of this relationship. However, episodes of militancy in and around important commercial sites and the existence of an autonomous political elite have allowed the state to step in and shape the bazaar’s social capital to prevent the emergence of sectarian conflict over the past five years. While exclusivist discourse is still present, and charities known to be linked with militant organisations operate in certain enclaves, the threat of outright violence has diminished.

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Introduction
A fundamental change in Pakistan’s political economy over the past three decades has been the proliferation of the services sector in general and within it, the growth of the retail/wholesale component. Organisationally, the sector consists mostly of small-scale, cash-based enterprises, many of which operate in what is colloquially referred to as the ‘informal’ economy. In the backdrop of this flourishing bazaar sector, traders and merchants have emerged as important political-economic actors, exercising a great deal of influence on government and society. On the political front, all major political parties recruit businessmen as legislature candidates for urban constituencies, and many are politically embedded with different parties as local vote-mobilisers, patrons, and intermediaries in their places of business and residence. Some of the sociological work on traders and the mercantilist class in Pakistan points to their religious and conservative acculturation, and their role in mobilisation for extreme right-wing religious causes (Qadeer 2006, p.161).

Given the pervasive presence of business associations, and the importance of local traders and merchants in community and political affairs, this study seeks to examine the role of bazaar associations in fomenting and/or mitigating extremism and exclusivist religious ideology, with a particular focus on sectarian conflict. It will broadly focus on the following research aspects:

1. Political economy analysis of bazaar associations;
2. The associational landscape of the business community in terms of their links with mosques, madrasas (religious schools) with political parties, local/district governments, and amn (peace) committees in their areas;
3. Structures of bazaar associations, in terms of ethnic or religio-sectarian groupings; and,
4. The existing role played by traders, merchant leaders and market associations in perpetuating or mitigating inter-community conflict.

The study uses a historical-institutional framework to analyse the change in Pakistan’s political economy – the rise of the bazaar – and cultural shifts taking place in the country – rising extremism and violence. The geographic focus is on the largest and politically most important province of Punjab, which has seen the greatest concentration of urbanisation, as well as the greatest expansion in the number of active religious outfits (Yamin and Malik 2014, p.3). Complementing this historical-institutional account is a synchronic analysis of bazaar associations in two cases – Nankana City in Nankana Sahib district, and Shah Alam market, Lahore. The cases were selected in order to provide a contrast between a small yet rapidly growing town, and an established provincial metropolis. Interviews were conducted on two field visits to Nankana City with a range of actors, including religious activists, traders, bazaar association heads, and members of the local district administration. Interviews with the same actors in Lahore were carried out over a one-month period. Interview data was then complemented with a detailed analysis of newspaper accounts and pre-existing research (however scarce) on this issue. For analysis, the researcher also drew on his experience of the ten-month fieldwork with trader organisations in the bazaars of Lahore for a separate project.
Context: Urban Reality

As a result of socio-economic changes since Partition, Pakistan currently stands as the most urbanised country in South Asia, with an estimated 40% of its population (about 73 million individuals) residing in urban centres. Urban areas have grown at an average rate of 3% per year since 1947 and the urban share of the population is expected to rise to 50% by 2030. In other words, urban areas will host a total of 116 million people in another sixteen years (Kugelman 2014).

Over half of Pakistan’s urban population lives in large cities of more than one million people each. In total, fifteen cities with a population of over 500,000 each account for 63% of the total urban population, while the remaining 27% resides in smaller towns and cities across the country. Within the extant urban population, 90% resides in the eight largest cities, five of which are in the province of Punjab. This shows the extent of concentration of the urban population. Collectively, these eight cities in Pakistan account for 57% of the total urban population, and 23% of total population (Ellis and Roberts 2015).

Apart from the metropolitan centre of Karachi, urbanisation and urban growth in smaller cities and towns has been a hallmark feature of socio-economic development in Punjab. Using GIS-based techniques, researchers have shown that nearly 90% of all rural settlements in Punjab are no further than 1.5 hours away from a town of at least 100,000 individuals (Zaidi 2015, p. 353). Beyond outdated urban-rural categories employed by the census administration, this shows that experience of urban lifestyles and economic conditions are now supremely widespread in a country that has historically been characterised as agrarian.

Drivers of Urbanisation

Increase in Pakistan’s urban population, over and above the natural population growth rate, has been driven by a number of economic and non-economic factors. Chief amongst these has been internal economic migration – particularly salient in Karachi and the large cities of Punjab – as well as migration as a result of conflict-driven resettlement from Khyber Pakhtunkhwa and Balochistan to other parts of the country. While the early decades after Partition witnessed an influx of rural-to-urban economic migrations towards a nascent manufacturing sector, the previous three decades have seen the services sector take the lead in driving economic growth, and consequently, urbanisation. In 2015, the services sector accounted for 54% of total GDP – up from 47% in 1980, and employed approximately 35% of the population – up from 27% in 1980. By way of comparison, employment in the manufacturing sector has remained stagnant around the 18% mark in the same time period. Thus, in terms of labour absorption – a key characteristic in urban growth – the services sector has taken the lead from the manufacturing sector over these past three decades (Ibid.).

The services sector as a whole is divided between different kinds of sub-sectors, with large internal variations in terms of employment absorption and value-addition. Focus over the past two decades has remained fixated on tertiary and producer services such as banking, telecommunications, insurance, and real estate, which have all grown at a rate
of 7-8%. However, these advanced services, while contributing in the way of value-addition, are comparatively small in terms of contribution towards total urban employment. On that front, distributive services – such as transport and storage, but primarily wholesale and retail trade – outstrip any other sub-sector.

The retail-wholesale sector currently contributes 17.5% to total GDP, and employs approximately 60% of the urban labour force. While overall economic growth has remained stagnant around the 3-4% mark, the retail-wholesale sector has grown by nearly 6% in real terms over the past eight years. The estimated value of the sector is approximately USD 42 billion, with annual sales (consumption) reaching USD 102 billion through 1.6 million establishments, largely on the back of a growing urban middle-income segment (MoF 2014).

Organisationally, the sector consists mostly of small-scale, cash-based enterprises, many of which operate in what is colloquially referred to as the ‘informal’ or undocumented economy. Despite the emergence of big-box retailers and wholesalers (such as Metro and Hyperstar), the sector continues to be dominated by diffused, small-scale actors operating single-firm enterprises, largely free from governmental regulation. Collectively, the sector is designated as having a bazaar-based mode of economic organisation, which it shares with petty/small-scale manufacturing, transportation and storage. This implies that legal documentation is limited, capital contribution and financing is mostly personal equity-based, labour is either family-based or employed through verbal and informal contracts, and supply-chains, sales, and distributive networks operate through personalised connections (Geertz 1978). Given these figures, it is not misplaced to suggest that Pakistan’s urban reality – both in big metropolitan centres, as well in the numerous secondary and tertiary cities and towns – is centred on an entrenched and continuously burgeoning bazaar economy.

The Bazaar in Pakistan’s Political Economy

Given the importance of the bazaar to Pakistan’s, and especially Punjab’s economy, it is little surprise that bazaar actors, such as traders, merchants, and other variants of business owners, have emerged as important political-economic actors. Thus, they exercise a great deal of influence on government action both at the level of policy design (on issues of trade and taxation), and municipal administration (on zoning, land-use, and public infrastructure development).

On the political front, all major political parties recruit businessmen as legislature candidates for urban constituencies, and many are politically embedded with different parties as local vote mobilisers, patrons, and intermediaries in their places of business and residence. By way of an example of this phenomenon, the percentage of legislators elected from urban constituencies in Punjab listing business as their primary occupation increased from 12% in 1970 to nearly 40% by 2013.¹

¹ Author’s compilation using publicly available data on the provincial assembly website, along with interviews with politicians and journalists.
There are multiple reasons for this consolidation of power and its political relevance. Structural reasons include the economic importance and sheer scale of their sector as a whole, which has already been detailed in the previous section. Another reason has been the simultaneous decline in the political power of organised labour (normally considered the other major voice in urban politics) since the 1970s. Given the prevalence of informal wage contracts, and an abundance of unskilled workers migrating into Pakistani towns and cities, the basis for labour solidarity and organised action is limited. As a result, labour unions outside the public sector are mostly weak in formal manufacturing, and non-existent in the bazaar economy. Currently, an estimated 2% of all wage labour in Pakistan is unionised, and the total membership of active unions and union federations does not exceed 400,000, while the corresponding figure back in 1970, often perceived as the high point of the urban labour movement, was 1.2 million (Candland 2007, p.97).

Thirdly, repeated socio-political engineering such as ad-hoc bans, non-party based polls, and induced factionalism - carried out by various praetorian regimes – have left Pakistan’s political parties weakly institutionalised. As a result, barring the ethno-national party, Muttahida Quomi Movement (MQM), there is little to no conception of parties helping full-time political workers rise through the ranks to hold local office. Parties prefer to outsource the cost of elections to aspirants, thus setting up a de facto barrier to entry based on income and economic clout. This barrier overwhelmingly favours urban elite actors who are predominantly from the business community, and systemically creates disincentives for middle and low-income actors, preventing them from participating in local politics.

However, structural reasons, while explaining the economic dominance of particular actors and the weakness of others, cannot fully explain why a particular political and social hierarchy emerges across the urban landscape. To complete the picture, one must pay specific attention to the organisational aspects of bazaar actors, and their resulting social embeddedness that allow them to take advantage of a favourable arena.

**Collective Action and Associational Tendencies in the Bazaar**

Writing about politics in Punjab during the 1990s, Andrew Wilder alluded to the dominance of bazaar actors in the following words:

> Traders are now on the rise. Every alley, every bazaar is now organised in the shape of some association or the other. These traders have ‘shutter power’. If a 2000 worker factory is closed by workers in a rural area, it has no effect. But say the shopkeepers of Anarkali close their shutters for two hours, it will have a much bigger effect in the city….workers have been leaving the Pakistan Peoples Party (PPP) for the Pakistan Muslim League (PML) because shopkeepers, businessmen and others of the same ilk are able to provide employment and access to the sarkaar (state) (Wilder 1999, p. 138).

Wilder’s research taps into an important yet understudied theme in Pakistan’s domestic politics: the organisational ‘shutter’ power and collective action of the retail-wholesale sector. This was first put forth by Stanley Kochanek in the 1980s in his work on business organisations in Pakistan, wherein he suggested that the upper-tiers (large manufacturers)
of the capitalist elite had direct access to political decision-makers, so the lower-tiers (small manufacturers and bazaar-based businessmen) tended to organise amongst themselves to match the former’s policy and administrative influence. This was done not only through the established Chambers of Commerce, but also through other localised associations (Kochanek 1983, p. 204).

Since these tangential observations were made many years ago, associational trends within the bazaar economy have grown exponentially. Marketplaces, as mentioned by Wilder, are organised on an individual basis, with proprietors forming the constituent membership of a market association. In some instances, these associations are registered as non-profit ‘societies’ or ‘trusts’ under the Societies Act, and are thus, legally obliged to hold internal elections and provide details of regular activities. However, most associations are informal, created by dominant individuals within each marketplace to institutionalise their influence over other business owners, and to expand their sphere of influence with government officials. Elections to elect office-bearers are rare, and factionalism is rife within each marketplace, often perpetuated by divergent political or ethnic affiliations.

At higher tiers, individual marketplace associations and businesses network with apex organisations based at the district, provincial, and all-Pakistan level. Apart from the Chambers of Commerce, which are located in every major city and are regulated by the Trade Organisations Act, there are apex associations that represent retailers/wholesalers of particular goods – such as the Pakistan Auto Spare Parts Importers and Dealers Association (PASPIDA) – or generic bodies representing retail/wholesale businessmen regardless of goods sold – such as the All Pakistan Anjuman-i-Tajran (Association of Traders), the Qaumi Tajir Ittehad (National Traders Alliance), and the All Pakistan Association of Small Traders and Cottage Industries. Currently, there is no exhaustive list of apex associations working in retail and wholesale, but estimates gathered from the Ministry of Commerce place the total number of such organisations at close to 200.² The number for bazaar associations – both formal and informal – runs well into the thousands.

Despite many internal organisational issues, activities of most bazaar associations manage to traverse several different domains, and help consolidate political and social capital for bazaar actors:

1. **Club Goods**: Association leaders provide access to supply-chain networks, wage-controlled labour, and in some instances, temporary financing to individual members. This is often coupled with the basic, yet important task of informal dispute resolution for commercial and personal disputes that arise between bazaar businessmen or with other actors.

2. **Collective Action**: Bazaar associations become most active on issues concerning governmental regulation on issues of taxation, land-use, and

² The list of all registered national level trade organisations, representing manufacturing and trading interests, is publicly available on the Ministry of Commerce’s website under the DG Trade Organisation division.
municipal services. In instances where the government introduces a new tax that directly impacts the retail-wholesale sector (such as GST on retail, VAT, or the recent withholding tax), individual marketplaces lobby alongside apex organisations. Successful instances of such lobbying over the last decade and a half include the six-month long movement against GST on retail in 1998-99, the movement against General Musharraf’s ‘Documentation of the Economy’ ordinance, the movement against a reformed general sales tax/VAT in 2010-11, the protest movement against consumptions audits of self-assessed income tax returns, and most recently, the movement against SRO-608 (extension of the sales tax net) (Haq 2013).

Local businessmen also collude with political representatives and the tax bureaucracy to gain concessions in the domain of property taxation, subsequently often paying far less than their actual obligation. In the same vein, bazaar leaders lobby local bureaucrats for favourable provision of municipal services (such as sanitation schemes, parking plazas, or the allocation of a police patrol for security), and pay bribes to municipal administrators to maintain encroachment privileges.

3. Cultural Engagement, Philanthropy, and Charity: The third area of activity for bazaar associations is funding and management of religious institutions, and undertaking philanthropic and charitable activities in areas surrounding their places of residence and places of work. Typical initiatives include construction and funding of mosques, major shrines, and madrasas (religious schools), provision of meals and rations during Ramazan, running relief trucks during times of natural calamities, sponsoring weddings for low-income households, and occasionally financing a dispensary or a small school. All these activities are channelled through local non-government organisations (NGOs) – which in turn are often affiliated with religious organisations or denominations – and through mosque committees, which are staffed by influential bazaar traders and managed by local clerics.

Activities like collective action and provision of club goods help create internal solidarity and political cohesiveness within the bazaar community. Similarly, constant engagement with political and bureaucratic actors for purposes of safeguarding their economic interests bestows them with political capital that is used in a wide variety of circumstances. Finally, well-publicised charitable engagements help bazaar actors achieve social prominence and allow them to engage in what the sociologist Elisabeth Clemens calls ‘obligation hoarding’ (Clemens 2011, p. 183). This converts bazaar traders, already an important economic actor, into an important social and civic actor as well. Given the inaccessible nature of the state, and poor quality of government service delivery, low-income households, such as the ones where the bazaar economy draws most of its labour, become heavily reliant on local urban patrons and strongmen for their day-to-day problem solving needs.
This trend of bazaar actors taking on a dominant socio-political role is neither new nor unique to Pakistan, and has actually been recorded in many other parts of the world. In Iran, the bazaar has long played a major role in political and social life in Tehran, with some observers according it central importance in the success of the 1979 Revolution (Keshavarzian 2006, p. 27). In Turkey, the conservative ruling party, the AKP, built its foundations on local merchant organisations and business clubs in Anatolia, which were previously partial to Islamist parties (Tugal 2009).

Sociology of the Bazaar

Caste
To understand the socially embedded nature of the bazaar in Punjab, it is also important to focus on the ethnic/caste and religious characteristics of actors that populate and control marketplaces. To date, the only sociological analysis of this demographic remains Anita M. Weiss’s work on the rise of a post-Bhutto bourgeoisie in Punjab. Her assertion is that small-scale manufacturing and trading is dominated by individuals belonging to a discrete set of castes, many of whom were previously associated with artisan work in the village economy (Weiss 1991, p. 63). Fieldwork and interviews in Punjab appear to confirm this particular viewpoint. Kashmiris, Lohars, and Sheikhs – ‘urban’ Muslim castes – have historically dominated the retail-wholesale sector, and continue to do so in towns and cities across North and Central Punjab. Arains and Kambohs dominate agro-trading, and castes conventionally categorised as land owning or agrarian (Jatts and Rajputs) are more recent entrants into the contemporary bazaar economy. While many bazaar associations cut across ethnic affiliation, some witness factionalism based on the caste identity of constituent members. This reproduction of caste identity in the urban environment happens due to two reasons. Firstly, caste groupings help businessmen reach out and retain new clients, tap into business opportunities, and create a social safety net. Secondly, the personalised nature of state-society interaction means caste becomes a salient identifier across different occupations (politicians, bureaucrats, businessmen) and is, thus, an important source of social capital.

Religion
In terms of sectarian affiliation, bazaar actors are overwhelmingly Sunni, and increasingly Deobandi or Salafi. Based on interviews conducted in Lahore, there appears a consensus that the previous generation of bazaar-based businessmen was more partial towards Barelvi practices, while the contemporary generation is far more scriptural and orthodox in its orientation. There is also a great deal of influence exercised by the predominantly Deobandi Tableeghi Jamaat amongst the business community in

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3 Theological school within South Asian Islam centered on a modernist interpretation of religious text and tradition.
4 Salafism has its theological roots in the Middle East and is centered on a strict reversion to ultra-orthodox practice and belief within Islam.
5 A loose theological school associated with shrines and syncretic views about belief and practice.
6 The Tableeghi Jamaat is a proselytizing movement ascribing to the Deobandi theological school in Islam. Its members are called Tableeghis. It is one of the largest of its kind in the world, and has an extensive presence in South Asia as well as Africa.
Punjab. However, in the absence of any data, there is no way of confirming whether these observational trends hold up to scientific scrutiny. When asked about such cultural shifts amongst the bazaar, one interviewee co-related orthodoxy with awareness and improved access to information:

Our parents’ generation inherited many cultural practices from our grandparents, and kept up with them without too much questioning. However, the situation is slowly changing. Younger businessmen use new technologies and are in touch with scholars, and are able to access, read, and understand scripture and tafsir (interpretation). Religious organisations – like the Tableeghis – also make more of an effort to target the business community to raise funding (Bhatti, A. pers. comm., 2 August 2015).  

A common theme that emerges when Pakistan’s political economy is placed alongside countries such as Iran, Turkey, and India is that the bazaar appears to be sociologically embedded with religiously conservative political actors. To date, there has been no systematic study of the relationship between the bazaar and religious actors in Pakistan, although the same topic has garnered some attention in Iran. In the latter’s case, according to Arang Keshavarzian (2006), the upper echelons of the bazaar and the clergy share a bond due to a common class and ethnic background, as well as a great deal of inter-marriages. Beyond the familial connection, there is also a functional link between the two. Religious leaders utilised the bazaar’s economic power to shape outcomes during the 1979 Revolution, while bazaaris (traders) relied on religious leaders and practices such as the Hajj (pilgrimage) to provide social and moral legitimacy for their businesses. Following the upheaval of the late 1970s, bazaar traders became closely embedded with the ruling elite that emerged in the post-revolution context in Iran. Due to the financial support provided to the religious associations, and the mobilisation efforts within the marketplace, the theological elite in Iran counted the bazaar as one of the strongest pillars of regime support, and relied on it to enhance social stability in the post-revolution scenario (Parsa 1988). Similarly, the religious association with the marketplace gained further currency after 1979 due to the occupational background of the Holy Prophet (PBUH) as a trader in Mecca, and the benefit of publicly following his practice. In the marketplace of a conservative Muslim country, the notion of virtue and piety translate well into business practices and relations, and allows the accumulation of social capital by traders and merchants (Keshavarzian 2006, p.139).

In somewhat the same vein in Turkey, the provincial bourgeoisie, small and medium sized manufacturers, traders, and other businessmen relied on Islamist parties to gain access to state power and patronage in the 1990s and the 2000s. This was, like in Iran, partially due to the historical attitudes towards religion and anti-Ataturk sentiment amongst the rural population, and partially due to the organisational efforts of the religious parties (Virtue Party, Rafa Party, and subsequently the Justice and Development Party - AKP), who were keen to bring provincial traders and businessmen into the fold of Islamist politics as a counter-hegemonic force to the Istanbul-based secular elite. This

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7 Ali Baba Garments and Fancy Dulha House, New Anarkali, Lahore; President, All Pakistan Anjuman-i-Tajran (Bhatti Group).
relationship has fortified over the last ten years, as the conservative Muslim leadership of the AKP provides the perfect culmination of business and cultural conservatism, along with electoral success (Tugal 2009).

In Pakistan, as in any Muslim society, the mosque and the bazaar also share a geographic affinity, as both are the most frequented public spaces in any neighbourhood. Most mosques remain geographically attached to commercial spaces, and thus prove to be a congregating point for bazaar businessmen, their customers, and local religious figures. Historically, in Egypt and Turkey, mosques provided the only avenue for conservative groups to attract new members, and businessmen were more than happy to use the space offered by the mosque to further both their spiritual and their commercial interests (Ismail 2006). While this has not been documented in detail in Pakistan, observational accounts suggest that such patterns may be prevalent here as well.

**Historical Account of Bazaar and Islamist Politics**

While the history of the bazaar sector’s involvement with religious political groups starts as early as the anti-Ahmadiyya riots of 1951, the relationship became particularly important during the Bhutto period in the 1970s (Sayeed 1980). The trigger point was the announcement of the third wave of nationalisation, which sought to bring rice-husking, cooking oil production, and trading in rice, ghee, sugar, and yarn under the direct control of the government (Ibid.). Previous episodes of nationalisation, which had focused on government control of large-scale manufacturing and banking, had in fact been supported by many bazaar leaders for its ‘egalitarian’ impulse. However, nationalising trading in basic commodities, which at the time formed the primary source of income for the retail wholesale sector, proved to be a step too far for many, and created a significant – and ultimately unbridgeable – rift between the government and the bazaar associations.

As the opposition movement against Bhutto – led by conservative religious parties under the banner of the Pakistan National Alliance (PNA) – gathered steam after 1976, bazaar associations threw their support behind it in the hope of securing protection against the government’s economic agenda. This initially functional relationship became entrenched as the ideological agenda of the movement – the imposition of a Nizam-e-Mustafa (Prophet’s order) – dovetailed with the conservative leanings of bazaar traders and merchants. It also helped that the fifth item on the PNA’s manifesto, released in February 1977, was ‘immediate de-nationalisation of all sectors except defence production’ (Ahmed 1981).

From March to June 1977, pro-Nizam-e-Mustafa processions had become a daily routine in towns and cities, in which bazaar merchants were the most enthusiastic participants. In Renala Khurd (Punjab) for example, Chaudhry Mohammad Riaz, President of Local Traders’ Association; Sheikh Abdul Rahman, President of Cloth Merchants Association; and Raja Mumtaz Ahmad Khan, President of the Grain Commission Agents’ Association, were the main forces behind the Nizam-e-Mustafa movement and provided much of the funding for it. In Shahdadpur (Punjab), a prominent businessman, Haji Ghulam Dastgir Qureshi, who had made quite a fortune in the wholesale trade during the 1960s, but lost much of his business because of the issuing of licenses to Pakistan
Peoples Party (PPP) workers, joined the Jamiat Ulama-i-Pakistan (JUP) of Maulana Noorani in 1976 and became an active participant in the anti-Bhutto movement during April-June 1977. In Chishtian (Punjab), the President of the United Traders’ Organisation (Muttahida Anjuman Tajaran); and Mohammad Sharif Nadim, who was also a member of the Jamiat Ulama-i-Islam (JUI), emerged as one of the most important leaders of the local PNA unit and led numerous anti-Bhutto demonstrations during April-June 1977.\(^8\) In Faisalabad, the office-bearers and members of the Cotton Powerloom Small Units Owner’s Association (CPSUOA) played an important role in the agitation. Similarly, Anjuman Tajaran-e-Punjab (Punjab Traders’ Association - an organisation of small businessmen and storeowners which remains functional to this day - also took an active part in the movement. Its chairman, Abdul Rahman Ghazi, toured many cities and towns of Punjab and mobilised imams (Islamic leader), khateebs (person who delivers the sermon is a mosque) and the PNA’s local units in support of the agitation. Officials and members of the Poultry Manufacturing Association of Gujrat; The Small Industries Estate Association, Gujrat; Traders’ Guild, Mianwali; Silk Cloth Manufacturers’ Association, Multan; Grain Merchants’ Association, Jehlum; Hides and Skins Merchants’ Association, Gujarkhan; Flour Mills Owners’ Association, Faisalabad; and Anjuman Tajaran Masalajat (Association of Spice Merchants), Faisalabad; all played a very important role in strengthening the popular base of the anti-Bhutto and pro-Nizam-e-Mustafa agitation (Ibid.).

After General Zia-ul-Haq’s coup, his regime’s policies further built the relationship between the bazaar and religious forces in Punjab. For starters, Zia’s Islamisation agenda, and dominant geo-strategic concerns in Afghanistan strengthened religious parties, especially hardliners with a militant bend. They, in turn, relied on businessmen for organisational funding. Many organisations – such as the Sipah-e-Sahaba (SSP) – utilised this supportive environment to mobilise along sectarian lines, which laid the seeds for subsequent Shia-Sunni conflict (Zaman 1998). Secondly, by instituting non-party based local government polls, and co-opting Punjab’s business community in the Majlis-e-Shoora (Advisory Council), allowed many bazaar leaders to consolidate their social and political positions in urban centres. Their electoral success was partially predicated on the support they could gather from religious organisations, and by reactivating the networks formed during the anti-Bhutto movement.

The decades following Zia-ul-Haq’s regime have more or less seen a continuation of these trends in Punjab. With a weakened state, a proxy-militant led foreign policy in Afghanistan and Kashmir, a growing population, and a lack of political-ideological alternatives, the social space for religious actors has grown manifold. This expansion has resulted in the entrenchment of exclusivist, sectarian-charged discourse, which has taken a violent turn since the 1990s. In Jhang, for example, the Deobandi-supremacist SSP, now known as the Ahle Sunnat Wal Jamaat (ASWJ), attempted to monopolise the city’s politics on the back of support gathered through mosques and madrasas from the predominantly Sunni mercantilist class (Jaffrelot 2007, p. 97). This was done to limit the role played by Shia landlords and influential Syed families in the city. Similar trends

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\(^8\) The JUI, JUP, and the Jamaat Islami (JI) are the three main religious political parties in Pakistan. JUI represents the Deobandi tendency, while JUP is largely Barelvi; JI is officially non-sectarian.
have been observed in cities like Bahawalpur, Rahimyar Khan, DG Khan, and Muzzaffargarh as well.  

**Bazaar Associations and Religious Extremism**

As documented by Safiya Aftab and Arif Taj, the past decade has been a particularly effective one for religious organisations, especially of the extremist variety (Aftab and Taj 2015). Attacks against religious minorities, civilian populations, sectarian strife, and aggressive public posturing on religious and political issues have become far more commonplace. In terms of numbers, Pakistan has seen upwards of 40,000 citizens and law enforcement personnel killed in attacks by a wide variety of militant actors, who profess commitment to some variant of Islamic fundamentalism. Within this spread of violence, sectarian attacks – i.e. those carried out by Sunni or Wahhabi militants against Shias and Ahmadies, and attacks against minority communities, such as Hindus and Christians, have grown. Since 2007, some 2,300 deaths have taken place in sectarian attacks in the four provinces of Pakistan, with much of the violence concentrated in Balochistan and Sindh. Punjab, although comparatively peaceful when compared to other parts of the country, has also seen nearly 500 lives lost in sectarian and interfaith violence. The period between 2008 and 2013 has been particularly violent, with nearly 62 different incidents of interfaith and sectarian conflict in different parts of the province (Yamin and Malik 2014, p. 17). The only comparable time in Punjab’s history was two decades ago during the mid-90s, when the Lashkar-e-Jhangvi (Army of Jhangvi), the Sipah-e-Sahaba (Soldiers of the Prophet’s Companions) and other ancillary militant organisations were first formed (Rafiq 2014).

While violence and incident data show Punjab as the least affected out of all regions, in per capita terms, it fails to capture the entire gamut of fundamentalism, growing intolerance, and religious mobilisation (Yamin and Malik 2014, p. 3). Many militant organisations, including those operating inside and outside of Pakistan, are headquartered in Punjab, led by Punjabi clerics and religious figures, and actively recruit foot soldiers from seminaries located in towns and villages across the province (Ibid. pp. 17-18).

However, the widespread nature of violent sectarian views and the everyday followers cultivated by militant organisations in different cities shows that religious actors are not confined to any one geographic location. They are, in fact, very much embedded within the societal context in which they operate, and they draw on and participate in the political economy dynamics of those particular locales. It is in this localised, embedded environment that the link between the bazaar and exclusivist religious actors becomes more apparent.

Previous sections have already historicised the relationship between organised bazaar associations and religious groups and parties, starting from the PNA movement in 1976-77 continuing all the way to the present scenario, marked by charity organisations and their activities.

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9 There has been repeated stress placed on the importance of South Punjab in the rise of religious militancy. Bahawalpur district serves as the home for Kashmir oriented-jihadist organisation, Jaish-e-Mohammad (Army of Muhammad), while Rahimyar Khan is host to several seminaries that have hosted Al-Qaeda operatives. See for example, ICG 2016.
mosque donations. The following section will analyse case studies from two localities – Shah Alam Commercial Market in Lahore and Main Bazaar, Nankana City – to understand the relationship between religious actors and bazaar associations and traders, and the role this has on extremism.

Case Study 1: Nankana Sahib City

Nankana Sahib city is the district headquarters of Nankana Sahib district, which was upgraded to its current administrative status on 1 July 2005. It consists of four urban settlements: Nankana City, with a population of approximately 84,000 residents; Shahkot with 48,000 residents; Sangla Hill with 61,000 residents; and Warburton with 30,000 residents (GoP 2013). All urban settlements in Nankana district are built around an agro-produce grain market, with the largest *ghala mandi* (grain market) located in Nankana City. However, expansion in the basic consumer goods retail-wholesale sector and the establishment of agro-processing industry has led to a diversification in Nankana’s domestic economy. The services sector, as seen in other parts of the province, has taken a lead in driving economic and population growth, with the total population of Nankana City increasing by 29% between 1998 and 2013 (Ibid.). The location of Sikh holy sites inside and on the outskirts of the city has also led to the development of a complementary hospitality economy catering to visiting pilgrims from India.

Nankana’s bazaar economy is organised in several different goods-based associations, with an apex organisation operating at the city level. There are four primary trader associations currently active in Nankana: the *Ghala Mandi* Merchants Association, the Auto-Workshop Owners’ Association, the Cloth Merchants’ Association, and the Railway Bazaar Traders Association. At the apex level, there is a district Markazi Anjuman-i-Tajran (Central Traders Association) Nankana City, loosely affiliated with the countrywide All Pakistan Anjuman-i-Tajran.

There are a number of religious organisations with an active presence in the city, chief amongst which is the Khatam-e-Nabuwat Tanzeem (Movement for Enforcing the Finality of Prophethood). Their local chapter was established in 1982, and has since been functioning fairly regularly, with three neighbourhood offices and a central office located on main Railway Road. In 2014, they held three separate Khatam-e-Nabuwat conferences, under the patronage of the Markazi Anjuman-i-Tajran and the Cloth Merchants’ Association, and in close collaboration with the district administration. The current general secretary of the *Tanzeem* in Nankana City is also an office-bearer of the local press club, and runs a small stationery and general store.

Other religious groups active in the city include the ASWJ, which as recently as April 2015, held a district conference under the leadership of its president Muavia Azam. Based on information gathered during interviews, it is estimated that it currently controls four mosques and two madrasas in the city (Akram, R. pers. comm., 17 August 2015).^10^
Despite being a relatively small city, Nankana is no stranger to communal and religious violence targeting Shias, Ahmadis, and to a lesser extent, the indigenous Sikh population. The first recorded targeted campaign was in the second week of April 1989, when twenty homes belonging to the Ahmadiyya community in Chak 563 GB (now located inside the city’s limits) were burnt, causing injuries, and considerable damage to property (HRCP 1989). The premise of the attack was a rumour about an individual burning a copy of the Quran, which quickly spread due to public announcements in local mosques controlled by the Khatam-e-Nabuwat Tanzeem (KNT). On the day of the attack, local market associations also declared a general strike to protest against the alleged desecration (Ibid.).

Based on fieldwork carried out in the city, it is apparent that local religious organisations keen on publicising their presence. At a distance of 200 metres from the main Gurdwara (Sikh place of worship), a new mosque has been constructed, with a sixty foot tall minaret, that from afar covers the Gurdwara from view. The KNT controls the mosque, while Malik Mushtaq, an office-bearer of the local Cloth Merchants’ Association, sponsored the minaret’s construction. He had earlier given USD 2800 for the three KNT conferences held in the city in 2014 (Mushtaq, M. pers. comm., 21 August 2015). When asked about the location of the mosque, the minaret, and the KNT’s activities, he replied by saying:

> There is a perception about Nankana that it is a Sikh city. Even when you enter the district there is a sign with Gurumukhi on it. This mosque is constructed by the citizens of Nankana to show that we are proud of being Muslim. It is for our identity, and everyone is proud of it. The local MPA (Member Provincial Assembly) also participated in its inauguration.

On the question of insecurity for the Sikh population, he remained circumspect:

> Sikhs are our Punjabi brothers, and those visiting from India are our guests. They have nothing to worry about in this city, but they should know that this is a Muslim country, and so we have to be clear about that too.

Malik Mushtaq’s affiliation with the KNT began nearly a decade ago on the insistence of a relative who had been part of the organisation. He was a moderately successful cloth merchant at the time, with a business that, according to other businessmen, was on the way up. The appeal of becoming a patron for a religious organisation holds both an ideational component – he genuinely believes that Islam is in danger from ‘heretic’ sects – as well as an instrumental one. Over the past five years, Malik Mushtaq’s name has appeared on a number of plaques and banners affiliated with religious and charitable events carried out by such organisations. This growing prominence has not gone unnoticed; the district administration, especially the police, engages with him on matters pertaining to public safety and policing around both the holy month of Muharram and the Sikh pilgrimage. The local city police station’s station house officer (SHO) frequently visits his commercial establishment, or calls him in for lunch or tea. This access, which

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11 Bazaar Trader, Chairman, Cloth Merchants’ Association.
he says has increased regardless of a change in the administrative personnel, makes others consider him a natural contender to represent their particular trading community – the cloth merchants. He says his nomination (not election) as the principle office-bearer of the cloth merchants association is proof of the trust the rest of the business community has in him, and the personal resources – material and social – which he commands.

The direct economic gains resulting from this upward social mobility, and increased social capital, are difficult to tease out individually, but it is no secret that his cloth business is doing quite well. The sums donated in the last year, as narrated by him and others around him, are not insignificant, even after adjusting for exaggeration and inflation. Whether he would have been as wealthy had this increased access and prominence not occurred is hard to say, but what is certain is that the organisational consolidation of religious groups, such as the KNT, has been leveraged for increasing social capital in the political-economic domain.

Located at a short distance from the main KNT mosque, and quite close to the Nankana City police station are several shops and restaurants that prominently display anti-Ahmadi signage. When one of the proprietors was asked about their purpose, he replied that this was a safeguard against the ‘global Ahmadiyya conspiracy’, which aims to convert all Muslims in Pakistan. The need of the hour, according to the businessman, was vigilance and collective action against them (Dogar, S. pers. comm., 17 August 2015). Despite its proximity to the police station, and its overt violent language – suggesting all Ahmadis are *wajib-ul-qatal* (liable to be killed) – the police remain indifferent to it. When the SHO was asked about the pervasive presence of such violent signage, he shrugged it off, saying: ‘It’s their shop. The trader *sahiban* have decided to do this, so we can’t intervene and tell them to not do it. Our job is to make sure there is no violence. Other than that, there’s not much we can do’ (Akram, HJ pers. comm., 21 August 2015).

To prevent outbreaks of sectarian or interfaith violence, the district administration has set up a district peace committee, comprising members of civil society organisations, bazaar associations, and religious leaders. The committee is activated around the time of Muharram and the annual Sikh pilgrimage, but remains mostly inert the rest of the year (Ashfaq, M. pers. comm., 17 August 2015). The head of the city’s main Imam Bargah, and a member of the District Peace Committee (DPC), maintains that the administration is less bothered about everyday acts of discrimination, and is fixated on preventing outbreak of violence. In his perspective, the district bureaucracy neither has the capacity nor the will to effectively police hate speech and propaganda, given how closely it is tied to influential members of the main bazaar (Ali, SI pers. comm., 17 August 2015).

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12 On an average, respondents said that the KNT gets between USD 380-420 per week from various merchants in the main bazaar.
13 Proprietor, Punjab Hotel, Railway Road, Nankana City.
14 Station House Officer, Police Station, Nankana City.
15 Member, Railway Road Bazaar Traders’ Association; Member, District Peace Committee.
16 Markazi Imambargah, Nankana City.
A prayer leader affiliated with the KNT maintained that bazaar leaders are generous with their donations because of their belief: ‘If someone is a good Muslim, and wants to donate towards a holy cause, we cannot ask why they want to do it. It’s their choice, and they’re doing the right thing’ (Bhatti, D. pers. comm., 21 August 2015). On further questioning, however, the transactional element of the relationship also came to view:

Every time we hold an event, or raise funding for the mosque, the name of our sponsors and supporters is given primacy of place on placards and banners. This is a way of telling people who these generous and honourable citizens are. In return, those who donate gain sawab (reward) as well as the respect of others, especially in the district administration.

The transactional element of the bazaar-mosque relationship is hard to separate from the personal ideological moorings of individual businessmen. What is relatively clear, from observations in the city and from interviews, is that social, political, and economic capital is closely tied together and is operationalised through such interactions. Given increased economic competition within the bazaar, maintaining a status distinction as a community elder requires individuals to engage in philanthropy and public displays of religiosity. In the process of attaining such status gains, however, ideological, political, and economic hierarchies are merged, thus, marginalising those who do not ascribe to the dominant worldview. This is what has happened in Nankana City where a section of the city’s political and economic elite is closely affiliated with a particular religious outlook and its organisational apparatus, thus, leaving material and spiritual discrimination a natural by-product. Fortifying the problem is a generally weak and inefficient law and order and governance apparatus that cannot function autonomously from the societal hierarches mentioned above.

Case Study 2: Shah Alam Market, Lahore

Shah Alam Market, established in its modern shape in Lahore’s inner city in 1954, is Punjab’s largest commercial retail-wholesale space, with approximately 25,000 different establishments employing close to 100,000 individuals (Amir, K. pers. comm., 27 August 2015). The market itself is divided into seventeen sub-markets, each dealing in the retail or wholesale of different kinds of goods ranging from consumer electronics to clothing and garments, clocks, crockery, jewellery, and paper. Each sub-market, plaza, or collection of vendors is governed by its own association, while the entire market itself is governed by the Shah Alam Market Board, consisting of representatives from all constituent associations. The Board’s responsibilities include maintenance of public spaces, operating parking stands in coordination with the local government, providing some dispute resolution services, and liaising with apex associations on matters pertaining to taxation and government regulation of the retail-wholesale sector. The Board also has an unstated and de facto seat on the executive committee of the Lahore Chamber of Commerce.

17 Trader, Member Khatam-e-Nabuwat Tanzeem, District Nankana.
18 Chairman, Shah Alam Market Board.
Given its location, Shah Alam market is closely associated with two major religious institutions – Lahore’s second largest Muharram procession originating from Nisar Haveli in nearby Mochi gate, and the shrine of Ali Hajveri (popularly known as Data Darbar). The shrine’s management committee has long had representation from the traders of Shah Alam market. The Board’s longest serving head, former MPA and famous trader representative Haji Maqsood Butt was known as the *Khadim-e-Data Darbar* (Servant of Data Darbar) due to his generous donations for the shrine’s upkeep.19

Interviews with residents and businessmen inside the market reveal an interesting and fairly syncretic past. The Muharram procession was, historically speaking, partly sponsored and supported by non-Shia traders who held Barelvi dispositions. Participation was also not just limited to Shia mourners, many non-Shia residents of the old city used to take part as the procession passed through their neighbourhoods (Rollier 2014). Older businessmen provide several explanations for this. For starters, procession rituals and mourning carry a great deal of importance in how Barelvi Islam is practiced in the sub-continent. The proximity of the shrine, and its importance in the inner city, thus, led to the emergence of a shared culture during Muharram. Secondly, prominent Shia families of the area, while not actively involved in the bazaar economy, nonetheless exercised a great deal of influence in the neighbouring areas. As local philanthropists and patrons, they were able to retain their position at the top of the inner city socio-economic hierarchy, thus, ensuring the sanctity of their religious practices.

In the past two decades, the inner city has experienced residential decay. Many older, wealthier residents have moved out to suburban locations, and old properties have been converted into warehouses, or lodging for labourers working in the shops and petty manufacturing units of the area. The Qizilbash family, the historical Shia patrons of Muharram rituals, no longer have a permanent presence in the neighbourhood. This has led to a consolidation of power amongst middle-class bazaar traders, many of whom maintain active political ties in their areas of business (Ibid.).

The other sociological change, alluded to earlier as well, is the growth in Deobandi and Salafi values amongst the second generation of Shah Alam’s business community. This change is directly correlated with the proliferation of Deobandi and Salafi evangelical organisations and their active role in running mosques in the inner city. One important consequence of this cultural shift has been an increase in antagonism over the procession route and other rituals during Muharram. For the past few years, Deobandi groups have attempted to mark the first day of Muharram as the day of martyrdom of the second Caliph, Umar Farooq (RA), in a direct affront to the Shia community. In the past, these groups have also relied on bazaar traders for donations to put up banners and posters in honour of the Prophet’s companion – another sore point between the two communities – along the processional route.

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The relationship between Shah Alam’s trading community and religious organisations (such as the Khatam-e-Nabuwat Tanzeem, the Tableeghi Jamaat, and various Islamist groups like the Jamaat-ud-Dawa) has grown more apparent during protests and demonstrations.20 Shah Alam traders were amongst the first to call a shutter-down strike over both the Danish cartoons and the blasphemous Youtube videos (Blom 2008). When asked about the motivations behind this, one trader responded fairly indignantly: ‘It’s written on our hearts, the respect for our Prophet (SAW). We need no instructions and we need no one to tell us how to respond. One day of closing our businesses is merely a small sacrifice’ (Iftikhar, M. pers. comm., 3 September 2015).21

The issue of blasphemy is one that unites practitioners of different Sunni sects like no other issue. Despite increasing Deobandi influence, blasphemy-related protests gain remarkable response rates in what is a very large and fairly diverse marketplace. The responses, however, do not go unrewarded. Between July and October 2015, traders in all seventeen constituent markets of Shah Alam carried out four highly successful shutter-down strikes over the government’s imposition of a withholding tax on banking transactions. Coordinating a strike of this nature in an enormous space is a difficult task, but is made easier by close coordination between the Shah Alam Board and the managers of mosques and madrasas in the neighbourhood. Two days prior to each strike, public announcements were made using the mosque’s loudspeaker system, madrasa students were used as labour to put up banners and flexes announcing the strike throughout the market, while each prayer time concluded with a brief meeting on the strike preparations led by the prayer leader and the traders action committee.

The mosque-bazaar relationship comes to the fore on instances like the withholding tax protest, or protests against blasphemy, yet it is built and cemented in everyday interactions. While prayer attendance in specific mosques sponsored by religious organisations is one major source of interaction, two other pillars include dispute resolution and charity donations. Based on fieldwork observations and interviews, some of the dominant Islamic actors in inner city Lahore’s charity space include the Falah-i-Insaniyat Foundation (FIF) – the charity arm of the Jamaat-ud-Dawa (JuD) and Lashkar-e-Taiba, the Al-Khidmat Foundation – affiliated with the Jamaat-i-Islami, the Daawat-e-Islami – a Barelvi religio-political organisation also involved in charitable works, and other smaller trusts established by local mosque networks. The FIF in particular has emerged as a leader in charity collections in Shah Alam despite being declared a proscribed organisation in the United States and despite its parent organisation, the JuD, being ‘monitored’ by the Pakistani state. It operates a mosque close to the market, an ambulance depot at a short distance from the inner city, and has a regional office near Chauburji, which serves as a focal point for various activities.

When asked about its popularity, traders who donated or kept charity boxes in their shops offered several explanations. The first is that the FIF’s work is very apparent, and the money ‘appears’ to be spent for charitable causes. The mosque’s managing committee provides details of where donations were distributed, and for what purpose. The second is

20 Observations of respondents.
21 Paper Merchant, Urdu Bazaar.
that the organisation often approaches big businessmen directly and through reliable intermediaries known to both parties. This induces familiarity and increases trustworthiness along with a cascading demonstration effect flowing towards smaller businessmen in the marketplace (Lodhi, K. pers. comm., 29 August 2015).22

Other than established charities, a number of localised charities also carry out fundraising operations in commercial centres. These are mostly affiliated with neighbourhood mosques and accompanying madrassas, and work in coordination with traders to provide ration and free meals for the needy during certain months in the Islamic calendar. All mosques have a sectarian affiliation or bent, and thus draw their financial support from businessmen affiliated with that particular sect. During Ramazan in 2015, for example, nearly every mosque in the inner city initiated a plan to offer free dinner to labourers and workers. The announcements were made using banners in all neighbourhoods, and the name of sponsors was displayed prominently on each (Saleem, H.U. pers. comm., 6 September 2015).23 An interview with Superintendent of Police (Investigations Office, Lahore) revealed that this form of diffused financing may not be responsible for terrorism or militancy directly, but is definitely linked with the growth of intolerance and sectarian mistrust. Given how difficult it is to police discourse in smaller mosques, and monitor informal funding channels, the state is relatively powerless on this particular aspect of bazaar-mosque relations (Riaz, U. pers. comm., 4 September 2015).24

Another dimension in this relationship pertains to alternate forms of dispute resolution existing in the marketplace. A recent trend, according to local traders, is for the local khateeb or imam of the mosque to act as guarantor in any informal dispute resolution agreement, provided both parties ascribe to his theological disposition. In a recent case involving the sale and distribution of a commercial property in Shah Alam within extended family members, the khateeb of the market’s main mosque was asked to act as witness, and take religious oaths from both parties, to honour the transaction. This points to recognition of the social role played by religious actors in legitimising decisions taken by the bazaar association. An amicable resolution, helped in part by religious actors, also helps the latter in shoring up its organisational hold as a representative body of bazaar traders.

While such trends point to a gradual growth in the power of exclusivist religious discourse and its responsible organisations, like in Nankana City, some interesting counter-trends have been witnessed in the last five years, which may offer some contrast. In 2010, the Data Darbar shrine became the target of a deadly twin-suicide bombing attack, which killed fifty individuals (including three businessmen from the adjacent Circular Road market). In response, and as a sign of protest against the government’s failure to protect citizens, all inner city markets – including Shah Alam – remained closed. Pakistan Muslim League – Nawaz, the ruling party in government, has since then become especially vigilant in these areas. Under pressure from various bazaar leaders,

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22 Proprietor, Lodhi Electronics, Electrical Market, Shah Alam Bazaar.
23 Khateeb, Masjid-e-Farooqia, Circular Road, Lahore.
24 SP CRO, DIG Investigations Office, Lahore Police.
CCTV cameras have been made functional, while religious groups operating in the area are closely monitored.

A former Deputy Superintendent of Police (DSP)-City division recalls that the provincial government diverted extra resources towards the investigation and monitoring of mosques in the aftermath of these attacks. In 2011, the government actively sought the support of traders to ensure that funding of dubious religious charities, such as the Al-Amin trust, was clamped down, and in that process, many charity boxes were confiscated or discarded. According to the police, and as mentioned earlier as well, while this may not have a direct impact on the actual exercise of violence – given how funding channels for attacks may be distinct – it does have an impact on reducing the funding available for hate speech and exclusivist propaganda (Hayat, A. pers. comm., 1 September 2015).25

While some traders may have been reluctant due to personal ideological persuasions, most were quick to recognise the authority of the administration and the political leadership on these issues. Subsequently, the government also organised joint sessions with Imam Bargah heads and bazaar associations to ensure that no untoward incidents take place during Muharram. These planning meetings have continued since then and take place before the start of Muharram every year.

The relative constraints under which organised religious actors operate in Shah Alam Market can be explained by the particular configuration of social and political power that has emerged in the past few years. For starters, the provincial government and its political leadership have directly invested in the safety of the capital city. This means that decision-makers at the top take an active interest in ensuring the bureaucracy remains autonomous and does an effective job in policing hate speech, and maintaining law and order. Secondly, the economic elite – in this case the bazaar associations – operates alongside, and under the patronage of a popular political elite that does not directly liaise with exclusivist ideologues. Some bazaar traders and politicians may be sympathetic to such ideologies, and while there is a strong, burgeoning relationship between religious actors and the bazaar in Lahore, it does not supersede the autonomous power of the state apparatus, unlike in Nankana City.

Key Findings and Conclusion
A comparative analysis of the two case studies, along with a historical-institutional account laid out in the previous sections produce some key findings on the relationship between bazaar associations, religious groups, and the growth of extremism.

Firstly, the mosque-bazaar relationship operates at both a functional or instrumental level, as well as at an ideational level. It is functional in the sense that bazaar traders utilise social capital gained from public religiosity and charity to increase their status profiles in urban settings, while religious leaders gain power and prestige through donations and by associating with economic elites. However, it is also ideational as the two inhabit and share a similar worldview on many issues. This is both a function of

25 Ex-DSP – City, Lahore Police.
proselytising efforts by religious groups, but also because of the context – a conservative, Muslim society with no ideological alternatives – in which the two operate.

Secondly, the ability of the local state apparatus – law enforcement and municipal administration – to retain autonomy and capacity over and above social hierarchies is crucial in ensuring constraints on the spread of exclusivist ideologies and curtailing violence. In Lahore, the district administration, empowered by a political elite that is independently popular, has created a détente in a potentially turbulent situation. In cities like Nankana and Jhang, however, where political parties are weak and the political elite is beholden to both economic and ideological actors, similar constraints are less likely to emerge.

Thirdly, *bazaar* associations by their sheer presence, effectiveness, and political embeddedness hold a reservoir of social capital. Regardless, this social capital does not automatically translate into a positive force in society. Depending on the context, and the nature of political and ideological competition, *bazaar* associations may become catalysts in perpetuating extremism in urban settings. However, in other instances, especially where the state and political decision-makers are able to mediate effectively, *bazaar* associations may help in building inter-community trust or tolerance. This potential role of the private sector has also been documented in other conflict-ridden countries.26

Finally, there is urgent need to carry out a more systematic, large-scale study of how exclusivist religious organisations operate on a day-to-day basis in secondary and tertiary towns and cities. This would require collecting data on the demographic and sociological characteristics of religious leaders, as well as on the political-economic relationships in commercial settings. Early indications based on Nankana City’s analysis show that where urban growth has taken place without any corresponding institutionalisation of moderate political parties, religious organisations have stepped in and monopolised civil society. There needs to be further analysis on this front, so that a normative agenda for reform may be drafted.

References


For more on the role that private sector organisations have played in reducing violence in conflict-ridden environments see, Peschka 2011.


The Terror that Minorities in Pakistan Face Today: Causes and the Road to Peace*

Ayesha Salman**

Abstract
This chapter aims to ask questions about why ordinary people resort to extreme and brutal acts of violence in the name of religion in an attempt to offer solutions to the occurrence of religious crimes. I begin by questioning the mindset of those who commit such crimes. Following from that I try to unpack the dichotomy that exists within the psyche of the individual who is compelled to kill or be killed for a belief system that rests on a complex network of economic, political, social and ideological environments. Following an overview of the extent and severity of religious conflict in Pakistan, I suggest policy changes that may be able to tackle the issue with some success.

*This chapter has been approved as a Working Paper by the referee.
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Introduction
On 4 January 2011, Salmaan Taseer, Governor of Punjab, Pakistan, was shot 27 times by his bodyguard in a highly populated market in Islamabad, Pakistan. The assassin Malik Mumtaz Hussain Qadri’s confession was that he killed him because the Governor was in favour of amendment in the Blasphemy Laws in Pakistan and actively showed his support for a Christian woman Asia Bibi who had been sentenced to death for blasphemy. Hence according to him, Salmaan Taseer was an infidel and a traitor to Islam. Many were appalled by his murder, but there was also a large population that supported Qadri as reflected in a number of statements made by the Muslim clerics, including the fact that more than 500 clerics tried to boycott Salmaan Taseer’s funeral. Shockingly, when Qadri appeared in court, he was showered with rose petals. ‘No Muslim should attend the funeral or even try to pray for Salmaan Taseer,’ according to this statement made from Jamaate Ahle Sunnat Pakistan, one of the biggest organisations of the Barelvi, representing 500 religious scholars. The statement continued, ‘We pay rich tributes and salute the bravery, valour and faith of Mumtaz Qadri’ (Shah 2011). Five years later, when Qadri was finally hanged in March 2016, hundreds of people gathered at his funeral and protested against his killing, revering him as a saint and a great symbol of Islamic faith.

For those who stood for justice for Salmaan Taseer’s murder and paid tribute to him for what has been regarded by many extremist religious groups as crimes against Islam, this was a shocking blow if not a devastating spectacle of utter disregard for human life. In this particular case, Salmaan Taseer was not even from a minority religious group, but a Muslim himself, yet even the prospect of an allegiance to a non-Muslim that seemed to threaten Islamic values or ideals was enough for an extremist such as Qadri to pass a death sentence on him. This was yet another killing in a list of similar murders that had taken place in the name of Islam – a sense of lost hope and the prospect of unending conflict permeating the atmosphere at the time.

But as certain factions began to grow, those in favour of the killing and those against it, the larger question that loomed in people’s minds was why? What lies behind such unfathomable acts of religious extremism? How can any human being be responsible for such horrific acts of cruelty and how can so many condone it? Surely this kind of radicalism cannot exist in isolation. Why do people end up resorting to such acts of what can only be termed as pure savagery? At what point do we become so blinded by a way of thinking that we are willing to kill or be killed for what we call our beliefs or our faith?

In the last ten years, the conflict between different religions and sects in Pakistan has grown exponentially and continues to plague the nation. Due to the indiscriminate attacks on churches, mandirs (Hindu temples) and Imam Bargahs (congregation hall for Shia commemoration ceremonies), people cannot pray at their places of worship anymore.

There is little reliable material available in general that outlines what the causes behind religious crimes in Pakistan might be. The obvious reason for this is that it is impossible to quantify exactly what these factors are since the network of historical, political, social
and economic factors are so complex and multi-dimensional that they inhibit a direct relational link to radicalism and violent behaviour with regards to religious terrorism. At best, we can try and form co-relations between certain groups of people and/or particular economic and social conditions that they are subject to keeping in mind the political context within which these situations arise. The lack of information on this topic within Pakistan is also due to a dearth of research material locally. There have been studies conducted, but the findings are limited to certain areas of Pakistan and small groups of people that do not succeed in shedding light on the situation in a holistic manner. There may be many reasons for this including expense and lack of expertise and reliable statistics locally, which is why it is imperative for international organisations to undertake more meaningful and long-lasting interventions in Pakistan. Currently, there is a lack of involvement and a lack of awareness about the gravity of what religious minorities are facing in Pakistan on a global scale. The de-sensitisation of what is happening in Pakistan at the international level has serious ramifications for the plight of religious minority groups in the country. This point is of huge significance and will be explored in greater depth in the last section of the chapter.

Hence, much of what is shared in this chapter has been learnt through insight, inference and the knowledge available in the form of articles and reports. What transpires through all of this, however, is that there are definite links between religious conflict and economic and political factors at play. Pakistan is a nation of multiple faiths and each faith has its own customs and its own philosophy. However, there is little homogeneity between the faiths and the attempt to marginalise minority groups exists at several levels in society, whether it is through violence or whether it is at a more subtle level - a rapidly expanding undercurrent of prejudice lies at the very root of the culture. Over the last decade or so, religious unrest seems to be getting worse with deaths in the name of religious differences reaching astounding numbers across the country. The situation is spiralling out of control exacerbated by the increasing incidents of suicide bombings. And it is in fact suicide bombings that are the most dangerous and disturbing aspect of what is becoming more common as the number of victims of religious crimes continue to escalate. The increasing frequency of suicide bombings is a constant threat to the security of the country and is a clear indication that more and more people are turning to murder and self-annihilation as some sort of salvation and justification for murder.

**Fundamentalist Ideology: Causes**

There is the question of a kind of mass hysteria and brainwashing at a young and vulnerable age by misinformed clerics of Islam that cause people to believe that if they kill for their religion they will secure a place for themselves in heaven. But, the more alarming aspect of this is that such a lack of hope and disillusionment with life must be the consequence of something more overpowering, something larger than the act of violence itself. If you have reached a state of mind where belief compels you to go so far as to take your own life, it is an obvious indication that there is disconnect between you and the world in which you live. It is also a dangerous reflection of the fact that if there is no value for your own life, there will be no end to the killings because there is no compulsion to protect yourself. In a situation where there is a war, both sides defend themselves, but in the case of suicide bombings, death is revered and life expendable.
There are a multitude of reasons behind these acts, not least Western intervention in Pakistan that can be traced back to the invasion of Afghanistan and the huge influx of displaced refugees that caused a crisis, for the Afghans and the Pakistani population in terms of increased unemployment and poverty, but also the threat of mass destruction and political instability caused largely by the inflow of a vast number of military weapons. More recently, the decision of the United States and NATO\textsuperscript{1} to adopt a strategy of pre-emptive strikes and drone attacks into the tribal areas of Pakistan has led to growing resentment against the West and a call for justice for the families of those killed in this ongoing conflict. Militants have also been using these areas as sanctuaries, increasing the tension between the people in the tribal areas and the Government of Pakistan, and intensifying the animosity of local people towards the West. This has also fuelled internal unrest resulting from an allegiance to whichever side the extremist groups hold responsible for the deaths of people in their local tribes. This goes hand-in-hand with the fear of Western imperialist superiority and the patriarchal instinct to protect and preserve a culture that seems indelibly linked to a strict adherence to religious belief. As the death toll in these areas rises so does the desire to assert authority and supremacy by whatever means possible.

There is also marked opposition to the intellectualisation of society because of the threat of attempts to interpret scripture in ways that extremists believe are contrary to the beliefs of Islam. Any attempt to meddle, with what they believe are the tenants of their religion, is actively denied and resisted at all cost. In the same way, modernism and the idea that modernism will increase sin and tarnish society is another important reason for this kind of fundamentalism as is the belief in science which is seen to do the same. According to Harle (2014), ‘a cause of fundamentalism is the scientific reductionism of humans to spiritless … molecules and chemicals.’ But for religious fundamentalists, this life is temporary and their entire belief system rests on the premise that this life is merely a test, a pathway to the afterlife, so to ‘limit’ our existence to something finite is tantamount to blasphemy.

To revisit briefly, the suggested root causes for fundamentalist ideology outlined so far include fear of modernism, fear of self-annihilation (in the case of suicide bombers this would refer to the idea that heaven or an afterlife does not exist), intellectualism and Western imperialist ideology which is linked to the fear of a diminishing culture. But, there are many other reasons behind this ideology which seems adamant to mark its territory.

Coupled with the fear of modernisation and imperialism is the fear of education, which stems from the attempt to control intellectualism. The textbooks in Pakistan are riddled with messages that promote dissention and divisions based on religion. The national curriculum in Pakistan contains hate messages within the text against minority groups including Hindus, Jews and Christians. In an extensive study by Hussain et al. (2011) on public schools and madrassahs (religious schools) in Pakistan, a number of examples of hate messages against religious minorities are given from Social Studies textbooks. For

\textsuperscript{1} North Atlantic Treaty Organization.
instance, in a Grade Six textbook, there are various references to history where it is stated that Hindus and Buddhists were mercenary and cruel people:

Before the Arab conquest, the people were fed up with the teachings of Buddhists and Hindus. The foundation of [the] Hindu set-up was based on injustice and cruelty. The system of Islam…was based on justice, equality and brotherhood (Ibid. p. 43).

Another textbook stipulates that:

Christian missionaries took full advantage of the British occupation of Asia and under their patronage started converting people of different religions to Christianity (Ibid. p. 43).

Moreover, in madrassahs, non-Muslims are often grouped together and called infidels, pagans or apostates. In the study, it was shown that many of the teachers were also racist against non-Muslims and remained complacent when it came to teaching children about tolerance and acceptance (Ibid.).

Although it is a contentious view, and scholars and researchers have debated this for years, some identifying it as a weak link, others as a link that needs to be explored in greater depth, poverty also plays a part in instigating religious hate crimes, though this may be at a subliminal level. According to Naveed and Ali (2012, pp. 1 and 18), 58.7 million people in Pakistan are living in multi-dimensional poverty, with 46% of rural population and 18% of urban households falling below the poverty line. Unemployment, inequality, malnutrition and a lack of confidence in Pakistan’s governance structures makes it easier for the larger, poorer populations of the country to turn to other solutions that may offer hope or comfort, a road to a better, happier life. There is no unequivocal evidence that suggests that terrorism of this kind is not just a political phenomenon, but an economic phenomenon as well. However, there is some indication to suggest that there is a connection between poorer sections of society having more extremist views than those that are more prosperous. It is also a fact that many of the children that are trained by the Taliban and other terrorist groups are from madrassahs, where the children are from extremely poor backgrounds. Lack of education is also strongly linked to the kind of blind faith that leads to religious conflict as explored in more detail in the next section, but this also proves that those whose children do not have access to education due to poverty are more vulnerable to being indoctrinated and groomed by such groups. Typically, lack of education can lead to disconnect with the intricacies of the political environment of the country and indeed of the world. Children do not learn how to analyse and think for themselves and are left more vulnerable and susceptible to militant predators. According to Zaidi (2010, p. 14), ‘It is obvious that the poor samples in the N.W.F.P. and Balochistan, and to a lesser extent, the control samples in the other two provinces, tend to display a more radical worldview than their more affluent Punjabi and Sindhi counterparts.’ He goes on to say that while

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2 North West Frontier Province of Pakistan, now called Khyber Pakhtunkhwa.
poverty is not the sole causal factor behind radicalism, there is a strong enough link between the two for it to be a major concern.

Thus, the idea that a religious sect or a particular religious group must stick together and fight for a common cause comes not only from fear, but also from craving a sense of identity borne out of territorial conflict and/or poverty and a lack of education. The need to belong and be part of a greater cause that is somehow bigger and better than us and the world that we live in and show allegiance to a deity that is all knowing and omniscient exists at a level that is unfathomable to those who do not feel the urge to identify in such a way, but for those who are struggling to survive, it is a reality. For those responsible for acts of violence, the thought of accepting or even allowing the belief of another sect or religion is tantamount to denying the will of God. When it becomes established that there is only one way forward and only one way to preserve what is seen as sacrosanct, people come together and this is what is known as mass hysteria, often leading to genocide. And when the majority decides to subjugate and discriminate against minority groups, the results are devastating.

**The Facts**

In a nation, where around 96% of the population is Muslim (The Guardian n.d.), most of the discrimination and violence is instigated against minority groups: Christians, Hindus and Ahmadis. But also within the Muslim community, the majority are Sunnis, so there have been many instances of attacks against the Shia Muslims. Religious minorities in Pakistan are only nine million among 183 million Pakistanis. The biggest groups are Christians and Hindus, each of which accounts for less than 2% of the population (Kaleem 2014).

A study on religious dissent in Pakistan done by the United States Commission for International Religious Freedom stipulates that more than 200 attacks among religious groups; and 1,800 casualties resulting from religion-related violence have taken place between 2012 and mid-2013, which is one of the highest rates in the world (George 2013). According to the Human Rights Commission of Pakistan (HRCP), 34 people were charged with blasphemy in 2013 (Gannon 2014); while at least 16 people were on death row in the country for blasphemy, including Asia Bibi; and 20 serving life sentences (Human Rights Watch 2014).

On 15 March 2015, two Christian churches in Lahore were attacked by suicide bombers; at least 15 people were killed and 70 wounded (Gabol et al. 2015). This was the worst assault on Christians in Pakistan since the bombing of a church in Peshawar in 2013 which claimed 80 lives.

Hindu women in particular have been subject to sexual and gender-based attacks. Women and young girls, particularly in Sindh, have been abducted and forced to convert by Muslims. In 2014, a Hindu temple in Tando Mohammad Khan in Sindh was attacked by Muslims. The temple was torched and the stone idol of Lord Hanuman blackened. Many of the Hindu religious books were also burnt (Ethics in Action 2010). In a similar attack in March 2014, a small Hindu temple was torched near Fateh Chowk in
Hyderabad, Sindh. Only a couple of weeks before that, a dharamshala (resthouse), was set on fire and some statues of Hindu deities in an adjacent temple in Larkana were damaged to protest the alleged desecration of the Holy Quran (Khan 2014).

With kidnappings and forced conversions of teenage Hindu girls, including abduction of Hindu traders for ransom, and desecration of temples, a large population of Hindus has been forced to migrate to India. One of the victims of an attack said:

We are completely insecure here. We are looted, our voice is not heard by the people, our temples are attacked in broad daylight, but no one takes action, our girls are kidnapped and forcibly converted only to hear more empty promises of justice. Nothing happened in the last 65 years and we don’t expect any improvement in future. Things will only become worse (The Times of India 2014).

According to the Pakistan Hindu Council, after the 21 November 2014 attack, on the Hindu temple in Tando Mohammad Khan, 1400 Hindu religious sites across the country were threatened and in need of protection by the government (Ibid.).

Over the years, sectarian clashes have also increased. In January 2015, there were two major attacks on Shia mosques killing at least 70 people. In February 2015, two Shia mosques were attacked again and 254 people were killed. According to Raza (2015), between 2002 and 2015, at least 1330 people have died in sectarian attacks on mosques in Pakistan. In May 2010, in what is known as the Lahore Massacre, two mosques of the Ahmadi community were attacked and 94 were people killed.

These incidents are just a handful in countless other similar attacks. Minority groups in Pakistan live in constant fear for their lives. These are the most extreme cases of discrimination and are a devastating reflection of a large section of the society in Pakistan. At a more subtle level, there exists a more hidden form of prejudice that permeates every aspect of the culture. This is a slow and silent killer, a disease that is eating into the fabric of our lives and what eventually leads to larger crimes. And here we may talk of the mindset of the people who are the perpetrators of this crime, though they may not be the ones pulling the trigger.

From a young and impressionable age, we are taught in schools that if you are not a Muslim you are in some way a lesser human being and inadequate in many different ways including how you look, how you conduct yourself, how you live your life on a day-to-day basis and that your beliefs are wrong and somehow against God’s will. The extent to which these beliefs permeate society means that often people from minority religious groups themselves begin to believe that they are lesser human beings than Muslims.

And yet the foundations upon which Pakistan was built have been disregarded by the State entirely. In the words of Muhammad Ali Jinnah, it is specified in the Constitution
of Pakistan that minority religious groups are to be treated with dignity and respect. In the chapter on fundamental rights, it is stated clearly:

(a) every citizen shall have the right to profess, practice and propagate his religion; and (b) every religious denomination and every sect thereof shall have the right to establish, maintain and manage its religious institutions (Youth Parliament 2015, p. 11.).

In addition, in June 2010, Pakistan ratified the International Convention on Civil and Political Rights (ICCPR 1966), which states in article 27:

In those States in which ethnic, religious or linguistic minorities exist, persons belonging to such minorities shall not be denied the right, in community with the other members of their group, to enjoy their own culture, to profess and practice their own religion, or to use their own language.

There is an active form of discrimination that breeds hatred at the very core of the structure of Pakistani society. And here I will refer to some of my personal experiences as they offer my own insights into how I saw some people perceiving others from different religions while I was living in Pakistan. I witnessed on many occasions the kind of prejudice I am referring to; and the worst I came across was the rather obvious hatred against Christians. They were called dirty, churey, ugly, ‘unlike us Muslims’ and I was even told by the lady who owned the house I lived in that I should not employ Christian domestic staff. Many Muslims do not eat in the same plate that has been used by Christians and a number of them do not allow them in their homes. When you are told at school from an early age that you are ugly, that you stink and that you are different in some way, you will inevitably grow up with a feeling of despair and inadequacy and those who are attacking you will grow up with a sense of superiority and a fascist sensibility. That kind of discrimination will ultimately chip away at the foundation of society and lead to catastrophic consequences that may threaten not only the sanity and security of people, but ultimately the economic prosperity of the country as well.

More recently, when my husband had to get his Pakistani passport renewed in the UK, he was given a written document stipulating that he believed in Islam and that he did not hold the same beliefs as Ahmadies. It is this kind of prejudice and degradation that minority groups face at the highest levels that leads not only to fear and hatred, but is deeply damaging for our future generations who will grow up with a sense of lost identity and disconnect with each other and with their country.

As writers and thinkers, we must continue to try and unravel what triggers hate crimes if we are to develop sustainable solutions. What remains certain is that recent incidents in Pakistan have proved that the intensity of the conflict is rising and is compounded by the fact that the government is not taking into consideration the magnitude and severity of the crisis that minorities in the country are facing. There is a general lack of confidence by people of all faiths and backgrounds of the governance structures in the country, the
lack of accountability of the government along with the frequent political crisis that Pakistan has witnessed in recent years.

**Some Solutions**

As long as Pakistan remains as fractured as it is, it will continue to open its gates to terrorism and extreme acts of violence. The Taliban are gaining a stronger foothold in the KPK and Balochistan and their power and influence is increasing, while the Government remains paralysed to the most pressing issues that face the nation. Government policies must include equal and fair treatment of all religions and sects. The recommendations below outline suggestions on how the Government can address this issue. If these recommendations are adhered to, minorities will have a voice in the Parliament and in government matters and will become an indelible part of all the central decision-making bodies of the country.

**Governance**

- To improve the system, investigations carried out by the police should be supervised by a judicial officer.
- ‘There must be an amendment to make Article 36 Protection of Minorities a part of Fundamental Rights. Article 36 is, at the moment part of the “Principles of Policy” which states that the principles under this chapter shall be regarded as being subject to the “availability of resources.” The Constitution of Pakistan does not specify what pertains to the availability of resources and does not provide any kind of timeline about when and how these principles are to be implemented effectively by the State. So Article 36 which is meant to secure the status of religious minorities is a part of the non-operational part of the Constitution. In fact, it renders all other fundamental rights of the minorities useless by linking the implementation of Article 36 with the availability of resources. Unless religious minorities are given proper constitutional safeguards, we cannot expect Pakistan to be a pluralist society’ (Youth Parliament 2015, p. 15).
- A revision of the Blasphemy Laws in Pakistan is imperative and will ensure that minorities are not targeted repeatedly.
- Governance structures need to be stronger, with rules and regulations that are exempt from corruption and malpractice so that the rights of the poor are not denied.
- ‘Parliament must have representation of all the religious minorities including Ahmadis, Christians, Hindus, Sikhs, Parsis, etc., and each should be allotted seats according to their population ratio. The quota for religious minorities in civil and military services of Pakistan should be fixed and/or increased. The system of separate electorate should also be reinstated to secure fair representation for the minorities’ (Ibid., p. 15).
**Education**

- Access to modern technology should be increased so that awareness is enhanced and people can learn to think for themselves. This includes women and girls as well.
- Programmes should be set up to train teachers on how to teach children about tolerance and acceptance.
- ‘The state should take measures to revise the curriculum and to ensure that it is free of hate speech, misinformation and intolerance towards religious minorities. It should also take all necessary measures to ensure that it abides by the international treaties that Pakistan has ratified and make efforts to implement fundamental rights in letter and spirit to protect the status of minorities’ (Ibid., p.7).

**Poverty**

- The provision of basic amenities such as clean drinking water, food security, hospitals, schools, and housing must be provided by building the capacity of communities at the grass roots level through income generating activities. This will enable communities to look after themselves in the long-run.
- Equal employment opportunities for people of all religions and sects must be put in place and more opportunities must be created for women.
- Currently, a large population of children is in the child labour sector, alternatively many are enrolled in madrassahs (religious schools) because the parents cannot afford to look after them. These children are the most vulnerable section of society and must be protected by taking measures to ensure they are safe and secure.

The media also has a significant role to play in how citizens of Pakistan are perceived around the world and how they perceive each other. The international media has a responsibility to create greater awareness of all the issues that affect Pakistan, not only by highlighting the negative aspects of what is happening, but also by initiating campaigns that provide positive messages to create homogeneity and peace amongst people. Moreover, the local media is focused more on party politics and differences, rather than talking about ways to counter extremism. This can be done through recreational programmes and talk shows that address the issue, and also through news channels that discuss social aspects of the country rather than just the political skirmishes between various parties and leaders. To add to this, story books as well as literature and films on the topic can appeal to people on an emotional level which will highlight the issue and set the wheel in motion for change. The power of the media is unprecedented and can be used as a tool for great change.

**Conclusion**

The crises that minorities in Pakistan are facing today need urgent attention. International civil society networks and think tank communities need to employ a more integrated regional and systematic approach to aid Pakistan; and partnerships between local civil society organisations must be strengthened. Foreign and local practitioners who are
experts on the issue of violent extremism should work together to come up with strategies to tackle the problem which must be done in an institutionalised manner. In addition, training should be provided across the board, to government officers and development practitioners, who are working on peace and conflict to be able to come up with possible solutions. Moreover, there should be a database with information about best practices of leading experts in the field that can be referred to from time-to-time and the database must be updated regularly. There are many traditional Muslim networks in Pakistan that can take a more educational role in teaching the true tenants of Islam with an emphasis on its aspects of peace and harmony. Experts and educationalists should also visit universities and schools on a regular basis to talk about extremism, which will help to change perceptions and engender a greater sense of unity amongst the students as well as create a platform to discuss the way forward through reinforcing positive democratic values and counter any extremist ideologies that may exist. The Government must ensure that there are regular checks on how the teachers are conducting their classes and what their attitude is towards students.

Pakistan should not be defined by its limitations as a country, but by the many possibilities it can offer. It is one of the richest countries in the world in terms of resources, including agriculture, energy, minerals, population and geography, and though it remains a country rife with multiple issues, (not least because of the complications within Pakistan caused by Western interests and political unrest, but also due to poor management by governments of internal structures and resources, lack of awareness on a global scale and social inequality), it has the potential to attain great economic prosperity and religious homogeneity in the years to come.

References


Securing Peace and Prosperity


Measuring Voice, Determining Accountability in Select Districts of Pakistan: A Proof of Method Paper*
Fauzia Y. Butt, Shirin Gul, Minhaj-ul-Haque and Muhammad Jamal Janjua**

Abstract
This chapter presents the Voice Accountability Index (VAI), a survey-based tool, developed as a proof of method to identify which areas of Voice and Accountability need strengthening by tracking progress across political, social cohesion, state, and gender dimensions over time in sixteen districts of Khyber Pakhtunkhwa and Punjab provinces in Pakistan. The VAI is based on individual level data collected by interviewing men and women at the household level. At the methodological level, the VAI tool is an attempt to apply the Alkire-Foster method to understand the myriad aspects of Voice and Accountability and the results of the first round of the survey are shared here. However, this remains a work in progress as the data from subsequent rounds is processed and the Index is further modified and strengthened.

*This chapter has been approved as a Working Paper by the referee.
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1 VAI and AAWAZ Index are used interchangeably throughout the chapter.
Introduction
A multicultural society needs to develop policies and programmes that are meant to benefit society as a whole, and not just the powerful groups within it. However, groups with less power have been seen to raise their demands and seek accountability through protests, boycotts, and other forms of persuasion until they can succeed in building up enough power to compete effectively. The ability to gain and use political power then becomes a key indicator for the existence and effective functioning of a pluralistic democracy. In essence, the distribution and concentration of power in a society is related to an ethos of intolerance towards the minority. This often manifests as conflict, which is often violent, for instance in Rwanda where the powerful majority, the Hutus, carried out genocidal mass murder of Tutsis and moderate Hutus.

In the case of Pakistan, we can argue that a concentration of power has resulted in elite capture; and this control of institutional and political resources has resulted in weak governance. Moreover, democracy is weakened when many societal groups, with the exception of the marginalised and excluded, have negotiated an alternate route to representation in the state. Such a combination results in continued failure of the state to adequately provide safety and services for all citizens, hence deepening inequality along the already pronounced ‘fault-lines of exclusion, such as class, caste, religion, and gender’ (AAWAZ 2015, p. 3). The imbalance of power in society is also mirrored in representation in the state, so that efforts to bring about change by focusing exclusively on supply-side governance have largely failed in Pakistan. Many commentators have noted this phenomenon (AAWAZ 2015 citing Jones 2002). Furthermore,

Patriarchal and authoritarian beliefs, attitudes, and practices, and issues such as discrimination and prejudice due to religion, class, or caste, as well as the corresponding violence or threat of violence, result in perpetuating exclusion of marginalised and powerless groups in personal, social, and political spheres (AAWAZ 2015, p. 3).

This, in turn, prevents citizens from holding the state accountable, and inevitably groups such as women and minorities are affected the most. Being amongst the most vulnerable groups in society, women and minorities ‘need to hold the state accountable and engage with it in order to reform the current patronage-based political system, and to have improved access to political decision-making processes’ (Ibid.). Empowering them so they can challenge prevalent discriminatory structures and demand their rights is critical for strengthening democracy in these circumstances. The assumption is that a generation of demand for state responsiveness will result in inclusive and cohesive democratic practices that lead towards a pluralistic democracy (Ibid. p. 3).

Indeed, it is argued here that the voice of societal groups and consequent functionality of accountability mechanisms of the state reflect the quality of a prevailing democracy. Similarly, the level of empowerment of women and minorities reflects the state of societal cohesion and constitutes a key indicator in the assessment of a pluralistic democracy. In order to have a better understanding of the strengths and weaknesses of the democracy that exists in Pakistan, the aforementioned instruments, i.e. the voice and
empowerment of marginalised groups, and accountability mechanisms, are measured here through the development of a Voice and Accountability (V&A) Index, utilising a perception survey. The following sections explore the objectives, theoretical framing, methodology, reasoning, and constituent elements of this Index in order to provide a proof of method and demonstrate the effectiveness and potential of such an approach.

**Objective**

The objective of constructing an Index and ranking based on Voice and Accountability was to apply the Alkire-Foster method to an existing perception survey to demonstrate a proof of method for developing a single indicator to assess the quality of democratic dispensation. Democracy is assessed as the extent to which Voice and Accountability mechanisms for the dispossessed are functional.

**Perspectives on Voice, Choice and Empowerment: Theoretical Approaches and Debates**

AAWAZ\(^2\) concluded a perception survey in November 2014, reinforced with a qualitative module using focus group discussions (FGDs). The main purpose of the exercise was to create a baseline against which progress could be measured along several indicators. The survey was designed essentially to measure the quality of the state-citizen relationship by use of proxy variables. These variables in turn related to Violence Against Women (VAW); political participation (including interface with the police and involvement in formal and informal local governance arrangements); and self-esteem of the respondent. The survey also included an assessment of the quality of service delivery specifically in health, education, and water and sanitation. The baseline, thus, served as a pivotal source for monitoring the programme and capturing the evolution of state-citizen interaction on the ground. In addition, given that significant primary data had been collected, it was proposed that a Voice Accountability Index (VAI) be developed, initially as a proof of method and in the longer run to be considered for reproduction on a wider scale as an advocacy tool. With this in mind, it was also decided to have flexibility in the methodology in order to move from an initial broader measure to a number of specific measures. This could, for example, lead to developing a derivative index for women and minorities.

There are several reasons for promoting Voice and Accountability (V&A) as a tool and mechanism for achieving democratic progress, and its recent importance in the development discourse is not surprising. Substantial theoretical and case study scholarship seeks to explain the contours of V&A and examine its utility. Various evaluations of V&A work including those by O’Neil, Foresti and Hudson (2007) as well as Menocal and Sharma (2008) and others argue that V&A emerged as a priority in the

\(^2\) AAWAZ is a five-year Voice and Accountability Programme (2012-17), which is being implemented in 45 districts of Punjab and Khyber Pakhtunkhwa provinces of Pakistan, funded by UK Aid through the Department for International Development (DFID). The tools and models explored in the literature review in this section, and the conceptual framework, have been developed keeping in view the larger context within which a project like AAWAZ works.
international development agenda from the 1990s onwards as a key dimension of governance.

Goetz and Jenkins (2002, p. 9) argue that in its broad understanding, ‘voice is a metaphor for the variety of ways in which people express beliefs and preferences,’ and that this can be seen as occurring both individually or collectively. Citizens need effective voice in order to convey their views, and as such voice refers to both the capacity of people to express their views and the ways in which they do so through formal and informal mechanisms. ‘Accountability’, on the other hand, is understood as the ‘means to control the behaviour of actors such as politicians and government officials,’ since governments should and can be held accountable to ordinary people and the legal framework. In essence, accountability largely represents a relationship of power between various actors (Ibid., p. 6).

In discussing this important concept, Goetz and Jenkins 2002 (cited in O’ Neill, Foresti and Hudson 2007) suggest that voice matters for three related reasons. These are:

First, voice has intrinsic value – it is good for people to have the freedom to express their beliefs and preferences. Second, voice is an essential building block for accountability; it is only by speaking up – either directly or through channels such as Civil Society Organisations and parliament – that the poor have a chance to see their preferences and opinions reflected in government priorities and policies….. Third, the exercise of voice and the conversations that result, play an important role in enabling communities to arrive collectively at the standards – the values and norms of justice and morality – against which the actions of power-holders will be judged (Ibid. p.3).

As highlighted in the literature, there are three broad types of accountability relationships:

(i) Vertical accountability between citizens and their elected political representatives.

(ii) Horizontal accountability between the legislative, executive, and judicial arms of the state, and entities that act on behalf of citizens such as human rights, ombudsmen, and anti-corruption commissions.

(iii) Hybrid accountability, wherein ‘civil society itself takes on attributes of the state in supervising the performance of state agencies’ (Oia 2011, p. 72). This primarily covers development programming and is perhaps, the most relevant to the selection of variables and indicators undertaken for this particular exercise.

With accountability comes empowerment. The World Bank’s Social Accountability Sourcebook (n.d.) describes ‘Empowerment’ as:

The degree to which a person or group is empowered is influenced by agency (the capacity to make purposive choice) and opportunity structure (the institutional context in which choice is made). By providing critical information
on rights and entitlements, and introducing mechanisms that enhance citizen voice and influence vis-à-vis the government, social accountability initiatives serve to enhance both these key determinants of empowerment.

Of particular importance, the Sourcebook continues, is the ‘potential of social accountability initiatives to empower groups that are systematically under-represented in formal political institutions.’ Within the measure, therefore, bifurcation by gender and religious identity is accounted for. According to DFID’s position:

Accountability is the ability of citizens, civil society, and the private sector to scrutinise public institutions and governments and hold them to account to ensure transparency, free media, rule of law, and elections.

Responsiveness is the extent to which public policies and institutions respond to the needs of citizens and uphold their rights, including human rights/liberties, access to basic public services, pro-poor policy, equality, regulation, and corruption (Holland and Thirkell 2009, p.4).

Similarly, right holders i.e. the citizens’ perspective can be viewed through the lens of DFID’s Empowerment and Accountability continuum, and the vertical accountability embedded within it. Strengthening vertical accountability means that voice transitions to accountability, and thus the empowerment of citizens – and this has been done through raising awareness of their rights and choice. The ability to express their choice in order to hold a higher body accountable means that citizens have exercised control over those they hold accountable. In effect then, this process includes three elements: Voice, Choice, and Control (Holland and Thirkell 2009, p. 5). All of these combine to create linkages between the state and citizens, and the success of the democratic process in a society depends in part on the success of these linkages.

The need for V&A is defined in the AAWAZ Theory of Change (2015) which elaborates that:

…exclusion on the basis of gender, religion, class, and caste manifested in unequal power relations, especially between men and women, leads to lack of voice, choice, and control for women and socially excluded groups from the household to the national level, and in public and private spaces, thus increasing vulnerability to violence and limiting their freedoms and opportunities as full and equal citizens of Pakistan (AAWAZ 2015, p.15).

These limits on voice and accountability are perhaps the most effective and indicative factors that demonstrate how power imbalance affects marginalised groups in the country.

In Pakistan, while there are many existing datasets that measure the level of women empowerment, the same cannot be said about minorities. Such qualitative and quantitative datasets are essential for any marginalised group in general, to ensure that
policies reflect actual trends. For minorities in Pakistan, this is perhaps doubly true in the current environment, as a decade of fragile security in the country has magnified and deepened schisms along religious and sectarian lines and severely impacted their very existence in the country.

Recognising this gap, AAWAZ focused on women and minorities, and made an attempt to scratch the surface in its perception survey. The survey contained sections relating to women, the disabled, and minorities in order to gauge their perceived ability to co-exist normally in society, as well as their perspectives on related personal and institutional rights, access to any redressal mechanisms, and freedom of expression.

In the realm of social development interventions, accountability processes need to take into account larger perspectives of citizen-state engagement and related political processes. This means that in assessing and understanding citizens’ voice, one needs to take into account the social fabric (such as society’s attitudes and practices) and societal cohesiveness. This will indicate the extent to which different groups and sections of society are uniting and being influenced by the call to be heard; and the degree of effectiveness of their voice. There are several factors that provide an enabling environment in which Voice and Accountability can take place, and become reflective of democratic progress. Aligning the above stated perspectives of duty bearers and rights holders within the social accountability ecology can be visualised as follows:

Figure 1: The Ecology of Voice and Accountability

![Figure 1: The Ecology of Voice and Accountability](source: World Bank n.d. ‘Social Accountability Sourcebook’, Chapter 2, p. 12.)

Figure 1 shows how the capacity of the state is inhibited or facilitated to a large extent by economic or legal factors. It may be that pro-poor, pro-women, and pro-people legislations are among the primary factors in an enabling environment for meaningful accountability. However, the state’s response in developing and implementing policies will depend on whether it opts for a market-based or a rights-based approach in its
governance. Quite often, non-democratic regimes use the rhetoric of efficiency, effectiveness, and economic expedience to obviate citizen rights and abrogate the state’s obligations towards its citizens. The citizens’ capacity to demand accountability is precluded or facilitated by the prevalent narrative within the state and society. This relationship, thus, would mean different things to social groups based on their influence and power. For instance, in a non-pluralistic political culture, in spite of the narrative of equal citizenship, minorities are seen as the ‘other’ and not mainstreamed effectively into the governance structure. Similarly, in patriarchal societies, women remain marginalised and voiceless.

The point is that accountability is a combination of information, whereby marginalised groups are reached; influence, whereby the state recognises citizens’ rights and citizens in turn are empowered; and sanction, whereby state policies reflect this empowerment (Holland and Thirkell 2009). Effectively, this process entails the development of social cohesion as different groups, previously powerless, become empowered. Thus, in order to develop a comprehensive framework for analysing Voice and Accountability in Pakistan, one element that could prove valuable in the process is that of social cohesion.

Social cohesion is an important concept in the debate on empowerment and accountability as it contributes to participation and civic engagement. As the World Bank defines it, social cohesion is ‘the capacity of societies to peacefully manage collective decision-making’ (World Bank 2013, p. 127). The Organization for Economic Co-operation and Development additionally describes a cohesive society as one that ‘works towards the well-being of all its members, fights exclusion and marginalisation, creates a sense of belonging, promotes trust, and offers its members the opportunity of upward social mobility’ (OECD n.d.) One can assume with significant confidence that many of the most pressing issues facing Pakistan today can be explained in part through problems in social cohesion. After all, social cohesion relates to social processes and institutional characteristics that play a central role in the working and development of any society. According to the Club de Madrid (OECD 2011, p. 53), ‘shared societies are stable, safe and just and based on the promotion and protection of all human rights . . . including disadvantaged and vulnerable groups and persons.’

As mentioned before, empowerment is understood as an outcome of increased voice, choice, and control. Longwe’s Framework from 1991, related to women’s empowerment, is adapted here to understand further dimensions of these factors. In order to better understand empowerment, this study uses the following ‘degrees’ from Longwe’s Framework:

1. The access ‘degree’: where equal access to education, land and credit is assured.
2. The consciousness and awareness-raising ‘degree’: where structural and institutional discrimination is addressed.
3. The participation and mobilisation ‘degree’: where the equal taking of decisions is enabled.

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3 See the detailed methodology of Longwe’s framework from March, Smith and Mukhopadhyay 1999, Chapter 2.6.
The methodology of the Index takes into account the accountability continuum given in Figure 2. The indicators for all four dimensions comprising the Index measure the level of awareness, voice, choice and control in each dimension to reach an aggregate that is used as a measure.

**Figure 2: The Accountability Continuum**

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**Methodology**

‘Linking voice and accountability can only be meaningful when citizens have the knowledge and power to make demands, and those in positions of power have the capacity and will to respond’ (ODI 2007, p. 1). It is with this understanding that Voice and Accountability are approached in the AAWAZ Programme.

The process of preparing the VAI started with in-house deliberations of the AAWAZ research team that provided conceptual impetus to this work. The group expanded to engage professionals not directly related to AAWAZ to both conceptually and statistically enrich the process. The guidance from this working group resulted in the development of an Index, including scoring and choosing factors measured by each element (variables). The team initially tried to construct an indicator for V&A using data available beyond the AAWAZ project, but these efforts were short-lived as no such data was available. The Monitoring and Evaluation plan at AAWAZ included a series of population-based surveys (baseline and end-line), and collection of routine monitoring data. The survey conducted at the baseline provided rich data to construct the first iteration of the Index. The group concluded that annually updating the baseline and end-line surveys provides both the opportunity and the mechanism to measure change over time and by geographical region (Punjab and Khyber Pakhtunkhwa-KPK). It was for this reason that the group decided to use AAWAZ data sets. The AAWAZ perception survey was designed to measure and analyse the status of the state-citizen relationship disaggregated by gender and levels of social exclusion. The survey instrument was spread over six sections, including demographic information about the respondent’s household, participation in politics, social cohesion and dispute pre-emption, access to and use of public services, violence against women, and exclusion.
The main purpose behind the AWAZ Index, as mentioned above, is to demonstrate a proof of method, using data from KPK and Punjab, to construct a robust single indicator of Voice and Accountability for citizens of Pakistan. The indicator can be used for future reference and must be sensitive enough to measure change over time. It is also a flexible tool and can go from an initial broader measure to a number of specific measures, e.g. developing a derivative index on women and minorities.

The indicators used were assessed for checks used by Alkire and Foster when measuring empowerment. With a focus on policymakers and development practitioners as users and audience, most of the indicators used are indirect. These indirect or proxy indicators, such as voting or trust in state institutions, work as determinants for realising direct means of Voice and Accountability, such as registering a complaint.

Since the Index is based on a perception survey, it does not use information collected under the qualitative module. The indicators used, therefore cannot be assessed for intrinsic value. However, they cannot be considered as totally extrinsic as the development of the questionnaire preceded the qualitative research, which informed the final tool for capturing perceptions. Also, as outlined in the section earlier, most of the conceptualisation of V&A is based on an extensive literature review and the indicators used are, largely, based on that. However, some indicators for social cohesion borrow more from the initial qualitative exercise conducted for developing the tool. Overall, the Index is a combination of universal and context-specific indicators.

Moreover, the indicators are collected at the individual level and are based on self-assessment. However, the level of application is by districts. There is an obvious caveat here that given the size of the districts in Pakistan, there will be pockets within districts that will perform differently. However, as a proof of method, the exercise successfully demonstrates that national and sub-national level indices for V&A are possible. While a ‘district’ may be the first level subsidiarity of analysis, it is clearly not the one where analysts have to stop. Data driven measures comparing Union Councils and smaller units can be even more useful. As mentioned before, though there is qualitative data available, at this point the Index is constructed using quantitative data. Based on the above, a ranking of Voice and Accountability was developed for the AAWAZ project districts focusing on women and minorities.

The AAWAZ survey collected information on social service delivery and assessed how people perceive the services being given by the government. The survey tried to capture people’s perceptions about access, quality, satisfaction, and changes in health, education, and water and sanitation in the recent past. The component of empowerment and accountability also followed up the perception assessment by asking respondents if they had ever lodged a complaint against the services being given and what the response was to that complaint. This allowed for better understanding of whether people are willing to raise their voices to pressurise the government to improve services.

Moreover, the survey looked at social cohesion from the angle of disputes. The respondents were asked about their course of action in case of a dispute in their areas and
whether they had more faith in formal structures of the state or if they preferred to handle these problems at the local level through informal mechanisms.

Construction of the Index

The Index framework consists of four themes, political awareness and participation; social cohesion; relationship with state institutions; and violence against women (VAW). These were adopted as the four dimensions of the composite VA Index namely Political, Social Cohesion, State and Gender and given in Table 1. In order to prepare a composite VAI using this conceptual framework, a four-step process was adopted as follows:

1. Identification of individual variables, determining their measurement level and allocating a raw score to each value of the identified variable. This step is perhaps the most crucial and merits further explanation. The working group selected each variable and discussed how to score it. In deciding each value for the individual variable (raw score) due considerations were given to the variables that are subject to change over time. Furthermore, higher scores were assigned to human actions (behaviour) than attitude and knowledge. For instance, moving from ‘not voted’ to ‘voted’ gets the highest score, while moving from ‘no knowledge’ to ‘knowledge’ of VAW gets a lower score.

2. The second step consists of combining individual variables and adding raw scores to form an indicator. The individual indicators can be analysed by their raw score.

3. Similarly, at the third step, raw scores were further aggregated by combining individual variables to form a dimension.

4. Lastly, by combining dimensions a single VAAI was developed; and the Alkire-Foster method was used to prepare the overall Index. Initially, factor analysis technique was also used to test whether multiple variables can be reduced to a smaller number of variables. However, the Alkire-Foster method was finally adopted in order to get the contribution of individual dimensions to the overall indicator, which was not provided in factor analysis.

The first benefit of this step-wise and systematic approach is divisibility, i.e. each indicator and each dimension can be analysed separately when needed. The second benefit is granulation, i.e. at each step different values can be assigned to calibrate each variable and automatically change the composition of VAI. The second aspect is to ensuring flexibility since the Index will be finalised once it is applied on subsequent rounds of the AAWAZ survey to ensure robustness and applicability.

The Alkire-Foster methodology was used because it enables readers to pull the headline figure apart into just 11 indicators. Thus, the VA Index immediately enables readers to understand how Voice and Accountability is enhanced and curtailed. For a practitioner and policymaker, this is a feature which gives them greater flexibility. It also enables
practitioners and readers to signify the areas that require improvement since it breaks down the performance of each indicator.⁴

Table 1 shows the dimensions and weights used for the analysis. It outlines how each dimension is distributed into individual indicators. A single dimension VAAI can be recoded into categorised variables and can be used as a percentage (individual raw score out of total raw score) dimension.⁵

**Table 1: Description of Indicators**⁶

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political Participation</strong></td>
<td>1. Voted in the last elections.</td>
</tr>
<tr>
<td></td>
<td>2. Voted on performance and contacted the formal sector in case of a problem.</td>
</tr>
<tr>
<td><strong>Social Cohesion</strong></td>
<td>1. Trust state institutions for dispute pre-emption.</td>
</tr>
<tr>
<td></td>
<td>2. Women, minorities and the landless can take part in various forums.</td>
</tr>
<tr>
<td><strong>State</strong></td>
<td>1. Satisfied with health, education and water services.</td>
</tr>
<tr>
<td></td>
<td>2. Have seen positive change in health, education and water services.</td>
</tr>
<tr>
<td></td>
<td>3. Raise voice/complain for improvement in basic services.</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td>1. Awareness/recognition of VAW in his/her area over the last year.</td>
</tr>
<tr>
<td></td>
<td>2. Perpetrator of VAW is convicted or punished.</td>
</tr>
<tr>
<td></td>
<td>3. VAW is reported.</td>
</tr>
</tbody>
</table>

The raw data showed that the political dimension performed as the most stable set of indicators with 84% respondents voting indicating that voice through political participation was positive in select districts. Gender had the most variance among districts, with low percentages of recognition, reporting and punitive action (25%). The most direct indicators of Voice and Accountability fall within the domain of the State. However, nearly, 60% respondents were unsatisfied with the services received. The dimension within the Index which is, perhaps, most contextually relevant to the debate on V&A in present day Pakistan is social cohesion. 50% of respondents reported social cohesion.

⁴ For details, see the Oxford Poverty and Human Development Initiative (OPHI), <www.ophi.org.uk>.
⁵ Since this is the first time that such an Index is being developed, the working group decided to allow room for some experimentation to consider the flexibility needed for developing specific rankings in future iterations.
⁶ It is important to mention that not all factors are used in preparing the Index. Since some questions were specifically for women and minorities, therefore, those indicators are excluded from the analysis.
Table 2 shows the allocation of weights to the four dimensions, along with their raw percentages and the contribution of each dimension towards the overall Index.

### Table 2: Findings

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Raw (%)</th>
<th>Weights allotted to each dimension (Total equals 1)</th>
<th>Contribution to Index = 1</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political</td>
<td>84.4</td>
<td>0.25</td>
<td>0.3533</td>
<td>3200</td>
</tr>
<tr>
<td>Social cohesion</td>
<td>49.4</td>
<td>0.25</td>
<td>0.2379</td>
<td>3200</td>
</tr>
<tr>
<td>State</td>
<td>61.0</td>
<td>0.25</td>
<td>0.2888</td>
<td>3200</td>
</tr>
<tr>
<td>Gender</td>
<td>25.2</td>
<td>0.25</td>
<td>0.1200</td>
<td>3200</td>
</tr>
</tbody>
</table>

The VA Index is presented in Table 3 expressed as a percentage and interpreted as percentage of respondents who raise their voice and are empowered on account of the four dimensions discussed earlier. The overall Index value is 76%. The results showed that respondents in KPK scored 10% higher than respondents in Punjab. The Index in urban areas is higher than rural and also varies by gender.

### Table 3: V&A Index (by Province, Location and Gender of Respondents)

<table>
<thead>
<tr>
<th>Province</th>
<th>KPK</th>
<th>Punjab</th>
</tr>
</thead>
<tbody>
<tr>
<td>VA Index (%)</td>
<td>81.1</td>
<td>71.2</td>
</tr>
<tr>
<td>Location</td>
<td>Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>VA Index (%)</td>
<td>75.3</td>
<td>78.6</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>VA Index (%)</td>
<td>78.8</td>
<td>71.7</td>
</tr>
<tr>
<td>Overall</td>
<td>75.9</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 decomposes the overall indicators. It shows that 35% of the score is due to political participation through voting in the last general elections in both provinces. The relationship with the state contributed 30% in KPK and is slightly lower at 27% in Punjab; while gender is a mere 10% for KPK and at 14% in Punjab.

### Table 4: Contribution of Each Dimension to the Overall Index (%)

<table>
<thead>
<tr>
<th>Province</th>
<th>Political</th>
<th>Social cohesion</th>
<th>State</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPK</td>
<td>35</td>
<td>25</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>Punjab</td>
<td>36</td>
<td>23</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>Location</td>
<td>Rural</td>
<td>35</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Urban</td>
<td>37</td>
<td>24</td>
<td>31</td>
<td>7</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>37</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>Female</td>
<td>33</td>
<td>23</td>
<td>29</td>
<td>15</td>
</tr>
<tr>
<td>Overall</td>
<td>35</td>
<td>24</td>
<td>29</td>
<td>12</td>
</tr>
</tbody>
</table>
The district-wise ranking is given in Table 5:

**Table 5: Ranking the Districts**

<table>
<thead>
<tr>
<th>District</th>
<th>Percentage</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandi Bahauddin</td>
<td>93.33</td>
<td>1</td>
</tr>
<tr>
<td>Mansehra</td>
<td>89.29</td>
<td>2</td>
</tr>
<tr>
<td>Charsada</td>
<td>88.54</td>
<td>3</td>
</tr>
<tr>
<td>Bannu</td>
<td>88.07</td>
<td>4</td>
</tr>
<tr>
<td>Peshawar</td>
<td>87.5</td>
<td>5</td>
</tr>
<tr>
<td>D.I. Khan</td>
<td>81.77</td>
<td>6</td>
</tr>
<tr>
<td>Multan</td>
<td>80.86</td>
<td>7</td>
</tr>
<tr>
<td>Lahore</td>
<td>78.37</td>
<td>8</td>
</tr>
<tr>
<td>Bahawalnagar</td>
<td>75.89</td>
<td>9</td>
</tr>
<tr>
<td>Mardan</td>
<td>75.52</td>
<td>10</td>
</tr>
<tr>
<td>Swat</td>
<td>73.86</td>
<td>11</td>
</tr>
<tr>
<td>Upper Dir</td>
<td>70.31</td>
<td>12</td>
</tr>
<tr>
<td>Khushab</td>
<td>68.36</td>
<td>13</td>
</tr>
<tr>
<td>Attock</td>
<td>59.09</td>
<td>14</td>
</tr>
<tr>
<td>Sargodha</td>
<td>51.79</td>
<td>15</td>
</tr>
<tr>
<td>D.G. Khan</td>
<td>38.54</td>
<td>16</td>
</tr>
<tr>
<td>Punjab</td>
<td>71.19</td>
<td>N/A</td>
</tr>
<tr>
<td>KPK</td>
<td>81.12</td>
<td>N/A</td>
</tr>
<tr>
<td>Overall</td>
<td>75.91</td>
<td>N/A</td>
</tr>
</tbody>
</table>

As shown in Table 5, the Index for Punjab is lower than that of KPK. The overall Index is 75.91. The best performing district, namely Mandi Bahauddin, is 18% more than the overall Index for the 16 districts.

**Conclusion**

The VA Index is a first step and not the final form of a quantifiable measure of Voice and Accountability in Pakistan. Much more needs to be done in terms of developing the Index, a measure that can truly be intrinsic and use a majority of direct indicators, limiting proxies while analysing determinants.

As the literature review shows, conceptualising Voice and Accountability along with its use in international development is extensive. Working within a hybrid accountability model, concepts of V and A remain abstract (even esoteric) for development practitioners, policymakers and citizens, alike, in Pakistan. Sometimes, these concepts even get denigrated for not being organic and indigenous standards.

This Index moves away from abstract notions towards quantifying the concepts underlying Voice and Accountability. In doing so, it has maintained a balance between context-specific and universality. Moreover, as given in the methodology, the survey tool builds on intrinsic assessment of Voice and Accountability as it was based on qualitative data. The use of the Alkire-Foster method lends the measure to decomposition, sharpening its focus for general users, development practitioners and policymakers.
So far, findings clearly show the need for policy interventions in Violence against Women as in the current contribution to voice and accountability, VAW is on mute. This in turn impacts the voice of women in other dimensions. The in-built flexibility of the Index allows the user to cross-tabulate a dimension to all attributes within the data set. The social location of the most muted or most vocal can be further analysed to streamline policy interventions: what are educational and wealth levels of these respondents? To what religious group do they belong? Are they employed? What is their age? And so on. It is, thus, possible to identify by gender, region, and education those who are without a voice in one area, for example, reporting violence and to take appropriate policy actions to remedy the situation. However, the most important aspect in this is the propensity to change over time, which needs to be tracked in follow-ups to refine and take forward this proof of method.

**Acknowledgements**

This work would not have been possible without the valuable contributions from the technical working group comprising Dr Saeed Shafqat, Dr Faisal Bari and Mr Waseem Ashraf. The exercise was carried out under the patient and incisive management of Ms Safiya Aftab. Mr Waqas Sajjad provided extensive help in drafting this manuscript.

**References**


Reparations to the Victims of US Drone Strikes: Youth Perspective from Pakistan*
Gulnaz Anjum, Emanuele Castano and Mudassar Aziz**

Abstract
This policy brief shares findings of a survey experiment that explored youth’s opinion about the United States regarding proposals of reparations to the victims of drone strikes in Pakistan. The survey consisted of 1,138 students, aged between 17 and 29 years from various universities in Pakistan. They responded to the reaction of a United States representative (Secretary of State) to civilian deaths and losses incurred in drone strikes. The control group was informed that the United States had offered no reparations for the victims of drone strikes, while the experimental group received the message that there was an offer of reparations for the victims. The survey was conducted in-person with the questionnaires sequentially distributed to the participants. The findings indicate a meaningful and policy relevant impact of reparation offer for the victims of drone attacks. An offer of reparation leads to higher perception of the US as an ally of Pakistan.

*This chapter has been approved as a Policy Brief/Paper by the referee.
**Dr Gulnaz Anjum is an Assistant Professor of Psychology at the National Institute of Psychology, Quaid-i-Azam University, Islamabad, Pakistan. Dr Emanuele Castano is a Professor of Psychology at The New School for Social Research in New York, USA. Dr Mudassar Aziz is an Assistant Professor at the Quaid-i-Azam University, Islamabad, Pakistan.
Introduction

Since 9/11, Pakistan has been a vital, but a seemingly delusive ally of the US in the fight against terrorism. Pakistan largely cooperated with the US efforts to eliminate Al-Qaeda from the region and particularly in its Federally Administered Tribal Areas (FATA). However, due to elements within Pakistan being strong supporters of militant organisations, there is a fundamental conflict in Pakistani and American relations.

It was the post 9/11 security scenario - that not siding with the United States would hurt Pakistan’s political and strategic interests - that led the government to support the War on Terror. This alliance may as well have instigated the Taliban and Al-Qaeda to act against Pakistan with greater vengeful force.

At the geographical level, taking advantage of the porous and weakly administered border between Afghanistan and Pakistan, the Al-Qaeda and Taliban moved into the FATA. Fearful of Washington’s disapproval, the government (at the time) continued attacking Al-Qaeda resolutely. Consequently, the Taliban expanded their mission to include not only Pakistanis as their target, but also to spread their terror across the globe to anyone who was an ally of the US.

Given that terrorism has substantially affected both Pakistan and the US, they need to realign their priorities in fighting it. They also have to be more cognizant of the perceptions people have about terrorism in general and about the US as an ally of Pakistan, in particular. One place to start may be the US drone programme (Riedel 2011), which, though successful in killing terrorists, has diminished Pakistani support of the US counterterrorism efforts.

Role of Reparations

The literature on reparations for victims in general is relatively new in the context of international relations; and there are no studies associating it particularly with victimology and the War on Terror. This study is, therefore, unique in exploring this association. In some sociological and psychological studies, the role of emotional reparations has been addressed, but the findings are non-conclusive. Research, without any theoretical or empirical linkage, has vaguely connected them, indicating two kinds of reparations: emotional and financial. It has been argued that use of emotional reparations such as expressions of sorry and shame can make the situation more satisfying (Hornsey and Wohl 2013; Wohl et al. 2011; and Branscombe and Cronin 2010). Our review, however, has indicated that the impact of financial reparations and its experimental testing has not been done in the context of international relations.

Some social scientists have argued that a possible reason why a recipient group of only emotional reparation might not believe in the remorse of the offender group is that there is no financial reparation made (Zheng et al. 2015). This indicates that financial reparation may give a sense of responsibility, hope and trust to the victims that such events are costly for the offender group as well.
Overall, it can be suggested that in the context of drone strikes, where there is already mistrust between allies, an offer of financial reparation may work better compared to emotional reparations. However, as there is no known research that has addressed the issue of financial reparations, there exists a strong rationale for conducting this study in the politically volatile context of drone strikes in Pakistan and possible American response on the issue.

Relevance of Pakistani Youth
According to Fair et al. (2010), Pakistan is facing an enormous youth population bulge, and militant organisations may find it easier to recruit young people to their cause (Ibid.). It is, therefore, critical to study their opinions on policy matters such as the implications of drone strikes.

Methodology and Findings
The survey explored perceptions of educated Pakistani youth regarding the victims of US drone strikes inside the country. The focus was on exploring the effect of an offer of financial reparations to the victims of drone strikes. This was treated as the main variable of interest and in order to see the effect of this offer, the survey explored the participants’ perceptions about the US as an ally of Pakistan.

The sample consisted of Pakistani university students (n = 1,138; mean age = 21 years; age range = 17-29; males: 46%, females: 54%). We focused on participants’ opinions about the reaction of a United States representative (Secretary of State) towards civilian deaths and losses incurred in drone strikes in Pakistan.

The survey was designed in a way that the participants were randomly assigned to the control (no-reparation) or experimental (reparation) groups. Participants were allocated questionnaires based on this random order. No reparation was proposed for the victims of drone strikes representing the control group, while the experimental group received the message that the Secretary of State had offered financial reparation for the victims.

Following the message from the Secretary of State (experimental manipulation), the respondents were asked how much they saw the US as an ally. All items in this survey had a response scale ranging from one (not at all) to five (very much).

The perception of the US as an ally of Pakistan was measured with ten items (for example: the US is a positive force for Pakistan; and the US is justified in reacting with drones under given circumstances). Overall, these items loaded on a single factor and formed a scale with high reliability, \( \alpha = .81, M = 1.26, SD = 0.24 \).

A contrast variable was created for comparing the effects of reparation and no reparation condition. A univariate analysis of variance showed a significant effect of the contrast variable on the perception of the US as an ally of Pakistan. The offer of reparation had a significant effect on the measure of perception of the US as an ally of Pakistan (no reparation: \( M = 1.68, SD = 0.72 \); reparation: \( M = 2.11, SD = .97 \); \( F (1138) = 22.73, p < \))
This means that in the case of reparations, the participants saw the US more as an ally of Pakistan compared to when there was no offer of reparations.

Statistically speaking, these effects of an offer of reparations are highly significant, but the means of the two conditions are well below the mid point of the scale (3.00). This indicates that although the means vary relatively, in absolute terms, there is a very low variance in perception of the US as an ally between the two conditions.

**Discussion and Recommendations**

Although the political context of Pakistan-US relations carry instability and mistrust, this survey offers an important insight into the perceptions of young people about the US in response to the offer of financial reparation. When offered reparations, participants saw the US as a better ally of Pakistan.

This finding is notable for international and intergroup relations. Specifically, the situation where the US representative addresses members of the harmed group seems to get important insights from this study. However, it may also be speculated that the presented findings are affected by several other factors. For instance, how cohesive the group is, and how representative the individual (offering reparation) is for the group as a whole. Other factors may further weigh on what facilitates acceptance of reparation. For instance, the time when the event happened and the other political circumstances at that time; time lapsed since the event; perceived possibilities of future events and action plans on both sides; or the status of the statement-maker - official versus an average group member.

Social scientists such as Brooks (1999) have suggested that just saying sorry is not enough. In the applied context of international relations and the drone strikes’ impact on the emerging youth of Pakistan, it seems that financial reparations help communicate how motivationally important the statement is to the perpetrator group’s representative. This is vital in terms of the negative impact when reparations are not offered to the victims of drone strikes. Among young people, this communicative function of reparations aids in determining whether the concern expressed by the transgressor groups should be accepted or not.

The above can be indicative that some amount of responsibility or remorse may have been conveyed along with an offer of financial reparation, which can have an impact on the acceptance of a wrongdoer’s statement. This is especially pertinent for real-world statements where it is important for the transgressor group to use a powerful expression if the reparation offer is to be accepted by the other group. Expressing an offer of financial reparation adds to the perception of the US as an ally group.

The sample of this survey was of relatively educated youth; therefore, they might be more willing to state that they perceived the US as an ally of Pakistan. The US is already supporting the Fulbright exchange programme with Pakistan. However, offer and implementation of more such programmes may help further improve US-Pakistan relations. It could be argued that improvements in Pakistan’s education system might
help bolster a liberal outlook of Pakistan. Lack of focus on improvements in the educational system may push the youth to indoctrination centres inculcating hate (Riedel 2011). In such circumstances, it seems vital that the US combine free trade and educational aid for development of Pakistan for taking it out of the whirlpool of terrorism.

In general, young people are a more vulnerable group and need to be engaged properly as they are the ones who hold the future of Pakistan. Furthermore, it is important that the US engage with civilians, who have actually borne (and continue to bear) the brunt of terrorism, more actively and effectively.

References


Annexure 1: About the SDC Series

Sustainable Development Conference Series: A Background
Introduction
The Sustainable Development Policy Institute (SDPI) has organised eighteen Sustainable Development Conferences (SDCs) since the inception of the Institute. The SDC has become a flagship event that not only provides a forum for SDPI’s own research, but also invites other researchers and academics from South Asia and beyond to share their work and engage in a dialogue with fellow panellists and audience.

First SDC
The First SDC, titled The Green Economics Conference, was organised by SDPI in 1995. This Conference focused on the interaction between economics and the environment, and included research papers on trade, fiscal policy, EIAs, green accounting, forestry, energy, industry and the urban environment.

Second SDC
The Second SDC, in 1996, addressed the broad theme of sustainable development including pollution abatement, resource management, conservation of biodiversity, the transfer and use of technology, trade and environment, human development and poverty alleviation, and social capital and governance. The Conference was successful in highlighting key issues facing Pakistan and bringing out the latest thinking and analysis to identify solutions.

Third SDC
The theme of the Third Conference was A Dialogue on Environment and Natural Resource Conservation. The Conference, held in 1998, focused on stimulating dialogue on practical policy options for key environmental challenges facing Pakistan. The two broad thematic areas of Urban Environment and Natural Resources concentrated on urban pollution, water resource management, deforestation and sustainable agriculture with presentations by experts from within Pakistan and South Asia.

Fourth SDC
The Fourth SDC titled Discourse on Human Security focused on the changes and improvement in government policies and practices with regard to human security. The Conference was designed to raise awareness of senior policymakers, key federal and provincial government officials and civil society groups like the media and NGOs on security issues.

Fifth SDC
The Fifth Conference titled Sustainable Development and Southern Realities: Past and Future in South Asia, held in 2002, critically re-examined the conceptualisation and implementation of sustainable development in its multiple dimensions: economic, political, social, and moral. The Conference scrutinized and consolidated some of the ideas presented at the World Summit on Sustainable Development in Johannesburg, and resituated debates in the South Asian context.
Sixth SDC
The overarching theme of the Sixth SDC was *Sustainable Development: Bridging the Research/Policy Gaps in Southern Contexts*. It was held in December 2003. The Conference focused on the problematique of knowledge production in the South. It explored policy/research gaps in two directions: in some places policy needs to be fed by better research while in others, policy needs to take better account of existing solid research. It focused on the ways and means for translating this knowledge into effective policy initiatives locally, nationally, regionally and internationally by identifying the multiple gaps between research and policies in different sectors.

The SDPI specifically tries to be gender sensitive while organising the Conference and invites both women and men as speakers, chairs and discussants. Of the 116 speakers who participated in the Sixth SDC, there were 69 male speakers and 47 female and of the 1,340 people who attended, some 818 were male and 522 female.

Seventh SDC
*Troubled Times: Sustainable Development and Governance in the Age of Extremes* was the overarching theme of the Seventh Sustainable Development Conference held in December 2004. The Conference tackled various questions such as whether there is sound governance around development and whether it is ensuring just development or not? Whether there is more sharing of resources including natural, and institutional? Is there a strengthening of regional and international institutions? How much progress has been achieved in South Asia vis-à-vis governance? Is government more transparent today than it was a decade ago? Have governments kept their promises to the marginalised, whether the poor, women or minorities? How can we avoid repeating the mistakes of the past? What would be the effective strategies to do so? Or is it a world of extremes—a world that is extremely rich but with unparalleled inequalities of income and access to resources—with the marginalised becoming even more marginalised. It provided an opportunity to discuss the global economy, the new terms of trade, the transfer of resources from the developed to the developing world and whether such moves are benefiting a few only. The Conference brought together some 150 panelists from 18 countries. The gender ratio of the panelists was 64% (male) and 36% (female).

Eighth SDC
The Eighth SDC was held from 7-9 December 2005 in Islamabad, Pakistan, in which 136 panellists from 11 countries participated. The Conference examined the multiple facets of sustainable development in the context of South Asia. The speakers discussed how problems and issues in South Asia could be dealt effectively at various levels based on prior experience of successful policy interventions.

Ninth SDC
The overarching theme of the Ninth SDC was *Missing Links in Sustainable Development (SD): South Asian Perspectives* organised from 13-15 December 2006. The concept of SD is essentially an interdisciplinary one. Economists, environmentalists, anthropologists, political scientists and others have advanced rigorous theories to explore the various dimensions of sustainable development. Yet, often their findings and suggestions
have not been noticed beyond disciplinary boundaries; they have been ignored in the policy arena and thus could not contribute to solving problems at the grassroots level. Narrowing the gaps in sustainability research and bridging the space between the scientific discourse on SD and practical steps towards a sustainable South Asia has been the mission of SDPI’s Conference series on sustainable development. The Ninth SDC, thus, aimed at identifying the missing links in SD for South Asia and proposed fillers for those. The region’s pool of cutting-edge academics was tapped and top researchers invited, together with policymakers, activists and other relevant stakeholders for a vibrant three-day debate.

**Tenth SDC**
The overarching theme of SDPI’s Tenth SDC was *Sustainable Solutions: A Spotlight on South Asian Research* held from 10-12 December 2007 in Islamabad, Pakistan. The Tenth SDC discussed sustainable solutions to problems of poverty, illiteracy, mortality and morbidity, environmental degradation and disaster management, gender inequality, and insecurity. It focused on looking at both innovative solutions, as well as indigenously developed alternatives that have survived generations of development. Some 65 panellists from ten countries participated in the Tenth SDC, while an audience of some 1,000 attended the three-day event. The SDC anthology titled *Missing Links in Sustainable Development: South Asian Perspectives* consisting of peer reviewed papers from the previous Conference was also launched at the occasion.

**Eleventh SDC**
The overarching theme of SDPI’s Eleventh SDC (1-3 December 2008) was *Peace and Sustainable Development in South Asia: Issues and Challenges of Globalisation*. Speakers deliberated on various sustainable development concerns such as where we stand in solving the dilemmas of inequality, poverty, climate change and energy scarcity, natural resource degradation, trade liberalisation policies, food insecurity, violence and conflict, re-writing history, and poor governance. The Conference aimed to explore how resolving some of the non-conventional security threats may turn into an added dividend for peace. About 70 panellists participated from nine different countries in this Conference. The Tenth SDC anthology titled *Sustainable Solutions: A Spotlight on South Asian Research* was also launched at the inaugural session of the Conference.

**Twelfth SDC**
The overarching theme of the Twelfth SD Conference (21-23 December 2009) was *Fostering Sustainable Development in South Asia: Responding to Challenges*. It focused on the six ‘Fs’ crises: food; fiscal; fuel; frontiers; functional democracy; and, fragility of climate. Scholars from South Asia and other regions were invited to delve further on these issues and shared with the audience where South Asia stands today vis-à-vis coping with the six Fs crisis facing the region. Gender remained a cross-cutting theme. Over 92 delegates from 11 countries participated in this three-day Conference. An audience of over 1,400 came to listen and participate in the 21 panels and two keynote plenary sessions. An anthology titled *Peace and Sustainable Development in South Asia: Issues and Challenges of Globalisation* based on peer reviewed papers from the Eleventh SDC was launched at the inaugural session.
Thirteenth SDC
SDPI held its Thirteenth SDC from 21-23 December 2010 in Islamabad, Pakistan titled *Peace and Sustainable Development in South Asia: The Way Forward*. Peace and security were at the centre of discussions in which speakers deliberated upon how economic challenges could be handled with positive results in terms of natural resources, while at the same time increasing the capacity and effectiveness of institutions. The panels covered themes such as post-flood situation in Pakistan, food insecurity, energy and financial crisis, the issue of land acquisition, trade and financial liberalisation, social protection, the eradication of violence against women, the role of think tanks in peace and sustainable development, sound management of chemicals, climate change, religious diversity, labour issues, and so on. An audience of over 1,500 participated during the three-day deliberations and listened to 60 speakers from 11 different countries. SDPI also launched its anthology *Fostering Sustainable Development in South Asia: Responding to Challenges* based on 11 peer reviewed chapters/papers presented at the Twelfth SDC.

Fourteenth SDC
The Fourteenth SDC titled *Redefining Paradigms of Sustainable Development in South Asia* was organised from 13 -15 December 2011 in Islamabad, Pakistan; and showcased 28 panels and two plenary sessions. In these sessions, 162 panellists participated from Pakistan, India, Bangladesh, Sri Lanka, Nepal, Belgium, USA, Canada, Palestine, Switzerland, Germany and the UK. Of the 162 participants, there were 103 speakers, 31 discussants and 28 chairs. The Conference featured a broad spectrum of themes: livelihood; governance; literature; Sufism; poverty; geo-politics; forest management; REDD+; social accountability; 18th Amendment; land rights; food security; education financing; feminism; economic non-cooperation; water governance; and, energy and sustainability. The SDC anthology titled *Peace and Sustainable Development in South Asia: The Way Forward* based on papers presented at the Thirteenth SDC was also launched at the occasion along with SDPI’s Sustainable Development Television (SDTV). For the first time, the Conference was streamed live and video packages of the sessions were produced and uploaded.

Fifteenth SDC
The Fifteenth SDC was held from 11-13 December 2012 in Islamabad, Pakistan. The overarching theme of the Conference was *Sustainable Development in South Asia: Shaping the Future*. As the title suggests, speakers analysed how things will look 20, 30 or even 50 years from now; threw light on issues that will be looming large; made concrete suggestions on how to overcome future challenges; and, gave practical policy recommendations about a sustainable South Asia. The Conference showcased 24 panels and three plenary sessions hosting 145 delegates from 18 countries including Afghanistan, Azerbaijan, Bangladesh, Belgium, Canada, China, Germany, India, Nepal, New Zealand, Pakistan, Philippines, Sri Lanka, Switzerland, Thailand, the Netherlands, UK, and the USA. Over 1,600 people spread over three days participated in the dialogue with the panellists.
Sixteenth SDC
The Sixteenth SDC Creating Momentum: Today is Tomorrow was held from 10-12 December 2013 in Islamabad, Pakistan. It showcased 27 panels and two plenary sessions with 161 panellists participating from Afghanistan, Australia (via Skype), Bangladesh, Canada, Ecuador, Finland, Germany, India, Indonesia, Kenya, Nepal, Pakistan, Sri Lanka, Thailand (via Skype), UK and the US. Of the 161 participants, 122 were speakers, 56 special commentators, chairpersons and guests of honour. The SDC highlighted our present position and inclination to forecast and potentially modify our decisions that may improve our tomorrow. Under various sub-themes, the Conference brought attention to the fact that failure to act urgently will result in wasting opportunities that may not be available ever again.

Seventeenth SDC
The Seventeenth SDC was held from 9 -11 December 2014 in Islamabad, Pakistan. The overarching theme of the SDC was ‘Pathways to Sustainable Development’. It looked at the leadership change in China, Pakistan, Iran, Bangladesh, India, and Afghanistan that could hold the key to shaping the pathways to sustainable development in South Asia. The region needs political and executive leadership that is committed to strategising for peace and human security and raise tangible safeguards for its political economy while engaging with its people. In this backdrop, issues of climate change; migration; sustainable and inclusive economic growth; sharing of energy resources across the region; environmental challenges; food security; human rights; women in the peace process; regional connectivity; and, many others were deliberated on. The Conference aimed to identify the role of different stakeholders, especially the governments, civil society and private sector that may engage differently to define new pathways to sustainable development. In the 28 panels and three plenary sessions, 194 panellists from 18 countries participated as speakers, special commentators, chairpersons and guests of honour. This was the highest number of panellists as compared to the previous years. The 18 countries which the panellists represented included Afghanistan, Australia, Bangladesh, Belgium, Bhutan, Brazil, France, Germany, India, Ireland, Kazakhstan, Nepal, Pakistan, Sri Lanka, Tanzania, Thailand, UK, and the USA.

Eighteenth SDC
The Eighteenth SDC titled ‘Securing Peace and Prosperity’ was unique because it was held alongside the Eighth South Asia Economic Summit (SAES) with the theme ‘Regional Cooperation for Sustainable Development in South Asia’, from 7 – 10 December 2015 in Islamabad, Pakistan. The Eighth South Asia Economic Summit (SAES) is a regional platform for debate and analysis of politico-socio-economic issues and problems facing South Asia.

The two mega events hosted a total of 225 panellists, of which 152 were from Pakistan and 73 from 16 other countries (Afghanistan, Australia, Bangladesh, Bhutan, Canada, Germany, India, Italy, Kazakhstan, the Netherlands, Nepal, Sri Lanka, Thailand, Turkey, UK and the USA). The Conference was a gathering of regional think tanks working closely with policymakers of their respective countries and representatives of existing and potential SAARC member countries; a congregation of visionaries. It focused on
understanding regional integration and the attempt of SAARC countries at various forums recently to establish new corridors to achieve sustainable development in the region and beyond.
Annexure 2: SDC-SAES Agenda

Eighth South Asia Economic Summit:  
Regional Cooperation for Sustainable Development in South Asia
&
SDPI’s Eighteenth Sustainable Development Conference:  
Securing Peace and Prosperity  
7 – 10 December 2015
7 December 2015

<table>
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<th>Time</th>
<th>Event</th>
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<tr>
<td>8:45 am – 11:30 am</td>
<td><strong>Inaugural Session</strong></td>
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### 8:45 am – Guests to be seated

**Welcome Address:** Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Introduction:** Dr Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Remarks by the Chief Guest:** Mr Miftah Ismail, Chairman, Board of Investment, Pakistan

#### Inaugural Remarks:

Mr Rajan Bhattarai, Member, Constituent Assembly and Legislative Parliament, Government of Nepal
Mr Suraj Vaidya, President-In-Charge SAARC Chamber of Commerce and Industry.

### Launch of Publications

1. Making Growth Inclusive, Just and Sustainable in South Asia
2. Towards South Asia Economic Union
3. Special Issue of South Asia Economic Journal (SAEJ)
4. Towards Regional Integration in South Asia: Promoting Trade Facilitation and Connectivity

### Plenary Title:

10 Years of SAFTA and Way Forward

**Moderator:** Mr Shakeel Ahmed Ramay, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Chair:** M. Syeduzzaman, Former Finance Minister, Bangladesh

#### Speakers:
- Dr Saman Kelegama, Executive Director, Institute of Policy Studies (IPS), Sri Lanka
- Dr Martin Rama, Chief Economist, South Asia Region, The World Bank, India Office
- Mr Sonam Tashi, Policy and Planning Division, Ministry of Economic Affairs, Bhutan
- Dr Rajan Sudesh Ratna, Economic Affairs Officer, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok, Thailand

### Refreshments

11:30 am – 12 noon
**Monday, 07 December 2015  
Day One**

### Concurrent Panel A-1  
12 noon – 2:00 pm

**Title:** Corridors for Development

**Chair:** Mr Ahsan Iqbal, Federal Minister for Planning, Development and Reforms, Government of Pakistan

**Panel Organisers:** Dr Abid Q. Suleri and Mr Tahir Saeed, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**

- Mr Haroon Sharif, The World Bank, Islamabad, Pakistan  
  *(Presentation: Emerging Economic Corridors in South, West and Central Asia)*
- Ambassador Halil İbrahim Akça, Secretary General, Economic Cooperation Organization (ECO), Tehran, Iran
- Ambassador (Retd.) Shafqat Kakakhel, Chairperson Board of Governors, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Dr Nagesh Kumar, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), India

**Discussion**

**Lunch** 2:00 pm - 3:00 pm

### Concurrent Panel A-2  
12 noon – 2:00 pm

**Title:** Critical Challenges of Trade Promotion in South Asia and Way Forward

**Special Remarks:** Mr Rajan Bhattarai, Member of Constituent Assembly and Legislative Parliament, Government of Nepal

**Moderator and Panel Organisers:** Dr Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**

- Mr Shafquat Haider, Director, Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Bangladesh
- Ms Nisha Taneja, Professor, Indian Council for Research on International Economic Relations (ICRIER), India
- Mr Suraj Vaidya, President-In-Charge SAARC Chamber of Commerce and Industry, Nepal
- Ms Shaista Pervaiz Malik, Chairperson, SAARC Chamber Women Entrepreneurs Council, Pakistan
- Mr Zubair Ahmed Malik, Executive Member, SAARC Chamber of Commerce and Industry, Pakistan
- Ms Subhashini Abeysinghe, Senior Analyst and Head of Economics, Verite’ Research Pvt. Ltd, Sri Lanka

**Discussion**

**Lunch** 2:00 pm – 3:00 pm
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<td><strong>Title:</strong> Leadership for Sustainable Development: Role of Private Sector</td>
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<tr>
<td><strong>Moderator:</strong> Mr Iqbal Tabish, Secretary General, SAARC Chamber of Commerce and Industry, Islamabad, Pakistan</td>
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<tr>
<td><strong>Panel Organiser:</strong> Ms Anam Khan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td><strong>Speakers</strong></td>
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<tr>
<td>Mr Adil Khattak, CEO, Attock Refinery, Pakistan</td>
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<td>Engr. M.A. Jabbar, CEO Qaim Filters, Karachi, Pakistan</td>
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<td>Mr Majyd Aziz, Former Chairman, Karachi Chamber of Commerce and Industry, Karachi, Pakistan</td>
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<td>Mr Iftikhar Ali Malik, Vice President, SAARC Chamber of Commerce and Industry, Islamabad, Pakistan</td>
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<td><strong>Discussion</strong></td>
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<td><strong>Lunch</strong></td>
<td><strong>2:00 pm – 3:00 pm</strong></td>
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<td><strong>Concurrent Panel A-4</strong></td>
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<tr>
<td><strong>Title:</strong> Regional Cooperation for Energy Security</td>
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<tr>
<td><strong>Panel Organiser / Moderator:</strong> Dr Shehryar Khan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td><strong>Speakers</strong></td>
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<tr>
<td>Mr Alias Wardak, Managing Director, New Beginning Network, Afghanistan Branch</td>
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<td>Mr Pradeep S. Mehta, Secretary General, CUTS International, India</td>
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<td>Mr Shoaib Ahmed, Deputy Director, South Asian Association for Regional Cooperation (SAARC) Energy Centre, Pakistan</td>
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<td>Engr. Arshad S. Abbasi, Senior Advisor, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td>Ms Selina Irfan, Coordinator-Energy and Low-Carbon Initiatives Programme Development Department, LEAD Pakistan, Islamabad, Pakistan</td>
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<td><strong>Lunch</strong></td>
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**Monday, 07 December 2015  Day One**

### Concurrent Panel A-5  3:00 pm – 5:00 pm

**Title:** Sustainable Transportation and Logistics Corridors in South Asia  
**Chair:** Syed Naveed Qamar, Chair, National Assembly Standing Committee on Railways, Pakistan  
**Moderator:** Mr Ali Khizar, Head of Research, Business Recorder, Karachi, Pakistan  
**Panel Organiser:** Mr Muhammad Adnan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Speakers**
- Dr Mustafizur Rahman, Executive Director, Centre for Policy Dialogue, Dhaka, Bangladesh  
- Dr Prabir De, Professor (Senior Fellow), Research and Information System for Developing Countries, India  
- Mr R.B. Rauniyar, Managing Director, Interstate Multi-Modal Transport, Nepal  
- Dr Nadia Tahir, Bahria University, Islamabad, Pakistan  
- Mr Ajith Wattuhewa, President, Federation of Chambers of Commerce and Industry of Sri Lanka  
- Mr Joseph George, Consultant, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), South and South-West Asia Office, New Delhi, India

### Discussion

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### Concurrent Panel A-6  3:00 pm – 5:00 pm

**Title:** Macroeconomic Stability and Sustainable Growth: Perspectives from South Asia  
**Panel Organiser and Moderator:** Dr Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Speakers**
- Dr Deepak Nayyar, Co-Chair, South Asia Centre for Policy Studies, India  
- Dr Shahid Ahmed, Head, Department of Economics, Jamia Millia Islamia University, New Delhi, India  
- Dr Sakib Sherani, Former Principal Economic Advisor, Government of Pakistan  
- Mr Anjum Assad Amin, Additional Secretary, Ministry of Finance, Pakistan  
- Mr Michael Dauderstädt, Freelance Writer and Commentator, Germany  
- Dr Syed Akmal Hussain, Professor, Forman Christian College, Lahore, Pakistan

### Discussion
### Concurrent Panel A-7

**Title:** Intra-regional Investment and Supply Chains in South Asia

**Moderator:** Mr Farrukh Khan Pitafi, Host-Current Affairs Programme, PTV News, Islamabad, Pakistan

**Panel Organiser:** Ms Samavia Batool, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Mr Mohammad Yonass Hossain, Vice President, Afghanistan Chamber of Commerce & Industry, Kabul, Afghanistan
- Dr Khondaker Golam Moazzem, Additional Research Director, Centre for Policy Dialogue, Dhaka, Bangladesh
- Dr Sanjay Kathuria, Lead Economist, South Asia Regional Cooperation and Integration Unit, The World Bank, USA
- Mr Samir S. Amir, Director Research, Pakistan Business Council, Karachi, Pakistan

### Discussion

### Concurrent Panel A-8

**Title:** Services Trade in South Asia

**Chair:** Ms Nasreen Mahmud Kasuri, Founder and Chairperson, Beaconhouse School Systems, Pakistan

**Panel Organiser:** Dr Sajid Amin, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Mr Rajan Sudesh Ratna, Economic Affairs Officer, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok, Thailand
- Ms Subhashini Abeysinghe, Senior Analyst and Head of Economics, Verite’ Research Pvt. Ltd, Sri Lanka
- Dr Sajid Amin, Research Fellow, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

### Discussion
8 December 2015

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<th>Opening Plenary: Securing Peace and Prosperity</th>
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<td><strong>Welcome Address:</strong> Ambassador (Retd.) Shafqat Kakakhel, Chairperson Board of Governors, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<tr>
<td><strong>Introduction:</strong> Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td><strong>Remarks by the Chief Guest:</strong> Mr Ahsan Iqbal, Federal Minister for Planning, Development and Reforms, Government of Pakistan</td>
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<td><strong>Launch of SDPI Publications:</strong></td>
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<td>1. SDC Anthology: Pathways to Sustainable Development</td>
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<td>2. Making Growth Inclusive, Just and Sustainable in South Asia</td>
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<tr>
<td>4. Human Development in South Asia 2015: The Economy and the People</td>
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<td><strong>Chair:</strong> Ambassador (Retd.) Shafqat Kakakhel, Chairperson Board of Governors, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td><strong>Keynote Speaker:</strong> Dr Debapriya Bhattacharya, Senior Fellow, Centre for Policy Dialogue (CPD), Bangladesh</td>
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<td><strong>(Keynote Lecture Title):</strong> Revisiting South Asian Cooperative Relationship through the Prism of 2030 Global Agenda of Sustainable Development</td>
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<tr>
<td><strong>Refreshments</strong></td>
<td>11:30am – 12noon</td>
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</table>
### Concurrent Panel B-1
**Title:** SDGs and South Asia: Key Priorities and Implementation Challenges
**Chair:** Dr Hafiz A. Pasha, Former Federal Minister of Finance, Government of Pakistan
**Panel Organiser:** Dr Sajid Amin, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Dr Nagesh Kumar, Head, United Nations Economic and Social Commission for Asia and the Pacific: Subregional Office for South and South-West Asia (ESCAP-SSWA), India
- Dr Sachin Chuturvedi, Director General, Research and Information System for Developing Countries, India
- Dr Habil Christian Wagner, Senior Fellow, German Institute for International and Security Affairs, Berlin, Germany
- Mr Rajan Bhattarai, Member Constituent Assembly and Legislative Parliament, Government of Nepal
- Dr Abid Q. Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Dr Dushni Weerakoon, Deputy Director, Institute of Policy Studies, Sri Lanka

**Lunch**

### Concurrent Panel B-2
**Title:** Role of Media in Regional Cooperation
**Chair:** Mr Nisar Memon, Former Minister of Information and Broadcasting, Government of Pakistan
**Moderator:** Ms Asma Shirazi, Analyst & Anchor Person, 92 News Channel, Islamabad, Pakistan
**Panel Organiser:** Mr Junaid Zahid, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Mr Rinzin Wangchuk, Journalist, Kuensel Corporation Ltd, Bhutan
- Mr Umashankar Singh, Foreign Affairs Editor NDTV, India
- Mr Nur-ul-Kabir, Editor, The Daily New Age, Bangladesh

**Lunch**
### Concurrent Panel B-3

**Title:** Role of Women Entrepreneurs in Sustainable Development of South Asia  

**Panel Organiser:** Dr Vaqar Ahmed, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Moderator:** Mr Fayyaz Yasin, Visiting Researcher, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Speakers**  
Mr Yumiko Yamamoto, United Nations Development Programme (UNDP), Bangkok, Thailand  
Mr Sunil Motiwal, Chief Executive Officer, SAARC Development Fund, Thimpu, Bhutan  
Ms Pramila Acharya Rijal, President, South Asian Women Development Forum, Nepal  
Dr Hiramani Ghimire, Executive Director, South Asia Watch on Trade, Economics & Environment (SAWTEE), Nepal  
Ms Roubina Taufiq Shah, Director General, Trade Dispute Resolution Organization (TDRO), Ministry of Commerce, Islamabad, Pakistan  
Mr Fayyaz Yasin, Visiting Researcher, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Discussion**

**Lunch** 2:00 pm – 3:00 pm

### Concurrent Panel B-4

**Title:** Competition Reforms and Sustainable Development  

**Chair:** Mr Ahmed Qadir, Director General, Competition Commission of Pakistan  

**Special Remarks:** Mr Asad Umar, Member National Assembly (MNA), Government of Pakistan  

**Panel Organiser:** Ms Anam Khan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Speakers**  
Mr Pradeep S. Mehta, Secretary General, Consumer Unity and Trust Society (CUTS) International, India  
Dr Aneel Salman, In-Charge Business Programme, COMSATS Institute of Information Technology, Islamabad, Pakistan  
Mr Nadeem Iqbal, Executive Director, The Network For Consumer Protection, Islamabad, Pakistan  
Mr Muhammad Adnan, Research Associate, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  

**Discussion**

**Lunch** 2:00 pm – 3:00 pm
**Tuesday, 08 December 2015**  
**Day Two**

### Concurrent Panel B-5

**Title:** Investment in Agriculture in South Asia and Scope for Regional Cooperation  
**Chair:** Dr Mustafizur Rahman, Executive Director, Centre for Policy Dialogue (CPD), Dhaka, Bangladesh  
**Panel Organiser:** Ms Huma Khan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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<tr>
<td>Mr Hiramani Ghimire, Executive Director, South Asia Watch on Trade, Economics &amp; Environment (SAWTEE), Nepal</td>
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<tr>
<td>Ms Simrit Kaur, Professor of Public Policy, University of Delhi, India</td>
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<tr>
<td>Mr Shakeel A. Ramay, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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**Discussion**

### Concurrent Panel B-6

**Title:** Political Economy of Transit Trade in South Asia  
**Chair:** Dr Ishrat Husain, Dean & Director, Institute of Business Administration (IBA), Karachi, Pakistan  
**Special Remarks:** Ms Robina Ather, Additional Secretary, Ministry of Commerce, Government of Pakistan; and Mr Khalid Malik, Beaconhouse National University, Lahore, Pakistan  
**Panel Organiser:** Dr Vaqar Ahmed, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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<tr>
<td>Mr Nazir Kabiri, Advisor, Ministry of Finance, Government of Afghanistan</td>
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<td>Dr Prabir De, Professor (Senior Fellow), Research and Information System for Developing Countries, India</td>
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<tr>
<td>Mr Rameshore Prasad Khanal, Former Finance Secretary, Government of Nepal</td>
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<tr>
<td>Mr Haroon Sharif, Advisor, Regional Economic Cooperation (South Asia), The World Bank, Islamabad, Pakistan</td>
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<tr>
<td>Mr Brendan Vickers, Economic Advisor, Commonwealth Secretariat, UK</td>
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<td>Mr Salamat Ali, Senior Research Associate, Commonwealth Secretariat, UK</td>
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**Discussion**
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<td>Concurrent Panel B-7</td>
<td>3:00 pm – 5:00 pm</td>
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<tr>
<td><strong>Title:</strong> Achieving Gender Equality and Empowering Women in South Asia</td>
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<td><strong>Chair:</strong> Dr Khadija Haq, President Mahbub-ul-Haq Human Development Centre, Lahore, Pakistan</td>
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<td><strong>Panel Organiser:</strong> Ms Rabia Manzoor, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td><strong>Speakers</strong></td>
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<tr>
<td>Ms Shaista Pervaiz Malik, Chairperson, SAARC Chamber Women Entrepreneurs Council, Pakistan</td>
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<tr>
<td>Ms Dharshani Premaratne, Researcher, Institute of Policy Studies, Sri Lanka</td>
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<tr>
<td>Dr Aisha Anees Malik, Associate Professor, Quaid-i-Azam University, Pakistan</td>
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<tr>
<td>Ms Rabia Manzoor, Research Associate, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<tr>
<td><strong>Title:</strong> Regional Cooperation on Disaster Risk Management in South Asia</td>
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<tr>
<td><strong>Panel Organiser:</strong> Mr Shakeel A. Ramay, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td><strong>Moderator:</strong> Mr Shafqat Munir, Oxfam GB, Islamabad, Pakistan</td>
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<td><strong>Speakers</strong></td>
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<tr>
<td>Mr Kamble Mahesh, Assistant Professor, TATA Institute of Social Science, India</td>
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<tr>
<td>Mr Saeed Aleem, Former Chairman, National Disaster Management Authority, Islamabad, Pakistan</td>
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<tr>
<td>Mr Asish Subedi, Research Officer, South Asia Watch on Trade, Economics &amp; Environment (SAWTEE), Nepal</td>
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<td>Dr Usman Mustafa, Professor, Pakistan Institute of Development Economics (PIDE), Islamabad, Pakistan</td>
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<tr>
<td>Dr Athula Semaratne, Research Fellow, Institute of Policy Studies (IPS), Sri Lanka</td>
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</table>
### Wednesday, 09 December 2015  Day Three

#### Concurrent Panel C-1  9:15 am – 11:30 am

**Title:** Climate Change Adaptation and Migration in Semi-Arid and Mountainous Regions

**Chair:** Mr Nisar A. Memon, Chairman, Water Environment Forum, Pakistan; and Former Federal Information Minister & Senator, Government of Pakistan

**Special Remarks:** Dr Bernard Cantin, International Development Research Centre (IDRC), Canada; and Dr Khatau Mal Thari, Tharparkar, Pakistan

**Panel Organisers:** Mr Kashif Majeed Salik, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan; and Dr Anjal Prakash, International Centre for Integrated Mountain Development (ICIMOD), Nepal

**Speakers**

- Mr Kashif Salik and Dr Fahad Saeed, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Prof. Abdulhamid Kayumov, Tajik Branch of the Regional Environmental Centre for Central Asia (CAREC), Kazakhstan
- Dr Amina Maharjan and Dr Giovanna Gioli, International Centre for Integrated Mountain Development (ICIMOD), Nepal

**Discussion**

**Refreshments**  11:30 am – 12 noon

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#### Concurrent Panel C-2  9:15 am – 11:30 am

**Title:** Rising Inequality in Asia and Role of Fiscal Policies to Reduce Inequalities (Podium Discussion)

**Chair:** Dr Hafiz A. Pasha, Former Federal Minister of Finance, Government of Pakistan

**Special Remarks:** Mr Mustafa Talpur, Oxfam GB, Islamabad, Pakistan

**Panel Organisers:** Mr Mustafa Talpur, Oxfam GB, Islamabad, Pakistan; Ms Sadaf Liaquat, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**

- Dr M. Syeduzzaman, Former Finance Minister, Member Board of Directors, Centre for Policy Dialogue (CPD), Bangladesh
- Ms Ayla Majid, Business Advisory Services, Khalid Majid Rehman Chartered Accountants and CEO at CAMCO (Pvt) Limited, Pakistan
- Syed Abdul Khaliq, Institute for Social & Economic Justice (ISEJ), Lahore, Pakistan

**Discussion**

**Refreshments**  11:30 am – 12 noon
### Wednesday, 09 December 2015  Day Three

#### Concurrent Session C-3

**Title:** Voice and Accountability Index

**Chair:** Mr Naeem uz Zafar, Member Social Sector, Ministry of Planning, Development and Reforms, Government of Pakistan

**Special Remarks:** Mr Harris Khalique, AAWAZ-DAI, Islamabad, Pakistan; and Mr Aamir Goraya, United Nations Development Programme (UNDP), Islamabad, Pakistan

**Panel Organisers:** Ms Shirin Gul, AAWAZ-DAI, Islamabad, Pakistan; and Mr Muhammad Sohaib, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**

- Ms Shirin Gul, AAWAZ-DAI, Islamabad, Pakistan; and Ms Fauzia Yazdani, United Nations Development Programme, Islamabad, Pakistan  
  *(Presentation: Measuring Voice, Determining Accountability: A Proof of Method Paper)*
- Mr Minhaj-ul-Haque, Islamabad, Pakistan

**Discussion**

**Refreshments:** 11:30 am – 12 noon

---

#### Concurrent Session C-4

**Title:** Food Security in Pakistan: Current Situation and the Way Forward

**Chair:** Mr. Malik Zahoor, National Coordinator, Zero Hunger and Family Farming Programme, Ministry of National Food Security & Research, Government of Pakistan

**Special Remarks:** Mr Patrick Evans, Food and Agriculture Organization of the United Nations (FAO), Islamabad, Pakistan; and Ms Lola Castro, World Food Programme (WFP), Islamabad, Pakistan

**Panel Organisers:** Dr Krishna Pahari, World Food Programme, Islamabad, Pakistan; and, Ms Rabia Manzoor, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**

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<tbody>
<tr>
<td>Dr Abid Qaiyum Suleri</td>
<td>Food Security Policy and the Way Forward in Pakistan</td>
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<tr>
<td>Mr Aslam Gill</td>
<td>Pakistan Food Security Analysis 2015</td>
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<tr>
<td>Ms Sarah Hamidi and Dr Krishna Pahari</td>
<td>Evolving Trends on Climate Change and Food Security</td>
</tr>
<tr>
<td>Dr Golam Rasul, ICIMOD</td>
<td>Food-Water-Energy Nexus as an Approach for Adaptation to Climate Change and Achieving Sustainable Development Goals</td>
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**Documentary:** Way Forward on Food Security in Pakistan

**Discussion**

**Refreshments:** 11:30 am – 12 noon
### Concurrent Session C-5
**Title:** Political Economy of Managing Water Variability in a Changing Climate  
*Presentation and Podium Discussion*

**Chair:** Hon. Mr Shams-ul-Mulk, Former Chairman Water and Power Development Authority (WAPDA), Pakistan

**Panel Organisers:** Ms Sadia Ishfaq, Dr Imran Khalid and Dr Abid Qaiyum Suleri, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Dr Imran Khalid, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Ms Sadia Ishfaq, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Dr Guy Jobbins, Overseas Development Institute, London, UK
- Ms Simi Kamal, Aurat Foundation, Islamabad, Pakistan
- Dr Kallur Subnammayam Murali, International Development Research Centre (IDRC), New Delhi, India

**Discussion**

**Lunch**  
2:00 pm – 3:00 pm

### Concurrent Session C-6
**Title:** Human Development and Governance for Inclusive and Sustainable Development  
*Presentation and Podium Discussion*

**Chair:** Dr Shoaib Sultan Khan, Rural Support Programmes Network, Islamabad, Pakistan

**Special Remarks:** Dr Kaiser Bengali, Government of Balochistan, Quetta, Pakistan; Dr Shekhar Shah, National Council of Applied Economics Research, New Delhi, India; and, Dr Tariq Banuri, University of Utah, USA

**Panel Organiser:** Mr Shakeel Ahmed Ramay, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speaker**
- Mr Shakeel Ahmad, United Nations Development Programme, Islamabad, Pakistan

**(Presentation Human Development and Governance)**

**Discussion**

**Lunch**  
2:00 pm – 3:00 pm
**Wednesday, 09 December 2015**  
**Day Three**

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<th>Concurrent Session C-7</th>
<th>12 noon – 2:00pm</th>
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</table>
| **Title:** South Asian Women Parliamentarians for the Rights of Women  
*(Roundtable Discussion – Closed Door Session)* |
| **Moderator:** Ms Mome Saleem, Heinrich Boll Stiftung, Islamabad, Pakistan |
| **Panel Organisers:** Ms Mome Saleem, Heinrich Boll Stiftung, Islamabad, Pakistan; and, Mr Shakeel A. Ramay, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan |
| **Speakers** |
| Ms Andrea Fleschenberg dos Ramos Pinéu, Islamabad, Pakistan  
*(Presentation)* |
| Ms Veena Sikri, South Asia Women’s Network (SWAN), India |
| Ms Rukhsana Jamshed Butt, Member National Assembly, Government of Pakistan |
| Ms Shinkai Karokhail, Women Parliamentary Network and Women Caucus in Parliament, Afghanistan |
| Ms Shah Gul Rezai, Member Parliament, Government of Afghanistan |
| Dr Farzana Bari, Quaid-i-Azam University, Islamabad, Pakistan |
| Ms Shaista Malik, Chairperson, SAARC Chamber of Commerce Women Entrepreneurs Council (SCWEC); and, Member National Assembly, Government of Pakistan |
| Ms Arfa Khalid, Member National Assembly, Lahore, Government of Pakistan |
| Dr Shahida Rehmani, Member National Assembly, Sindh, Government of Pakistan |
| Ms Maliha Khan, Member Provincial Assembly, Lahore, Government of Pakistan |
| Ms Aisha Syed, Member National Assembly, Government of Pakistan |
| Ms Nikhat Shakeel, Member National Assembly, Government of Pakistan |
| Mrs. Saman Jafri, Member National Assembly, Government of Pakistan |
| **Discussion** |
| **Lunch** | 2:00 pm – 3:00 pm |
Wednesday, 09 December 2015  
Day Three

Concurrent Session C-8  
12 noon – 2:00pm

Title: Energy Security of Pakistan

Chair: Engr. M. A. Jabbar, Member SAARC Chamber of Commerce and Industry, Karachi, Pakistan

Special Remarks: Mr Arshad Abbasi, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan; and Ms Asma Samir Khwaja, Pakistan

Panel Organiser and Moderator: Mr Arshad Abbasi, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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<tr>
<td>Dr Shaukat Hameed Khan, COMSTECH, Islamabad, Pakistan</td>
<td>Nuclear, Coal and Hydro Power Generation for Energy Security</td>
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<tr>
<td>Mr Tahir Basharat Cheema, Former MD PEPCO, Lahore, Pakistan</td>
<td>Electricity Distribution and Challenges</td>
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<tr>
<td>Dr Gulfraz Ahmad, Former Secretary Petroleum, Ministry of Petroleum &amp; NR, Islamabad, Pakistan</td>
<td>Role of Regulatory Bodies and Energy Crisis in Pakistan</td>
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<tr>
<td>Ms Maariyah Wasim, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
<td>Energy Governance and Efficiency of Thermal Power Plants</td>
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Discussion

Lunch  
2:00 pm – 3:00 pm

Concurrent Session C-9  
3:00 pm – 5:00 pm

Title: Climate Change Impacts, Adaptation and Opportunities for Cotton Supply Chains

Chair: Dr Mukhtar Ahmed, Higher Education Commission, Pakistan

Panel Organiser: Ms Samavia Batool, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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<tr>
<td>Mr Muhammad Saleem Ashraf, In-Service Agricultural Training Institute, Sargodha, Pakistan</td>
<td>Climate Change and Cotton Supply Chain Conundrum in Pakistan: An Analysis of the Present for the Future</td>
</tr>
<tr>
<td>Dr Elizabeth Carabine, Overseas Development Institute, London, UK (via Skype)</td>
<td>Overview of PRISE and Cotton Value Chain Project</td>
</tr>
<tr>
<td>Dr Fahad Saeed, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
<td>Impact of Climate Change on Cotton Sector in Pakistan</td>
</tr>
<tr>
<td>Ms Samavia Batool, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
<td>Cotton Supply Chain in Pakistan: Its Composition, Governance and Climate Impacts</td>
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<td>Concurrent Session C-10</td>
<td>3:00 pm – 5:00 pm</td>
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**Title:** Governance and Empowerment in South Asia

**Anchor:** Ms Sana Mirza, Jaag TV, Islamabad, Pakistan

**Panel Organiser:** Mr Muhammad Adnan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Dr Abid Qaiyum Suleri, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Syed Naveed Qamar, Former Defence Minister, Karachi, Pakistan
- Ms Veena Sikri, South Asia Women’s Network (SWAN), India
- Dr Shekhar Shah, National Council of Applied Economics Research, New Delhi, India

**Discussion**

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<td>Concurrent Session C-11</td>
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**Title:** Shared History of India, Pakistan and Bangladesh: How to Overcome the Controversies? (Narratives)

**Chair:** Mr Karamat Ali, Pakistan Institute of Labour Education and Research (PILER), Karachi, Pakistan

**Moderator:** Dr Humera Ishfaq, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Panel Organiser:** Mr Ahmad Salim, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

**Speakers**
- Dr Navsharan Singh, International Development Research Centre (IDRC), New Delhi, India
- Ms Munima Sultana, The Financial Express, Dhaka, Bangladesh
- Mr Ahmad Salim, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Mr Harris Khalique, AAWAZ - Voice and Accountability Programme, Islamabad, Pakistan
- Dr Rashed Al Mahmud Titumir, Unnayan Onneshan, Dhaka, Bangladesh

**Discussion**
Wednesday, 09 December 2015

Concurrent Session C-12

3:00 pm – 5:00 pm

Title: Victimology of Crime and Terrorism: Lessons for South Asia

Chair: Dr Muhammad Shoaib Suddle, National Police Bureau, Islamabad, Pakistan

Special Remarks: Prof. Dr Marc Groenhuijsen, Tilburg Law School, Netherlands; Dr SyedKalim Imam, Former IG, Islamabad, Pakistan

Panel Organiser and Moderator: Mr Shahid Minhas, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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<tr>
<td>Ms Gulnaz Anjum, International Max Planck Research School, Jena, Germany; and, Dr Mudassar Aziz, National Institute of Psychology, Quaid-i-Azam University, Islamabad, Pakistan</td>
<td>Youth’s Opinion about United States viz a viz Proposals of Reparations to the Victims of US Drone Strikes: A Survey from Islamabad and Peshawar, Pakistan</td>
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<tr>
<td>Mr Athar Waheed, University of Minnesota, USA</td>
<td>Policy Framework for Victims of Crime and Terrorism in South Asia</td>
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<td>Prof. Michael O’Connell, Commissioner for Victims’ Rights, Adelaide, Australia</td>
<td>Rights of Victims of Terrorism: Perspective of South Australia’s Commissioner for Victims’ Rights</td>
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<td>Mr Ejaz Haider, Capital TV, Islamabad</td>
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Discussion

Wednesday, 09 December 2015

Dinner Plenary

7:00pm – 9:00pm

6:45pm – Guests to be seated

Welcome Address: Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Remarks by Dinner Plenary Co-host: Mr Ahsan Iqbal, Federal Minister for Planning, Development and Reforms, Government of Pakistan

Remarks by the Chief Guest: Mr Ishaq Dar, Federal Minister for Finance, Revenue, Economic Affairs, Statistics and Privatisation, Government of Pakistan

Special Remarks: Ambassador (Retd.) Shafqat Kakakhel, Chairperson Board of Governors, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Launch of Publications

1. SDC Anthology: Pathways to Sustainable Development
2. Making Growth Inclusive, Just and Sustainable in South Asia

Dinner and Musical Gala
9:00pm
10 DECEMBER 2015

Concurrent Session D-1

Title: Securing Livelihoods: Revival of Markets in Post-Conflict Situations

Chair: Mr. Khalid Aziz, Former Chief Secretary, Khyber Pakhtunkhwa & Chairman Regional Institute of Policy Research and Training, Khyber Pakhtunkhwa, Pakistan

Special Remarks: Dr Bishnu Raj Upreti, Nepal Centre for Contemporary Research, Kathmandu, Nepal

Panel Organiser: Ms Huma Khan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Speakers

Ms Danielle Huot, Secure Livelihoods Research Consortium, Afghanistan Research and Evaluation Unit (AREU), Kabul, Afghanistan (via Skype)
(Presentation: Researching Livelihoods and Services affected by Conflict - “90% real” The Rise and Fall of a Rentier Economy: Stories from Kandahar, Afghanistan)

Dr Abid Qaiyum Suleri and Ms Huma Khan, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Mr Kamran Akbar, The World Bank, Islamabad, Pakistan

Discussion

Refreshments

11:30 am – 12 noon
### Thursday, 10 December 2015

#### Concurrent Session D-2

**Title:** Water, Sustainability, Equity, and Security  
**Chair:** Mr Nisar A. Memon, Chairman, Water Environment Forum, Pakistan; and Former Federal Information Minister & Senator, Islamabad, Pakistan  
**Special Remarks:** Mr Khalid Mohtadullah, Senior Advisor, International Water Management Institute (IWMI), Islamabad, Pakistan; Mr Muhammad Nawaz, Pakistan  
**Panel Organisers:** Dr Tariq Banuri, University of Utah, USA; Prof. M. Aslam Chaudhry, University of Utah, USA; and, Prof. Bakhshal Lashari, Mehran University of Engineering and Technology, Jamshoro, Sindh, Pakistan  
**Speakers**

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<td>Prof. M. Aslam Chaudhry, University of Utah, USA</td>
<td>Transition towards the Post-2015 Water Agenda: Issues and Challenges</td>
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<td>Dr Kapil Ghosh, Rajiv Gandhi University, India</td>
<td>Characterisation of Groundwater Dynamics and its Potential Availability: A Study on Dhalai District, Tripura, India</td>
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<tr>
<td>Dr Suleman Tahir, University of Gujrat, Pakistan</td>
<td>Treatment and Recycling of Textile (Paper) Industrial Wastewater in Faisalabad, Pakistan</td>
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<tr>
<td>Prof. Bakhshal Lashari, Mehran University of Engineering and Technology, Jamshoro, Sindh, Pakistan</td>
<td>The Indus Basin System: Efficiency, Sustainability and Equity</td>
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### Discussion

**Refreshments** 11:30 am – 12 noon

#### Concurrent Session D-3

**Title:** Role of Development Partners in a Changing South Asia (Podium Discussion)  
**Panel Organiser & Moderator:** Dr Vaqar Ahmed, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  
**Speakers**

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<tr>
<td>H.E. Ms Renate Pors, Deputy Head of Mission, Embassy of Netherlands to Pakistan</td>
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<td>Mr Bernard Francois, Political Director and the Foreign Secretary, Embassy of European Union to Pakistan</td>
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<tr>
<td>Dr Werner Liepech, Asian Development Bank (ADB), Islamabad, Pakistan</td>
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<tr>
<td>Mr Haroon Sharif, The World Bank, Islamabad, Pakistan</td>
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<tr>
<td>Dr Anindya Chatterjee, Asia Regional Director, International Development Research Centre (IDRC), India</td>
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<tr>
<td>Mr Philipp Kauppert, Friedrich Ebert Stiftung (FES), Islamabad, Pakistan</td>
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### Discussion

**Refreshments** 11:30 am – 12 noon
Thursday, 10 December 2015  

Concurrent Session D-4  9:15 am – 11:30am

Title: Data and Evidence for Informed Policy-making and Planning in Social Sectors

Chair: Mr Aamir Goraya, United Nations Development Programme (UNDP), Islamabad, Pakistan

Guest of Honour: Senator Osman Saifullah Khan, Government of Pakistan

Panel Organiser: Ms Saadiya Razzaq and Ms Hira Mirza, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Speakers
- Ms Saadiya Razzaq, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan  
  (Introduction to Data and Evidence for Informed Policy-making and Planning in Social Sectors)
- Dr Pervez Tahir, Former Chief Economist, Planning Commission, Government of Pakistan
- Ms Izzah Meyer, Idara-e-Taleem-o-Aagahi, Lahore, Pakistan
- Mr Mosharaff Zaidi, Alif Ailan, Islamabad Service, Regulations and Coordination, Islamabad, Pakistan
- Mr Arif Cheema, Pakistan Bureau of Statistics, Islamabad, Pakistan
- Dr Nadeem Javed, Ministry of Planning, Development and Reforms, Islamabad, Pakistan
- Mr Nasir Amin, Academy of Educational Planning and Management, Islamabad, Pakistan

Discussion

Refreshments  11:30 am – 12 noon

Thursday, 10 December 2015  

Concurrent Session D-5  12 noon – 2:00pm

Title: Religious Minorities in South Asia

Chair: Mr Tariq C. Qaiser, Member National Assembly (PML-N), Sargodha, Pakistan

Special Remarks: Dr Navsharan Singh, International Development Research Centre (IDRC), New Delhi, India; and Ms Romina Khurshid, Member National Assembly, Government of Pakistan

Panel Organiser: Ms Mome Saleem, Heinrich Boll Stiftung, Islamabad, Pakistan

Book Launch: Islam, Minorities and Sustainable Development (SDPI’s Urdu Publication)

Speakers
- Ms Mome Saleem, Heinrich Boll Stiftung, Islamabad, Pakistan; and
- Mr Ahmad Salim, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan
- Mr Sanaullah Rustamani, University of Sindh, Jamshoro, Pakistan  
  (Presentation: Discrimination against Religious Minorities: An Analysis of the Textbooks of Sindh, Pakistan)
- Ms Ayesha Salman, editor and author, UK  
  (Presentation: The Terror that Minorities in Pakistan Face Today: Causes and the Road to Peace)

Discussion

Lunch  2:00 pm – 3:00 pm
### Thursday, 10 December 2015  
**Day Four**

**Concurrent Session D-6**  
**Title:** Regional Cooperation for Sustainable Water Management

**Chair:** Dr Tariq Banuri, University of Utah, USA

**Special Remarks:** Ambassador (Retd.) Shafqat Kakakhel, Chairperson Board of Governors, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan; and Mr Khalid Aziz, Former Chief Secretary, Khyber Pakhtunkhwa & Chairman Regional Institute of Policy Research and Training, Khyber Pakhtunkhwa, Pakistan

**Panel Organisers:** Dr Fahad Saeed and Ms Ayesha Qaisrani, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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<tr>
<td>Mr Mujib Ahmad Azizi, Afghan Research and Evaluation Unit (AREU), Afghanistan</td>
<td>Developing Transboundary Water Resources: Perspectives for Cooperation between Afghanistan, Iran and Pakistan</td>
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<td>Dr Muhammad Khurshid, South Asian Cooperative Environment Programme (SACEP), Colombo, Sri Lanka</td>
<td>South Asian Seas Programme</td>
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<tr>
<td>Dr Bishnu Raj Upreti, Nepal Centre for Contemporary Research, Kathmandu, Nepal</td>
<td>Shared Water Resources: Indo-Nepal Conflict and Cooperation</td>
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**Discussion**

**Lunch**  
2:00 pm – 3:00 pm

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**Concurrent Session D-7**  
**Title:** Trade Policies of South Asian Countries and Regional Integration  
*(Presentation and Podium Discussion)*

**Chair:** Dr Hafiz A. Pasha, Former Federal Minister of Finance, Government of Pakistan

**Guest of Honour:** Senator Shibli Faraz, Chairperson Senate Standing Committee on Commerce, Government of Pakistan

**Panel Organiser:** Mr Shakeel Ahmed Ramay, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

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| Ms Munima Sultana, The Financial Express, Bangladesh  
*(Presentation: Regional Connectivity through the BBIN Motor Vehicle Agreement: Gain or loss for South Asia?)* | |
| H.E. Dr TCA Raghavan, High Commissioner of India to Pakistan | |
| H.E. Mr Bharat Raj Paudyal, Ambassador of Nepal to Pakistan | |
| Dr Shekhar Shah, National Council of Applied Economics Research, New Delhi, India | |

**Discussion**

**Lunch**  
2:00 pm – 3:00 pm
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<tr>
<td>12 noon – 2:00pm</td>
<td>Concurrent Session D-8: Business Associations and Conflict</td>
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<tr>
<td>Chair</td>
<td>Mr Majyd Aziz, Former President Karachi Chamber of Commerce and Industries, Karachi, Pakistan</td>
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<td>Special Remarks</td>
<td>Mr Naeem Mirza, Aurat Foundation, Islamabad, Pakistan; and Ms Safiya Aftab, AAWAZ-DAI, Islamabad, Pakistan</td>
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<td>Panel Organisers</td>
<td>Mr Jamal Janjua, AAWAZ-DAI, Islamabad; and Mr Muhammad Sohaib, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan</td>
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<td>Speakers</td>
<td>Mr Umair Javed, Visiting Faculty, Lahore University of Management Sciences (LUMS), Pakistan</td>
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<td>(Presentation: The Bazaar-Mosque Relationship in Punjab: Mapping Political and Social Alliances)</td>
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<td>Mr Chaudhry Kashif, All Pakistan Tajir Ittehad, Rawalpindi, Pakistan</td>
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<td>Ms Simbal Khan, Planning Commission, Government of Pakistan</td>
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<td>Dr Zubair Iqbal Ghauri, Expert in Peace and Conflict, National Defence University, Islamabad, Pakistan</td>
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<td>Discussion</td>
<td>Lunch 2:00 pm – 3:00 pm</td>
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Thursday, 10 December 2015   Day Four

Closing Plenary  3:00 pm – 5:30 pm

H.U. Beg Memorial Plenary

Speakers
Hon. Ms Khawar Mumtaz, Chairperson, National Commission on the Status of Women (NCSW), Islamabad, Pakistan
(Role of Women Empowerment in Securing Peace & Prosperity for Sustainable Development in South Asia)

Hon. Mr Shams-ul-Mulk, Former Chairman Water and Power Development Authority (WAPDA), Pakistan
(Role of Knowledge in Securing Peace & Prosperity for Sustainable Development in South Asia)

Summary of the Proceedings: Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Remarks by the Chief Guest: Hon. Mr Imran Khan, Chairman, Pakistan Tehreek-i-Insaaf (PTI)

SDPI Lifetime Achievement Award: Hon. Mr Shams-ul-Mulk, Former Chairman Water and Power Development Authority (WAPDA), Pakistan

Launch of SDPI Publications
1. SDC Anthology: Pathways to Sustainable Development
2. Making Growth Inclusive, Just and Sustainable in South Asia
3. Assessment of Mercury Amalgam Use at Private Dental Clinics in Selected Main Cities Of Pakistan

Vote of Thanks: Ambassador (Retd.) Shafqat Kakakhel, Chairperson Board of Governors, Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan

Refreshments and Staff Group Photo
Securing Peace and Prosperity

The Sustainable Development Goals, role of governments in providing visionary and accountable leadership, women empowerment, inequitable access to water resources and how it can lead to both conflict and cooperation, monetary policies and how they impact inequality and can either reduce or increase poverty, the complex trinity between energy, climate and the environment in a multisectoral context, are major concerns of development practitioners and peace activists everywhere.

This book aims to unpack the key elements of the peace-sustainable development nexus, and examine it in totality at the micro, meso and macro levels. Organised into four parts, namely, A Panoramic View of Sustainable Development in South Asia; Securing Economic Sustainability; Water Governance; and, Dynamics of Social Justice, the authors bring in country perspectives from Pakistan, Afghanistan, India, Nepal, Bangladesh, USA and the UK. One of the key lessons this collection offers is that monetary policies that provide social protection and ensure access to basic services to the disadvantaged and marginalised groups, beyond their human and ethical value, contribute directly to sustainable economic growth, political stability, peace and security.