The human capital agenda

As the country gears up for the 2018 general election, it is important to examine where and how human capital development features in party manifestoes. Human capital development is being emphasised for a specific reason.

Human capital development is not just inextricably linked to the principles of universalism and freedom, and to human rights. It is also the most significant contributor to the wealth of a nation – far more than physical or natural capital. Recent evidence shows that human capital contributes to 65 percent of the wealth of high-income countries and 40 percent of the wealth of low-income countries.

In the wake of this evidence, new studies have been launched globally to understand the link between human capital development and economic growth. Initiatives are being put in place by international financial institutions to accelerate financing in this regard. It is clear that in the digital age, an acceleration in technology requires countries to urgently invest in their people if they hope to compete in the economy of the future.

Human capital is, therefore, the single most important determinant of the long-term success of nation-states. By 2025, it is expected that the borrowing costs of countries will be dependent on their human development rankings. Human capital development makes it necessary to prioritise investment in the early years – tackling malnutrition; preschool or early education; protecting children from harm; ensuring access to quality education, skills and jobs; long-term commitment to universal health coverage; and measures for empowering women and girls.
Current global frameworks and developments can enable countries such as Pakistan to make major strides in human capital development. But governments need to adopt appropriate policies and have the capacity to plan for the future. One of the opportunities is embedded in the 2030 Sustainable Development Agenda. The Millennium Development Goals were influential in their own right. However, they did not focus on overcoming systemic weaknesses that impede progress. The Sustainable Development Goals have bridged this gap. They focus on data disaggregation, which is the first step to addressing inequalities.

Their emphasis on generating domestic revenue for financing development is a more sustainable means of supporting long-term, in-country social policy choices. They accord priority to country systems strengthening and the processes for better delivery so that the international system can focus on where it has a comparative advantage, which is how it should be.

Monitoring, accountability and good governance is at the heart of the 2030 agenda without which not much progress can be made. One of their targets focuses on reducing illicit financial flows and addressing corruption – and that too for good reason as human development, anti-corruption and action against tax-evasion have shared agendas.

There are additional opportunities embedded in the fourth industrial revolution, with its unprecedented developments in science and technology. For example, the ability of Blockchain to enable data exchange with security, integrity, provenance, transparency and control by users in a network could potentially revolutionise many sectors. There have been stunning developments in artificial intelligence (AI) and deep learning over the last 24 months. AI could potentially power any system with a predictive ability, which would be impossible to achieve otherwise. Billions of people are connected through personal devices where the combination of processing power, data portability and knowledge access
converge to provide myriad potential solutions.

In this new future, technology could potentially change the course of human capital development. But in order for that to happen, technology needs to be deployed in systems with the right incentives structures. Standard setting, new regulatory systems and ethical frameworks are an imperative and human resource competencies need realignment.

Within this context, it would only be appropriate for political parties to commit to tapping new opportunities and paradigm shifts on the premise that this could have the potential to make quantum strides in human capital development. Political will, investment and a true commitment to making systemic improvements are clearly needed to achieve this. In addition, there also needs to be a substantial investment in the institutions and systems of the future. Manifestoes should signal intent in that direction.

Technologies such as AI and automation are already changing the demands for certain skills. This necessitates a major rethink about workforce realignment and the future of jobs in this new digital age. The fourth industrial revolution will result in major disruptions within the labour markets. New categories of jobs are emerging that will transform how and where people work. We need professionals with the right competencies and complex systems experts who can deploy technological innovations.

Pakistan’s demographic divided has yet to be tapped. Human capital development can undoubtedly fuel progress within the context of a globally-relevant long term-strategy. However, success must not be measured in terms of growth alone. The other important objective is to bridge inequality.

For this purpose, the honest redistributive hand of governments is needed so that the benefits of development can accrue equitably to the people. Therefore, in tandem with
planning for the future, governance fixes are needed to build safeguards against organised vested interests.

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