

Policy Dialogue
on
Unlocking the Potential of Regional Cooperation in South Asia for
achieving Sustainable Development Goals:
The Way Forward

New Delhi, 6 October 2018

Key Highlights

1. The Policy Dialogue on ‘Unlocking the Potential of Regional Cooperation in South Asia for achieving Sustainable Development Goals: The Way Forward’ was held on 6th October 2018 at New Delhi, organized by UNESCAP South and South-West Asia Office (UNESCAP SSWA) in partnership with the Research and Information System for Developing Countries (RIS) and the South Asia Centre for Policy Studies (SACEPS). Over 80 participants including Heads of policy think-tanks, representatives of governments, academia, civil society organizations, media, and other key stakeholders from South Asian countries participated in the Policy Dialogue.
2. The Policy Dialogue observed that challenging external economic environment characterized by continuing subdued world trade and economic growth poses a threat to South Asia’s trade led growth and development prospects. Regional cooperation between South Asian countries is undeniably critical to overcome these challenges and secure the subregion’s progress towards the SDGs. The Policy Dialogue acknowledged the potential impacts of regional cooperation by way of rapid growth fueled by trade and investments, bringing countries closer together, enhancing their productivity and competitiveness, which in turn would help to deliver rich development dividends.
3. Numerous barriers to trade are preventing the subregion from achieving its high intra-regional trade potential, which is estimated to be more than 3 times the actual trade. This is costing the subregion dearly by way of lost opportunities to generate employment and deliver welfare gains to the poorest sections of the population. High trade costs, connectivity bottlenecks and failure to take advantage of regional trade agreements continue to adversely affect the subregional economies. However, certain ongoing undercurrents in global trade, such as the emergence of e-commerce and digital economy, may provide South Asia with opportunities to revive trade-led growth strategies.
4. The Policy Dialogue noted that South Asia is currently far from the forefront of technological revolution in global commerce. However, the subregion has certain endowments including human resources in the field of IT and IT-enabled services, which can be leveraged to make progress in this regard. For this, more investments are needed to improve ICT infrastructure and improve the linkages of the concentrated IT clusters to other sectors. The regulatory environment should also be strengthened through IT and cyber security laws. Specific policies are also needed to address the digital divide so as to prevent growth of ICT based trade in goods and services from widening inequalities.
5. Escalating trade wars between some of the major trading nations in the world, and the reemergence of protectionism, may present both challenges and opportunities for the subregion. It could potentially lead to possibilities of relocation of labor intensive sectors to South Asian

countries, particularly from East and South-East Asian regions, opening chances of forming production networks and value chains in the subregion. As goods and services are enmeshed in the formation of RVCs, South Asia needs to improve its preparedness by facilitation measures for goods and services trade to be able to take advantage of such opportunities. Supply capacity in the case of goods trade and lack of services and investment agreements are some of the major constraints for formation of value chains in the subregion. In this regard, implementation of regional legal frameworks and agreements such as SAARC Agreement on Trade in Services (SATIS) should be expedited.

6. The Policy Dialogue recognized that poorly developed cross-border land transport links are a major constraining factor for intra-regional trade and economic integration in South Asia through raising costs of trade. Subregional transport networks, with multimodal feeder links to landlocked countries, need to be strengthened. In this regard, the importance of cross-border rail transport as an environmentally benign mode of transport suitable for long-distance inland transport within South Asia and between neighboring subregions was highlighted. Key results of the economic evaluation of a multimodal corridor for Southern Asia namely the ITI-DKD-Y and its multimodal variant linking Chabahar port conducted by UNESCAP under a project entitled 'Strengthening connectivity of countries in South and Central Asia' were presented. The evaluation results showed significant cost and time savings compared to alternative transport options currently available to the subregional countries. The benefits are greater for cargo originating from inland production centers and commercial hubs spread over South Asia, thus offering possibilities for formation of subregional production networks. Operationalization of the proposed corridors requires greater regional cooperation for sustained and coordinated transport facilitation reforms.
7. The proposed corridors have significant overlaps with major transport initiatives led by subregional organizations of BIMSTEC, ECO and SAARC, and also with initiatives such as the International North South Transport Corridor (INSTC) and the Lapis Lazuli Corridor which links South Asia with Central and South-West Asia. Greater synergies between these initiatives, and also with unilateral national level connectivity projects and programmes will be highly useful. UNESCAP can play a vital role in facilitating coordination and building synergies, especially as the corridors form integral part of the Asia-Pacific wide Asian Highways (AH), Trans-Asian Railways (TAR) and International Dry Ports networks promoted by the Commission.
8. Inter-agency and inter-country coordination is also required to carry out transport facilitation measures including establishment of interfaces between road and rail networks including through dry ports, streamlined border procedures, reduced and harmonized documentation, electronic data exchange, automation and introduction of paperless customs transit systems. Capacity-building based on various policy frameworks and tools for regional transport facilitation developed by UNESCAP, such as the framework for enhancing efficiency of railway border crossings along the TAR network, would be useful.
9. The Policy Dialogue discussed connectivity led prospects for deriving socio-economic developmental benefits. Improved transport connectivity can facilitate diversification and increased scale of operation for indigenous industries, allowing small-scale sectors to grow through inter-industry linkages. With enabling industrial and labor policies, greater market access derived out of connectivity can be translated into better livelihood opportunities for vulnerable groups including women. However, to maximize development impacts in terms of reduction of poverty and inequality, greater stakeholder participation in connectivity projects is required. Industrial and various private sector organizations should be involved as facilitators in planning and implementing cross-border connectivity projects. The Policy Dialogue endorsed

a comprehensive approach to transport corridor development in the subregion, such as by framing a connectivity master plan, taking into account all reform requirements for maximizing developmental impact.

10. The Policy Dialogue explored the potential of regional cooperation in the area of food security in South Asia which remain as a major developmental challenge in the subregion. Promoting trade in agriculture and formation of value chains in food sector can prove to be highly effective towards achieving food and nutritional security. Learnings from the LANSA (Leveraging Agriculture for Nutrition in South Asia) project, a multicounty project implemented by the M. S. Swaminathan Research Foundation (MSSRF) and the Regional Cooperation for Food security in South Asia project conducted by UNESCAP SSWA, were shared in this regard. One of the examples presented was of business models used for improving nutritional intake while promoting socioeconomic objectives. Accordingly, social enterprises could successfully follow a market based approach to investment and produce nutritionally fortified food products for improved health, while creating employment opportunities through formation of rural production networks of small-scale units. Such localized projects have enormous potential to be scaled-up at the regional level to generate greater impact.
11. Given the magnitude of food insecurity in South Asia, accounting for about nearly half of malnourished people in the world, and given the context of increasing threats such as climate change induced distress in the agrarian sectors of the subregion, regional cooperation for finding common solution for shared challenges is extremely vital. The scope of regional cooperation spans across agricultural R&D, stock management and distribution policies, agricultural trade liberalization, containing food wastage, knowledge sharing agricultural support measures and national food security programmes.
12. Resource limitations faced by smaller countries, replicability of agricultural innovations, and economies of scale and scope in utilizing expertise and capacity of institutions in relatively resource rich countries justify regional R&D programmes. This is especially so as infusion of modern technological innovations is direly required in diverse areas of sustainable agriculture such as soil and water conservation, resource management, preservation of bio-diversity, irrigation, mechanization, fertilizers, seeds, pest management, post-harvest processing, storage and distribution etc. Initiatives for policy research and advocacy led by UNESCAP for regional cooperation in these areas in the subregion was also discussed.
13. The Policy Dialogue noted that the multiplicity of overlapping regional institutions and initiatives can be turned into advantage by using such institutions and initiatives for faster convergence of development policies. With concerted efforts political differences can be overcome. Track-II dialogues are of critical importance in this regard, as they can not only help to sustain the momentum of governmental level process for regional cooperation, but also better inform the process through research and sharing of development experiences and good practices. Think-tanks, along with civil society organization, of the subregional countries are well-positioned to conduct meaningful track-II dialogues.
14. SDGs provide the basis of a commonly aspired non-political development agenda which can be utilized to form cross-border partnerships and coalitions. Subregional think-tanks should work together with the objective of fostering regional cooperation, viewing SDGs as a powerful and transformative developmental compact. An analysis of the possibilities for forming a formal network reveals that think-tanks from South Asian countries are well-positioned to collaborate and contribute to the discourse on SDGs in the subregion through objective evidence-based research to shape the policy agenda. Many of the leading think-tanks have vast experience on developmental policy, as they had acted as active partners and resources for the implementation

of the MDGs. Besides knowledge resources, the strengths of subregional think-tanks include working relations with respective national governments as well as other key stakeholder groups.

15. The challenges faced by think-tanks in terms of participating and contributing to developmental policy at the regional level include commitments to own projects and programmes, official responsibilities at the national level and resource constraints. However, with proper planning and coordination such limiting issues can be resolved.
16. The Policy Dialogue recommended the formation of a South Asia Network (of think-tanks) for SDGs (SANS). The Policy Dialogue requested the UNESCAP South and South-West Asia Office to support it and serve as its secretariat in view of its neutral inter-governmental character, multisector expertise, regional outreach and mandate for fostering regional cooperation for development. Potential areas of work programmes of the network were identified as:
 - Contextualization of the SDGs in South Asia based on the subregion's developmental priorities
 - Identification of data gaps, data mapping, generation and creation of regional data repository
 - Monitoring of regional trends in implementation of the SDGs and platforms for experience and knowledge sharing
 - Developing regional policy frameworks in priority areas of trade and investments, regional connectivity, energy, food security, disaster risk reduction etc.
 - Addressing special development challenges of South Asian LDCs, particularly in the context of preparedness for LDC graduation
17. The Policy Dialogue endorsed to deliberate further on the operational modalities and institutional framework of the network, and development of a terms of reference for the network's functions.

Programme

09:00-09.30	Registration
09.30-10.30	<p>Inaugural Session</p> <p><i>Opening remarks</i></p> <p>Dr. Nagesh Kumar, Head, United Nations ESCAP South and South-West Asia Office (UNESCAP-SSWA)</p> <p>Amb (Dr.) Mohan Kumar, Chairman, Research and Information System for Developing Countries (RIS)</p> <p>Prof. Deepak Nayyar, Co-chair, South Asia Centre for Policy Studies (SACEPS)</p> <p>Mr. Rajneesh, Joint Secretary, Department of Commerce, India</p> <p><i>Special Address: H.E. Dr. Puspa Raj Kadel</i>, Vice-Chairman, National Planning Commission, Nepal</p> <p><i>Vote of Thanks: Prof. Sachin Chaturvedi</i>, Director-General, RIS</p>
10.30-11.00	Group Photo and Coffee break
11.00-12.15	<p>Session 1: Potential and challenges for regional economic cooperation in South Asia against the backdrop of emerging global trends</p> <p><i>Moderator: Mr. Rajiv Kher</i>, Distinguished Fellow, RIS and former Commerce Secretary</p> <p><i>Panelists:</i></p> <p>Dr. Selim Raihan, Executive Director, SANEM, Dhaka</p> <p>Dr. Abid Suleri, Executive Director, SDPI, Islamabad, and Member of Economic Advisory Council to the Prime Minister (PMEAC), Government of Pakistan</p> <p>Dr. Posh Raj Pandey, Executive Chairman, SAWTEE, Kathmandu</p> <p>Dr. Ganeshan Wignaraja, Executive Director, Lakshman Kadirgamar Institute, Colombo</p> <p>Dr. Rajan Sudesh Ratna, Economic Affairs Officer, UNESCAP-SSWA</p> <p>Dr. Ram Upendra Das, Head, Centre for Regional Trade, New Delhi</p> <p>Mr. Chanchal Sarkar, Director (ETF), SAARC Secretariat, Kathmandu</p> <p>Mr. S.M. Nazmul Hasan, Director, Trade & Investment, BIMSTEC Secretariat, Dhaka</p> <p>Open discussion</p>
12.15-13.30	<p>Session 2: Potential and Challenges of Transport and Energy Connectivity</p> <p><i>Moderator: Dr. Nagesh Kumar</i>, Head, UNESCAP-SSWA</p> <p><i>Presentation: Mr. Anil Gupta</i>, former CMD, CONCOR Ltd and Consultant, UNESCAP</p> <p><i>Panelists:</i></p> <p>Amb. Gyan Chandra Acharya, former Under Secretary General, United Nations OHRLLS and Chairman SAWTEE SDG Centre, Kathmandu</p> <p>Mr. Sonam P. Wangdi, Secretary of National Environment Commission, Bhutan</p> <p>Mr. Nazir Kabiri, Senior Advisor to the Minister, Ministry of Finance, Afghanistan</p> <p>Dr. Prabir De, Professor, RIS, New Delhi</p> <p>Open discussion</p>
13:30-14:30	Lunch

14.30-15:30	<p>Session 3: Regional Cooperation in Agriculture, Food Security and Nutrition</p> <p><i>Moderator:</i> Dr. Abid Suleri, Executive Director, SDPI and Member, Prime Minister's Economic Advisory Council, Pakistan</p> <p><i>Presentation:</i> Dr. R.V. Bhavani, Programme Manager, Leveraging Agriculture for Nutrition in South Asia (LANSA), M S Swaminathan Research Foundation, Chennai</p> <p><i>Panelists</i></p> <p>Prof. Mustafizur Rahman, Distinguished Fellow, CPD, Dhaka</p> <p>Dr. P.K. Anand, Visiting Fellow, RIS, New Delhi</p> <p>Mr. Joseph George, Senior Research Associate, UNESCAP-SSWA</p> <p>Open discussion</p>
15:30–15.45	Tea/Coffee Break
15.45–16.45	<p>Session 4: Round-table on Think-tanks Cooperation for Achievement of SDGs in South Asia</p> <p><i>Moderator:</i> Prof. Sachin Chaturvedi, Director-General, RIS</p> <p><i>Panelists</i></p> <p>Dr. Debapriya Bhattacharya, Distinguished Fellow, CPD, Dhaka</p> <p>Dr. Abid Suleri, Executive Director, SDPI, Islamabad</p> <p>Prof. Amitabh Kundu, Distinguished Fellow, RIS, New Delhi</p> <p>Dr. Posh Raj Pandey, Executive Chairman, SAWTEE, Kathmandu</p> <p>Mr. Nazir Kabiri, Senior Advisor to the Minister, Ministry of Finance, Afghanistan</p> <p>Ms. Chinthani Sooriyamudali, Research Officer, IPS, Colombo</p> <p>Open discussion</p>
16.45-17.15	<p>Wrap up and Closing session</p> <p>Dr. Nagesh Kumar, Head, UNESCAP-SSWA</p> <p>Prof. Sachin Chaturvedi, Director-General, RIS</p>