

KEY TAKEAWAYS

THIRTEENTH SOUTH ASIA ECONOMIC SUMMIT

तेहौं दक्षिण एशिया आर्थिक शिखर सम्मेलन

तेरहवां दक्षिण एशिया
आर्थिक शिखर सम्मेलन

ত্রয়োদশ দক্ষিণ এশিয়া অর্থনৈতিক শীর্ষ সম্মেলন



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Key Takeaways

Thirteenth South Asia Economic Summit

19-20 April 2022

New Delhi



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South Asia Centre for
Policy Studies (SACEPS)



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SDPI
Sustainable Development Policy Institute



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Professor Sachin Chaturvedi

Director General, RIS

The South Asia Economic Summit (SAES) is an important policy forum for academics, policymakers, diplomats and other experts from the region. South Asian nations namely Bangladesh, India, Nepal, Pakistan and Sri Lanka have hosted this conclave in rotation. Afghanistan, Bhutan and Maldives have also been part of the process. This SAES Forum deliberates on key issues of regional economic cooperation, sustainable development and people-to-people linkages.

Launched in 2008, the SAES has been hosted by premier think-tanks in the region viz. Centre for Policy Dialogue (CPD), Bangladesh; Institute of Policy Studies (IPS), Sri Lanka; South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal; and Sustainable Development Policy Institute (SDPI), Pakistan. RIS, being a part of this network of think-tanks, hosted the SAES twice in the past. The 13th South Asia Economic Summit took place in New Delhi on 19-20 April 2022 after a gap of two years (the 12th SAES was hosted by IPS Sri Lanka in Colombo in 2019). The Meeting could not be convened in 2020 owing to outbreak of the COVID-19 pandemic and multiple challenges thrown up by it.

The 13th SAES explored opportunities for the region in context of the forthcoming Indian Presidency of the G20 in 2023. Apart from focusing on recovery from the pandemic and regional value chains, themes like trade integration for addressing inequalities and employment generation, mechanisms for enabling economic growth along with stable macro-economy, accelerating implementation of the SDGs and financing developmental projects were also covered. The diverse range of issues that were discussed in detail in dedicated sessions include connectivity as economic corridors, digitalization, financial sector cooperation, food systems, digital health initiatives, energy trade and sustainable lifestyle.

In recent times, some countries in the region witnessed severe macroeconomic instabilities, with fiscal strain being experienced by others. With eroding economic enablers, implementation of the SDGs by 2030 remains a challenge across countries in the region coupled with rising vulnerabilities due to climate change. Trade, investment, connectivity and people-to-people linkages remain important areas for deepening cooperation towards a shared destiny. Managing sustainable transitions, creating conditions for local and resilient supply chains, promoting energy trade and taking full advantage of multimodal connectivity require robust cooperation. In view of the post-pandemic realities, advent of new technologies and improvements in trade facilitation and logistics, there is greater hope in the South Asian region

for cooperation in new areas to strengthen the partnership for inclusive economic prosperity and sustainable development.

We are grateful to all esteemed participants of the 13th SAES for their scholarly contributions and coming out with suitable recommendations for deeper economic integration in the South Asia region. I would like to thank my colleagues from partner think-tanks Dr Fahmida Khatun, Executive Director, CPD, Bangladesh; Dr Posh Raj Pandey, Chairman, SAWTEE, Nepal; Dr Abid Qaiyum Suleri, Executive Director, SDPI, Pakistan; and Dr Dushni Weerakoon, Executive Director, IPS Sri Lanka for their wholehearted support in convening this conference. I am also grateful to Professor Deepak Nayyar and Dr Akmal Hussain, Co-Chairs of the South Asia Centre for Policy Studies (SACEPS) for their valuable guidance and other distinguished members of the SACEPS Board including Professor Mustafizur Rahman and Dr Nagesh Kumar, apart from senior colleagues named above, who attended the Board Meeting on the sidelines of the 13th SAES. I also thank Dr Rajan Sudesh Ratna, Deputy Head and Senior Economic Affairs Officer at United Nations ESCAP South and South-West Asia Office for his contribution and sincerely acknowledge the partnership of the UNESCAP-SSWA and the South Asia Network on the SDGs (SANS).

Last but not the least, I thank my colleagues Professor S K Mohanty for his guidance on the programme and Dr Prabir De for his valuable inputs. I appreciate the efforts put in by the RIS team led by my colleague Dr Sabyasachi Saha in organizing the 13th SAES and putting together this comprehensive report of the conference. Dr Beena Pandey and Ms Sushma Bhat were instrumental in arranging a beautiful cultural programme. Dr Priyadarshi Dash, Dr Pankaj Vashist, Dr Amit Kumar, and Dr Pankhuri Gaur have also contributed to the conference in various ways. I also note with appreciation the support received from Dr Durgesh Rai and Dr Sushil Kumar in compilation of the rapporteur notes and the publication team comprising Mr Tish Malhotra, Mr Sanjay Sharma and Mr Sachin Singhal for arranging the production of this Report.

This Report presents the Key Takeaways that emerged from the intensive deliberations that took place during the 13th SAES. We are confident that the Report would serve as a useful reference for strengthening the regional cooperation efforts in South Asia.

Sachin Chaturvedi

Inaugural Session



MEENAKSHI LEKHI

SAHAN KUMAR

Inaugural Session



Professor Sachin Chaturvedi
Director General, RIS

SACHIN CHATURVEDI (*Welcome Remarks*)

Professor Chaturvedi emphasized that South Asia Economic Summit is an excellent opportunity for the think tank community to get together, especially at a time when region is facing multiple challenges, including the humanitarian crisis in Afghanistan, the political crisis in Pakistan, the balance of payment issue in Sri Lanka and the foreign exchange issue in Nepal. He emphasised that think tank community, economists and scholars attending the summit can help to overcome the immediate challenges that the South Asian region is facing. At the same time, experts can prescribe policies and mobilise support in their respective countries to foster economic inclusion, achieve greater digitization and speed up the integration of South Asian economies. Highlighting Bhutan's successful experience of dealing with COVID-19, Prof. Chaturvedi stressed that there are several opportunities for South Asian countries to learn from each other. He pointed out that RIS is continuously working on the issue of South Asian integration. South Asia Group for Energy (SAGE), network launched by RIS, aims to increase cooperation among South Asian nations for effectively mitigating the challenge of energy shortage and energy transition.



Ambassador Dr. Mohan Kumar
Chairman, RIS

MOHAN KUMAR (*Initial Remarks*)

In his opening remarks Amb. Mohan Kumar stated that South Asia is one of the least integrated regions globally and urged think tanks, economists, intellectuals and well-wishers attending the summit to forward the South Asian integration agenda. He suggested that south Asian countries should focus on:

- Establishing resilient value chains.
- Fostering connectivity as South Asia region is least connected in terms of air, road and rail connectivity; and
- Attaining sustainable development goals by 2030 in the post-pandemic era.

He also suggested that that given the impending Indian G20 presidency in 2023, South Asian countries should initiate discussion on regional issues that need to be highlighted during the Indian Presidency for gaining global traction.

Presentation of the Report of the 12th South Asia Economic Summit



Dr Dushni Weerakoon
*Executive Director, Institute
of Policy Studies, Sri Lanka*

DUSHNI WEERAKOON

- Presenting the report of 12th South Asia Economic Summit (SAES), held in Sri Lanka in 2019, Dr Weerakoon highlighted that since its inception, the Summit has always delved into contemporaneous issues that the region has been confronted with. Since exponential growth in industrial applications of digital technology and its potential labour market implications were burning issue in 2019, 12th Summit in Colombo focused on the future of jobs in South Asia. Participants stressed that the ongoing technological revolution will impact different sectors differently in the region, creating challenges as well as opportunities. Industries, such as textiles and clothing, would be adversely affected, whereas sectors like information technology would benefit.
- Dr Weerakoon argued that the concerns raised during last Summit have proved real. The ability of high skilled workers to transit from work from office to work from home with ease during pandemic underlined the positive side of ongoing technology revolution. She also talked about the food security and food supply chains and highlighted that smart technology are seeping into food sector. Pandemic has hastened the adoption of technology that has changed the way food is produced and delivered. However, it is not sure if this change is helping the farmers or not.
- She also pointed out that more and more data is being harvested in South Asia. However, the issue of data privacy remains unaddressed as many South Asian countries lag in bringing in regulations pertaining to data privacy.

Inaugural Address



Smt. Meenakshi Lekhi

*Hon'ble Minister of State for External Affairs and
Culture, Government of India*

Thank you very much Professor Sachin Chaturvedi, Ambassador Mohan Kumar, Dr Dushni Weerakoon, Dr Posh Raj Pandey, Dr Fahmida Khatoon, Professor T. S. Powdyel from Bhutan, Professor Bishwambher Pyakuryal, His Excellency Ambassador of Laos and Excellency from Mongolia. All the representatives of international agencies, excellencies, ladies and gentlemen. I want to start from where Dr Dushni left. She has very nicely put the points in order and areas of concern and while I must thank all of you, especially the team RIS which has chosen to call me on the 13th session today on South Asia Economic Forum.

On this summit, I would say that while we climb many summits, the summit of economic cooperation is a long way which we need to climb and we need to step up our action. The focus of India has been 'Neighbourhood first', but I would say it has to be 'Neighbourhood fast'. From first to fast is what we need to work on simply because our survival, our existence, our well-being depends on it and the kind of crisis, which the world is seeing today, whether in terms of pandemic, supply chain managements, conflicts, new kinds of forces.

Though challenges are aplenty and as Ambassador Mohan Kumar Ji in his statement, also stated that this is a region which is least connected and I was carrying some data with me and the data says that owing to the protectionist policies, high logistic costs, lack of political will and a border trust deficit, intra-regional trade in South Asia remains at 5 per cent.

Now, tell me when we have such large population, is 5 per cent worthy of us? Let's put that question to ourselves first. The second question is this makes South Asia as one of the most disconnected regions in the world, especially when compared to other regions, East Asia and Pacific where intra-regional trade accounts for approximately 50 per cent of total trade and even Sub-Saharan Africa, where inter-regional trade is improved over the years and is resulted in 22 per cent of the trade due to the steps taken by the governments and to create transparent mechanisms for trade and facilitation. I think this should set the momentum for us from 'Neighbourhood first' to 'Neighbourhood fast'. That's where I would focus my address on.

I think when it comes to challenges, we are all aware of the challenges from connectivity to the border trust deficit to the region, which is not linked in policy. Dr. Dushni very rightly pointed out about the cyber security and the data generation. I would say, at this stage, that there is a different kind of imperialism, which could be at work because we are data generators. We are data producers, but we are not data controllers and I think that's where even we as a region, if we consolidate our efforts together, we should be able to set the norms of multilateral engagement of bilateral engagement. An unfortunate part is that we have not been able to do that over a long period of time. But ever since our government came to power in 2014, and the Prime Minister Mr Modi specifically had worked on these policies and has also made it very clear to each one of us, even RIS has been assigned this task of working on these issues, and which in his thinking process it is based on outlining the principles of engagement in the region in the form of *Samman* which means respect. *Samwad*, which means dialogue. *Sahyog*, which means cooperation. *Shanti*, which means peace and *Samriddhi* which is prosperity. Here prosperity, I would say is shared prosperity. Shared prosperity because India sees itself as one of the large nations or largest nation in this region.

We have the largest population and we also have the largest economy. Considering these factors we owe it to our friends, neighbours and I would say families with whom we have shared millenniums of connectivity and years and years of civilizational connections. So, when I look at any of the countries in my neighbourhood, be it Nepal, be it anybody else. These are my friends Sri Lanka, Bangladesh these are my kith and kin. If we go to the extent of testing the DNAs, we all look the same, we all have similar genes and we've worked and we've been connected throughout and I think it is this thought which needs to be worked upon further. Because if we stand in this room, I don't think anyone can look at anybody and say he is a foreigner.

We are family to each other and when we are family to each other, we have to learn to behave like a family, stand by each other. And the five principles on which these interactions have to be based. We've seen the interactions especially in the international arena, where unequal relationship exists. But we have gone a step beyond the equality paradigm where it says we will have non-reciprocal relationships, we will have developmental cooperation. It is not for getting any fringe benefits or return gifts from anyone. It is just because it's a family, you stand by each other and with that attitude we all will work together and 'Neighbours first' to 'Neighbour first' policy is what we need to work upon.

We have to think beyond trade. Trade is one aspect, which we all need to survive on, strengthen and work upon because it's Economic Forum, but what will help create do better and when it comes to technological advancement, I will say since Dr. Dushni mentioned it, that in technological advancement we did very well. When it comes to ICT, we've used ICT right from *Poshan Abhiyaan*, I'm saying speaking about *Poshan Abhiyaan* because today's our day of social justice we are celebrating the social justice and gender equality

which we worked upon and today's the day where *Poshan Abhiyaan*, which is the fight against malnutrition is what India's entered into and this was one of the SDGs, which was decided on the 70th UNGA convention and we were signatory to that.

We've used technology with our Anganwadi workers. The workers at the centers are using tablets to measure to record the height and weight of the children to know how the progress in pregnancies made so far as the health of a woman is concerned, to keep measure of vaccination drive, various schemes which relate to health and food security and balanced diet have been converged to formulate this.

We also saw that during COVID 19 pandemic how India which has 130 million people has run the largest, vaccination drive in which we covered our population in the fastest mode possible and the best part is that if we had not produced our vaccines, the kind of help and the benefit which we could give to our friends would not have happened. And the kind of economic disruptions which the world is seeing now would have been far worse.

How India has contributed to the well-being of the world and in supply chain management of the vaccines, in the well-being of people within the country and outside the country also needs to be recorded. I was very happy to learn when the researcher from Bhutan has written a book on COVID-19. How Bhutan has coped with it. I was at the Bhutan border just day before yesterday. And I know how they protected the borders. I asked that if I could enter, they said we are not opening our borders before 29th and that is the day when EAM as the first guest from outside the country is going to be visiting Bhutan.

The lesson in all is that when India becomes stronger and India does well the world does well. Because we don't use our strength in any other manner, but to stand by the people of the world. Because in our foreign policy '*Vasudhaiva Kutumbakam*' is the principle with which we work and when we follow this principle of as '*Vasudhaiva Kutumbakam*' the whole world is one big family.

You are pained when others are pained and you can stand by others and understand the pain others are going through, and thus the principle of engagement despite the difficulties remain the same. The 'Neighbourhood first' as I said earlier and coin that 'Neighbourhood first' needs to be converted into a 'Neighbourhood fast'. The cooperation on which I will say we need to work upon and the five C's on which our principal interaction needs to happen is collective cooperation.

We all need to come together as a region, which is more disintegrated than integrated. We need to work on capacity building why I'm using the word capacity building is because a whole lot of us over the years have developed our strengths in many sectors. By engaging with many other countries, somebody may be doing well in textiles, the other would have worked well on the reproductive health, someone else may have worked better on technology, Nepal, for example, has worked on poverty alleviation.

Maldives is working on knowledge systems and connectivity of education. So, here when it comes to Maldives and India relationship, we are working on integrating the knowledge platforms and sharing of library, sharing of material, and knowledge-based systems is what we are working upon.

The strength which each one of us have garnered over a period of time with our interaction with several other countries need to be used for ourselves now. By building a closer networking group that if Bangladesh has done well in removing malnutrition and Nepal has worked on poverty alleviation maybe it's time we learn from them and share the knowledge to work upon those aspects because we all not only look alike, but our systems also work more or less in the similar fashion. So, when systems operate, our methods operate. It's time to learn from each other and stand up together as a group and have a learning experience and knowledge sharing system.

Connectivity, Ambassador Mohan Kumar also said this. Professor Chaturvedi also spoke about it. The least connected region and most closed region. So, when it comes to geographical distances, we are the closest, but when it comes to connectivity, we are least connected. So, connectivity aspect in terms of logistics chain management is also something we need to work upon.

When it comes to the Prime Minister's overview for the region, he specifically said that we need to work on connectivity on multimodal connectivity, whether it's ships, boats, roads, air connectivity, everything needs to be worked upon and multimodal connectivity network and hubs need to be established. In terms of connectivity, I should also add that *Gati Shakti* with which is also the digital connectivity is also needs to be worked upon. We are very happy to learn that when Prime Minister Deuba visited India, so RuPay card is now accepted and is going to be operational in Nepal and RuPay Card is now operational in UAE also. So RuPay by its own systems is something which is the most accepted format of working together in terms of financial sustainability.

When we talk about sustainability it needs to have the financial sustainability model and that is one module, which one can work upon.

Even when it comes to health infrastructure and health detailing which, during COVID we saw. I will say we had many lessons to learn during COVID and we worked very hard and we also have very, huge challenges, simply because we are a very large country and we have a very large population to manage and diversity as is in the region is diversity, what exists in one single country is what we have to deal with and while dealing with those challenges, I went and observed that even in the interiors and as we kind of broke the country into various regions, so they were some aspirational districts.

So 75 years of experience on development has been huge and we've done rather well. But there were certain pockets which will drive us back and those pockets had to be uplifted, whether it is nutrition mission or '*Poshan Abhiyaan*' or its connectivity or its health infrastructure. So, there we worked

upon and I went and check these hospitals myself whether it's oxygen plants in those hospitals, whether it's training or upskilling the nurses and the other technical staff in the hospitals, upgrading ICUs or neonatal centers, or upgrading the primary health centers.

For example, primary health center usually was working upon giving some OPD kind of medicines or referring the patients to bigger centers or the hospitals. Now those very primary health centers have also made a kind of an attachment with them, where institutional delivery is taking place. So, with the support and help and training and methods until and unless it's a very complicated case, where the person needs to be taken to cesarean. The integration, the backend integration, which we have done from pregnant woman's constant care at the primary health center to the delivery because in the delivery, if the complication is seen at a proper time, she could be referred to a bigger center, at a hospital and can be sent away and if it's a normal case, the delivery can happen at the institution with the support of the medical staff. So primary health center now has an attachment of delivery rooms. That's how we have tried to build the infrastructure at the backend with the health infrastructure in the interiors of the country.

Also, working upon the availability of ambulances for example, though some states have done very well. We have many lessons from the state of Gujarat and Uttarakhand, and also couple of other states, which have a very challenging terrain. But in spite of those challenges, the connectivity when it comes to availability of ambulance services has done extremely well. So, there are lessons for the country within and countries outside. I mean for the region I would say there are lessons from this.

While we were managing pandemic, the app which we developed called CoWIN, which was again, it is an open-source system and we made it available whoever wanted it when it comes to building digital network and digital connectivity. We kept it open source and we also told all our friends that whoever cannot afford to pay or does not wish to pay and wants the system which is working and is operationalizing in our country, is free to use it free of costs. That's how we worked upon that and thus, I would say the connectivity part needs to be strengthened, whether it's the physical connectivity or it's the digital connectivity, we need to all work together and even financial connectivity is something we all need to work upon.

Now I would say culturally, no matter how hard the kind of imbalanced political situations all of us have seen, the region has been faced with. The cultural element is so strong, so strong amongst all of us that cultural cross currents have flowed no matter what. And, I was just thinking aloud about it, when it comes to the cultural connections. The culture of a country is not built in air. It's built on solid foundations and the time spent together and when it comes to the culture of the region then I will say India and the region has been connected through the monsoon winds, because Ambassador Mohan Kumar talked about tail winds.

So, from there I was thinking about monsoon winds, as we've been connected through the winds of monsoon and currents of the seas and so these are timeless links. These are links which we have withstood and we are also connected with human aspirations.

So, while in the thinking of some other regions and the other think tanks, the time would be divided into BC or AD or the history may be divided into post the birth of Christ only. We've been connected through before Christ timelines and those timelines need to be strengthened and those links need to be strengthened in spite of political challenges, which the region has faced over a period of time and these political challenges would also or have resulted that if not now then when.

The kind of challenges the world is facing right now, I think this is the time, so I would say the silver lining in the entire argument, is a time that culturally we are built over centuries, which predate the birth of Christ. And we are least integrated in the present times we have the largest challenges with the globe has to face. When the globe itself is facing the challenges and we choose not to integrate right now then when. Thus, this economic forum, I would say is most timely because this is catching on the winds of change faster than many can imagine and three decades, which we have seen have reclaimed that heritage of our connections are and thankfully I would say we have decided to restore the trade and personal relationships including countrywide relationships at this time.

And last but not the least, community connect, which remains a challenge because of the trust deficit at the borders and that trust deficit at the borders need to be restored. That deficit needs to be restored and we all need to work together to handle those situations and if we play our cards right, now, I am so sure that if Sub-Saharan connectivity can help them build 22 per cent of their intra-state connectivity and trade within the region. If 50 per cent can happen in our neighbourhood whether South East Asia then I think South Asia itself can do far better than it is choosing to do in all this while.

With these words, I would like to conclude that, I have great belief in the goodness of people and the great belief in the potential of working together, confidence that comes from many inspiring stories which one sees around innovation and initiative in each of our country. And there is so much to learn from each other, that even more to work together and we must leverage our national and human resources together because we are rich both in terms of resources and also the youth population of the countries. We are people which are blessed with larger youth population.

So, we have the advantage and thus the next era should be the era of growth of South Asian decade. 'South Asian Decade of Growth' should be marked from this particular summit here on and this economic summit the thirteenth economic summit may be the watershed moment in the change of attitudes, behaviour, and economic well-being which we all need to work upon. With these words I'd like to thank everyone for having me over.

Thank you very much. Jai Hind!

Plenary Session 1
**Post Pandemic Development Imperatives:
Issues for Regional Cooperation**



Plenary Session 1: Post Pandemic Development Imperatives: Issues for Regional Cooperation



Professor Sachin Chaturvedi
Director General, RIS

SACHIN CHATURVEDI (*Chair*)

The key highlights of Prof. Chaturvedi's remarks are as follows:

- The pandemic has underscored the importance of regional cooperation and hence it is pertinent to identify the key issues that could be taken up for cooperation at regional level.
- It would be useful to focus on five key issues- G20 Indian Presidency 2023, evolving value chains and trade integration for addressing inequalities and employment generation, enabling economic growth and stable macro-economy, accelerating SDGs and financing of development.
- The important lessons that South Asian countries could draw from the unfolding crisis in Sri Lanka.
- The South Asia Group for Energy (SAGE), RIS, is doing good work to promote regional cooperation in energy sector.
- Prioritizing and sequencing are very important, particularly in terms of the macroeconomic reforms that are being undertaken by different countries in the region.
- The institutions have very important role to play in regional cooperation.



Dr Fahmida Khatun
*Executive Director, Centre
for Policy Dialogue (CPD),
Bangladesh*

FAHMIDA KHATUN (*Co-Chair*)

This Plenary is focused on post-pandemic development imperative in South Asia. Co-Chair posed the following five crucial issues to the panelists:

- What are the significant challenges being faced by South Asian countries post-pandemic?
- How can member countries take advantage of new macroeconomic policies and what are their spillover effects?
- What steps can member countries take for accelerating the achievement on SDGs?
- What are the different avenues of financing development?
- What could be the focus of India's G20 Presidency in 2023?



Dr Debapriya Bhattacharyya
*Chair, Southern Voice network
of think tanks and Distinguished
Fellow, Centre for Policy
Dialogue (CPD), Dhaka*

DEBAPRIYA BHATTACHARYYA

Dr. Bhattacharyya pointed out that COVID-19 has taught South Asia following six broad lessons:

- Economic and health issues are not national, they are rather regional in nature and need regional approach.
- The socio-economic impact of the pandemic fell disproportionately on the people who had been left behind. Although everyone was affected, some people suffered more than others.
- In order to provide direct cash transfers and food assistance, public policy has been constrained by lack of fiscal space and institutional capacity. There is a link between the size of the fiscal deficit and the ability to put together a fiscal package in times of crisis (such as Covid). For instance, Bhutan had the highest stimulus package during the pandemic because of its strong fiscal standing.
- The absence of a universal social protection scheme left citizens vulnerable. However, the relationship between adequate coverage of safety net programmes and the extent to which countries have been affected is not linear.
- Pandemic spurred data innovation and digital initiatives. There are instances of data-driven stimulus delivery, such as cash support programmes in Bangladesh.
- Regional cooperation plays a supportive role in dealing with national issues. For instance, Vaccine supply from India (grant, commercial, COVAX) to five countries.



Dr Dushni Weerakoon
*Executive Director, Institute
of Policy Studies, Sri Lanka*

DUSHNI WEERAKOON

Talking about the economic situation in Sri Lanka, Dr Weerakoon focussed on the following three points:

- Given the COVID-19 induced decline in tourist inflow along with some other policy decisions, Sri Lanka is facing serious balance of payment crisis.
- South Asian neighbours have been supporting Sri Lanka. Currency swap arrangement with Bangladesh and assistance provided by India have helped Sri Lanka to reduce the public miseries to some extent. However, the magnitude of crisis is bigger and it would take considerable effort to put the economy back on track.
- Mismanagement of debt has been costing Sri Lanka dearly. Other countries in the region should learn from this to avoid similar problem.



Dr Abid Suleri
*Executive Director,
Sustainable Development
Policy Institute (SDPI),
Pakistan (online)*

ABID SULERI

Dr Suleri stressed on the following issues:

- In the last couple of years, the South Asian countries have faced three major challenges: health pandemic, global recession, and food insecurity. Pandemic was a litmus test to check the resilience of the economies and domestic coordination.
- Pandemic has shown that there is a need for strengthening social safety nets, boosting public infrastructure, enhancing job opportunities and promoting the digital ways of living.
- Covid crisis and its economic fallouts have derailed the agenda 2030. In order to make up for the losses and attain Sustainable Development Goals (SDGs), regional cooperation must increase.
- South Asia should assess its strengths and weaknesses. Countries in the region should work collectively for effectively promoting regional value chains to increase reliance on regional resources.



Dr Posh Raj Pandey
*Chairman, South Asia Watch
on Trade, Economics and
Environment (SAWTEE),
Nepal*

POSH RAJ PANDEY

Some of the key issues highlighted by Dr Pandey are as follows:

- The retreat of the globalization process along with rise of ultra-nationalist policies has created a vacuum in the global trade system. In this context, regional cooperation has become extremely important for South Asia.
- COVID has exposed the limitation of prevailing growth model which focuses on high growth without giving much consideration to social sector development.
- Adoption of digital technology has been changing the work pattern drastically in South Asia and elsewhere. Covid has intensified the adoption of technology.
- Inequality was increasing in all South Asian economies, especially in India, Sri Lanka, and Bangladesh, and COVID-19 has further magnified it. Therefore, two types of policies are required for addressing the issue. First, there is need to have in place redistributive policies which involve progressive taxes on income, and second, pro-distributive policies which corrects the bias in economic growth. The pro-distributive policy for addressing inequality should involve:
 - » Investment in health and education with de-commoditization of both;
 - » A much more democratic system;
 - » Fair labour market policies; and
 - » Policies focusing on reducing the digital divide and unemployment.



Mr Ahmed As-ad

Maldives

(Online)

AHMED AS-AD

Mr As-ad brought forward the following key issues:

- Several South Asian countries are borrowing heavily from external sources. However, these borrowings are not leading to higher growth. Maldives is heavily dependent on external borrowings; but the GDP numbers do not seem promising. Therefore, South Asian economies should assess the need for external borrowing. Transparency in external borrowing is also required in order to avoid debt trap.
- Policy continuity is missing in some small countries. Development plan started by one government is not carried forward by the successive governments, leading to wastage of resources.
- Effectiveness of public sector investment needs to be reassessed. There is also a need for attracting enhanced private investment for promoting efficiency.



Mr R V Shahi

Distinguished Fellow, RIS

R V SHAHI

Mr Shahi has made the following observations:

- Cooperation in energy in South Asia is not a choice but a must. Energy transmission connectivity is also essential for boosting trade.
- Technological development will help in addressing effectively the issues of connectivity in the region.
- RIS has set up the South Asia Group for Energy (SAGE) to facilitate energy connectivity in South Asia. Group has released reports on bilateral and regional cooperation for energy trade and connectivity. India has been investing in renewable energy a lot.



Dr Lutfi Rahimi

*BIRUNI Institute,
Afghanistan (online)*

LUTFI RAHIMI

Dr Rahimi made the following key observations:

- Afghanistan remains at a crossroads and critical juncture once again. In addition to the global and regional challenges including the Covid-19 pandemic, supply disruptions, lack of connectivity, the country went through a regime collapse. The domestic factor makes Afghanistan a unique case in South Asia.
- The economic shock caused by the regime collapse has created additional pressures, negatively impacting the income of households in an already weak economy with high poverty rates, creating a humanitarian crisis. Ensure that track II dialogue continues and raises awareness on the importance of addressing the issue of welfare, helping the poor, reducing macroeconomic volatility, respecting differences instead of antagonising, and understanding the importance of sound economic policy.
- Institutional support is also essential for regional cooperation and economic integration. Joint initiatives in the regional and trans-regional areas of South Asian countries would immediately help in attaining SDGs.

- At this important time, regional engagement with the people of Afghanistan, think tanks and civil societies is paramount. This puts the pressure on the new regime to re-engage with the region in a more meaningful way and to respect international law and re-open girls schools. These should be the guiding principles alongside other national interests in re-engaging with the new regime.



Ms Karma Tshering Deki
Monitoring and Evaluation
Officer, Tarayana Foundation,
Bhutan

KARMA TSHERING DEKI

Ms Deki highlighted the following points:

- Bhutan was on track to achieve 2030 Agenda when Voluntary National Review (VNR) was submitted in 2018. However, the pandemic slowed down the process and VNR 2021 reported that some of the SDGs were not on track.
- In order to build back better from the pandemic and accelerate the 2030 agenda, the Royal Government of Bhutan has been working towards strengthening cooperation with all the stakeholders, viz. civil societies, private partners, etc.
- In the wake of the pandemic, Bhutan has been working towards adopting a resilient approach and has introduced Economic Contingency Plan (ECP). The plan lies along the principle of building a resilient nation in order to ensure economic security as well as achieving self-sufficiency. The focus of ECP is:
 - » BBP (Build Bhutan Project) aim to address the existing gap in the availability of workforce mainly in the construction sector in Bhutan.
 - » Tourism: There is need to address long term policy issues regarding tourism which is the most affected sector. Efforts are also being undertaken to diversify the products beyond the cultural tourism while ensuring the continuity of high end destination.
 - » Agriculture sector contingency plan: Agriculture and the livestock imports, which is bound to grow as a result of increasing population and economic growth. However, the pandemic and the border restrictions resulted in limited access to the Indian source market. So there is a need to boost the agriculture and livestock production by providing various support measures across the value chain, including technical assistance.
- Key Lessons learnt from the pandemic:
 - » There is need for a long term transformative and green solution for food system.
 - » Public service deliveries are crucial for boosting the local economy.
 - » Data ecosystem has assumed add-on importance in the context of preparedness for the future disasters and pandemics.
 - » Digitalization of data is also necessary so that it can be used in the future for social protection programs.

RIS-UNESCAP Plenary Session

Trade Cooperation and Localising Value Chains



RIS-UNESCAP Plenary Session: Trade Cooperation and Localising Value Chains



Mr. Rajeev Kher
Distinguished Fellow, RIS

RAJEEV KHER (*Chair*)

Key highlights of Mr Kher's remarks are:

- COVID induced slowdown in the global economy. Conflict in the west, and shifting geopolitics are adversely affecting countries in South Asia.
- Regional politics has incapacitated SAARC. Alternative combinations like BIMSTEC, BBIN, IORA have been floated to deepen the regional integration. We need to look at these compositions as one whole in the present context.
- South Asia recently has witnessed some improvement. The energy cooperation among certain South Asian economies has increased. It has also coincided with emergence of cross border value chains in textile, leather and food processing sectors.
- Collective thinking is needed to find innovative ways to enhance cooperation and integration of South Asia. Efforts are needed for finding ways and means for creating common goods and establishing regional value chains.



Dr. Rajan Sudesh Ratna
*Deputy Head and Senior
Economic Affairs Officer (a.i.)
United Nations ESCAP
South and South West Asia
Office*

RAJAN SUDESH RATNA (*Co-Chair*)

Dr Ratna's talk mainly focussed on:

- Questions relevant during the SAFTA negotiations twenty years ago are still relevant which underlines the lack of progress. Potential of SAFTA has remained unrealized.
- As an aftermath of Covid pandemic, current cooperation mechanism needs change. Cross-border movement of goods and people stopped, during Covid, while global trade in E-commerce grew phenomenally. South Asian countries need to reflect on the implications of these changes.
- Extremely high logistics costs have been the most important constraint to trade in South Asia. Bangladesh's trade costs with Europe are lower than those with India.
- Removing bottlenecks in transport logistics, last mile connectivity and regulatory measures to ensure seamless movement of goods are utmost requirements for giving boost to intra-SAARC trade.



Prof. Mustafizur Rahman
*Distinguished Fellow, Centre
for Policy Dialogue, Bangladesh*

MUSTAFIZUR RAHMAN

Key highlights of Professor Rahman's presentation are:

- Improving logistics and trade facilitation hold the key for translating South Asia's comparative advantage into a competitive advantage.
- Three SAARC member countries, Bhutan, Bangladesh and Nepal will be graduating from the group of LDCs in next few years. These countries should prepare for transformation from preferential market-driven competitiveness to value chain and production network-driven competitiveness for achieving long-term sustainability.
- Bangladesh has been building infrastructure to boost competitiveness. However, trade facilitation agenda need to pick up. Measures like single-window clearance, single operability, and digitisation need to be expedited. Standardization, harmonization, and mutual recognition agreements need to be in place to take advantage of the infrastructure development. Seamless transport connectivity will help building building a resilient regional value chain and supply chain.
- There is a tremendous opportunity for trade in agricultural products, agriculturally processed items, leather, and the assembling industries.
- The digital economy and financial inclusion services will become very important because competitiveness in goods is very much linked to competitiveness in services, so they will become very important.



Prof. S. K. Mohanty
Professor, RIS

S. K. MOHANTY

Professor Mohanty highlighted the following issues in his presentation:

- South Asian region is generally depicted as extremely poor, with a limited social development. Region is compared to Sub-Saharan Africa in economic development. However, the brighter side has not been mentioned. South Asia has been one of the fastest growing region in the world.
- LDCs in South Asia will graduate to the status of middle-income countries in the coming years, and India is on track to become the world's third-largest economy. The combined GDP of SAARC is significantly higher than the combined GDP of the other regional trade agreements (RTAs) throughout the world, particularly ASEAN and SICA.
- Despite accepting trade as a driver for economic growth, countries around South Asia have made little effort to boost intra-regional trade.
- Extent of intra regional trade in South Asia varies across sectors. The intra-regional trade is high in the case of agro products. Fruits and vegetables have the highest trade potential.
- There has been a remarkable change in the trading partners among South Asian countries. India is the top importing country for four partner countries as compared to China. In terms of export to the region, India is one of the top five exporting countries to six out of the eight South Asian countries. China considers the region as an export destination rather than a source of imports.



Prof. Bishwambher Pyakuryal
*Chairman, Institute for Strategic
and Socio-Economic Research,
Nepal*

BISHWAMBHER PYAKURYAL

Professor Pyakuryal made the following observations:

- Trade facilitation expedites the movement of goods. Majority of developing and less developed countries suffer from a scarcity of trade facilitation capabilities in their respective countries. It has been demonstrated in various cross-country research studies that removing non-tariff barriers would enhance GDP by 1.6 per cent.
- Developing and less developed economies see a future of increased trade and economic growth, followed by the creation of job opportunities.
- The private sector faces many challenges, including inadequate infrastructure, inadequacy, access to finance, and customary procedures in supportive regulatory and business environments.
- Developing countries must contemplate an international network of interconnected supply chains. The most important question is whether the benefits of more international specialisation for global value chains outweigh the risks and instability that come with it.
- Food industries suffer greatly during difficult times due to domestic value chains such as domestic processing and retail distribution. Import costs are relatively high in an agricultural economy due to domestic processing and retail distribution issues.
- Value chains have become more global because of the growth of South-South cooperation in South-South trade flows. Small economies can become part of these value chains by opening their markets to trade and foreign direct investment.



Prof. Nisha Taneja
*Professor, Indian Council for
Research on International
Economic Relations,
New Delhi*

NISHA TANEJA

Prof Taneja highlighted the following issues:

- The widely held fallacy that tariffs are no longer being a concern in South Asia cannot be supported by evidence. Still there are countries in the region with very high tariffs which need to be reduced to boost regional value chains.
- The world is confronted with new challenges. We are witnessing a trade war between the United States and China and an increase in protectionism. These have created uncertainty for the countries of South Asia. SAARC members need to take cognizance of the Ukraine Russia conflict.
- Nature of FTAs is changing. New age FTAs include issues related to environment, health, MSMEs, gender, etc. South Asian countries should take a note of these changes and incorporate these issues in their FTAs' strategies.
- Despite severe trade restrictions, localized cross border reliance does exist in South Asia which is creating enabling environment for the value chain.
- All countries of South Asia must adhere to international conventions for better connectivity.



Dr. Ganesan Wignaraja
*Non-Resident Senior Fellow,
Institute of South Asia
Studies, National University of
Singapore*

GANESAN WIGNARAJA

Dr Wignaraja made the following observations:

- Despite being strategically located, having low-cost workforce and a fast-expanding middle class, South Asia is a latecomer to global value chains.
- In the South Asia region, intra-regional trade accounts for barely 5 per cent of total trade. India's trade with South Asia accounts for less than 4 per cent of its total trade. Baby steps are needed to increase South Asia's integration in Global Value chains. Sharing best practices could be the starting point. At the same time, open and transparent FDI and trade policies are required.
- Looking at Southeast Asia's transition from direct exporting to manufacturing of parts and components, one finds that a great deal of focus is placed on firm strategies and business operations. The firms' heterogeneity is of the utmost importance and the large firms dominate this trade.
- South Asia only has some 38 FTAs in effect, which is much less than East Asia and Southeast Asia. India leads the pack with some 15 odd FTAs, Pakistan has nine but most of these are very shallow agreements, rather than deep FTAs.
- There is a need for capacity building for FTA negotiations in South Asian region, especially for the small countries and India has to play important role in this regard.



Dr. Pritam Banerjee
*Logistics Specialist Consultant,
ADB, India Office, New Delhi*

PRITAM BANERJEE

Dr Banerjee emphasised on following issues:

- Considering India's geo-physical location at the heart of the region, improvement in India's connectivity and logistics infrastructure would also help the cause of overall improvement of regional connectivity. For example, Nepal's trade transits through Indian ports. Bangladeshi garment exports to Europe can benefit from direct connectivity to European hubs from western Indian ports of JNPT or Mundhra.
- Connectivity is a low hanging fruit. If we can identify three or four corridors that connect the region, specifically the BBIN region, which gel into India's own infrastructure development plans and corridors, then we can create economies of scale and the opportunities for investment and development that this region needs. While developing these corridors we need a comprehensive approach that includes not just the infrastructure but also the trade facilitation aspects, the border infrastructure, the regulatory aspects and the data exchange.
- South Asian countries should therefore concentrate on prioritizing infrastructure development on a few key corridors that carry bulk of the intra-regional trade and on policy reforms related to trade and transport facilitation.

Plenary Session III: Future of Regional Connectivity



Plenary Session III: Future of Regional Connectivity



Dr. Posh Raj Pandey
*Chairman, SAWTEE,
Nepal*

POSH RAJ PANDEY (*Chair*)

The chair made the following initial remarks:

- Despite geographical connectivity and a high potential for economic interaction, South Asian countries' interaction with each other is limited.
- Connectivity is a broad and multidimensional concept. Physical connectivity and software connectivity both are parts of connectivity. However, physical connectivity is broader and includes road, railways, air and maritime transport whereas software connectivity refers to government policies, government institutions, government capacity and systems.
- With supply chains becoming disrupted due to the Covid-19 pandemic, the importance of connectivity has further increased. Connectivity assumes importance in South Asian countries with the need to build regional supply chains and regional production networks.
- Regional connectivity will help develop economic corridors and promote employment in the South Asian region. Inland waterways, maritime transport, and port infrastructure also have an important role in promoting regional connectivity.
- Digital infrastructure also has a vital role in promoting regional connectivity. Finance is also a crucial factor for promoting sustainable and resilient connectivity infrastructure.

PRABIR DE (*Co-Chair*)

Professor De highlighted the following issues:

- In the last 11 years, intra-regional exports in South Asia have been around US\$ 26 billion in which India's contribution is around 80 per cent. The seven other South Asian countries have contributed around US\$ 5 billion in volume. This has remained static in last 11 years. Therefore, there is growing unevenness in terms of the distribution of trade.
- Two important questions facing the South Asian region are how to bring together the ocean-linked and land-linked countries for a comprehensive connectivity cooperation, and how to identify new drivers towards achieving this cooperation. The key drivers are regional connectivity, global value chain, sustainable transportation, financing of sustainable transportation. They will be instrumental in driving South Asian regional cooperation and regional integration through connectivity.



Dr Prabir De
*Professor and Coordinator,
ASEAN-India Centre, RIS*

- Leaders stressed the need to implement the BIMSTEC Master Plan on Connectivity at the BIMSTEC summit held on 30th March 2022. Around 137 projects worth US \$ 44 billion have been identified in the BIMSTEC Master Plan on Connectivity.
- South Asia also needs to evaluate whether regional connectivity can be looked at from the perspective of integration and whether it is possible to come up with a regional programmes. Nonetheless, a strong Secretariat will be needed.
- All eight South Asian countries have made substantial progress with regards to the WTO trade facilitation agreement. India is leading the trade facilitation sector in South Asia and playing a major role in the integration of trade in the region. It is also the first country to introduce the customs single window called SWIFT. All the eight countries have done phenomenally well in the software side of trade facilitation.
- There is a need to focus on corridors, highways, railways, motor vehicle agreements, and railway agreements. SAARC Motor Vehicle Agreement and SAARC Railway Agreement were very much active before 2014. But after 2014, the traction was lost and as a result, BBIN came in.
- Too much bilateral and sub-regional dialogue can also inhibit the possibilities of further regional cooperation. Thus, it is important to remember that need for regional arrangements should not be diluted and the significance of SAARC, SARSO and SAARC University should not be undermined.
- The political guidance is also important without which we may remain with South Asia but the borders will be disconnected. This may limit the flow of ideas beyond borders.



Mr Manmohan Parkash
Deputy Director General, Asian
Development Bank

MANMOHAN PARKASH

Mr Parkash made the following observations:

- While the quality of life has improved in the South Asian countries, the progress has been made within the national boundaries. There is a need to go beyond national boundaries. Therefore, the Asian Development Bank (ADB) has given importance to programmes such as the Mekong-Ganga Programme. Even after 50-75 years of independence, the South Asian region struggles with low-hanging fruits.
- We have not been able to bring the borders like Bhutan-India, Nepal-India, and Bangladesh-India under a formal market. Border haats provide excellent prospects if the region can formalize them.
- Opportunities lie in several small South Asian countries, such as the Maldives, which has the potential to build a deep-sea port, trans-shipment port and bunkering port.
- South Asian region is energy surplus, with a large capacity for hydropower energy, but it is still reliant on coal, oil, and gas imports. The pipeline is the most cost-effective mode of transportation. These projects do not require heavy investment.

- The 'Name of the Game' is logistics, and developing a 'Logistics Master Plan' is currently an ongoing process. More policy-driven instruments are required to create an ecosystem. Because the South Asian region is still developing, attention must be paid to the development of logistics terminals.
- Access to finance is the biggest constraint in the region. The largest young population in the world is in South Asia. Eighty-seven per cent of fintech is in this region, but they do not have access to finance without collateral. Thus, multilateral institutions should come in a rational way for providing access to finance to businesses and individuals and access to finance for building infrastructure. Appraising the projects before investing the money is essential.
- The focus must be on digital infrastructure which is local and secure. It is essential to make ourselves abreast with the latest technologies. The involvement of the private sector is crucial as solutions and investments cannot come from the public sector. The public sector can help with the policy.



Prof. Saikat Sinha Roy
*Professor, Jadaoipur University,
 Kolkata*

SAIKAT SINHA ROY

Professor Roy highlighted the following issues:

- Connectivity has its positive benefits towards trade, growth and employment but it also has downside risks toward poverty and inequality. The goal for connectivity should be to trim down transaction costs and for this transportation costs need to be reduced.
- Physical connectivity, including roads, rails, air, sea, and inland waterways, is needed for seamless connectivity across the border. It will connect the hinterlands of one country to the hinterlands of another. It will also connect the hinterlands to border haats and help people exchange goods.
- In the next ten years, the focus should be on multi-modal connectivity in the South Asian region, right from Myanmar in the east to Afghanistan in the west, or Sri Lanka and the Maldives in the south, via roads, rails, sea, etc. This will ease the movement of goods from one mode of transport to another with a minimum loss of time.
- The importance of digital connectivity has increased several folds post-pandemic. There is a need to look into the digitalisation of enterprises, particularly MSMEs, to connect to the rest of the world. MSMEs are heterogeneous in nature, and in most countries, the micro sector is much larger than the rest of the MSME sector. The micro-enterprises face the biggest hassles in getting digitally connected to the rest of the world.
- It is necessary to have a reliable database on various types of connectivity limits that are faced by small enterprises. The World Bank Enterprise Survey is dated.
- Finally, improved seamless connectivity requires policy coordination between countries, especially post-pandemic, to reduce poverty, inequality and unemployment.



Prof. Selim Raihan
*Professor, University of Dhaka,
Bangladesh*

SELIM RAIHAN

Professor Raihan made the following key observations:

- There are two fundamental questions surrounding connectivity in the region: Do the South Asian countries share a common understanding of what connectivity is? What kind of institutions are required for connectivity?
- Intra-regional trade and intra-regional investment are perceived differently by countries in South Asia. Thus, we must work at a country level to achieve deeper integration.
- Importance of infrastructure quality must be emphasized. The South Asian region lags in terms of logistical performance.
- Non-tariff barriers cannot be made zero, and many non-tariff measures (NTM) are legitimate. Thus, there is a need to build on our capacities to comply with many legitimate NTMs. However, many legitimate NTMs are barriers due to procedural difficulties like institutional challenges.
- Regional integration in South Asia requires both advances in domestic policy and its convergence with other regional policies.
- It is pertinent to focus on social infrastructures like health and education, which remains low in many of these countries.
- Sustainable finance is vital for infrastructure projects. Most South Asian countries rely on domestic resources for financing big projects. Bangladesh and other small countries of South Asia need external financing. Judicious management of these external sources of finance is also required. Issues like cost overrun and time overrun need to be managed efficiently.



Dr. Constantino Xavier
*Fellow, Centre for Social and
Economic Progress (CSEP),
New Delhi*

CONSTANTINO XAVIER

Key highlights of Dr Xavier's presentation were:

- Openness in politics, institutions, and geography is essential to make the future vision of regional connectivity a reality. There is also a need to focus on the future of connectivity and trace the missing ingredients.
- It requires leadership, vision and sacrifice and reforms. Without political leadership based on that vision, connectivity will not advance in the region. Sacrifices are needed to be made at home to achieve that long term vision.
- There is also need for implementing processes that are democratic, accountable, according to the rule of law, transparent, and allow the participation of civil society organizations, non-governmental organizations, and different political parties.
- Openness to institutions is vital for the South Asian region as SAARC has not done well. It is essential to find the ideal balance between bilateral, trilateral, quadrilateral (BBIN) and classical regional organisations like BIMSTEC (inter-governmental, heavy, and member state-driven). Regional institutions are a platform to deepen regional cooperation. South Asian countries need to open up to regional institutions to achieve regional connectivity.

- Geographical factors are also important. South Asia hinges on extra-regional partnerships for more significant partnerships from outside. Pull factors exist where institutions like ADB and World Bank are brought into the region by states. In addition, there is also a push factor from outside, with many actors deeply interested in correcting the connectivity gap in South Asia. An integrated South Asia cannot come up without a link to South-East Asia, the Indian Ocean region, the Gulf region, Central Asia, China and the Eurasian hinterland.



Dr. Paras Kharel
*Research Director,
 SAWTEE, Nepal*

DR. PARAS KHAREL

Dr Kharel highlighted:

- Connectivity and the reduction of traditional trade barriers must go hand in hand. It is good to have sub-regional connectivity but we should not forget our priority of pan South-Asian connectivity. Certain regional institutions in SAARC should be kept intact and further work needs to be done on them.
- So far, India has been a driver of the connectivity initiatives in the region, partly due to its size, location, and geography.
- PM Gatishakti is a public good for the South Asian region. Thus, it is essential to link our internal policies with the changes that are taking in the region.
- Technology can reduce trade costs and from the perspective of land-locked countries technology can make the efficiency-security trade-off less relevant. E-commerce will be of help. Focus also needs to be there on the processes involved in the physical transit of goods.
- BIMSTEC's connectivity can complement SAARC. Bringing Myanmar on board is vital for regional connectivity.

Special Luncheon Lecture on
Digitalization and Financial Sector
Cooperation in South Asia



Special Luncheon Lecture on Digitalization and Financial Sector Cooperation in South Asia



Dr. Deepak Mishra
*Director & Chief Executive,
Indian Council for Research on
International Economic Relations
(ICRIER), New Delhi*

DEEPAK MISHRA (*Chair*)

Dr Mishra observed:

- Physical connectivity in South Asia has fallen short compared to connectivity in other parts of the world. However, the scenario is gradually improving.
- Digital connectivity backed by novel technologies offers opportunities to create a new form of integration in the region, especially in the financial sector. This can make the development process more inclusive, efficient, and innovative.
- Financial integration is essential because this is where we have seen rapid progress in the last few years. India has fared well in its digitalization drive, financial integration goals, and financial innovation, which have facilitated the creation of a digital economy.
- South Asia's heavy dependence on remittances and the issue of non-performing loans might hinder regional digital connectivity. Cryptocurrencies and Central Bank Digital Currencies (CBDCs) are exciting areas where the South Asian countries can cooperate successfully.

SMITA SHARMA (*Speaker*)

Smt. Sharma made the following points in her presentation:

- Institutions in the South Asian region must enhance cooperation in the financial sector. SAARCFINANCE was launched in 1998 to provide a platform for South Asian central banks to cooperate on the issues of monetary policy, payments system, capacity building, financial inclusion and research and development.
- Transparency is important as decision made by one country impacts the other countries in the region. For example, it is vital for Nepal to understand the changes in Indian monetary policy. Similarly, changes in India's foreign exchange policies have significant implications for Bhutan. Therefore, transparency in policies is required to foster trust and help the region grow.
- Successful bilateral currency swaps have been conducted under the SAARCFINANCE initiative, which have been crucial for maintaining financial stability. The central banks' currency swap cooperation has been dynamic over the past few years. Bhutan and the Maldives entered into a bilateral swap agreement amounting to US\$ 200 million.



Smt. Smita Sharma
*Director, International
Department, RBI, Mumbai*

- There is also a framework within SAARCFINANCE where there is a bilateral arrangement for countries to withdraw money.
- As a part of the capacity building, we give scholarships to SAARC central banks and finance ministry officials to study in India. The number of scholarships has been increased from two to four and they are now being extended to cover post-graduate courses. The expertise of retired central bankers can be utilized for capacity building. The RBI, on the other hand, identifies areas where central banks will need help and officials with relevant experience to help them learn about and improve their skills in central banking.

Parallel Session I: **Institutional Ecosystem for Food Systems and Value Realisation**



ALEEN MUKHERJEE

VIJAY SARDANA

SABNAM SHIVAKOTI

Parallel Session I: Institutional Ecosystem for Food Systems and Value Realisation



Mr. Vijay Sardana
*Advocate, Arbitrator and
Techno-Legal Expert for
Food, Consumer Products
Agrochemicals*

VIJAY SARDANA (*Chair*)

The chair of the session made the following initial remarks:

- Food systems are a crucial in South Asia as food security is a fundamental concern. Nutritious food for all is an important issue and the nutritional status of labour is a serious concern.
- However, there is a need to balance between food security and sustainability aspect. In this context, low-cost sustainable technologies for farm mechanization and developing local value chains are important.
- Farmer is poor because he is using wrong technology or low productive technology. In order to escape poverty, underprivileged farmers require access to more advanced technologies.



Ms Sabnam Shivakoti
*Joint Secretary, Ministry of
Agriculture and Livestock,
Government of Nepal*

SABNAM SHIVAKOTI

Ms Shivakoti highlighted the following issues:

- The Nutrient Gap Report 2021, recently published in Nepal, suggested that the nutritious food is more than twice expensive than the energy based food. It stresses on the importance of access to nutritious food and recommends multi-sector approach for Nepal.
- Technology transfers as well as leveraging the comparative advantage of the countries of the region are essential. Following policy interventions are required to ensure food security:
 - » There is a need to increase the capacity of production networks and technical efficiencies.
 - » An alternative approach to agricultural production, good agriculture practices, and fertilizers is required.
 - » We need to reduce the non-tariff barriers and promote equitable intra-regional trade gains.
 - » Capacity building of local communities is essential.
 - » There is need for enhanced investments in promotion of smart food technologies.



Mr Aleen Mukherjee
*National Commodity &
Derivatives Exchange Limited,
NCDEX Institute of Commodity
Markets and Research (NICR)*

ALEEN MUKHERJEE

Mr Mukherjee made the following key observations:

- There are three important aspects of food and nutrition security: affordability, accessibility and availability.
- Pandemic increased the accessibility in the region. The Indian produce moved to Bangladesh, Nepal and Sri Lanka in much easier manner. It proved that shorter supply chains can exist, which are better suited to capture the needs of the South Asian region.
- Therefore, there is a need for strengthening institutional mechanisms to ensure accessible and region-specific needs. It is also important to ensure adequate infrastructure for local trade, single window clearance system for transfer of goods and payment. We also need to recognize the significance of local agricultural value chains.



Dr Khondaker Golam Moazzem
*Research Director, CPD,
Bangladesh*

KHONDAKER GOLAM MOAZZEM

Dr Moazzem highlighted:

- The South Asian region had similar agro-climatic conditions and faced similar climatic adversities simultaneously, affecting domestic and regional supply chains. Due to the shortage of agricultural labour and the increased labour cost, technological changes have also become important.
- In order to tackle these challenges, the following steps are essential:
 - » Change supply structure to cater to the need of urban-based communities.
 - » Technological intervention and mechanization are critical.
 - » Private sector-led agriculture should be promoted.
 - » The structure of agriculture subsidies needs to be rationalized to enhance competitiveness.
 - » Proactive new subsidy management is needed from the South Asian countries.



Dr Manoj Thibbotuwawa,
*Research Fellow/Head
(Agricultural Economics
Policy), Institute of Policy
Studies (IPS), Sri Lanka*

MANOJ THIBBOTUWAWA

Dr Thibbotuwawa made the following remarks:

- Sri Lanka faces several issues in terms of food availability and food security. Issues of nutrition and stunting persist as indicators have not improved in Sri Lanka. Availability, accessibility, utilization and dietary patterns are important concerns.
- In order to deal with these challenges following steps are required:
 - » Smart farming with greater use of innovative IT solutions and access to correct information. It will enable farmers to make the right decisions.

- » Greater private sector involvement and leveraging of high-impact solutions by the private sector.
- » Adopting hi-tech solutions is essential. However, access to high technology from developed countries is challenging and expensive. Therefore, cooperation between countries in the region is vital.
- » R&D, technology transfers, and South-South cooperation are essential for cost-effective agriculture.

Parallel Session II: Health for All and Digital Health Initiatives



Parallel Session II: Health for All and Digital Health Initiatives



Dr K Srinath Reddy
*President, Public Health
Foundation of India (PHFI)*

(Online)

K SRINATH REDDY (*Chair*)

The chair of the session made the following initial remarks:

- Digital technology can be used to advance public health goals. Universal Health Coverage (UHC) is pivotal. We have to make sure that the required health services are affordable, accessible, and appropriate. Health care needs improvement at all levels.
- However, primary care needs highest attention. We must ensure that primary care becomes the foundational basis for efficient, equitable and empathetic healthcare.
- Digital technology has come to the forefront in promoting self-care, assisted care by family members and local providers, specialist advice, and guided care by tele-health services. We can reconfigure the health system from the lessons learned from Covid crisis and for recognizing that UHC is a crucial component of sustainable development goals.
- There is a need for people-partnered public health system, digitally-enabled decentralised and data-driven decision-making that enables care to be provided in all dimensions at home or as close to home as possible. Strong civil society organizations (CSOs) and community-based activism for health is also crucial.

NISHA ARUNATILAKE

Dr Arunatilake highlighted:

- Sri Lanka has achieved remarkable progress in healthcare over the years. The status of health indicators is ahead of others in the region. This has been achieved through free health care. However, the disease burden is changing in the country.
- Sri Lanka's healthcare system has traditionally been focused on providing care to children and mothers. Recently, primary health care, prevention and treatment of non-communicable diseases (like heart diseases, diabetes, etc. are leading causes of death in Sri Lanka) are also being recognized as crucial.
- There are new challenges like ageing population brought to the health system for which current system is not prepared. There are knowledge gaps to meet the health requirements of future- lack of detailed and accurate data of patients, diseases, and how disease patterns are changing. Capacity of institutions to generate such knowledge and make use of that is one of the reasons for the knowledge gap.



Dr Nisha Arunatilake
*Director of Research,
Institute of Policy Studies
(IPS), Sri Lanka*

(Online)

- There are policy gaps; no spaces for relevant stakeholders to come together and discuss and strategies. Some of the challenges can be overcome by digital health system. There are such models from South Asia which can be used; we can exchange ideas and information on digital health system-knowledge sharing.
- Health is also affected by other issues like food security, poverty, education, environment etc; so coordination is required among the concerned agencies to plan more effectively for the purpose of achieving UHC; but this is not happening in Sri Lanka.
- There is also gap between the collaboration of people who are planning finance and those who are planning health. So, the doctors make plans without thinking about the requirements of funds and the people in financial sector, plan budgets without understanding the requirements of health sector. So, because of this institutional weakness, as there are problems in strategizing, collecting information and using that information to gain knowledge and to come up with policies.
- Sri Lanka is going through a lot of political and economic uncertainties which further affect the planning in the health sector.
- Digital systems have improved the efficiency in health sector, particularly by reducing the time to get appointment with specialists and doctors. In rural areas, the doctor can consult the case with the specialist by sharing the pictures, lab reports, etc.



Professor T C James
Visiting Fellow, RIS, New Delhi

T C JAMES

Professor James made the following observations:

- COVID has impacted the world and even more the South Asian region. A concerted effort is needed to exploit the available resources to speed up health programmes. Traditional health systems are abundant in South Asia. They all follow a broadly common theoretical framework and similar therapeutic principles, making them amenable to a common policy approach.
- Traditional healthcare forms a cultural heritage of region. It gives a feeling of ownership. Traditional medicine is based on preemptive measures. Their efforts strengthen body's immunity system. In South Asia, the cost puts a heavy burden on personal finances because of out-of-pocket expenses. Traditional medicine is cheaper than modern healthcare.
- Challenges in terms of a shortage of healthcare infrastructure and qualified personnel can be overcome by using traditional medicine practitioners and their healthcare systems (such as AYUSH in India, which has around 4,000 hospitals, 30,000 dispensaries, and plenty of practitioners). National health policy provides an integrative healthcare system that accommodates traditional healthcare systems.
- There is a need for a judicious blend of traditional and modern medicine to address gaps in achieving SDG 3. Primary as well as mental healthcare (use of yoga) is essential.

- There is also the need for a change in the perspective of policymakers (in South Asia) in terms of viewing health as a social development. Instead, it should be viewed as an economic investment.



Mr Syed Yusuf Saadat
*Research Fellow, Centre
 for Policy Dialogue (CPD),
 Bangladesh*

SYED YUSUF SAADAT

Some of the key points underlined by Dr Saadat are as follows:

- Bangladesh has done quite well in terms of health. There has been significant improvement since independence. Life expectancy has increased from 47 to 72 years. The country was on track to achieve many SDGs prior to COVID. However, there are gaps in Bangladesh's health care system:
- Inadequate Health Infrastructure: lack of hospital beds, lack of health personnel (physicians, nurses, and specialists), lack equipment, etc.
- The healthcare budget is insufficient; even during COVID, the healthcare budget was not increased. Many LDCs spend more than Bangladesh.
- The healthcare burden is falling on the public. Out-of-pocket expenditure is increasing.
- Fourth Industrial Revolution (4IR) is expected to have a significant impact on health care system. It will improve ability to manage illness and patients' roles will change (even during COVID, patients were self-testing). It will also change the relationship between healthcare and stakeholders; third parties will enter the picture.
- A universal database for healthcare based on block-chain technology needs to be collected. Such a database can include all the details of the patients receiving treatment and all the medical institutions. If such a database is created, preventive healthcare can be done through machine learning. It would be helpful since curative healthcare is costly in Bangladesh.
- Promoting the concept of Home hospital: Patients stay at home and healthcare providers can visit homes to provide the services. This can be useful in situations such as COVID-19, for the treatment of chronic diseases.

Parallel Session III: **Leveraging Energy Connectivity for Sustainable Transitions**



Parallel Session III: Leveraging Energy Connectivity for Sustainable Transitions



Prof. Syed Munir Khasru
*Chairman, The Institute
for Policy, Advocacy, and
Governance (IPAG)*

SYED MUNIR KHASRU (*Chair*)

Mr Khasru made the following remarks:

- South Asia is a region of puzzles because we have almost 1/4th of global population, 1/3rd of global poor and before the pandemic struck, we were one of the fastest growing regions in the world. Energy is one of the very driving forces of economic growth of any country or region. Many studies have shown that even 0.4-0.5 growth in energy connectivity leads to GDP growth by 1 per cent or more.
- Due to its enormous hydro potential Nepal is a very important player with regards to regional connectivity.
- This region needs power and sustainable energy. There is no collective political commitment to move towards renewable energy targets in the region unlike ASEAN. Energy should have been one of the low hanging fruits because the region is very susceptible to external shocks and energy prices. Cross border issues get complicated because there is no regional framework to guide investors.
- India can be the ideal hub for the regional energy connectivity because there are a couple of very strong factors working in favour of India. It has technical knowledge and capacity. India is the only country which has excess refining capacity.
- In terms of sustainable transition, energy transition is challenging as well as expensive. At the same time, we have a lot of good examples. Bangladesh has done a good job in Solar Home rooftop systems. India is now hosting the International Solar Alliance. There needs to be a proper prioritized policy prescription if South Asia has to move towards sustainable transition.
- Unfortunately, South Asian countries rely on a single source for their fossil fuel which is clearly visible in the case of Bangladesh (gas), India (coal), Maldives and Sri Lanka (oil). When we have too much dependency on single source fossil fuel sourcing, oil or gas or coal, it makes the country susceptible to external shocks and energy prices. And very classic example is what is happening in the Ukraine war. What is happening in Donbas or Kiev is having a ripple effect on everyday activities of common man. So we are in an interconnected world.
- We need strong regional political leadership to bring energy into the forefront to make our leaders appreciate it as one of the key deliverables they promise is electricity for all. But now South Asia is in a very challenging terrain, where it is not only electricity for all but also safe sound renewable energy, which means a huge transition happening in the coming decades.

- Countries like Bangladesh, Maldives in the region are very vulnerable to climate changes and are already paying the price. In order to realise sustainable transition without much delay the leadership in the countries must come together and make that common commitment which they owe to the 1.7 billion people of this region. Also the energy market must be opened up for private players and FDI because governments don't have the kind of funds to do sustainable transitions.

ABUL KALAM AZAD

Mr Azad highlighted the following issues:

- Bangladesh presently has 45 per cent of its generation capacity owned by the private sector. In 2009, Bangladesh had electricity coverage of 49 per cent and last year it achieved 100 per cent of the electricity coverage.
- India's and Bangladesh's power grid lines now run synchronously. The mid-North part of Bangladesh requires electricity as many pockets do not have access to it. On the western side of Bangladesh, power is in surplus. There should be a corridor running from Assam and Meghalaya to the northern part of Bangladesh.
- Even though tri-national cooperation was previously prohibited, progress was maintained in electricity cooperation with Bhutan. However, regulatory hurdles have been removed now.
- An Indian company proposed to supply Bangladesh with renewable energy round the clock (RTC), from solar, wind and battery at an average cost of 6-7 cents.
- Harmonisation of regulations is necessary for all countries for the exchange of electricity. The law and regulations should be updated. As Bangladesh works with India in the energy sector, the same relationship is required with Nepal and Bhutan.



Mr. Md Abul Kalam Azad
Special Envoy of Climate
Vulnerable Forum (CVF),
Presidency of Bangladesh, Ex-
Principal Secretary and Principal
SDG Coordinator, Prime
Minister's office, Government of
Bangladesh

(Online)



Mr. Gyanendra Lal Paradhan
Chairman, Energy, Development
Council, Confederation of
Nepalese Industry (CNI), Nepal

GYANENDRA LAL PARADHAN

Mr Paradhan's presentation included the following key issues:

- The South Asian region is less connected in terms of energy connectivity, whereas the Nordic pole, hydro-Quebec and the neuropower connectivity have become a good examples of energy connectivity. South Asia, on the other hand, despite having sufficient freshwater and energy sources for the region, is more dependent on fossil fuels. For example, Nepal's biggest problem is the importing of fossil fuel of around \$2 billion a year, which is growing at the rate of 12 per cent to 15 per cent.
- Nepal is buying solar during daytime at very cheap price, 4-4.5 or sometimes 3.5 Indian rupees currency and selling the hydro energy storage in the evening and night or morning at almost 12 rupees now; thus Nepal is deriving significant benefit.
- Nepal and India have agreed to develop 5040 Megawatt Pancheshwar project which will supply water to Delhi and other regions in India, and the power generation will be 5040 Megawatt. They also agreed for BBIN

connectivity and power trade, including Bangladesh. India agreed for the first time to give transmission connectivity direct to Bangladesh. Similarly, Nepal signed MoU for developing 650 Megawatt Sunkoshi III from Bangladesh government and take 100 per cent power to Bangladesh.

- Three things that Indian government should do are: focus on regional sources, open market connectivity and have sound bilateral investment policies so that good quality power is transmitted across the region.
- India has already made significant investment in Nepal and more is coming up. Recently the Adani group has come forward for the transmission line in Nepal, in JV with Nepalese business partner.

Closing Plenary:
Climate Resilience and
Sustainable Lifestyle



Closing Plenary: Climate Resilience and Sustainable Lifestyle



Dr Seshadri Chari
Chairman, Manipal Academy of Higher Education (MAHE) and Member, Governing Council and General Body, RIS

SESHADRI CHARI (*Chair*)

The key highlights of Dr Chari's remarks are:

- Natural reasons and man-made factors contribute to climate change. However, the severe climate challenge that we face now is purely a human intervention rather than natural factors.
- Growth and development are two other aspects to be discussed. Every change and economic expansion cannot be considered growth. Similarly, every development also cannot be considered progress. Growth and development are useful if they are gradual, sustainable and ensure all-around optimism. So it is important to consider following equations: One, development at what cost and for whom? Second, is lopsided development should be considered as development?
- "Ideas of LiFE", is an important initiative made by the Honble Prime Minister of India in his address at the COP26 Summit, Glasgow. PM Modi introduced a new mantra for sustainable development called 'LiFE', Lifestyle for Environment". On behalf of India, PM Modi presented five nectar elements, "Panchamrit", to deal with sustainability problems:
 - » India will reach its non-fossil energy capacity of 500GW by 2030.
 - » India by 2030 will get 50 per cent of its energy from renewable sources.
 - » India will cut its carbon emissions by one billion tonnes by 2030.
 - » By 2030, India's economy will have reduced its carbon intensity by less than 45 per cent.
 - » Furthermore, by the year 2070, India will achieve the net-zero targets.



Professor Thakur S Powdyel
Former Minister of Education, Royal Government of Bhutan

THAKUR S POWDYEL

- Professor Powdyel highlighted the following issues:
- Over the years, there has been much talk about the need to improve the standard of living or livelihood but precious little about Life and the quality of life and its goal.
- The vision of Gross National Happiness as conceived of and articulated by the Fourth King of Bhutan, His Majesty Jigme Singye Wangchuck, was the first call of its kind in the world to challenge the highly limited conventional, utilitarian measure of progress called Gross Domestic Product (GDP).
- GDP as a measure of progress tells only a part of the story, and not the whole story. Therefore, to obtain a more holistic and fuller view of development, we must go beyond the narrow materials-based, physical

logic of economic efficiency and take into account the non-material, non-economic elements including social, cultural, emotional, spiritual, psychological, ethical and human dimensions that give meaning, worth and fulfilment to life.

- Gross National Happiness as a holistic development paradigm is founded on a multi-dimensional, far broader framework including the need to bring about balanced socio-economic development, conservation of the natural environment, preservation of culture and heritage, and the promotion of good governance.
- As a development vision, Gross National Happiness seeks to balance the needs of the body with the deep yearnings of the soul, within mutually supportive planetary boundaries.
- Human beings, supposed to be the most highly evolved of all the species, are the ultimate culprits in the zero-sum game of the exploitation of the finite resources of our planet against the infinite cravings of the humans.
- Thanks to the insatiable appetitive spirit of the humans and their unsustainable acts, in many part of the world, water is becoming undrinkable, air is becoming unbreathable, and life is becoming unviable as indeed the earth is becoming unlivable.
- Therefore, we must evaluate the limits of material progress and re-examine the notion of development with fresh eyes and more awakened minds.
- A Green Lifestyle may the way forward for the human of the species and for the well-being of our ailing planet was we look forward.
- He welcomed the idea of building economic corridors and technological superhighways for better connectivity in South Asia as many learned scholars have highlighted over the past two days.
- He pleaded for more ethical and moral highways to connect humans with humans and break the myriad social and political barriers that beset our otherwise great centres of incredible civilizations and cultures.

PUSPA SHARMA

Key takeaways from Dr Sharma's presentation are as follows:

- The impact of climate change on South Asian countries is going to be huge. A recent report by the World Bank highlights that more than 800 million South Asians will be living in climate change hotspots and by 2030, South Asia will lose about USD 160 billion annually due to climate change. Nepal will lose 50 per cent of its GDP owing to climate change. South Asia will see about 14 million climate migrants in the near future.
- South Asia is the lowest GHG emitter. India's share of global GHG emissions is about 7 per cent. The share of other South Asian countries is less than one per cent of global GHG emissions.
- For Nepal, 47 per cent of GHG emissions come from agriculture and 43 per cent from energy.
- South Asian countries need comprehensive plan to ensure sustainability and should include:



Dr Puspa Sharma
*Former Executive Director,
SAWTEE, Nepal*

- » Efforts to change composition of energy mix from fossil fuels to clean and renewable sources energy sources;
- » Careful planning and promotion of organic farming;
- » Incentives to encouragement of the use of electric vehicles;
- » Regional cooperation to fully utilize Hydropower potential; and
- » Effective technology transfer with enough funding and a Technology Bank for LDCs.



Mr Ahmed As-ad
Maldives
(Online)

AHMED AS-AD

Mr As-ad made the following remarks:

- More emphasis should be placed on “Going Blue” - “protecting our seas and oceans.”
- Many studies claim that by 2050, low-lying island nations will no longer exist due to the rise in sea level caused by climate change.
- One of the significant problems we are facing today that require solutions is that of plastic, which poses a threat to reefs and marine life.
- In the case of energy, we have been relying on fossil fuels for a long time. Price shocks in the last decade have demonstrated that we must transition away from fossil fuels not only for environmental reasons but also for others. There should also be proper planning for reducing carbon emissions.



Professor K. J. Joseph
Director, Gulati Institute of
Finance and Taxation (GIFT),
Kerala

K. J. JOSEPH

Professor Joseph highlighted the following issues:

- According to the IPCC report, we are currently living in the warmest period on record, and species are on the verge of extinction. The current rate of global warming is about 1.2 per cent greater than the pre-industrial rate. Climate change, wildfires, erratic rain patterns, and glacial lakes are among the other deadly issues.
- The risk of climate change is proportionally greater for the poor even though the poor have the lowest carbon footprint. The poor, the rural, and the agrarian society will suffer the brunt of the burden. Due to its specific characteristics, South Asia is projected to be the region that would be most negatively affected by climate change and accompanying changes.
- Global warming is the most pressing concern. India’s commitment to solving this issue is most clear in Prime Minister’s pledge regarding the reduction of carbon footprint. By 2070, India will achieve a net-zero carbon economy.
- There is a need for transnational system of innovation oriented towards sustainability, inclusiveness and competence building. It can be traced back to Arthur Lewis who rightly articulated “Trade is not an engine of growth whereas Technology is the true engine of growth and Trade acts as a Lubricating Oil”.

Valedictory Session



Valedictory Session



Professor Deepak Nayyar
Co-Chair, South Asia Centre for
Policy Studies (SACEPS)

DEEPAK NAYYAR (*Chair*)

Professor Nayyar began the session with following remarks:

- Asia, excluding Japan, was the poorest continent in the world fifty years ago, i.e. in 1970. It had the worst demographic and social indicators of development in the world. Such initial conditions inherited from the past were the starting point in its journey towards development.
- Its share in the world GDP rose from 8 per cent to 32 per cent and the per capita income also surpassed that of the developing countries. The share of Asia in the world industrial production and exports of manufactured goods jumped from 4 per cent to 40 per cent and its share in merchandise trade rose from 1/12th to 1/3rd
- However, the economic and social development was unequal in the constituent sub-regions of Asia. East Asia was the leader, South Asia was the laggard and South East Asia was in the middle. However, the progress in West Asia did not match its high-income level at any point.
- East Asia witnessed a significant convergence in incomes per capita with the world and industrialized countries. Industrialisation was more concentrated in East Asia and accounted for more than 3/4th of the increase in Asia's share of world manufacturing.
- Rapid growth did help reducing absolute poverty in South Asia very rapidly by historical standards but not as much as it could have been because the initial income distribution was unequal and there was rising income inequality.
- Economic growth also did not lead to employment creation. South Asia is also home to more than 40 per cent of the world's poor. The social indicators on health and development are among the worst in the world.
- Thus, regional cooperation in South Asia assumes enormous importance in this quest for development. Initially, the logic and benefits of economic cooperation in South Asian countries were set out largely in terms of gains from goods in trade. At present, there are also economic transactions related to services, investment, technology, and people.
- This juncture is important in the recognition of mutual interests in intra-regional trade, manufacturing for industrialisation, migrant workers & their remittances, and collective action to mitigate the dangers of climate change.
- SAARC was established late in 1985 and has been in existence for 37 years but its progress remains modest in terms of economic cooperation. Trade in goods, let alone services, between South Asian countries represent a disproportionately small fraction of their trade. Intra-regional trade has

been minimal and cross-border investments or movements of people have also been negligible.

- Constraints in political processes have also been stumbling blocks. The present impasse has also pushed the official SAARC process into a meltdown again.
- Institutions, individuals, intellectuals, citizens and the civil society in our countries must preserve the spirit of SAARC. However, the idea of South Asia as a region for governments also has its complications.
- The South Asia Centre for Policy Studies (SACEPS) continues to have a passionate engagement with the idea. It is engaged in addressing regional issues of common concern in South Asia. Leading research institutions and think tanks in South Asia like the RIS are also actively associated as partners and stakeholders.
- The mission of SACEPS is to facilitate interaction not only between policymakers, the business community, and civil society but also with the wider constituency of people and concerned citizens committed to promoting regional cooperation in South Asia.



Professor S K Mohanty
RIS, New Delhi

S. K. MOHANTY

Professor Mohanty made the following remarks:

- South Asia has done remarkably well in the last 30 years. From the beginning of buoyancy in this millennium, region has passed through three broad phases, buoyancy period, the first phase of recession and the second phase of recession.
- During buoyancy, the region's average growth was much higher than that of the world, including both developed and developing, but lower than emerging economies. The same pattern was repeated in the first phase of the recession. In the second phase of the recession, between 2013 and 2020, the growth rate of South Asia was much bigger than that of developed, developing, and emerging economies.
- There is a need to establish a South Asian regional identity. Regional identity is needed to strengthen the common voice of the region which would facilitate inflow of foreign direct investment and evolve the Global Value Chains (GVCs).
- There also lies the potential to double our intra-regional trade every two to four years from now if we prioritize low-hanging sectors. Sectors like agriculture, manufacturing, processed food, fruits & vegetables, and high-tech need more attention.
- Connection between institutions, universities, and the people need to be strengthened to facilitate knowledge transfer. RIS has organised a summer school with the support of EXIM Bank to train students from the region.



Dr Debapriya Bhattacharyya
Chair, Southern Voice network
of think tanks and Distinguished
Fellow, Centre for Policy
Dialogue (CPD), Bangladesh

DEBAPRIYA BHATTACHARYYA (*Special Remarks*)

Dr Bhattacharyya made the following observations:

- The pandemic has exposed us to difficult times but we cannot undermine the innovation that this crisis has also witnessed. . People have been supportive of each other and new forms of regional cooperation have taken place.
- The misery and the experience faced during the pandemic should be treated as assets for the future. This will help us invest all our initiatives, experience, and accumulated knowledge to prepare better for the future. “Together we will stand” should be our motto.
- Several problems cannot be solved without working with the partners who are locked into the same problems. Climate change, trade, investment, finance, multi-modal connectivity, technology, innovation, data, etc. are such locked-in sectors/problems. Individual attempt to solve these problems will lead to sub optimal solution.
- Dealing with the uncertain world as a collective regional entity is the biggest issue. Uncertainty in the world can be caused by fluctuations in commodity prices, changes in the energy sector, supply chain and logistics issues, other softer cross-border issues, etc. These issues are intertwined and call for the co-operation among regional actors. The regional cooperation agenda should not be held hostage of electoral and political changes in South Asia. Territories should not be allowed to be used for any nefarious activities against the interests of our cross-border neighbours. Our good neighbourhood policies should be kept intact and not spoiled.



Dr Posh Raj Pandey
Chairman, SAWTEE, Nepal

POSH RAJ PANDEY (*Way Forward*)

Key highlights of Dr Pandey’s remarks are as follows:

- South Asia is one of the least integrated regions in the world. However, one should remain optimistic regarding the promotion of deeper integration in South Asia.
- It has taken a long period, close to thirty years for South Asia or other regional blocs to move forward as a group.
- Optimism also stems from the fact that think tanks like the RIS, CPD, IPS, SAWTEE, SDPI, other research institutions, and private sector actors are working hard to identify new drivers for regional cooperation ranging from agriculture to net-zero carbon. These actors are putting in a lot of effort to devise a workable agenda for regional cooperation.
- Political commitment is also an important factor in this regard. Commitment to the election manifesto and commitment to the inbuilt institutional mechanism is a must to push the process of regional integration further ahead.
- Research activities and advocacy activities need to be continued and politicians have to play a leading role to take this process of regional integration ahead.



Dr Nagesh Kumar
*Director, Institute for Studies
in Industrial Development,
New Delhi*

NAGESH KUMAR (*Valedictory Address*)

Dr Kumar made the following points in his valedictory address:

- 2022 has been an interesting year, with two South Asian countries celebrating their 75th year of independence. Bangladesh has just finished celebrating its golden jubilee year of attaining independence and Sri Lanka will celebrate its 75th year of independence the next year. Thus, this is, indeed, a good occasion to look back and scrutinize what has been achieved since independence.
- Compared to their South-East Asian and East Asian neighbours, South Asia's performance may look less impressive. However, South Asia has achieved quite a lot. It has managed to lift hundreds of millions of people out of poverty.
- Challenges of poverty and hunger, rising and widening inequality across the region still persist and need to be dealt with. Growth South Asia has benefited certain richer people and they have been getting a larger share of the pie over these years. The rise of technology and globalisation have been pointed out as some of the factors contributing to this.
- However, persisting inequality of opportunities is the biggest problem. The uneven access to basic amenities such as education and health / opportunities that enable development and prosperity of individual remains a reality in South Asia. These difference leads to intergenerational cycle of poverty.
- Sustainable Development Goals have become very relevant and vital for South Asian countries to ensure that 'no one is left behind'.
- Off-shoring is now being replaced by re-shoring, near-shoring, and on-shoring. This means that multinational firms are taking production back from developing countries to developed countries. This means a flat growth rate for world trade, which is going to hurt several countries in South Asia.
- The rise of "Big-Tech," is another notable trend. These big tech firms now control a sizable portion of global information flows and corporate power. There is no global regulatory mechanism for what these firms are doing to our data, privacy, etc. They have the power to arbitrate and decide on who will have access to new technology. This is a serious issue with implications for south Asia and needs to be collectively addressed.
- South Asia remains at the forefront of climate change risks. There is a declining appetite for global partnerships or multilateral approaches to climate change problem. At COP 15, developed countries agreed to provide US\$100 billion per year to developing countries to address climate change, and this target was to be met by 2022. However, the \$22 billion has been coming every year until now.
- Given the prevailing global situation regional cooperation is must. If South Asia wants to achieve sustainable development goals and build inclusive economies, it must have greater regional cooperation.
- Shared problems or shared challenges need shared solutions. There is also a need to build sustainable transport connectivity like regional or freight

corridors running across the region. Institutional architecture needs to be strengthened and made much more active because official institutions have not been very active off-late. There is also a need for people to people connect and civil society participation to take the agenda forward.



Dr Sabyasachi Saha
Associate Professor, RIS

SABYASACHI SAHA (*Vote of Thanks*)

- Dr Saha stated that the summit has been organized amidst operational challenges like COVID-19:
- Areas like technology, fintech, entrepreneurship development, start-ups, skills, employment, governance, and public policy need to be given more space. There is a need to identify how public goods can be represented in value chains via policies.
- We are extremely grateful to Ministry of External Affairs for their support. We are very grateful to have Madam Minister Meenakshi Lekhi yesterday to address us in the inaugural session.
- We are grateful to our partners as part of SACEPS as well as UNESCAP, SANS network, colleagues from CPD, from IPS Sri Lanka, SDPI Pakistan and SAWTEE Nepal. Very eminent chairs and co-chairs that we had, very distinguished speakers and participants who joined us online.
- This agenda, this conference would not have been possible without the constant guidance and mentoring of Professor Sachin Chaturvedi, our Director General. We have been mentored in the process by Professor SK Mohanty, who is on the dais. I'm also thankful to Professor Prabir De for helping us put some of the ideas together.
- I thank my colleague Dr. Priyadarshi Dash for his support and my other colleagues, Dr. Pankhuri, Dr. Pankaj, Dr. Amit, Dr Sushil and the rapporteurs. Dr. Beena Pandey deserves special mention for being very instrumental in putting several things together, including the cultural program that we had last evening.
- I thank RIS computer team, the administration team, and others who have supported us in putting this conference together and making it a success.

Agenda

Day 1: 19 April 2022, Tuesday

<p>17.00-17.45</p> <p><i>Venue: Jacaranda</i></p>	<p>Inaugural Session</p> <p>Welcome Remarks: Professor Sachin Chaturvedi, Director General, RIS</p> <p>Initial Remarks: Ambassador (Dr) Mohan Kumar, Chairman, RIS</p> <p>Presentation of Report of the 12th South Asia Economic Summit by Dr Dushni Weerakoon, Executive Director, Institute of Policy Studies, Sri Lanka</p> <p>Inaugural Address: Smt. Meenakshi Lekhi, Hon'ble Minister of State for External Affairs and Culture, Government of India</p> <p>Vote of Thanks: Dr Sabyasachi Saha, Associate Professor, RIS</p>
<p>17.45-18.00</p>	<p>Tea Break</p>
<p>18.00-19.30</p> <p><i>Venue: Jacaranda</i></p> <p><i>Key Issues</i></p> <ul style="list-style-type: none"> • G20 Indian Presidency 2023 • Evolving value chains and trade integration for addressing inequalities and employment generation • Enabling economic growth and stable macro-economy • Accelerating SDGs • Financing of development 	<p>Plenary Session 1: Post Pandemic Development Imperatives: Issues for Regional Cooperation</p> <p>Chair: Professor Sachin Chaturvedi, Director General, RIS</p> <p>Co-Chair: Dr Fahmida Khatun, Executive Director, Centre for Policy Dialogue (CPD), Bangladesh</p> <ul style="list-style-type: none"> • Dr Debapriya Bhattacharyya, Chair, Southern Voice network of think tanks and Distinguished Fellow, Centre for Policy Dialogue (CPD), Dhaka • Dr Dushni Weerakoon, Executive Director, Institute of Policy Studies, Sri Lanka • Dr Abid Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Pakistan (online) • Dr Posh Raj Pandey, Chairman, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal • Mr Ahmed As-ad, Maldives (online) • Mr R V Shahi, Distinguished Fellow, RIS • Dr Lutfi Rahimi, BIRUNI Institute, Afghanistan (online) • Ms Karma Tshering Deki, Monitoring and Evaluation Officer, Tarayana Foundation, Bhutan (online)
<p>19.45</p> <p><i>Venue: Margosa Lawn</i></p>	<p>Cultural Evening and Welcome Dinner</p> <p>Odissi Dance performance by disciples of Ms. Madhavi Mudgal, Gandharva Mahavidyalaya, New Delhi, Padma Shri Awardee</p> <p>Welcome Remarks: Mr Sumit Seth, Joint Secretary (PP&R), Ministry of External Affairs, Government of India</p> <p>Dinner</p>

Day 2: Wednesday, 20 April 2022

<p>09.30-10.45 <i>Venue: Silver Oak</i></p> <p><i>Key Issues</i></p> <ul style="list-style-type: none"> • Potential for regional and resilient value chains • Trade costs and competitiveness with special reference to MSMEs • Multilateral and Regional Contours of Digital Trade • Issues in trade in services 	<p>RIS-UNESCAP Plenary Session: Trade Cooperation and Localising Value Chains</p> <p>Chair: Mr Rajeev Kher, Distinguished Fellow, RIS, New Delhi</p> <p>Co-Chair: Dr. Rajan Sudesh Ratna Deputy Head and Senior Economic Affairs Officer (a.i.), United Nations ESCAP, South and South West Asia Office, New Delhi</p> <ul style="list-style-type: none"> • Professor Mustafizur Rahman, Distinguished Fellow, Centre for Policy Dialogue, Bangladesh • Professor S K Mohanty, Professor, RIS, New Delhi • Professor Bishwambher Pyakuryal, Chairman, Institute for Strategic and Socio-Economic Research, Nepal • Professor Nisha Taneja, Indian Council for Research on International Economic Relations (ICRIER), New Delhi • Dr Ganesan Wignaraja, Non-Resident Senior Fellow, Institute of South Asia Studies, National University of Singapore (online) • Dr Pritam Banerjee, Logistics Specialist Consultant, ADB, India Office, New Delhi
<p>10.45-11.00</p>	<p>Tea Break</p>
<p>11.00-12.30 <i>Venue: Jacaranda</i></p> <p><i>Key Issues</i></p> <ul style="list-style-type: none"> • Connectivity for Economic Corridors and Employment • Inland-waterways and Port-led development • Digital connectivity infrastructure • Financing Sustainable and Resilient Infrastructure for Connectivity 	<p>Plenary Session III: Future of Regional Connectivity</p> <p>Chair: Dr Posh Raj Pandey, Chairman, SAWTEE, Nepal</p> <p>Co-Chair: Professor Prabir De, Coordinator, ASEAN-India Centre at RIS</p> <ul style="list-style-type: none"> • Mr Manmohan Parkash, Deputy Director General, Asian Development Bank • Professor Saikat Sinha Roy, Jadavpur University, Kolkata • Professor Selim Raihan, University of Dhaka, Bangladesh, • Dr Constantino Xavier, Fellow, Centre for Social and Economic Progress (CSEP), New Delhi • Dr Paras Kharel, Research Director, SAWTEE, Nepal
<p>12.30-14.00 <i>Venue: Silver Oak</i></p>	<p>Special Luncheon Lecture on: Digitalisation and Financial Sector Cooperation in South Asia by Smt. Smita Sharma, Director, International Department, Reserve Bank of India (RBI), Mumbai</p> <p>Chair: Dr Deepak Mishra, Director & Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), New Delhi</p>

14.00-15.00	Parallel Sessions	
<p>Parallel Session I: Institutional Ecosystem for Food Systems and Value Realisation Venue: Silver Oak <i>Key Issues</i></p> <ul style="list-style-type: none"> • Access to nutritious food; and nutrition related interventions • Empowering communities, SHGs for local value realization • Sustainable practices and role of digital technologies (drones, AI, blockchain) • Low cost sustainable technologies and farm mechanisation <p>Chair: Mr Vijay Sardana, Advocate, Arbitrator and Techno-Legal Expert for Food, Consumer Products, Agrochemicals</p> <ul style="list-style-type: none"> • Ms Sabnam Shivakoti, Joint Secretary, Ministry of Agriculture and Livestock, Government of Nepal • Mr Aleen Mukherjee, Chief Operating Officer, NCDEX, Institute of Commodity Markets and Research (NICR), New Delhi • Dr Khondaker Golam Moazzem, Research Director, CPD, Bangladesh (online) • Dr Manoj Thibbotuwawa, Research Fellow/Head (Agricultural Economics Policy), Institute of Policy Studies (IPS), Sri Lanka (online) 	<p>Parallel Session II: Health for all and Digital Health Initiatives Venue: Jacaranda <i>Key Issues</i></p> <ul style="list-style-type: none"> • Supporting digital public goods in health • Universal health coverage and prevention • Ethics in public health • Traditional Medicine Systems <p>Chair: Dr K Srinath Reddy, President, Public Health Foundation of India (PHFI) (online)</p> <ul style="list-style-type: none"> • Dr Nisha Arunatilake, Director of Research, Institute of Policy Studies (IPS), Sri Lanka (online) • Professor T C James, Visiting Fellow, RIS, New Delhi • Mr Syed Yusuf Saadat, Research Fellow, Centre for Policy Dialogue (CPD), Bangladesh 	<p>Parallel Session III: Leveraging Energy Connectivity for Sustainable Transitions Venue: Jacaranda <i>Key Issues</i></p> <ul style="list-style-type: none"> • Power transmission connectivity • Energy trade and regulations • Leveraging technologies in the energy sector in generation and transmission • Financing new initiatives <p>Chair: Mr Syed Munir Khasru, Chairman, The Institute for Policy, Advocacy, and Governance, Bangladesh</p> <ul style="list-style-type: none"> • Mr Md. Abul Kalam Azad, Special Envoy of Climate Vulnerable Forum (CVF), Presidency of Bangladesh, Ex-Principal Secretary and Principal SDG Coordinator, Prime Minister's office, Government of Bangladesh (online) • Mr Gyanendra Lal Pradhan, Chairman, Energy Development Council, Confederation of Nepalese Industry (CNI), Nepal
15.00-15.15	Break	
15.15-16.30	Closing Plenary: Climate Resilience and Sustainable Lifestyle	
<p>Venue: Silver Oak <i>Key Issues</i></p> <ul style="list-style-type: none"> • Climate Change vulnerabilities and preparedness • Regional Public Goods, Financing and Technology • Enabling sustainable transition through sustainable lifestyle: Opportunities and Challenges • Innovations for sustainable consumption and production • Idea of LiFE 	<p>Chair: Dr Seshadri Chari, Chairman, China Study Centre and Member, Planning and Monitoring Board, Manipal Academy of Higher Education (MAHE) and Member, Governing Council and General Body, RIS</p> <ul style="list-style-type: none"> • Professor Thakur S Powdyel, Former Minister of Education, Royal Government of Bhutan • Dr Puspa Sharma, Former Executive Director, SAWTEE, Nepal • Mr Ahmed As-ad, Maldives (online) • Professor K. J. Joseph, Director, Gulati Institute of Finance and Taxation (GIFT), Kerala 	

<p>16.30-17.30 <i>Venue: Silver Oak</i></p>	<p>Valedictory Session Chair: Professor Deepak Nayyar, Co-Chair, South Asia Centre for Policy Studies (SACEPS) Remarks: Professor S K Mohanty, RIS, New Delhi Special Remarks: Dr Debapriya Bhattacharyya, Chair, Southern Voice network of think tanks and Distinguished Fellow, Centre for Policy Dialogue (CPD), Bangladesh Way Forward: Dr Posh Raj Pandey, Chairman, SAWTEE, Nepal Valedictory Address: Dr Nagesh Kumar, Director, Institute for Studies in Industrial Development, New Delhi Vote of Thanks: Dr Sabyasachi Saha, Associate Professor, RIS</p>
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Cultural Programme







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