



**Reframing
South Asian Regional Cooperation
in the New Context**
National and Global Dimensions

Summit Compendium





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Preface

The Fourteenth South Asia Economic Summit (SAES XIV) was hosted by the Centre for Policy Dialogue (CPD) in Dhaka on 4-5 November 2023. SAES XIV was organised in collaboration with four esteemed co-organisers, including the Research and Information System for Developing Countries (RIS), India; South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal; Sustainable Development Policy Institute (SDPI), Pakistan; and the Institute of Policy Studies (IPS), Sri Lanka. SAES XIV was held at a time when Pan-South Asia regional cooperation was paralysed by the burden of history, the legacy of bilateral tensions and the lack of initiatives to break the status quo. There was an urgent need for a rethink as regards the modalities to take the discourse on South Asian cooperation forward, taking into cognisance the new developments—both within and outside the region—which had implications for intra-regional cooperation in South Asia.

SAES XIV was held at a time when factors relating to internal political, economic, and institutional dynamics and extra-regional geopolitical and geo-economic configurations were more pronounced. Further, the global economic and political order and alliances in which cooperation in the South Asian region was to take place had been undergoing significant changes. Like the rest of the world, the South Asian economies were battling to recover from the COVID-19 pandemic.

The war in Ukraine and subsequent global economic challenges had multi-dimensional impacts on South Asian economies. Countries such as Sri Lanka and Pakistan faced unprecedented economic challenges. The other economies in the region also found it difficult to maintain macroeconomic stability and sustain the economic growth momentum experienced in the recent past. Political polarisation and revealed vulnerabilities emerged as significant issues in many countries in South Asia.

A number of these countries had gone under International Monetary Fund (IMF) programme and resorted to high level budgetary support from external sources. The prospect of smooth graduation of the Least Developed Countries (LDCs) in the region (i.e., Bangladesh, Bhutan, and Nepal) became more challenging.

Therefore, the discourse on cooperation in South Asia could no longer remain hostage to business as usual and pathways dictated by past trends. Crafting new pathways and charting new trajectories for cooperation among South Asian countries demanded innovative approaches, novel conceptualisation, and a reframed empirical analysis.

The knowledge actors in South Asia, along with other stakeholders, have to play a creative, out-of-the-box role to capitalise on the emerging opportunities and manage the attendant risks. Thus, the Fourteenth SAES needed to step up to seek practicable and pragmatic policy solutions in view of the emergent economic and political scenarios, global circumstances, and often uncertain domestic political settlements.

SAES XIV included high-profile inaugural and closing sessions, interactive plenary sessions, and parallel thematic sessions. It also featured a display of publications, book launching events, networking opportunities, and cultural activities.

Different sessions of SAES XIV were designed to attain the overarching and specific objectives of the Dhaka Summit. Thus, the sessions included a high-level curtain-raising inaugural session focusing on emergent elements at various levels that could inform and influence cooperation among countries in South Asia.

The present volume contains remarks made by dignitaries at the inaugural and concluding sessions, as well as the statements from the panellists of the plenary and parallel sessions of SAES XIV.

The three plenaries challenged the panellists and the audience to reflect on three important issues. In the plenary titled '*State of Regional Cooperation in South Asia: Revisiting Group of Eminent Persons (GEP) Report, New Context, Challenges, and Opportunities*' the speakers engaged in discussions surrounding the aspirations outlined in the GEP Report and deliberated on issues that surfaced over the past 15 years. They expressed that SAARC should not be hindered by intergovernmental differences. They also highlighted the example of the Association of Southeast Asian Nations (ASEAN), where collaboration endures towards common goals despite bilateral tensions among member states.

In the plenary titled '*Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia*', the speakers discussed the potential agreement between India and Pakistan to grant each other the most-favoured-nation status, which

came to a halt in 2014 due to elections. This was a missed opportunity. The speakers suggested that the agreement needed to be revived as it would have been linked to the South Asian Free Trade Area (SAFTA), decreasing the negative risks associated with exports from Bangladesh, Pakistan, India, Sri Lanka, and Nepal.

Participants in the plenary titled '*Geo-strategic Factors Underpinning Contemporary Trends in South Asian Cooperation*' discussed regionalism as a process deeply rooted in people's minds, yet recognised that South Asia was facing a deficit in its establishment. They emphasised the importance of considering multipolarity alongside multilateralism, highlighting the prosperity of the people should take precedence over aspirations of superpower status.

The nine thematic sessions of SAES XIV were clustered around nine distinct areas. Geopolitical issues and numerous conflicts worldwide impede the progress of multi-modal transportation in South Asia. The region also faces challenges such as inadequate governance, subpar existing infrastructure and bureaucratic hurdles. To prevent the initiation of impractical projects, it was crucial to tackle governance issues and ensure effective, transparent governance. Failure to leverage existing infrastructure and opportunities represents a significant constraint. These were some of the insights that emerged at the parallel session *A1* titled '*Multi-modal Transport (cross-border logistics)*'.

The speakers at the session titled '*Macroeconomic Cooperation and the Possibility of a Common Currency*' discussed that fostering cooperation in South Asia required a comprehensive approach that extended beyond physical connectivity to include digital integration, especially in banking and finance. Clarity regarding the mechanics of cross-border transactions and the permissible types of current account and capital account transactions was essential. Trust, safety, liquidity, settlement facilities, and system integrity were critical components for sound cross-border transactions. In addition to digital connectivity, harmonising tax policies was indispensable for promoting fairness and combating issues such as profit shifting.

In the session titled '*Towards an Integrated Energy Grid*', the participants highlighted that the kick-start of regional cooperation for grid integration depended on two key factors. One was geopolitical will, and the other was technological transformation. India might have taken the lead but excluding other countries, such as Afghanistan and Pakistan, would not have led to regional development. In this sense, any meaningful cooperation in the South Asian region had to include all the SAARC countries. A proper business model was required to attract the private sector to the discussion of regional cooperation. The government had to design business-friendly policies and structures to incentivise the private sector to participate by investing in the establishment of a regional grid transmission system.

The discussions in the session titled '*Climate Change and Resilience*' emphasised facilitating the adoption of eco-friendly behaviour among residents and reducing the use of materials that contribute to carbon emissions, which required a range of resources and infrastructure. Additionally, consolidating means of implementing low-cost finance was considered important for mitigating the impact of climate change.

Undocumented regional migration on a large scale was occurring, yet it was not accurately reflected in official numbers. Workers in the South Asian region often migrated to the informal sector with low wages, exposing them to a higher risk of discrimination. The significant migration indicated a demand for labour supply, yet policymakers tended to overlook the issue of labour market migration. These were some of the insights that emerged at the parallel session B2 titled '*Cross-border Labour Market Management*'.

South Asia was facing challenges in global value chain integration due to high trading costs, hindering its competitiveness on the global stage. The region's historical advantage of offering affordable labour and resources was diminishing, necessitating a shift towards attracting more Foreign Direct Investment (FDI). Overreliance on FDI posed risks, and the need to foster the growth of local Small and Medium Enterprises (SMEs) and Cross-Border SMEs (CSMEs) was crucial for sustainable development. The role of the SAARC Chambers of Commerce needed refinement to mediate effectively between the private sector, including both large industries and SMEs, and the government to enhance the regional value chain. *These were some of the insights that emerged at the parallel session B3 titled 'Value Chains and FDI'.*

There has been a longstanding tradition of collaboration among think tanks in South Asia, with coalitions forming since the 1980s. These institutions played crucial roles in promoting evidence-based policies, facilitating open dialogues, and complementing official processes to monitor progress. Despite their valuable contributions, think tanks encountered challenges such as sustainability, funding shortages, and restricted civic space. To safeguard their independence, it was imperative for think tanks to remain objective and neutral. Establishing connections among think tanks was vital for knowledge transfer in all directions, fostering regional cooperation. Joint research studies across borders were commendable for leveraging the think tank network. The advancement of political settlements relied on various knowledge actors, including think tanks. These insights emerged at the parallel session C1 titled '*Role of Knowledge Actors in Advancing a New Political Settlement in South Asia*'.

The speakers at the session titled 'Cooperation in Public Health' highlighted that education and knowledge-sharing were vital components of public health integration.

They called for collaboration in research, universities, and education curricula within South Asian countries. Acknowledging the disparities among SAARC countries in child mortality rates, the speakers emphasised the importance of institutional capacity and the role of global organisations in addressing health challenges.

Balancing work and personal life poses a significant challenge for women, especially those who often bear an unfair share of family responsibilities as sole caregivers. This imbalance underscored the need to shift societal mindsets to achieve gender equality. Identifying and revising discriminatory laws was also crucial for ensuring gender parity. Women entrepreneurs in South Asia have been facing major hurdles related to access to information and finance. The need for substantial support in terms of training and financing has been evident, with a crucial role for the private sector in addressing these challenges. These are some of the insights that emerged at the parallel session C3 titled '*Gender Equality and Women's Empowerment*'.

High level policymakers, academics, experts, business leaders, development practitioners, development partners and media personalities of SAARC countries and beyond attended the conference. SAES XIV saw an overwhelming number of attendees, with approximately 600 participants from Bangladesh and countries across the South Asian region.

It is hoped that readers of this volume will get a flavour of the enriched discussion which took place in Dhaka. We believe the volume will be found useful by the broad range of readers who are interested in learning about and advancing the cause of regional integration in South Asia.

Dhaka
June 2024

Dr Fahmida Khatun
Executive Director, CPD

Acknowledgements

The successful arrangement of the Fourteenth South Asian Economic Summit (SAES XIV) owes its achievement to the invaluable support extended by numerous individuals, institutions, and organisations. We are profoundly grateful to each of them.

The gracious presence of *Dr. Shirin Sharmin Chaudhury, MP*, Hon'ble Speaker, Bangladesh Parliament, was the highlight of SAES XIV, and we are immensely indebted to her. We were encouraged by presence of *Mr M. A. Mannan, MP*, Hon'ble Minister, Ministry of Planning Government of Bangladesh, at the Inaugural Session, where his insights on enhancing South Asian cooperation resonated with all participants. Presence of high-level policymakers from Bangladesh at SAES XIV testifies to the singular importance of issues of closer regional cooperation on the policy agenda of the Government of Bangladesh.

We were truly inspired by the spirit of regional unity which was articulated by our Distinguished Guests who spoke at the Inaugural Session—*Dr Yuba Raj Khatiwada*, Former Finance Minister and Former Governor, Nepal Rastra Bank; *Dr Ishrat Husain*, Former Governor, State Bank of Pakistan and Former Advisor to the Prime Minister on Institutional Reforms and Austerity and *Dr P. Nandalal Weerasinghe*, Governor, Central Bank of Sri Lanka.

Contribution made by a large number of eminent personalities and professionals at various Sessions of SAES XIV, from within and outside Bangladesh, has enriched the deliberations of SAES XIV. We are grateful to all of them for their commitment, collaboration and contribution. The co-organisers of the SAES XIV deserve special thanks for helping CPD in planning the programme. We are immensely proud of our

partnership with Institute of Policy Studies of Sri Lanka (IPS), Colombo; Research and Information System for Developing Countries (RIS), New Delhi; South Asia Watch on Trade, Economics and Environment (SAWTEE), Kathmandu; and Sustainable Development Policy Institute (SDPI), Islamabad.

We appreciate the efforts undertaken by SAES participants to prepare the presentations for the various sessions where they have spoken. We believe their insights will help policymakers to design more meaningful initiatives and measures to deepen and broader regional integration in South Asia. A number of panellists were unable to send their write-ups for this volume because of prior commitments. We would like to take this opportunity to recognise the contributions they have made by sharing their ideas at various sessions of SAES XIV which enhanced the quality of discussions. The two-day event was enthusiastically participated by many Bangladeshi experts and representatives from the academia, think tanks, private sector, civil society organisations, media and rights organisations. Their views brought diverse perspectives to the discussions, and we are very grateful to them.

SAES XIV could not have been successfully hosted without the full-hearted support, exceptional commitment, excellent contribution and dedicated hard work of all members of the CPD family. We would like to put on record our deep gratitude to the members of the CPD Board of Trustees who have extended fullest support to the CPD management at every step of organising SAES XIV. We would like to sincerely acknowledge the excellent advice and support we have received from *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD; *Professor Mustafizur Rahman*, Distinguished Fellow, CPD and *Professor Rounaq Jahan*, Distinguished Fellow, CPD. Administration and Finance Division of CPD, led by *Mr M Shafiqul Islam*, Director of Administration & Finance Division, took care of the burden of ensuring smooth organisation of the event.

CPD's research team led by *Dr Khondaker Golam Moazzem*, Research Director, CPD, provided intellectual backing to the SAES XIV. Our special thanks go to *Mr Towfiqul Islam Khan*, Senior Research Fellow, CPD; *Mr Muntaseer Kamal*, Research Fellow, CPD and *Syed Yusuf Saadat*, Research Fellow, CPD, for leading the team of rapporteurs and preparing the summary of various sessions of the event. *Ms Nadia Nawrin*, former Research Associate, CPD, has worked exceptionally hard to ensure, often under difficult situation, that SAES XIV could be held in a well-organised way.

Thanks are due for the team of rapporteurs—*Mr Abu Saleh Md. Shamim*, Senior Research Associate, CPD; *Mr Tamim Ahmed*, Senior Research Associate, CPD; *Ms Helen Mashiyat Preoty*, Senior Research Associate, CPD; *Ms Najeeba Mohammed Altaf*, Senior Research Associate, CPD; *Mr Foqoruiddin Al Kabir*, Senior Research

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Special thanks to Joint Director of the Dialogue and Communication Division of CPD, *Mr Avra Bhattacharjee*; *Md Mamun-Ur-Rashid*, Joint Director, Administration, CPD; *Mr Md Sarwar Jahan*, Deputy Director (Web), CPD; *Mr S M Khalid*, Dialogue Associate, CPD; *Mr Md Rifat Bin Aowlad*, Dialogue Associate, CPD; *Ms Fabiha Idris*, former Programme Associate, CPD; *Ms Afra Nawmi*, former Programme Associate, CPD and *Mr Md Harunur Rashid*, Junior Administrative Associate, CPD, for playing a key role in steering the activities of the event with dedication and high efficiency.

Ms Ema Akhter, Dialogue Associate, CPD, has played an important role in managing the social media activities during the event and preparing the summaries of the discussions and compiling the manuscript of the volume. *Mr H M Al Imran Khan*, Publication Associate, CPD, has provided outstanding support for copyediting SAEX XIV documents. *Mr Md Shaiful Hassan*, Programme Associate (DTP), CPD, has provided ample support to get the present volume in the pre-printing format.

Finally, we would like to express our deep gratitude to *Professor Rehman Sobhan*, Founding Chairman of CPD, who has always inspired us to remain committed to the cause of deepening South Asian Cooperation and integration. We are sincerely grateful to him for his advice and guidance in organising SAES XIV.

Dr Fahmida Khatun
Executive Director, CPD

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Acronyms

4IR	Fourth Industrial Revolution
ACCESS	Accelerating Transport and Trade Connectivity in Eastern South Asia
ADB	Asian Development Bank
APTA	Asia-Pacific Trade Agreement
ASEAN	Association of Southeast Asian Nations
BBIN	Bangladesh, Bhutan, India, and Nepal
BIDS	Bangladesh Institute of Development Studies
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BRI	Belt and Road Initiative
CAGR	Compound Annual Growth Rate
COP	Conference of Parties
CPD	Centre for Policy Dialogue
CSME	Community-Based Small and Medium Enterprises
EPG	Eminent Persons Group
EU	European Union
FDI	Foreign Direct Investment
FES	Friedrich-Ebert-Stiftung
GDP	Gross Domestic Product
GSTP	Global System of Trade Preferences

GVC	Global Value Chains
ICT	Information and Communication Technology
IMF	International Monetary Fund
IPS	Institute of Policy Studies of Sri Lanka
LDC	Least Developed Country
LIFE	Lifestyle for Environment
MVA	Motor Vehicle Agreement
NCD	Non-communicable Disease
NDC	Nationally Determined Contributions
PPP	Public-Private Partnerships
RBI	Reserve Bank of India
RCEP	Regional Comprehensive Economic Partnership
RIS	Research and Information System for Developing Countries
SAARC	South Asian Association of Regional Cooperation
SACEPS	South Asia Centre for Policy Studies
SACU	South Asian Clearing Union
SAES	South Asia Economic Summit
SAFTA	South Asian Free Trade Area
SATIS	South Asian Agreement on Trading in Services
SASEC	South Asia Subregional Economic Cooperation
SAWTEE	South Asia Watch on Trade, Economics and Environment
SDG	Sustainable Development Goal
SDPI	Sustainable Development Policy Institute
SME	Small and Medium Enterprise
USD	United States Dollar
VNR	Voluntary National Reviews
WB	World Bank

**STATEMENTS
AT THE
INAUGURAL SESSION**

Dr Fahmida Khatun

Executive Director
Centre for Policy Dialogue (CPD)

Good morning, Honourable Special Guest, Mr M. A. Mannan, MP, Hon'ble Minister, Ministry of Planning, Government of Bangladesh, distinguished speakers on the stage, Dr P. Nandalal Weerasinghe, Governor, Central Bank of Sri Lanka; Dr Yuba Raj Khatiwada, Former Finance Minister and Former Governor, Nepal Rastra Bank, Nepal; Dr Ishrat Husain, Former Governor, State Bank of Pakistan, Former Advisor to the Prime Minister on Institutional Reforms and Austerity; our fellow colleagues from the co-organisers of the Fourteenth South Asia Economic Summit (SAES), Dr Dushni Weerakoon, Executive Director, Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka; Dr Paras Kharel, Executive Director, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal; Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Pakistan; Professor Sachin Chaturvedi, Director General, Research and Information System for Developing Countries (RIS), India; over 40 distinguished participants from South Asia, distinguished guests, excellencies, members of the media, ladies and gentlemen, on behalf of the Founding Chairman of the Centre for Policy Dialogue, Professor Rehman Sobhan, members, Board of Trustees of CPD and all colleagues of CPD, I extend a warm welcome to all participants from home and abroad to the Fourteenth South Asia Economic Summit.

We are indeed honoured to have the gracious presence of the Honourable Speaker, who is yet to arrive. Indeed, the Honourable Speaker of Bangladesh Parliament also joined as the chief guest at the closing session of the Ninth South Asia Economic Summit in 2016. Honourable Minister for Planning also joined a plenary session of the Ninth South Asia Economic Summit in 2016 as the guest of honour. Their participation, both at the Ninth and Fourteenth South Asia Economic Summit is a sign of commitment of the government of Bangladesh for closer cooperation among South Asian countries. My special thanks to our foreign guests who have travelled to Bangladesh to attend the Fourteenth South Asia Summit. I wish you a pleasant stay in Dhaka.

Dear guests, the overarching theme of the Fourteenth SAES is 'Reframing South Asian Regional Cooperation in the New Context: National and Global Dimensions'. The reasons for choosing this theme are manifold. Let me, very briefly, mention some of those to give a context.

In recent times, factors related to internal political, economic and institutional dynamics, as well as extra regional, geopolitical and geoeconomic configurations

have become more pronounced. Moreover, the global economic and political order and alliances in which cooperation in the South Asian region is to take place have been undergoing significant changes. South Asia, as a region, has enormous potentials and possibilities which may be harnessed through regional cooperation and deepened through economic integration.

However, currently like the rest of the world, the South Asian economies are battling to recover from the impact of Coronavirus Disease 2019 (COVID-19) Pandemic, the Ukraine War and subsequent global economic challenges are also having multi-dimensional impacts on South Asian economies. Some economies in the region are finding it difficult to maintain macroeconomic stability and sustain the economic growth momentum which was experienced in the recent past. Moreover, political polarisation and revealed vulnerabilities have emerged as significant issues in some countries in South Asia.

A few countries have gone under International Monetary Fund (IMF) programme and resorted to high level budgetary support from external sources. Three South Asian countries — Bhutan will graduate on 13 December 2023; Bangladesh and Nepal will graduate in 2026 from the Least Developed Country (LDC) to developing country status. The prospect of smooth graduation of the South Asian LDCs has become more challenging in the New Economic reality.

In this context, cooperation among the countries in South Asian region is crucial. Indeed, we have observed that during the recent periods, particularly during the periods of crisis such as COVID-19 pandemic, South Asian countries had come together and cooperated among themselves, mostly on a bilateral basis, in the areas of access to vaccines, financial support and food supply. However, we also observe that regional cooperation in South Asia has stumbled over the years due to political tensions, historical animosity between countries and ongoing political and territorial disputes. There prevails a trust deficit among countries in the region.

Distinguished guests, there have been some initiatives at bilateral and sub-regional levels. For example, cooperation in energy trade and multimodal transport connectivity has produced some results. At the same time, a number of other initiatives, such as the Motor Vehicle Agreement (MVA) involving Bangladesh, Bhutan, India, and Nepal (also called BBIN), have stalled after some initial progress

Moreover, when we talk about cooperation, we must now expand the horizon beyond traditional regional cooperation issues such as trade, connectivity, water, and energy, and introduce several new areas. These new areas of cooperation may include the public health system, structured labour market policies, the expansion

and deepening of supply chains, and Foreign Direct Investment (FDI) issues. Additionally, collective bargaining in global climate negotiations and alliances for technology transfer, especially in view of the Fourth Industrial Revolution (4IR), have long-term implications for South Asian countries.

The strategic positioning of smaller South Asian countries, given the changing economic and strategic alliances, also demands urgent attention. This is particularly important in light of the emerging global economic and political scenario and the often-uncertain domestic political settlements

The Fourteenth South Asia Economic Summit will discuss the above-mentioned issues in detail during the three plenary sessions and nine parallel sessions of SAES. Policymakers, scholars, representatives of the private sector, media, civil society organisations and development partners will deliberate on these critical issues and offer practical and pragmatic solutions. We feel discussions during the Fourteenth SAES will help us in charting a path forward with a focus on harnessing the region's potential, addressing challenges and envisioning a more prosperous and integrated South Asia. I look forward to your active participation at various sessions of the Fourteenth SAES during these two days.

Before I conclude, I want to inform you that that CPD is celebrating its 30th Anniversary this year. We are proud and humbled to have been able to continue our journey during the last three decades. CPD's journey over the last three decades has been both a challenging and rewarding one. We have received moral support, good wishes and enjoyed goodwill from our stakeholders which include policymakers, politicians, Non-Government Organisations (NGOs), Civil Society Organisations (CSOs), grassroots and community level organisations, experts, private sector, representatives, media, development partners and many more. CPD will continue to strive in creating an intellectually vibrant, open and transparent society. In the coming decades, we hope to have you on our side. With this, I would like to end and wish you a successful discussion during these two days. Thank you.

Dr Dushni Weerakoon

Executive Director

Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka

Let me extend my very warm congratulations to Dr Fahmida Khatun, Executive Director, and her team at the Centre for Policy Dialogue (CPD) for successfully convening the Fourteenth South Asia Economic Summit and bringing us all here

together this morning for what promises to be a stimulating and interesting two days of discussions and debates. It also gives me a great pleasure to congratulate the CPD team for their remarkable journey over the last three decades as they celebrate their 30th Anniversary. The CPD team has been led by its core team, guided and mentored over the years by Professor Rehman Sobhan, Dr Debapriya Bhattacharya, Professor Mustafizur Rahman, and Dr Fahmida Khatun.

The IPS has been privileged to have worked with the CPD team over these 30 years. We have not only collaborated professionally but also forged strong networks and cherished friendships over time. CPD has generously extended help and support to the Institute of Policy Studies, notably during the sudden loss of our Executive Director, Saman Kelegama, six years ago. He was a pioneer in initiating the South Asia Economic Summit process.

As Dr Fahmida Khatun mentioned, CPD has appropriately focused on new national and global dimensions, as highlighted during the Fourteenth South Asia Economic Summit.

Policies are undergoing fundamental changes around us today. Globally, many advanced countries are strategically developing sectors such as semiconductors, renewable energy, and advancing technologies like artificial intelligence. Significant investments are being made in these initiatives through various industrial policy platforms worldwide. Import restrictions and export bans are being imposed, and foreign direct investment flows are being directed toward countries perceived as friendly to major players. As rightly mentioned, these actions are part of the ongoing big-power competitions that are expected to intensify in the coming years.

So, South Asian countries will need to confront these challenges both individually and collectively as a region. It is very fitting that SAES provides a platform for us all to come together, learn from each other's experiences, and collectively propose policy responses and measures to address these challenges.

The IPS is proud to be a part of the SAES initiative. We have networked and built relationships with CPD and our other partner institutes — SAWTEE in Nepal, RIS in India, and SDPI in Pakistan. Sri Lanka has also received much friendship and support during our economic struggles over the last two years.

Dr P. Nandalal Weerasinghe, Governor of the Central Bank of Sri Lanka, can attest to that. Today, we are delighted to be here and to participate in these discussions over the next two days. Once again, I would like to thank CPD for hosting SAES XIV and providing this crucial platform at this critical juncture. Thank you very much.

Dr Paras Kharel

Executive Director

South Asia Watch on Trade, Economics and Environment (SAWTEE)

Namaste to the chair of this session, Professor Rehman Sobhan, Founding Chairman of CPD and a prominent advocate of regional cooperation in South Asia. Greetings to distinguished speakers, our special guest, chief guest, fellow co-organisers, and Dr Fahmida Khatun, Executive Director of CPD and lead organiser, along with all present ladies and gentlemen.

It is a pleasure to be back in Bangladesh as a co-organiser of SAES. The South Asia Economic Summit (SAES) is now in its 14th edition, despite the unavoidable disruption caused by COVID-19. SAES has consistently provided a reliable forum for meaningful discussions concerning the development aspirations of a region that remains fundamentally impoverished. With its vast potential to unite Bangladesh, Nepal, and other South Asian countries, SAES brings together private sector stakeholders, policymakers, lawmakers, politicians, researchers, academics, and civil society from across South Asia. It strives to be an inclusive platform where every country in the region can contribute.

Speaking here in Bangladesh, on a platform dedicated to South Asian regional cooperation and civil society, it would be remiss of me not to acknowledge the pivotal role Bangladesh played, alongside Nepal, in establishing an official forum for regional cooperation some four decades ago. This initiative marked a watershed moment at the time. The inception of SAES in 2008 aimed to complement these official efforts, particularly focusing on economic integration in South Asia beyond South Asian Free Trade Area (SAFTA). The first SAES, held in Colombo, centred around the theme of SAFTA and its potential to foster regional integration, coming shortly after SAFTA's establishment in 2006. SAES has evolved significantly since then.

The themes and issues covered have kept pace with new developments while importantly maintaining focus on the overriding goal of identifying constructive themes for regional cooperation. It is as much about understanding each other and sharing our knowledge as it is about the publications that have emerged from SAES, which attest to this effort. This is a testimony to SAES being very cognisant of new developments and changing contexts. Under CPD's leadership this year, the summit seeks to generate ideas for reframing, or shall I say, re-understanding South Asian regional cooperation.

At a time when notable geopolitical contests, primarily between countries outside the region but also between countries within the region and those in the immediate

neighbourhood, are potentially pulling South Asian countries in different directions even as they grapple with their own economic and political challenges

Also, in the past, bilateral tensions among South Asian countries always had to be factored in when discussing prospects of regional cooperation. Now, an additional factor must be considered—the spillovers of shifting global geopolitical moods and alignments onto South Asia. As the programme schedule of this Summit shows, traditional yet important issues such as cross-border trade, FDI, value chains, logistics, and climate change will be discussed in the parallel sessions. These topics are complemented by an explicit search for new avenues and ideas of cooperation and an understanding of challenges in the plenary sessions.

So, I wish us all success in this long-overdue search, and SAWTEE is very proud to be part of this initiative. Thank you once again, CPD. Thank you.

Dr Abid Qaiyum Suleri

Executive Director

Sustainable Development Policy Institute (SDPI)

Good morning, Salam, and Namaste to all participants, worthy excellencies at the table, and distinguished guests. First of all, I would like to take this opportunity to congratulate CPD on completing a very successful 30 years. Credit goes to Professor Rahman Sobhan for founding such a dynamic organisation, as well as to all the members of the Board of Trustees, past and present executive directors, and the team of CPD with whom SDPI has been collaborating over the last 30 years.

It is also a pleasure to be here at the Fourteenth South Asia Economic Summit. Some of the founders of this initiative are sitting around the tables here today. This gathering is extremely important, and this morning, observing the 40 delegates interacting with each other, it felt like a joyful reunion of an extended family.

But ladies and gentlemen, let me remind you that two decades ago when this initiative began, the purpose was to consider economic integration. It was about fostering regional economic cooperation. As earlier speakers have rightly mentioned, the Tri-C crisis—COVID, Conflict, and Climate Change—has prompted us to reconsider why we are here and how we can move forward. Alhamdulillah, we are emerging from COVID, but the threat of future pandemics and conflicts still looms large, as we continue to be warned.

We once believed that economic interdependence would prevent conflicts, but the Russia-Ukraine conflict reminds us that despite European and Russian economic ties, peace and stability depend on more than just the economy. We must think beyond economic integration. The conflicts in the Middle East and Eurasia are affecting our food supplies, energy security, economies, and daily lives.

Turning to climate change, I would like to take this opportunity to offer my deepest condolences on the passing of Professor Saleemul Huq, a stalwart expert on climate justice from Bangladesh. May his soul rest in peace.

Climate change is manifesting in South Asia, illustrating how it can profoundly affect us. Today, as we speak, Lahore and Delhi are equally enveloped in thick smoke, rendering air quality virtually unreadable. Torrential rains bring hundreds of millimetres over just a few days. Heatwaves have become a common occurrence, impacting our food and energy security, and contributing to unprecedented inflation.

It is prompting governments to reconsider their budgets, particularly concerning health and social protection. Ladies and gentlemen, these are the issues we will discuss at the Fourteenth South Asia Economic Summit. SDPI has always been proud to participate in this initiative, seeking to learn from each other with a renewed commitment that the time for action is now. The shifting regional and global dynamics of geopolitical, geoeconomic, and environmental realities compel us to rethink the shared reasons for our unity.

I believe our common cause now is accelerating progress on the Sustainable Development Goals (SDGs). With only 7 years remaining, these challenges underscore their existential importance.

Therefore, I conclude that during the first SAES, we were contemplating common goals. Today, we must consider our very existence. Failure to unite and address these shared challenges confronting South Asia and humanity could lead to an existential crisis.

Thank you very much, ladies and gentlemen, for being part of this distinguished gathering and contributing to this vital discourse.

Professor Sachin Chaturvedi

Director General

Research and Information System for Developing Countries (RIS), India.

Good morning, everyone, ladies and gentlemen. It gives me great pleasure to congratulate CPD and Dr Fahmida for her leadership in hosting this Summit celebrating the 30th anniversary of this esteemed institute. We all recognise the pivotal role Professor Rehman Sobhan has played in shaping and initiating CPD. However, I must also acknowledge the trinity of CPD present here today. My heartfelt appreciation goes to Dr Debapriya Bhattacharya, my dear colleague Professor Mustafizur Rahman, and this trinity collectively. They have not only shaped a significant research institution for Bangladesh but have also played a crucial role in providing leadership for regional integration in South Asia.

The South Asia Centre for Policy Studies (SACEPS), if you recall, was one of the most important initiatives that shaped our perspective on South Asian Association of Regional Cooperation South Asian Association of Regional Cooperation (SAARC), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and the need for regional integration, continuing the idea of the South Asia Economic Summit

Dr Nagesh Kumar, Director and Chief Executive of the Institute for Studies in Industrial Development (ISID) in India, is here, who has also played a significant role in shaping it. From India, Professor Muchkund Dubey, Mr Arjun Sen Gupta, and Mr Deepak Naayar have all contributed to creating what my dear friend Abid mentioned about emotional connectivity and family inference in regional integration. They are all committed to the idea of South Asia economic integration

Dushni and Paras also referred to it. Thus, I believe the academic community has been far ahead of the political process in recognising this. I acknowledge the presence of Ambassador Durga Bhattarai, Former Foreign Secretary of the Federal Democratic Republic of Nepal; Dr Ishrat Husain, Former Governor of the State Bank of Pakistan and Former Advisor to the Prime Minister on Institutional Reforms and Austerity, Pakistan; and Dr P. Nandalal Weerasinghe, Governor of the Central Bank of Sri Lanka. I also acknowledge presence of Professor Ronaq Jahan, Dr Shekhar Shah, Vice Chairman, Academic Advisory Council, Indian School of Public Policy (ISPP), India; and all other friends here who have been contributing.

I have just one point to make, as we have been allocated only three to four minutes. Firstly, I want to emphasise the idea of growth in South Asia. According to preliminary

estimates for a forthcoming paper from RIS, there is notable resilience in the South Asian economy, which I believe is important for us to acknowledge.

The resilience evident in economic performance should reassure us and instil hope for the region and the potential of our economic integration. Comparing the time frame from 2002 to 2007, before the onset of the 2008 recession, we see South Asia was in sync with the global economic buoyancy of the early 21st century,

From 2008 to 2016, during the global economic recession, South Asia maintained its buoyancy. However, from 2016 onwards, both South Asia and the global economy experienced a downturn, but we have since rebounded and continued to contribute positively. Over the past two decades, economic growth in South Asia has been impressive, with a Compound Annual Growth Rate (CAGR) of 6 per cent. Moreover, South Asia's share of Gross World Production has increased significantly—from 2.4 per cent in 2002 to 3.1 per cent in 2009 and further to 4.2 per cent in 2022.

So, South Asia's economic contribution to the global economy is substantial. If we look at Gross Capital Formation as a percentage share of GDP, it increased from 24.5 per cent in 2002 to 35.5 per cent in 2010, with a slight dip to 30 per cent in 2022.

The gap between Gross Capital Formation and Gross Fixed Capital Formation has narrowed. Gross Capital Formation stands at USD 1,294 billion, while Gross Fixed Capital Formation is at USD 1,215.6 billion. This indicates that capital investments are significantly contributing to economic growth.

In terms of domestic savings, although there is a current debate in India about a decline, the regional average shows a positive trend. Gross domestic savings as a percentage of GDP increased from 22.6 per cent in 2000 to 30 per cent in 2010, and remained at 29 per cent in 2022.

The growth financing is supported by FDI, which has expanded significantly. In 2000, FDI was at 4.4 per cent, rising to USD 54 billion for the region today. Remittances remain extremely high, currently standing at USD 176 billion for the region. These figures are crucial as they have significantly increased per capita income in the region, as Dr Fahmida rightly pointed out. LDCs in the region are expected to graduate and contribute more substantially. According to a recent IMF study, Asia is projected to contribute 49 per cent of global growth, with South Asia contributing 26 per cent of this total. This growth is driven significantly by trade, as the region accounts for 24 per cent of the global population.

If we look at the Regional GDP and trade share, it was 28.8 per cent in 2021 and has risen to 42 per cent. Total trade now stands at USD 2 trillion, highlighting the significant potential of South Asia. Moreover, the region receives substantial Official Development Assistance (ODA), amounting to USD 93.4 billion, reflecting international faith in our region. In terms of trade, particularly in cross-border power distribution, we often critique ourselves harshly without fully appreciating our global impact.

If we look at the trend in cross-border electricity flow, Association of Southeast Asian Nations (ASEAN) has 7 gigawatts, Gulf Cooperation Council (GCC) countries have 3.8 gigawatts, and remarkably, South Asia has 18 gigawatts. This significant figure often goes unnoticed, reflecting a tendency in our region to excessively criticise ourselves and overlook our achievements.

My main point remains that we need to appreciate the positive aspects I have highlighted. Criticism can sometimes lead to a negative and pessimistic view of ourselves. The CPD Trinity, I mentioned earlier, has played a crucial role in fostering a more positive outlook on regional integration and our contributions at the regional level.

I believe I will conclude by emphasising the need to rethink how we calculate the contributions to regional integration. The methodologies currently used may not adequately reflect our true potential. It is a task for academics to develop more appropriate methods.

The narrative is crucial in highlighting the dimensions essential for regional cooperation and strengthening our commitments. Despite armed conflicts in ASEAN, the region collectively advocates for ASEAN centrality and prosperity. We should adopt a similarly profound approach in South Asia. Thank you

Dr Yuba Raj Khatiwada

Former Finance Minister and Former Governor
Nepal Rastra Bank, Nepal.

Thank you, Chair of the programme, Professor Rehman Sobhan, Honourable Minister, Distinguished panellists, Excellencies, and Ladies and Gentlemen. I am very pleased to return to civil society to discuss South Asian cooperation. I see many of my old friends here who have been working tirelessly for almost three decades on regional cooperation. The fact that our efforts have not yet led to satisfactory

outcomes suggests that we need to reinvigorate ourselves. Perhaps it's time to ensure that our efforts result in a more peaceful and prosperous region

I recall the latest SAARC Summit held in Kathmandu in 2014, the 18th summit. The theme focused on integrating the region for peace and prosperity. Since then, the region has seen some progress, as mentioned by the previous speaker, with economic growth averaging around 6 per cent. However, it is crucial to recognise that our region is not homogeneous. We are diverse countries with varying development discourses, origins of development, paths of development, and growth rates.

We have been able to share some of our prosperity with neighbouring countries through trade, investment cooperation, and other forms of collaboration. This is a fundamental topic for discussion in this forum. Often, political differences have hindered our economic imperatives to work closely together. Issues such as food insecurity, pervasive poverty, and the region's vulnerability to climate change affect South Asia as a whole. Energy insecurity and inadequate transportation and communication networks also persist in this digital age. How can we find solutions to collaborate effectively, despite political differences, recognising that we cannot change our neighbours?

Geography plays a crucial role in our regional cooperation. Recently, there was an earthquake in the far western region of Nepal, and we received a message of condolence from the Prime Minister of India for those affected. The tremors also reached into India, highlighting the geographical interconnectedness that cannot be overlooked.

So, building on the impassioned discussions on regional cooperation as highlighted by previous speakers, we must not lose sight of the potential for cooperation despite the challenges we face. I believe we should all agree on this and continue our efforts. Thank you CPD for addressing this issue, especially at a time when we have not been able to host the 19th SAARC Summit on schedule. Let us use this momentum to pave the way for the next SAARC Summit and discuss several other important agendas.

I worked for SAARC for the last three decades in various capacities—as a researcher, banker, central bank governor, Planning Commission vice chair, and finance minister. I coordinated and shared in the SAARC Finance Ministers' Forum and also the SAARC Development Funds Forum. Currently, the SDF is not functioning, and there are 20 projects with a total loan amount of approximately 150 million. Given the significant GDP of the member countries, what is the reason for this inactivity?

Similarly, food insecurity becomes a recurring issue during every crisis. South Asia is one of the most affected regions by food insecurity, exacerbated by climate change. However, cooperation in this area remains limited. We need to rethink our approach to food security. Instead of restricting food trade across borders, we should explore ways to collectively secure food for the region. Often, one country may have surplus while another faces deficit. Addressing these issues is not just an economic necessity but also a humanitarian imperative that requires urgent attention in our region.

We have been discussing the South Asian economic union, but it's important to acknowledge that these discussions are just the beginning. The path to a Monetary Union is long, as is the journey towards a Customs Union. A single currency remains even further down the road.

When I was at the central bank about 25 years ago, I hosted a study on the feasibility of having a single currency in the region. At that time, I concluded it was not feasible. Instead, I suggested starting with using local currencies for local payments and local trade, which remains the most practical approach. Currently, we are trading in dollars, except for Nepal, Bhutan, and India, where we could potentially adopt a common currency in the long run. However, initially, we can utilise our own currencies for intra-regional trade.

There have been several technological advances in some of our countries, yet we have not effectively shared these advancements among ourselves. Countries like Bhutan, Bangladesh, and Nepal, which are graduating from the least developed country status, require further support to sustain their development momentum. We need greater cooperation from our relatively more developed neighbouring countries to facilitate this transition.

Furthermore, our collaboration in science, technology, infrastructure, and connectivity is crucial. We have development partners present here, such as the Asian Development Bank (ADB) and World Bank, actively working on connectivity projects in South Asia. Have we collectively engaged with these multilateral agencies to mobilise more resources for enhanced connectivity? Multilateral agencies often engage with us on a country-by-country basis; however, we need to focus on collective initiatives to maximise regional benefits.

Addressing regional financial institutions and development mechanisms, we need a common view on initiatives such as the Belt and Road Initiative (BRI) and other regional collaborations with Asian nations. We should also explore collaborations with non-SAARC neighbouring countries like China on harnessing water resources and energy.

There are numerous critical issues on the agenda for discussion, and I look forward to engaging in detailed dialogue on these matters. It is imperative that we guide our politicians towards narrowing down differences among SAARC countries and fostering development for the peace and prosperity agenda we all aspire to achieve. Thank you.

Dr Ishrat Husain

Former Governor
State Bank of Pakistan, Former Advisor to the Prime Minister on
Institutional Reforms and Austerity

Bismillah hir Rahmaanir Rahim. Honourable Minister, distinguished panellists, ladies and gentlemen. First and foremost, I extend my heartfelt gratitude to CPD and the co-organisers of this summit for granting me the opportunity to visit this beautiful country once again. Bangladesh holds a special place in my heart—I began my career in Sylhet, later serving as Additional Deputy Commissioner in Chittagong and then as Deputy Secretary in the Home Ministry. My experiences here have profoundly shaped me, and with each visit, I continue to be impressed by the progress and development unfolding across Bangladesh.

I wish to share with you the findings of a recent publication, ‘Development Pathways: India, Pakistan, Bangladesh 1947-2022’. This study represents the first empirical and comprehensive analysis spanning 75 years, examining the relative progress and weaknesses of these three countries since independence. Today, I will focus on the main lessons from this study, categorising them into critical success factors and identifying pain points and risks for the future.

Firstly, the form of government is widely debated globally—whether democracy, autocracy, dictatorship, or hybrid structures yield better outcomes. The evidence remains inconclusive; military regimes have shown both high and low growth rates, as have democracies. In my view, democracy stands out as crucial for sustained economic growth due to its solid representation of the people and legitimate decision-making processes. However, what emerges clearly from this study is that political stability, continuity, consistency, and predictable economic policies are paramount. Countries that maintain these factors, regardless of their regime type, tend to make significant progress.

The second point I would like to emphasise is the political consensus on the broad objectives and content of economic policies in these three countries. Economic

policy choices and management have been pragmatic, free from rigid ideological doctrines, adapting to changing domestic and external circumstances. The periods between 1950 to 1990 and 1990 to 2022 represent distinct phases for Bangladesh, India, and Pakistan, each with unique characteristics.

Thirdly, reliance on external assistance becomes undesirable when domestic savings are sufficiently mobilised to finance investments, forming a foundation for sustained long-term development. Both India and Bangladesh have achieved a domestic savings rate of 30 per cent, reducing their previous reliance on external assistance during the first four decades post-independence.

The fourth finding is that the state-market binary, which has been widely discussed, is an outdated concept. We need both a strong, effective, and capable state and a well-functioning competitive market that can fulfil their respective roles effectively. The state must ensure macroeconomic stabilisation, invest in infrastructure, and develop human resources, while the public sector engages in the production, exchange, distribution, and trade of goods that are contestable. Another distinguishing element for Bangladesh is the active participation of NGOs and civil society organisations, especially in human development and female participation rates and empowerment.

Fifthly, participation in international trade, technology transfers, capital flows, and migration benefits domestic economies. These are no longer seen as enemies of export promotion. Instead, tariff-protected import substitution is seen as the way forward. All three countries—India, Pakistan, and Bangladesh—have benefited from export promotion policies and have suffered when attempting to protect domestic industries.

Number six is the investment in human capital. Financial inclusion and female empowerment are significant contributory factors for sustained and inclusive growth. While various forms of growth can occur, sustained and inclusive growth requires these factors, along with social protection for the poor. All three countries have performed well in protecting and providing cash transfers to their poor.

The seventh element, which has faced resistance from politicians at national and state levels, is devolution, decentralisation, and delegation of financial powers to local governments and communities. This approach not only responds to the needs of communities, which they understand best, but also mobilises domestic resources. People can see the results of their taxes and fees, which are appropriated within their jurisdictions.

Finally, it is clear that digitalisation not only promotes efficiency, transparency, and citizen access and convenience, but also prevents leakages and improves assistance

to the poor. Since India adopted digitalisation in social protection, leakages in public food distribution systems, National Employment schemes, and others have significantly reduced.

Moving on to the pain points and risks, as discussed by previous speakers, I will highlight a few key issues. Firstly, we are facing challenges related to climate change, environmental degradation, and pollution. Regional cooperation beyond political differences and tensions is crucial here, particularly in managing integrated basin management for our river systems.

Secondly, there is a growing problem of income inequalities among regions and genders, particularly pronounced in India where the top 20 per cent hold more income than the bottom 50 per cent. The disparity in wealth distribution is widening between the south and west versus the north, exacerbating regional economic imbalances.

Thirdly, a concerning issue is that 80 per cent of employment is concentrated in informal sectors, which are characterised by low productivity. Economic growth requires reallocating resources from low-productivity to high-productivity sectors. The predominance of contractual and daily-wage employment in these sectors limits investment in human resources and skills necessary for sustainable productivity growth.

The fourth element I am deeply concerned about is job creation for the youth in all three countries. India has excelled in the IT industry, employing around 5 million people, yet 12 million people enter the labour force each year. How will we provide jobs for this youthful population? With aging populations in countries like Japan and Korea, there is potential to train our youth to meet the demands of these markets, but no government has systematically addressed this.

Fifth, Bangladesh has excelled in female labour force participation, which is twice as high as in India and Pakistan. This empowerment has reduced regional and gender disparities, lowered domestic violence, and controlled family planning and population growth. Empowering females has significant economic, social, and intra-family benefits.

Sixth, inter-regional trade holds immense potential. While East Asia, despite its diversity, engages in 54 per cent of inter-regional trade, we are confined to just 5 per cent. For the past 20 years, my work on regional trade shows that increasing inter-regional trade would be beneficial for both larger countries like India and smaller ones like Bangladesh, Sri Lanka, Nepal, and Pakistan.

The seventh pain point is urbanisation. We are witnessing urban sprawls with inadequate attention to water supply, sewage, solid waste disposal, and rehabilitation planning. Land prices are soaring, making it unaffordable for the poor, especially migrants to big cities.

Finally, my pet subject: Pakistan, India, and Bangladesh are still stuck in the colonial civil service structure and mindset. This is not responsive to 21st century needs, where knowledge, competence, and expertise are essential for governance. The current system ensures a career based on an exam taken at age 24, regardless of further improvement. Unless we restructure governance and institutional structures, we will lag behind East Asia, which is progressing rapidly. Thank you very much.

Dr P. Nandalal Weerasinghe

Governor

Central Bank of Sri Lanka

Good morning, Honourable Ministers, distinguished, heads of research institutions, and organisers of this important forum. Ladies and gentlemen, first of all, let me thank Dr Fahmida and the organisers for inviting me to this significant occasion. I would also like to join my colleagues in congratulating CPD on its remarkable three-decade journey, during which it has made significant contributions to economic integration in collaboration with other institutions.

It is essential to recognise and appreciate the work CPD has done so far and congratulate them on their achievements. Today, I am speaking in a forum where two of the previous speakers are former central bank governors. As the third speaker addressing central banking, it is quite interesting to share this platform.

I have had the privilege of participating in similar forums in the past, and coming from a background as a career central banker for over 30 years, I find it essential to focus on today's subject: 'Reframing South Asian Regional Cooperation in the New Context National and Global Dimensions'.

While I acknowledge the diverse backgrounds of the other speakers who can speak with great authority on economic integration, my focus will be on the role of central banking in this context.

I would like to focus on the main topic we are supposed to discuss: regional cooperation. In fact, it will be easier now as the earlier speakers have laid a strong foundation and raised many important points.

Let me elaborate on those points and add my thoughts in these areas. First of all, let me touch on the global economic situation. The global economy has faced several challenges. COVID-19 took a substantial social and economic toll and created severe new vulnerabilities in economies while also exposing several deep-rooted issues.

As we are seeing from the experience, even our economy in Sri Lanka faced these challenges. With the rapid development of vaccines and economies adjusting to the new normal of COVID-19, we see much more regional integration. When we faced COVID-19, the global economy experienced a new turn of events caused by the emergence of geopolitical tensions, which are having a sustained impact on prices. These tensions also pose the possibility of negative impacts on commodity availability, affecting food security.

Due to these developments, global output growth is expected to continue slowing down. The South Asian region, as already elaborated, is expected to display some resilience, especially on account of exports and continued inflows of remittances.

However, in South Asian economies, projected growth may be hovering around the levels seen prior to the pandemic without reaching the same heights. There are outliers like Sri Lanka, which has become an outlier in terms of growth performance as well as going forward. This is primarily due to the unwinding of the expansive monetary and fiscal loosening that was necessitated during the pandemic.

The aspect that I want to draw your attention to, ladies and gentlemen, is the contrary tone of optimism. As individual economies and as a region, we need to be wary of this modest growth phase while striving to elevate our economies to the high-income category within the next few decades. As already discussed, everyone acknowledges that South Asia is the engine of growth, aiming for at least 5-6 per cent growth within a generation. Hence, there is an urgent need to rethink areas of synergies and find means and ways of converging and reaching consensus so that policymakers and practitioners can pave the way for prosperous economies and societies in the region.

Amid the global economic slowdown, the South Asian block will need to go back to the drawing board. There has been much discussion, and rapid work is needed to devise effective yet pragmatic strategies that can help our vulnerable region weather this storm. Regionalism will be essential to sustain South Asia's dynamism. South Asia is a sub-region that has yet to fully exploit its interregional potential. Recognising the heterogeneity, as Governor Yuba Raj mentioned, we also need to harness our interregional potential with one of the world's largest markets and a growing superpower in our neighbourhood, primarily India, which is leading the growth.

Enhancing regional economic cooperation can not only ensure better growth prospects for our individual economies in the region but can also enable the devising of effective responses to several long-standing development challenges that we are all facing. Acknowledging that South Asia is not a monolithic block, each of the member states, as already mentioned, has diverse characteristics and possesses somewhat differing views and stances in relation to infrastructure, population demographics, technological development, and social and political influence, including military power. We are very diverse and heterogeneous.

Therefore, it may be appropriate to recognise that South Asia comprises several nations, but it is not insignificant. Today, the South Asia region is home to 2 billion inhabitants, which is 25 per cent of the global population. Despite these differences, let us take a moment to revisit our roots, which are intertwined in terms of culture, ethnicity, and religion. There are several cross-border similarities in traditions, languages, and customs. This unique integration has been evident historically.

Moving forward, it may be appropriate to adopt a South Asian identity based on such commonalities, deriving synergies in areas like inter-regional trade, investment flows, transport connectivity, financial integration, and addressing development issues such as food security and climate change mitigation. This approach can enable the advancement of our member nations directly and improve the region's preparedness to participate in and benefit from broader regionalism in the Asia-Pacific region.

Let me elaborate briefly on these areas I am going to touch on. Inter-regional trade, as advocated by numerous researchers, academics, and policymakers in the past, needs to take a new, well-trodden path. We need to dedicate time to discussing issues related to inter-regional trade and investments, which are potentially low-hanging fruit in our bloc. I hope these topics will be thoroughly discussed in this conference.

Inter-regional trade among nations is crucial for promoting economic growth and reducing poverty in the region. However, trade within our bloc has historically been limited due to various factors, including political tensions, restrictive tariffs and duties, import restraints, protected customs requirements, and excessive documentation. These factors uniquely characterise our region.

When looking at Sri Lanka, the country's exposure to the South Asian region accounted for nearly 10 per cent of its total exports, while imports accounted for nearly 29 per cent, primarily from India. Inter-regional trade among South Asian countries was about USD 40 billion in each direction in 2022, showing steady growth over the years compared to USD 6 billion in 2023. There have been some improvements over time. Imports among South Asian countries constituted about 4

per cent of the total imports by South Asian countries from the world, while exports among South Asian countries accounted for about 7 per cent of the total exports to the world by South Asian countries. This still indicates a very low share, despite steady growth in regional trade rates compared to the total trade rate of the region.

Over time, several measures have been taken to improve inter-regional trade. As the Governor mentioned, several arrangements, for example, SAFTA from 1995 and the South Asian Free Trade Area since 2006, could have partially contributed to the growth in regional exports. However, there are obstacles to further improving trade, as mentioned earlier. In addition to these, agreements like the Asia-Pacific Trade Agreement (APTA) and the Global System of Trade Preferences (GSTP), which includes many countries in the region, also cover some South Asian countries. However, the overall export potential of the region is constrained by low product coverage, similarity of product baskets, and rigid non-tariff measures. Hence, it is essential to continue efforts to strengthen trade ties with regional peers, effectively implement existing regional agreements, and explore possible entry into new and growing regional partnerships such as the Regional Comprehensive Economic Partnership (RCEP).

In Sri Lanka, we have taken several initiatives to link up with APTA. There are several other agreements, such as the BIMSTEC, which Sri Lanka joined last year and is actively participating in now, aimed at improving regional economic partnerships. Additionally, the South Asian Agreement on Trading in Services (SATIS) is being negotiated to cover the service sector in the region, although significant progress has not been seen so far. However, there is hope that progress can be made in these initiatives.

Another initiative has been the recent scheme by India to promote trade in Indian Rupees. This move aims to establish the Indian rupee as a global currency, starting with facilitating trading within the region. It is a positive step, and we in Sri Lanka support it by designating Indian Rupee as an accepted currency. Nepal and Bhutan are also adopting this approach, and its expansion is expected to open up more avenues for trade integration within the region. This initiative will reduce dependence on the US dollar and other reserve currencies.

As the Indian Rupee gradually gains recognition as a global currency, it could attract more trade and transactions. Another area we need to promote is payment settlements using technology and linking up payment systems using Indian Rupee within the region. In my view, a common currency for the entire region is not currently feasible, but facilitating trade in Indian Rupee is a significant step forward. Given the diverse and heterogeneous macroeconomic policies across our region, achieving a common currency may be challenging due to the different macroeconomic

challenges each country faces. However, adopting a common currency for trade, such as using the Indian Rupee, presents a viable starting point. It may also be worthwhile to explore expanding such initiatives across the entire South Asian region to facilitate trade and services settlements in local currencies, primarily focusing on Indian Rupee and other local currencies. I believe a collaborative study in this regard should be initiated soon as part of the research collaboration under the South Asian Central Banks (SACB) network, as mentioned earlier by the Governor of Nepal. I am hopeful that this initiative will yield positive and substantive findings to pave the way for deeper regional integration in this aspect.

After conducting the study and initiating new trade agreements, I believe the prudent way forward is to integrate into the global village by identifying ways to join global regional value chains and diversify exported goods while expanding the export market in general. Rather than relying excessively on duty concessions, export promotion policies should focus on exporting improved-quality goods with high value addition at a low cost of production, achieved through research and development and innovation over the medium to long term. These are areas where more research and institutional support are crucial.

Addressing the similarity of export product baskets in the region is vital as it can help improve production networks, enabling regional economies to benefit from cooperation rather than competition. To succeed in this, it is essential to reduce overall tariff and non-tariff barriers across the region, which currently hinder supply chain cooperation. Such cooperation could also extend to service exports, which remain largely untapped. For instance, regional countries could collaborate in tourism, IT and telecom, transport, health, education, and professional service sectors.

Let me share a few thoughts on transport and connectivity. The South Asian region is strategically positioned between Europe and Southeast Asia, which itself serves as the world's leading maritime cargo handling centre in 2021, accounting for 42 per cent of exports, 64 per cent of imports, and approximately 40 per cent of total containerised trade on the main East-West route. This presents a significant opportunity for the region.

Despite our strategic location, only three of our regional ports, two of which are in India, and Colombo Port, are in the top 50 container ports globally. Port performance is crucial not only for enhancing regional connectivity but also for directly impacting the competitiveness of our region's exports. This, in turn, affects our ability to penetrate the growing Asian market and expand into the EU. With the concept of a global village gaining traction, it is opportune for us to explore ways to enhance cross-border connectivity, as discussed earlier, while also ensuring our sovereignty and security. Geopolitically, though several studies have addressed

transport infrastructure and services within individual member nations, cross-border transport facilitation is almost non-existent within the region. Enhancing inter-regional connectivity can unlock numerous opportunities to establish regional production networks and develop value chains that leverage the unique strengths of individual countries to create highly competitive final products.

Connectivity is indeed crucial as it can foster regional synergies that enhance access to global markets through improved productive capacity, similar to what has been observed in other regions like ASEAN. This improved connectivity can lead to balanced regional development by linking inland manufacturing and production centres scattered across the region, thereby boosting inter-regional trade and supply chains.

Another emerging area for regional integration is the energy sector, which holds immense potential for all nations involved. Historically, the South Asian region has faced energy constraints due to insufficient resources, infrastructure bottlenecks, and limited investment in the energy sector. Now, with the global shift towards sustainable development goals outlined in Agenda 2030, there is a pressing need to transition away from polluting fuels.

Studies indicate that, except for India, pollution-intensive jobs currently exceed green jobs and constitute a significant portion (6 to 11 per cent) of all jobs in South Asian countries. These jobs are often concentrated among low-skilled and informal workers. Regional cooperation in education, training, and market access can mitigate job losses by facilitating labour mobility towards green sectors.

Furthermore, regional cooperation can facilitate investment and technical assistance flows, which are crucial for the smooth transition to renewable energy sources. Sri Lanka, for example, is benefiting from India's investments and expertise in the renewable energy sector, demonstrating the potential for mutual benefit through collaborative efforts in energy transition across the region.

Certainly, there is abundant potential for cooperation in energy resource exploration and management across the South Asian region. While there have been strides in energy trade projects, these initiatives have typically been bilateral or limited to a few countries, failing to address the region as a whole. Given the vulnerability of our economies to global energy price shocks exacerbated by events like the Ukraine-Russia conflict and tensions in the Middle East, now is an opportune moment to develop a sub-regional energy grid. This would build upon existing interconnections and establish a formal mechanism for sharing best practices in enhancing energy efficiency and adopting renewable technologies.

Moving on to another crucial area, Information and Communication Technology (ICT) presents significant opportunities for the region. Over the last decade, South Asia has made notable progress in ICT, emerging as a major production hub and exporter of IT-enabled services. The COVID-19 pandemic accelerated this transformation, highlighting the sector's potential. However, progress across the region is uneven, with growing disparities in access to technology even within countries.

Addressing intra-regional disparities and investing in cross-border ICT and telecommunication infrastructure are imperative. Improving overall infrastructure in the region can foster human capital development, create jobs, drive innovation, and empower economies to achieve sustainable growth and meet SDG targets. This strategic investment would not only enhance economic resilience but also pave the way for inclusive growth across South Asia.

In the modern economy, facilitating operations in ICT is imperative to enhance the resilience of the region, particularly in response to new shocks like climate disasters, pandemics, and technological disruptions affecting employment. India can lead cooperation efforts in this crucial area, leveraging its strengths and capabilities to benefit the entire South Asian region

Another critical area for regional cooperation is financial integration. As Central Bankers, we understand the macroeconomic benefits of such collaboration. Recently, Sri Lanka has greatly benefited from financial support during periods of economic distress, receiving short-term liquidity support from countries like India and Bangladesh. This assistance provided crucial relief amid challenging socioeconomic conditions last year.

Financial cooperation among South Asian countries should extend beyond short-term buffers and liquidity support to include long-term investments in infrastructure and productive capacities. Initiatives like South Asia Subregional Economic Cooperation (SASEC) Finance and the SASEC Public Debt Managers Forum already play commendable roles in facilitating discussions on financial flows and policy-making.

Moreover, there is significant potential in enhancing payment and settlement systems across the region, including the integration of local currencies. This could streamline trade transactions and promote economic stability by reducing dependency on external currencies.

Overall, deepening cooperation in ICT and financial integration among South Asian countries not only enhances regional resilience but also fosters sustainable economic growth and development, benefiting all member nations in the long term.

Social vulnerability is a pressing issue in South Asia, where natural calamities and climate change greatly affect its population of 2 billion. Collaboration across the region is crucial to ensure sustainable growth amidst these challenges. Enhancing agriculture productivity through sustainable practices is essential. While some countries have made progress, others lag behind. Regional cooperation can harmonise efforts in technology adoption and sustainable natural resource management, vital for food security and agricultural productivity. Strengthening institutions like the SASEC Seed Bank and Food Bank can enhance regional food security by addressing food price volatility and supply-demand gaps.

Climate change exacerbates vulnerabilities, as evidenced by recent floods. Securing funds for climate resilience remains challenging due to funding gaps. Enhanced regional cooperation in disaster risk reduction, including multi-hazard early warning systems and knowledge sharing, can effectively address these challenges. Such collaboration also supports resilient city planning and promotes sustainable urban environments.

Addressing social vulnerabilities in South Asia requires collective efforts in agriculture, disaster resilience, and climate adaptation. By pooling resources and expertise, South Asian countries can mitigate risks, enhance resilience, and foster sustainable development regionally.

Finally, let me address the importance of reframing our relations with the global economy. While regional integration within South Asia is crucial, it is equally essential to integrate our region into the global economy. Trade barriers among our economies hinder this integration. There is growing discourse among academia, researchers, and policymakers on the shift of value chain activities towards India and other parts of South Asia, driven by the relocation of production bases from China. This presents an opportunity to develop regional value chains and expand services trade across South Asia.

To achieve this, national and regional policies must be aligned to facilitate trade integration within South Asia and with the broader Asian region. Streamlining and gradually reducing trade barriers will pave the way for deeper linkages with immediate neighbours and eventually with the global economy. However, opening up to global trade also brings challenges, such as sectoral impacts that will need to be carefully managed through technical assistance and adjusted financing, particularly for the smaller economies in our region.

From a broader perspective, increased cooperation and alignment within the region can enable South Asia to collectively benefit from interactions with other major

regional blocs like ASEAN. Over the long run, presenting a united sub-region can also attract multilateral funding and technical assistance, enhancing regional development efforts through efficient fund utilisation.

In conclusion, despite historical challenges and geopolitical differences, South Asia possesses vast potential due to its large population, strategic geographical location, common cultural heritage, and historical ties. Addressing these challenges and seizing opportunities presented by global engagement, climate change, pandemics, and technological disruptions requires forging linkages and identifying common interests. It is imperative for sustainable growth across our economies and for South Asia to emerge as a vibrant hub of economic progress. Thank you.

Mr M. A. Mannan, MP

Hon'ble Minister

Ministry of Planning, Government of Bangladesh, Bangladesh

Good morning. I would like to express my gratitude to the organisers of this significant regional event in Dhaka, particularly my appreciation to Professor Rehman Sobhan and the esteemed organisation, CPD, for their notable contributions to knowledge and discourse in this important area.

On a personal note, I would like to reminisce about Professor Rehman's tenure, now marking 30 years at CPD. In 1993, during my government service, Professor Rehman used to bring draft papers to my office for processing and approval to operate as a think tank. It is a pleasure to see you still at the helm after three decades, and I wish you continued success, aiming for 50 years and beyond. Good luck to you.

I would also like to acknowledge Dr Ishrat Husain, who mentioned his time in Chattogram as an additional Deputy Commissioner in the mid-1960s. Coincidentally, 30 years later, I served as Deputy Commissioner in the same district. It is these connections that bring us together today.

Reframing involves reinterpreting what existed before, which is a favourite area of mine. For thousands of years, our ancestors lived, walked, ran, moved, and traded in this region before the arrival of colonial masters from the North. The roots of trade are documented in ancient texts, stories, and books such as the Great Silk Road, a route extending from the Indian subcontinent to the West, encompassing Egypt, Lebanon, and the Roman and Greek regions. Thus, trading is not a recent development for us; it has been a part of our history for millennia.

Unfortunately, the culture of living in freedom, working in freedom, and moving around our great homeland, now known as South Asia, has been with us for thousands of years. However, we are now divided by borders, compelled to follow border regimes, fill out passports and visas, and respect many other restrictions. As a result, not only ordinary people but also trade have been affected.

The Bangladesh Institute for Development Studies (BIDS), a government-launched think tank, shared some compelling figures with me. According to their findings, currently only 8 per cent of the total global trade of South Asia occurs within the member countries themselves. This is a stark contrast from an earlier time when it was 100 per cent while we walked together across each other's territories, sharing cultures.

I am highlighting the new reality of the world with its borders, fences, and other barriers. These are issues we must resolve before we can envision closer human connections, trade, and prosperity. Unfortunately, achieving that dream seems beyond our reach at this moment. However, I don't want to be overly pessimistic. We are making progress. Since gaining independence from British rule in 1947 and from Pakistan in 1971, we have been making inroads.

For example, data from the BIDS demonstrates notable progress. In 1718, India was the 12th among the 50 destinations Bangladesh traded with. Recently, it has climbed to 7th place. This rise of is promising, and I am optimistic that we can further enhance and fortify these relationships.

The essence of my point is not in today, but in the future, which holds unlimited potential. Therefore, my submission today is that we must gradually dismantle the culture of distrust and fear that colonial masters instilled in us, for reasons we won't delve into here. It is our collective responsibility now, whether in Colombo, Islamabad, Dhaka, Kabul, or Male, and even in Afghanistan, to work towards removing these barriers and easing trade.

Prime Minister of Bangladesh, Sheikh Hasina, has been remarkably proactive not only on the global stage but also within our region. The first requirement for better trade and movement is improved infrastructure. As I speak, she is inaugurating the Dhaka North to Dhaka South Metro Rail, reducing a journey that took 7 to 8 hours to just 31 minutes—a significant leap forward.

Under her leadership, we can now travel from Dhaka to Kolkata by land route over the Padma Bridge in just 4 hours, a journey that used to take days. Since her second term as Prime Minister began in 2009, she has been instrumental in reopening and restoring trade and human connections that were severed during the British era and

subsequent times. Rail and road links that were closed after our independence in 1947 and during the 1965 war have been restored.

Furthermore, under her dynamic leadership, we have linked historical and economically viable routes that were built over thousands of years of trade. These efforts are geared towards fostering more trade, movement, and collaboration, ultimately leading us towards a brighter future, free from distrust, suspicion, and fear.

I would also like to highlight another significant initiative: our government's opening of border haats, where traders from both sides can meet and trade in local currencies—Taka and Rupee. This has been a transformative step, benefiting thousands of people who engage in cross-border trade regularly. We aim to open more such border trade hubs to further facilitate eased trade and mutual welfare between our countries.

Ladies and gentlemen, in addition to the barriers I have just mentioned, there are other hurdles such as bureaucratic red tape, visa regimes that take days to navigate, and passport requirements that can take years. All of these need to be streamlined if we are serious about promoting welfare for the nearly 1.7 billion people living in this region.

There are also non-tariff barriers like revenue matters, customs issues, cultural differences, and occasional tariffs that need continuous dismantling. This concerted effort is crucial for real progress and prosperity.

Leaders of South Asian countries must continue to work together diligently to dismantle these colonial vestiges for the betterment of our people and the world. I must acknowledge previous efforts like SAARC and BBIN, which, while promising, unfortunately did not fully materialise. Understanding why these initiatives faltered is crucial for future success.

We can draw lessons from successful examples like the European Union. Energising and revitalising regional initiatives like BBIN and SAARC are within our grasp. It is incumbent upon the leaders, including my Prime Minister and those of Pakistan and India, to ensure that these lingering colonial barriers are removed permanently.

Beyond trade, investments are flowing between India and Bangladesh, which is a positive sign. We must foster an environment where such exchanges are viewed positively and encouraged. For instance, Bangladesh sees the highest number of visitors to India globally, underscoring the potential for mutual benefit.

Moving forward requires more than speeches; it demands practical actions to discard outdated bureaucratic obstacles inherited from colonial times. These are not sentiments borne out of hatred or anger but a recognition of the realities that hinder our collective progress.

In Bangladesh, under the leadership of our Prime Minister over the last 15 years, significant strides have been made in resolving issues like the enclave problem with India. These enclaves were remnants of British colonial rule, and their resolution has improved the lives of millions of people who lived in these disputed territories.

Prime Minister Sheikh Hasina has successfully resolved longstanding issues that date back to agreements made in the 1950s. These efforts have liberated millions of people from enforced constraints within their own borders. We have also settled disputes over the Bay of Bengal, including issues with sandbanks and islands, through dialogue with our neighbours India to the west and Myanmar to the east. These discussions included international arbitration, such as the International Court of Justice or other UN mechanisms, which both Myanmar and India have acknowledged and accepted.

These successes highlight that with determination and a willingness to engage in dialogue, whether bilaterally or through international forums, it is possible to resolve complex issues and foster better relations among nations.

I would also like to mention that there are many ways in which we can collaborate. Infrastructure and power are crucial areas where cooperation can yield significant benefits. In Bangladesh, the demand for power exceeds current production levels. It makes economic sense to transmit power from the western regions of India to our eastern regions. Additionally, we can explore power trade opportunities with Nepal and Bhutan, ensuring mutual benefits for all countries involved.

I must mention that some years ago, though I cannot recall the exact date now, there was an agreement among India, Bangladesh, Nepal, and Bhutan for the free movement of traffic on roads. Regrettably, this agreement has yet to be implemented, despite being signed several years ago. This serves as an example where issues beyond trust hinder progress. In Bangladesh, we are eager to see this agreement come into effect and are prepared to move forward if our neighbours are ready.

Our foreign policy places utmost importance on our neighbours. We believe in engaging with them first, socially and diplomatically, before extending our interactions further. This principle remains fundamental in Bangladesh's approach to foreign affairs.

Ladies and gentlemen, I could continue discussing various topics, as I am accustomed to in politics. Among scholars, economists, and think tanks like yourselves, my appeal would be for you to continue your valuable work. Your research and analysis, such as quantifying the potential gains from increased trade, are crucial for informing policymakers. Meetings like this Fourteenth South Asia Economic Summit are invaluable for fostering regional cooperation and should continue in the future. We are eager to support your efforts in any way we can.

Thank you once again for the warm invitation and good luck to everyone. Joy Bangla!

Dr. Shirin Sharmin Chaudhury, MP

Hon'ble Speaker

Bangladesh Parliament, Bangladesh

It is indeed a great pleasure and a very special privilege for me to join this session on 'Reframing South Asian Regional Cooperation in the New Context: National and Global Dimensions'. I thank CPD for organising this event and for giving me the opportunity to share some thoughts with you.

We have with us today the special guest, Honourable Planning Minister Mr M.A Mannan MP, the chair of the session and Founding Chairman of CPD, Professor Rehman Sobhan, esteemed guests and resource persons, experts, governors and former governors from the region, distinguished participants and media representatives.

Ladies and Gentlemen, Assalamu Walaikum and good morning.

It is an honour to join you today at the Fourteenth South Asia Economic Summit (SAES), organised to discuss regional cooperation and development in South Asia. The CPD is hosting SAES XIV jointly with the Institute of Policy Studies of Sri Lanka (IPS, Colombo, Sri Lanka), the Research and Information System for Developing Countries (RIS, New Delhi, India), the South Asia Watch on Trade, Economics and Environment (SAWTEE, Kathmandu, Nepal), and the Sustainable Development Policy Institute (SDPI, Islamabad, Pakistan).

The previous SAES events have put forward various recommendations pertaining to the effective management of economic resources, accelerated poverty reduction, and inclusive growth in South Asia. They have also discussed issues concerning

trade and business promotion, investment and connectivity, regional harmony and security, and pathways to address the adverse impacts of climate change. All these continue to be extremely significant issues that deserve continuous attention in both national and regional settings.

The past SAES events have also centred their discussions around emerging issues such as the global financial crisis, recovery from the crisis, the sustainable development agenda, and the 4IR. The last conference was in 2016, and this is 2023, so a considerable length of time has passed. During this period, we have faced the COVID-19 pandemic, which has impacted us in many different ways. Like the rest of the world, South Asian countries are continuing their battle to recover from the adverse impacts of the COVID-19 pandemic. The war in Ukraine and subsequent global economic shocks are also having multi-dimensional impacts on South Asian countries. The ongoing conflict in Palestine is likely to exacerbate the situation further.

In this backdrop, the theme of the Summit—'Reframing South Asian Regional Cooperation in the New Context: National and Global Dimensions'—is very appropriate and relevant. This theme not only resonates with Bangladesh but also aligns with the broader aspirations of South Asia. As the region strives towards common goals such as eliminating poverty, ensuring decent employment opportunities, reducing inequality, achieving climate resilience, and enhancing participatory governance, the necessity to generate knowledge, evidence, and share ideas cannot be overstated.

Given this context, SAES XIV provides an excellent platform to discuss these critical issues by bringing together some of the brightest minds and key players from South Asia and beyond. It is very encouraging to note that the broad themes of SAES XIV relate to the deepening of South Asian cooperation and regional integration, while also acknowledging the new realities at both national and global levels.

During the deliberations of SAES XIV, discussions will focus on concrete measures regarding how South Asian countries can collaborate to stimulate economic development, deepen cooperation in energy and public health, manage labour markets, develop value chains, and address climate change-induced vulnerabilities. Additionally, the critical issue of empowering women in the region and ensuring gender equality will also be discussed. It is hoped that these discussions and deliberations will generate solutions that policymakers can utilise to take concrete policy initiatives and practical steps towards the sustainable development of South Asia, ultimately benefiting the vast population of our region.

We already have various frameworks, such as the SDGs, to which there is a global commitment to be achieved by 2030. However, there is a significant funding gap of approximately 4 trillion USD to meet the requirements of fulfilling these SDGs. Therefore, much thought is being put into how this resource gap can be mobilised. Countries need to develop innovative policies within the framework of their own national budgets and domestic resource mobilisation to address this gap.

Moreover, engaging the private sector in financing the SDGs is crucial. While private sectors are generally profit-driven, to build back better and greener, as pledged post-COVID-19, we need to embrace corporate sectors and encourage green investment, moving beyond mere profit motivations. As the South Asian region increasingly adopts a forward-looking approach, it stands to benefit from the growing global flow of capital and trade, and from tapping into the potential for intra-regional economic cooperation.

In this backdrop, it is high time to take more effective steps and coordinated efforts towards initiating a more dynamic South Asia. It is hoped that SAES XIV will continue the excellent track record of past SAES events and prove to be an important platform to help us share best practices for delivering optimal results towards the development of our countries. We also have the BIMSTEC and BBIN as other frameworks for cooperation that we need to explore.

Ladies and gentlemen, I would like to address the improvements Bangladesh has made in the realm of inequality of opportunity and intergenerational mobility. Bangladesh has experienced significant progress in these areas, especially in terms of access to education and health services. Primary education access for girls has now reached 98 per cent. Our children have a better chance of overcoming the disadvantages of their parents' socioeconomic status, thanks to our concerted efforts in developing an inclusive society.

This progress has been possible due to the effective use of findings from research in shaping our policies and interventions, ensuring that our actions are grounded in data-driven insights. A robust demographic dividend, strong readymade garments exports, resilient remittance inflows, and stable macroeconomic conditions have supported rapid economic growth over the past two decades. Bangladesh tells a remarkable story of poverty reduction, from 40 per cent to 18 per cent, when compared to other South Asian countries.

Bangladesh has made substantial progress in addressing gender inequality. The Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, initiated the process of uplifting the status of women by establishing their equal rights in the constitution

under Article 28. The Honourable Prime Minister, Sheikh Hasina, has undertaken various steps to ensure the development of women and children in Bangladesh. The nation's improvement in the Gender Development Index and Gender Inequality Index has outpaced many other nations due to initiatives such as the STEM programme for girls, women's skill development programmes, women's ICT training programmes, the 'Her Power' project, and the National Women Development Policy. Additionally, addressing women's poverty through social safety net protection has been a priority.

We are striving to build a future where men and women can realise their full potential, unhampered by gender discrimination. The overall macroeconomic situation in the country has been maintained post-COVID-19, with many efforts put in place to deal with the post-pandemic situation. After successfully implementing the pledge to build a Digital Bangladesh, the country is now moving forward with the vision of transforming itself into a smart nation. Prime Minister Sheikh Hasina is working towards the implementation of the SDGs by 2030 and building a Smart Bangladesh by 2041.

Smart Bangladesh is all about establishing an equitable nation with equal rights, equal opportunities, and no marginalised groups. A cost-effective, sustainable, intelligent, knowledge-based, and innovative Smart Bangladesh will be built on four main foundations: Smart Citizens, Smart Economy, Smart Government, and Smart Society. Bangladesh's economic development will flourish alongside the attainment of the cherished goal of building Smart Bangladesh through the generation of new entrepreneurs and vibrant activities.

I wish the Fourteenth South Asia Economic Summit, titled 'Reframing South Asian Regional Cooperation in the New Context: National and Global Dimensions', great success. I thank the organisers for arranging this event in Dhaka, Bangladesh, and for the opportunity to be here and share my thoughts with the distinguished participants. Thank you all for your kind attention. Joy Bangla! May Bangladesh live forever.

Professor Rehman Sobhan
Chairman
Centre for Policy Dialogue (CPD)

Honourable Speaker, Planning Minister, distinguished fellow partners on the table, esteemed colleagues, and friends, it is a great pleasure and honour, both personally

and on behalf of my institution, to welcome you here not just to attend the Fourteenth SAES but to join us in celebrating the 30th anniversary of CPD. CPD began its journey in November 1993, and this event, the Fourteenth SAES, is therefore a landmark event for us to launch.

The 30th Anniversary celebrations for CPD will continue over the next year, marking the start of CPD's main activities in 1994. It is fitting that we are launching this milestone alongside the Fourteenth South Asia Economic Summit (SAES), as it highlights the core nature of the CPD project.

CPD was founded on the premise that the major problems of society, whether regional or global, should be addressed through collective action between the state and civil society. Instead of tackling these problems through confrontation, they should be approached through a more civilised process of reasoning and discussion. This approach has enabled us to take on contentious issues at both the official and regional levels, where discussions have often been interrupted by various political developments.

The South Asian initiatives of CPD began when the idea of South Asian cooperation through SAARC was in its early stages, with uneven progress. Bringing together institutions of civil society to address these issues, provide creative inputs, and create fora for discussion that could then contribute to the official summits was a crucial component of our mission. It is noteworthy that we have sustained this process over 15 years and through 14 summits, even as the institution of SAARC has faced challenges.

Much has changed in South Asia over these years. SAARC itself was established in 1985, but it was preceded by various civil society initiatives that identified possibilities for cooperation. Interestingly, the prime movers for creating a South Asian community were not the governments but the citizens of South Asia, acting together through civil society organisations. This is a significant factor to keep in mind, especially considering the fluctuations in relations between the states of South Asia, which have created both opportunities and setbacks for the process of cooperation.

South Asian civil society has remained active, but its activities must be contextualised within the broader changes affecting the states of South Asia, their economies, and their relationship to the global economy. Much has evolved in South Asia since the founding of SAARC. This has been highlighted by the remarkable developments introduced by Professor Sachin Chaturvedi and pointed out by our Planning Minister. Dr Ishrat Husain's presentation also provided insights into these changes.

Thirty years ago, the world shaped our thinking at the civil society level, but significant transformations have occurred since then. For example, the booklet circulated by CPD to all participants details various data points, illustrating the transformative changes in South Asia, such as GDP growth, macroeconomic management, poverty reduction, and human development.

I recently reviewed a paper by Professor Paul Streeten, examining the initial publication of 'South Asian Drama', and compared it to Professor Deepak Nyaar's recent work, 'Revisiting the Asian Drama'. This comparison reveals that many of the original pessimistic assumptions have been disproved. South Asia, within the wider Asian context, has emerged as a leader in global economic changes. This is a crucial contextual factor we must consider.

The world has not stood still during this period. We have a special session addressing the geostrategic changes and their impact on South Asia and regional cooperation. While South Asian institutional cooperation has been virtually stagnant, other relationships have emerged at both the sub-regional and broader Asian levels, affecting how we interact with one another.

Our bilateral exchanges have also advanced many of the developments mentioned by the Planning Minister at the bilateral level. These changes have transformed the infrastructure and logistics that govern relationships between India and Bangladesh in a significant way. Many of the benefits are yet to fully materialise, but when they do, they will have important consequences for our relationship.

However, the key point that emerges from this is that most of the significant transformations in individual South Asian countries, which drive our relationship with the global economy, do not originate within the South Asian community itself. Instead, they largely originate within the individual countries of South Asia and how they interact with each other.

When discussing South Asia and the progress made, including in trade enhancement, most of these advancements are observed at the bilateral rather than the South Asian or multilateral level. This aspect holds great significance, especially when addressing this issue in a conference focused on regional cooperation in the new context. It requires us to consider this challenge within its broader regional context.

If the major changes underway are driven by our own internal dynamics within individual countries, then how we respond to global system changes and how this impacts our participation in various regional and sub-regional exchanges becomes crucial. For instance, as Bangladesh looks to its future beyond the LDC category, it

seeks arrangements that influence its role in the global arena, such as partnerships with the European Union (EU).

Our interactions at the South Asian level have not significantly addressed these issues. A notable example is Bangladesh's concessions obtained through South Asian cooperation, particularly the duty-free access from India earlier this century, primarily under the LDC framework. However, as Bangladesh progresses beyond LDC status, it will need to renegotiate relationships not only with the EU but also with its significant neighbour, India.

These are critical issues that should have been discussed within the South Asian framework earlier. As we approach the forthcoming this Summit, it is essential to recognise that while we discuss South Asia as a region and our interactions within it, the region itself is largely inactive. Therefore, as members of South Asian civil society, we bear the responsibility of maintaining and advancing cooperation agendas despite regional challenges and inactivity.

This responsibility is significant and underscores our role in shaping the future of regional cooperation in South Asia.

Now, to move forward, I will offer some suggestions for SAARC itself and conclude my remarks. As I reviewed the documentation from previous SAARC conferences, SAARC was established to bring together a wide array of stakeholders in South Asian cooperation, including governments, political players, the business community, and civil society. The goal was to identify areas where cooperation could thrive.

Looking back to 2008, when the first SAARC was pioneered by the late Saman Kelegama, whose passion for constructing a South Asian Community is deeply missed, it is crucial to reflect on how strongly this passion continues amongst us all. The primary objective then was to pinpoint specific areas where cooperation could effectively occur.

Therefore, it is imperative that we revisit these founding principles and refocus our efforts on identifying and promoting areas of cooperation within SAARC. This includes encouraging dialogue and collaboration amongst governments, engaging political and business leaders, and involving civil society in shaping the future of South Asian cooperation.

In conclusion, I urge all of us to reaffirm our commitment to the vision that Saman Kelegama held dear and to actively pursue meaningful cooperation across all sectors within SAARC. This dedication is essential for realising the shared goals and aspirations of a united South Asian community.

If you examine the successive agendas that have guided the discussions of SAARC over the years and compare them with our current agenda, you will notice that a range of issues have been identified consistently across different sessions for a long time. Issues such as energy, transport, labour, climate change, and macroeconomic cooperation have been recurring themes in various parallel sessions. These topics have formed a substantial part of SAARC's agenda for many years.

However, what seems to be lacking is a collective memory of this process. To understand the discourse that began 15 years ago, one would have to sift through 14 volumes of reports from past conferences. It is uncertain how many of us have even a few of these volumes on our shelves, let alone how many would take the time to revisit them. What we need as a community is to reconstruct this memory in an organised and institutionalised manner.

SAARC, structured around five institutions that come together sporadically for events, does not facilitate the continuity of this memory. Therefore, I propose that SAARC should establish an institution, potentially partnering with the South Asia Centre for Economic Cooperation, which could be tasked with reviewing the issues itemised since the first SAARC. This institution would assess progress made in each area, track changes in conversations and agendas, and provide a comprehensive overview for future SAARC meetings.

This approach would ensure that the next SAARC meeting is grounded in a collective memory of past discourses on cooperation in South Asia, taking stock of real-world developments and addressing issues relevant to civil society across the region. This would be a significant challenge requiring institutional engineering, and I suggest that RIS could take up this responsibility, leveraging its experience from hosting the South Asia Centre for Policy Studies.

We gather here as citizens of South Asia under the premise that there exists a South Asian community. It is our responsibility to ensure that our assembly results in meaningful progress and addresses the concerns of our diverse civil societies across the region.

I encourage everyone present to reflect on the remarks made at last year's 13th Summit hosted by RIS and Shrimati Minakshi Lekhi, Minister of State for External Affairs. She noted, 'When considering any of the countries in our neighbourhood—whether Nepal or others—it is clear that these are our friends: Sri Lanka, Bangladesh, and importantly, they are our kith and kin. India and this region have historically been interconnected through the monsoon winds. Therefore, South Asian cooperation is not merely about statistical tables for inter-regional trade, investment, GDP growth,

or poverty. It embodies a civilisational concept rooted in our shared history and geography’.

Lekhi highlighted that in the post-colonial era’s early days, South Asia was the world’s most integrated region, surpassing even Europe. Over time, however, this connectivity has been lost, necessitating civil society to lead efforts to reconstruct the region’s unity. She stressed the current opportunities for progress, given our advancements and lessons learned.

She emphasised the need for civil society to move beyond occasional seminars, advocating instead for institutionalised collaboration that actively shapes 21st-century agendas and engages a broader audience. Lekhi underscored the importance of building a collective identity for South Asia, positioning it as a cohesive community.

In conclusion, I hope the upcoming discussions will generate diverse ideas for addressing these challenges. I also encourage consideration of Lekhi’s proposal to establish an institutional memory for SAARC dialogue processes, enhancing continuity and effectiveness.

Finally, I commend all participants for joining in the celebration of CPD’s 30th Anniversary and reaffirm our commitment to the vision of a unified South Asia.

**STATEMENTS
AT THE
CONCLUDING SESSION**

Dr Fahmida Khatun

Executive Director
Centre for Policy Dialogue (CPD)

On behalf of the Centre for Policy Dialogue and our co-organisers, I would like to welcome you to this closing session. After two days of discussion, we are about to conclude. Over these two days, we have addressed a number of issues. As I mentioned earlier, and as you have observed, there were 9 parallel sessions and three plenary sessions. The topics ranged from macroeconomics, health, and women's empowerment to labour market issues, the role of knowledge actors, and many more. We indeed have a lot to consider moving forward.

In this closing session, we plan to present a very brief summary of what has been discussed during these two days. It is not exhaustive, but it aims to provide a flavour of the important issues we have covered. That is on the agenda. Additionally, we have a few distinguished speakers and our co-organisers.

In this session, we have Professor Rehman Sobhan as the chair, who is the Founding Chairman of the Centre for Policy Dialogue. We have guests of honour, Ms Irosha Cooray, Director, Education Security and Culture South Asian Association for Regional Cooperation (SAARC), whom you know by now, and Mr Florian Höllen, Head of Cooperation, Embassy of the Federal Republic of Germany. We also have Mr Stefan Liller, Resident Representative, United Nations Development Programme (UNDP), Bangladesh. Furthermore, we have two of our co-organisers: Professor Sachin Chaturvedi, who is on his way and will join us shortly as he has to leave soon, and Dr Paras Kharel, the Executive Director of South Asia Watch on Trade, Economics and Environment, South Nepal. The next SAES will be held in Nepal and organised by SAWTEE, so we will be passing the baton to him.

To start with, I would request our Research Director, Dr Khondaker Golam Moazzem, to present the conference summary.

Dr Khondaker Golam Moazzem

Research Director
Centre for Policy Dialogue (CPD)

Honourable Chair of the session, Professor Rehman Sobhan, Chairman of the Centre for Policy Dialogue; esteemed guests of honour; distinguished speakers;

session moderator; visiting fellow travellers of South Asia; guests from Bangladesh; journalists and media representatives—We have reached the conclusion of the two-day-long Fourteenth South Asia Economic Summit. This event has provided us with the valuable opportunity to discuss a variety of issues related to South Asia under the overarching theme: ‘Reframing South Asian Regional Cooperation in the New Context: National and Regional Dimensions’.

As you have already heard, a total of three plenary sessions, 9 parallel sessions, and one inaugural session have been organised during this two-day event. We have had as many as 70 panellists and 90 interventions. All the sessions were well-attended by enthusiastic participants. We would like to extend our heartfelt thanks to all the session chairs, panellists, and participants for their valuable contributions and active engagement.

A team led by Mr Towfiqul Islam Khan, Senior Research Fellow at CPD, has done an excellent job in preparing the session notes within a short period of time. I believe the conference’s overall focus is on how to advance South Asian regional partnership and cooperation.

Despite the changes and challenges in the national and international arenas, Professor Rehman Sobhan, in his inaugural remarks, emphasised the milestone of our journey towards building a South Asian community. He urged civil society organisations, along with state agencies, to take collective action in this direction.

During the summit’s inauguration, speakers appreciated the economic development in South Asian countries over the past decades, marked by persistent high growth, smaller gaps in investments, and the enhancement of cross-border energy trade. However, it is acknowledged that growth in the region is diverse. Besides state actors, civil society organisations have played a major role in poverty alleviation, reducing gender disparity and empowering women, promoting human rights, advancing education, and enhancing agricultural development. Some of these developments have occurred through bilateral partnerships, with road and rail connectivity serving as prime examples.

The key question remains: to what extent can this growth narrative be seen as strong regional cooperation in South Asia? Regarding challenges, speakers discussed bilateral tensions between South Asian countries, shifting geopolitics, conflicts in the Middle East and Eurasia, food security concerns, climate change, the challenges of graduating from LDC status, persistent high income inequality, gender disparities, unplanned urbanisation, and trade restrictions, particularly in food and other essential sectors.

Multilateral development agencies have been working primarily at the single-country level, especially on connectivity projects. However, there is a lack of projects that promote cross-border regional connectivity through multilateral development finance. The South Asian Association for Regional Cooperation (SAARC) has a role to play but has yet to make a significant impact in this context. Several SAARC-based institutions, like the SAARC Development Fund, SAARC Food Bank, and SAARC Bank, are not yet operational.

Cross-border road connectivity projects, such as the BBIN initiative, are still pending due to political differences. The speakers recommended promoting cooperation and partnership despite the changing national and regional contexts. This includes further assistance for the graduating LDCs of South Asia—Bangladesh, Bhutan, and Nepal—collective work on climate change issues, including information sharing and cross-border disaster management, and ensuring the operationalisation of SAARC institutions, particularly the SAARC Development Fund, SAARC Bank, and SAARC Food Bank.

Additionally, they suggested avoiding restrictive trade practices, particularly in food and essential drugs, leveraging global and regional value chains, encouraging public and private sector investments in green and sustainable finance, integrating basin management for South Asian River systems, easing visa restrictions, and reducing trade barriers to enhance regional trade.

In the first plenary session, which focused on the state of regional cooperation in South Asia and revisiting the report by the Group of Eminent Persons (GEP), speakers discussed the aspirations outlined in the GEP report and the issues that have emerged over the last 15 years. Since the global financial crisis in 2008, world trade has failed to regain momentum, and international investments have plateaued. This phenomenon, often referred to as ‘slowbalisation’ instead of globalisation, was a key topic of discussion. The session highlighted a shift in focus from the financial economy and hyper-globalisation to the real economy.

Panellists mentioned that SAARC should not be hindered by intergovernmental differences and can benefit from learning from ASEAN. Despite bilateral tensions among ASEAN member states, they continue to collaborate and progress towards their goals. Sub-regional cooperation can also focus on areas like trade facilitation, connectivity, and disaster management.

Given the current context, the creation of a new GEP has become necessary. This new GEP should take into account the lessons of the past, including what has worked and what has not, necessitating an evidence-based assessment.

In the first parallel session on multi-modal transport, the speakers highlighted several challenges related to multi-modal connectivity, particularly concerning geopolitical issues. They mentioned governance challenges, existing poor infrastructure, bureaucratic bottlenecks, and the lack of alignment between national and regional planning. Customs and logistics facilities at borders are inconsistent on both sides, and there is a significant lack of harmonisation among states and regions regarding customs procedures. Trust deficits also pose a major obstacle to multi-modal connectivity.

Despite these challenges, there has been some progress in bilateral and sub-regional integration initiatives. These initiatives should be expedited to pave the way for more extensive regional cooperation in the future. The role of the private sector needs to be broadened, with suggestions that private sector airlines could facilitate port sharing with other airlines to improve multi-modal connectivity. Additionally, it was mentioned that an agreement needs to be reached on the structure, framework, and modality of finance for multi-modal connectivity within the region.

In the parallel session on macroeconomic cooperation and the possibility of a common currency, the speakers discussed the dominance of the US dollar and the prospects for de-dollarisation. They explored the potential for a single currency outside of the US dollar, considering alternatives such as a digital currency or a pool of currencies to take its place. It was noted that over the years, the share of the USD in global transactions has decreased from 72 per cent in 2000 to 59 per cent in 2023. Despite this decline, no other currency is yet fully ready to assume the dominant position.

The session highlighted that fostering cooperation in South Asia requires going beyond physical connectivity and necessitates the integration of digital connectivity, particularly in banking and finance. Clear mechanisms for cross-border transactions and various types of current account and capital account transactions are essential. Harmonising tax policies, such as customs duty rationalisation and congruent income tax policies, is vital to combat profit shifting and ensure collective fairness.

South Asian countries, including India, as part of the G77 plus China, may consider setting up a virtual currency akin to Special Drawing Rights. Establishing institutional learning and sharing mechanisms, where institutions like Central Banks convene regularly, is critical. This ensures continuous discussions on inflation differentials, currency system adjustments, and interest rate fixations in different countries.

In the parallel session on ‘Towards an Integrated Energy Grid’, the panellists discussed the significant potential for cross-border energy trade due to the seasonal variation of energy demand and supply. Nepal and Bhutan, for instance, have

surplus hydropower during the monsoon seasons, while Bangladesh experiences lower electricity demand during winter. This variation creates an opportunity for energy trade, particularly in clean energy, which could be facilitated through cross-border integration.

Although there are several bilateral energy trade models currently in operation, there is a lack of a regional institutional framework. Establishing such a framework is essential, and collaboration with the Bangladesh, Bhutan, India, Nepal (BBIN) initiative could serve as a starting point, with SAARC eventually stepping in to support regional cooperation. Starting regional cooperation for green energy integration depends on two key factors: geopolitical stability and technological transformation. India, in particular, has a significant role to play in facilitating regional grid integration and energy cooperation.

Meaningful cooperation in the South Asian region must include all South Asian countries. Governments need to design business-friendly policies and structures to incentivise the private sector to participate in establishing a regional grid transmission system. The economic cost of climate change is much higher than previously anticipated, and as part of mitigation measures, substantial investment is required for energy transition. Each country should initially focus on their infrastructure and technology and later invest in skilled workforce, knowledge, and soft skills to ensure a smooth transition.

In the second plenary session, titled 'Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia', discussions centred on potential agreements and strategies for enhancing regional cooperation. A significant topic was the missed opportunity of a potential agreement between India and Pakistan to grant each other Most Favoured Nation (MFN) status, which came to a halt in 2014 due to political differences. Reviving this agreement could link to SAFTA, thereby reducing the negative risks associated with exports from Bangladesh, Pakistan, Sri Lanka, and Nepal.

Traditional approaches to cooperation have been too top-down, government-led, and overly focused on economic growth and development. A more people-centric approach, involving non-state actors such as civil society and the private sector, is needed in developing and implementing regional cooperation initiatives. The issue at hand is whether regional cooperation in South Asia has evolved from an aspirational and ambitious approach to a more pragmatic political model.

One suggestion was the establishment of a 'South Asian Aid' similar to the G7 or G8 countries, with rotational leadership and a joint commitment to maintain unity. This South Asian Aid would need to be distinct from the SAARC process, allowing

more flexibility and creating political momentum for heads of state meetings. While regional cooperation often focuses on infrastructure and connectivity, it should also address education and public health, areas more closely linked to people's well-being.

To achieve this, it is necessary to ensure certification, standardisation, and accreditation to handle the excess demand for higher education. Institutionalising the learnings from COVID-19 is also an important public health issue.

In the third plenary session on 'Geostrategic Factors Underpinning Contemporary Trends in South Asian Cooperation', it was noted that regionalism is a process that begins in people's minds. Unfortunately, in South Asia, this process has not deeply taken root. The weaponisation of economies, culture, business, and politics often overshadows cooperation efforts. Overcoming these challenges is crucial for the region to thrive and play a significant role.

The session suggested that multipolarity should be considered alongside multilateralism. Prioritising the prosperity of people over aspirations for superpower status is essential. Countries need to focus on cooperation, coexistence, and peaceful cohabitation. The political dynamics within sub-regional groups should be managed carefully, considering the diverse voices and aspirations within South Asia.

It was noted that within South Asia, there are states asserting their voices and seeking multiple alliances, necessitating a framework for organisation and conflict resolution mechanisms to ensure stability and cooperation.

In the parallel session on climate change and resilience, it was emphasised that the cost of climate finance within the region needs to be reduced, and governments should ensure effective policy implementation. Simultaneous implementation of adaptation and mitigation strategies is crucial. Partnerships between different vulnerable cities in South Asia are also necessary. Cities situated in inappropriate locations or lacking proper planning are disproportionately affected and require government support.

The impact of climate change in coastal areas is severe, with high actual costs of damage. South Asian countries need to focus on technology transfer, green tech solutions, and sustainable agricultural technology. Conference of Parties (COP)28 should be seen as a significant platform to raise South Asian demand for water and coastal security, addressing issues related to climate finance like loss and damage.

Promoting green energy is vital, and early warning systems for climate events are important for implementation. Sharing resources across nations has potential to address challenges associated with climate change, including cross-border labour

market management. Poverty is identified as a primary cause of unsafe migration within the region, with human trafficking also a major concern. Undocumented regional migration is widespread but often not reflected in official statistics, leading to migrants entering the informal sector with low wages and higher risks of discrimination.

National security concerns and conflicts between natives and non-native workers pose challenges to cross-border labour migration. A study focusing on skill demand analysis across South Asian countries is recommended to identify available skills and opportunities for regional labour migration. ASEAN's experience and models can provide valuable insights into regional labour migration strategies.

Gender norms in South Asia restrict women's entry into the job market and their progression into higher employment sectors. Therefore, uplifting women's skills is essential, and harmonised accreditation of skills regionally could enhance their job opportunities through cross-border labour markets.

In the parallel session on value chains and FDI, it was highlighted that South Asia's historical advantage of providing affordable labour and resources is diminishing as both labour and resources become more expensive within the region. There is, therefore, a growing need for increased FDI, with the belief that FDI and global value chains can mutually strengthen each other.

However, it was also emphasised that promoting local Small and Medium Enterprises (SMEs) and Community-Based Small and Medium Enterprises (CSMEs) is crucial. Relying solely on foreign direct investment may not suffice. Chambers of Commerce in South Asia should play a role as mediators between the private sector, focusing not only on large industries but also on supporting SMEs. Governments should enhance value chains to facilitate greater participation of SMEs.

The potential for reviving food corridors was discussed as a means to promote regional cooperation. South Asian countries were encouraged to collaborate on green initiatives, including harmonising environmental standards for traded products as a possible area of cooperation.

In the parallel session on the role of knowledge actors in advancing a new political settlement in South Asia, it was noted that there has been a longstanding tradition of collaboration among think tanks in the region. Various coalitions of think tanks have worked collectively since the 1980s, focusing on promoting evidence-based policy, providing forums for open dialogues, and complementing official processes to monitor progress. However, think tanks face several challenges today, including

sustainability, funding shortages, and reduced civic spaces. To maintain their independence, it is crucial for think tanks to remain objective and neutral.

Moreover, it was emphasised that enhancing political settlements requires the involvement of various knowledge actors such as think tanks and researchers. Strengthening networks and fostering cooperation through visits and collaborations among countries in the region is essential to build a solid foundation. Knowledge sectors, universities, and think tanks should innovate with new ideas, fellowships, and knowledge transfer programmes, including student exchanges, to further enhance cooperation.

In public health cooperation, three major areas for collaboration in South Asia were highlighted. These include developing inclusive healthcare systems through telemedicine, collaborative efforts in combating diseases like TB and COVID-19, and integrated pharmaceutical production and investments. Achieving universal public healthcare faces challenges such as financing and inadequate infrastructure, necessitating models like a regional universal health coverage system similar to ASEAN's approach.

Regarding gender equality and women empowerment, the session underscored challenges such as access to information and finance for women entrepreneurs, high dropout rates among female students in tertiary education due to safety concerns, and the need for a supportive environment to balance work and personal life. Addressing discriminatory laws across South Asian countries and revising them to ensure gender parity were also highlighted as crucial steps forward.

These sessions provided key insights into pressing issues facing South Asia, emphasising the need for comprehensive regional cooperation and inclusive policies to foster sustainable development and equitable growth across the region.

Professor Sachin Chaturvedi

Director General

Research and Information System for Developing Countries (RIS), India

Thanks, Dr Fahmida and thank you, Dr Moazzem, for delivering such a comprehensive summary. Your passion and engagement were evident, reflecting your deep involvement in the discussions. Ladies and gentlemen, as we come to the close of this impactful two-day event, the summary clearly demonstrates that all sessions and plenaries covered substantive issues.

I would like to pick up where I left off in the inaugural session and reflect on the enriching discussions we have had over the past two days. Yesterday was particularly enriching, building on the points Professor Rehman Sobhan highlighted initially about our collective contribution to shaping a South Asian identity. This remains central to us and should continue to guide the South Asia Economic Summit process and its involved institutions.

As many of you know, SAES is a collaborative process led by a different institution each year but involves all partner institutions. It is a significant occasion for us to be in Dhaka, celebrating CPD's 30 years. Once again, Dr Fahmida, congratulations to you and your team. My greetings also go to Professor Rehman Sobhan, Dr Debapriya Bhattacharya and Professor Mustafizur Rahman for their enduring contributions over the years.

I have a couple of key points to share. It is crucial for us to recognise the importance of revitalising SAARC and further developing the institutions created under its umbrella. Sitting next to me is Irosha Cooray, the director from SAARC Secretariat, and I believe all of us in the research community feel the imperative to enhance and build upon SAARC's foundations.

Moreover, the suggestion raised regarding new dynamics, such as the proposed South Asia Aid or similar initiatives, holds promise. This could mark a significant step forward in our regional cooperation efforts.

There was significant recognition of sub-regional, micro, regional, and bilateral engagements throughout the discussions. However, it is imperative for the region to progress further by incorporating new dimensions of engagement and partnerships aligned with current priority areas. Some areas that could be prioritised are those where SAARC historically did not venture, such as banking and finance. While the SAARC has frameworks like the South Asian Clearing Union (SACU) involving central banks like the Reserve Bank of India, there is a need for enhanced energy in strengthening banking and financial architectures.

During my visits to Bhutan and interactions with Central Bank in Bangladesh, efforts are underway to explore how the business community can benefit from banking collaborations across borders. This marks a significant shift from previous norms where cross-border banking operations were not commonplace. The success of Central Bank in India presents major opportunities, and similar collaborations with institutions like the Bank of Bhutan are promising avenues.

The SAES can play a pivotal role in advocating for these transformations. It is crucial, Dr Moazzem, for us to collectively advocate at the UN, especially considering recent

developments where efforts at UNSCAP to integrate science within the framework have slowed down post leadership changes. Therefore, SAES should extend beyond its summit process and take on a more proactive role in shaping regional agendas and influencing global discourse.

Looking ahead, with Nepal set to assume the next presidency, I urge three actions: Firstly, ensuring timely announcement of summit dates to facilitate broader participation. Secondly, initiating joint studies that can inform sessions, thus aligning with SAES's commitment to evidence-based policymaking, as emphasised by Dr Moazzem.

We should focus our efforts on encouraging papers that are grounded in facts and data rather than general perceptions. While journalists have their role, our emphasis should be on promoting rigorous research in economics and other social sciences. I'm not advocating for economics alone; other disciplines should also contribute meaningfully. Conducting joint studies would be beneficial, such as the session where migration issues were discussed. Collaborative research initiatives involving multiple institutions could support more substantive studies on these topics.

Regarding duty-free quota-free access, there was a perception during discussions that India extended this only to Bangladesh. However, discussions this morning clarified that India went beyond duty-free quota-free during Pranab Mukherjee's visit in 2011. It is crucial to verify such perceptions with factual studies. For instance, researchers at RIS have calculated India's duty foregone for all LDCs since 2011, amounting to USD 7.5 billion. Such factual studies help prevent misunderstandings and vulnerabilities.

As academics, we should provide leadership rather than being swayed by regional politics. We must stay focused on producing evidence-based research that informs policy and decision-making. For example, at the last South Asia Economic Summit, we proposed a session on Voluntary National Reviews (VNRs) for SDGs. OECD's gap analysis methodology, applied by ASEAN, could be adapted by our community to produce gap analyses for SDGs, enhancing our contributions.

Drawing from India's G20 experience, where our institution engaged with 75 universities, I suggest Nepal could similarly involve universities in the SAES process. This could include inviting students from various universities to participate, enriching discussions with fresh perspectives and fostering future leaders in regional cooperation and development.

Our focus should be on rigorous academic contributions that uphold the standards of evidence-based policymaking, fostering deeper regional cooperation and understanding.

I believe it would be highly beneficial for the young generation to present their research at events like this, where esteemed figures such as Professor Rahman Sobhan and Professor Harun-or-Rashid are present. Providing PhD scholars and young researchers with opportunities to contribute in parallel sessions would enrich our joint efforts significantly. It ensures that the research community from across the region actively contributes to our collective goals.

Moving on to trade, investment, finance, and technology, the sessions planned were excellent, and I extend my congratulations to Dr Fahmida for steering discussions towards reframing from diverse perspectives. Building on these discussions, I would like to suggest exploring the concept of Digital Public Infrastructure (DPI) and Digital Public Goods (DPG) in the region. These elements are crucial for advancing regional cooperation and development. Recently, I had the opportunity to collaborate with BMZ and GIZ in India on triangular cooperation involving India, Germany, and Bangladesh. Such triangular cooperation models can be instrumental in advancing regional initiatives.

Additionally, emphasising good governance is equally vital. I propose that we include sessions focusing on how good governance and democratic practices can effectively deliver economic outcomes that align with the aspirations of our people in the region.

Looking ahead, I believe this agenda should continue to evolve as we organise more meetings throughout the year. Increasing opportunities for us to convene beyond just the summit will be crucial for sustaining momentum and deepening collaboration.

Thank you for the opportunity to contribute to these important deliberations.

Dr Paras Kharel

Executive Director

South Asia Watch on Trade, Economics and Environment (SAWTEE),
Nepal

Thank you, Dr Fahmida, for showcasing your 30 years of experience through the successful organisation of the Fourteenth South Asia Economic Summit. Led by CPD, which is also celebrating its thirtieth anniversary, this summit has been a resounding success in terms of both substance and execution. Dr Moazzem's summary highlighted the breadth of topics covered and the depth of discussions,

setting the stage for informative proceedings that will guide future South Asia Economic Summits and initiatives.

Personally, I draw several takeaways from this summit that underscore its unique significance. Firstly, while SAARC may be facing challenges, it is premature to dismiss it entirely. The discussions underscored opportunities to revitalise SAARC by leveraging existing mechanisms and institutions, sparking innovative ideas for future cooperation among South Asian thinkers.

Secondly, the summit aptly addressed sharpening geopolitical rivalries as a key contextual shift, marking the first time such factors have been consciously highlighted. This reflects a nuanced approach to navigating geopolitically charged times while striving to preserve regional cooperation—an agenda that will undoubtedly shape future discussions.

Lastly, there were calls to revisit and consolidate recommendations from past South Asia Economic Summits and eminent persons' reports in light of current realities. This collective reflection will guide future progress towards addressing regional challenges and enhancing cooperation across South Asia.

Looking ahead, I am pleased to note that SAWTEE will host the Fifteenth South Asia Economic Summit in Nepal, in collaboration with its partners. We eagerly anticipate the next summit and the opportunity to engage with you all further.

Thank you once again to CPD for this remarkable summit and its invaluable contributions to regional dialogue and cooperation.

Ms Irosha Cooray

Director, Education Security and Culture

South Asian Association for Regional Cooperation (SAARC)

Honourable Chair, Dr Fahmida Khatun, Executive Director of the Centre for Policy Dialogue, Dhaka, Bangladesh; representatives of the co-organisers and partners; distinguished participants—Namaste, Assalamu walaikum, and good afternoon.

I am delighted to have had the honour of representing the SAARC Secretariat on behalf of His Excellency Ambassador Golam Sarwar at the Fourteenth Economic Summit. Today, I am equally honoured to address the closing ceremony of this significant event.

Distinguished participants, I had the pleasure and privilege of attending the plenary session on 4th November and gained valuable insights from the discussions on the theme 'Reframing South Asian Regional Cooperation in the New Context: National and Global Dimensions.' I understand that the deliberations over the last two days have been highly productive, providing distinguished delegates with an opportunity to assess the region's standing in terms of regional cooperation.

This summit has served as a timely platform for think tanks, research bodies, academia, civil society, and other intellectuals from the region to come together, exchange ideas, and share knowledge.

I am pleased to note that the South Asian Economic Summit today has yielded fruitful outcomes as envisioned by the organisers and partners. These outcomes are certain to contribute focused efforts and best practices towards enriching our understanding of reframing and reshaping regional cooperation in the region.

Distinguished participants, without a shadow of doubt, the new developments in the global arena pose new challenges, whose complexities are felt more acutely now than ever before. The world is becoming increasingly interconnected and interdependent. The establishment of SAARC signifies the clear vision and wisdom of our leaders, evident even decades ago. SAARC remains firmly committed, more than ever, to pursuing regional cooperation and steadfastly continues its efforts to contribute to fulfilling the collective aspirations of the peoples of its member states.

In conclusion, I am confident that organising such events will provide significant opportunities for stakeholders across various sectors and fields in the region to pool their knowledge and resources. This collective effort will assist policymakers in our region in successfully addressing our shared challenges.

Once again, I extend my heartfelt thanks to the Centre for Policy Dialogue and its co-organising partners for their commendable job in organising this important event and for their invitation to the SAARC Secretariat. Thank you.

Mr Florian Höllen

Head of Cooperation

Embassy of the Federal Republic of Germany

Thank you, Madam Chair. And thank you to my dear colleagues at the Centre for Policy Dialogue, as well as all the participants who have organised and contributed

to the success of this conference. I would like to address some general questions regarding cooperation and attempt to draw parallels between the experiences of the South Asian region and Europe, particularly focusing on the role of our development cooperation.

It is noteworthy that there often exist various regional entities with competing mandates or unclear roles. One potential step towards enhancing the functionality of these institutions could be establishing a joint understanding of their respective roles. Not every entity needs to undertake every task; instead, a division of labour based on thematic areas could be beneficial. This would require coordinated political efforts from national leaderships.

In some cases, ambitions for cooperation exceed actual implementation. Addressing this challenge involves exploring how to overcome obstacles and proceed when processes are stalled. One approach is adopting a multi-stakeholder approach, as seen in our climate and development partnerships with various regional countries. This approach involves engaging willing stakeholders, including the private sector, academia, and civil society, to foster cooperation from the grassroots level upwards. It demonstrates to political leaders that cooperation is not a threat to national interests but a means to achieve them collectively.

This shift in mindset also requires countries to invest in cooperation as a means of gaining mutual benefits. This challenge varies across countries in the South Asian region due to differences in size and capacity. In Europe, similar processes have been navigated, sometimes with larger countries initially hesitant to relinquish their roles. However, the example of Germany in European integration illustrates how cooperation can lead to shared prosperity and security.

It did give up in the beginning somehow in terms of who is deciding what, but economically it is the main winner of this process and I think this example could also be encouraging for the South Asian region. It will also mean to see how we as development partners can cooperate and contribute to these efforts. For example, we are involved in regional projects. We have one regional project currently in the making, for instance, but we also have larger projects and programmes as part of the European Union, where we are the major contributor, such as the Global Gateway Initiative. Just last weekend, we made a commitment of about 400 million euros at the Global Gateway Summit in Brussels, which was for Bangladesh, but similar commitments could be possible for other countries in the region in general. If there is a joint understanding, and this is also something we see, we have to consider the different levels of cooperation and work on all of these levels.

I was talking at the South Asian Economic Summit, and at the end of the day, any kind of economy has internal demand as its final backbone. Because everything else, like exports, is highly volatile and not dependable. So, I think focusing on increasing the internal demand of a country will help foster economic success in the region and stabilise it. One way to achieve this would be to overcome the unhealthy competition that sometimes exists between countries. This could mean, for example, setting joint standards on minimum wages that are at the level of living wages, and also on taxes, which would benefit all countries in the region. These funds could then be used by the state for necessary investments, particularly in education, to build knowledge for innovation and to establish a system of cooperation and innovation in the region.

At the end of the day, the future of South Asia lies in South Asia. We at the German Embassy often deal with large numbers of people who want to study in Europe. I myself studied in South Asia, at two universities: the University of Pune and a University in New Delhi. I found that particularly at Jawaharlal Nehru University, it was a melting pot of the South Asian region, with students from Afghanistan to Bangladesh, Nepal, and beyond. I think models like this, of joint learning among the leaders of tomorrow, will also be a practical contribution to joint policy-making and overcoming the differences that exist in the region.

In general, I think if everyone develops the idea that differences in one area should not block cooperation in other areas, all countries in the region will benefit greatly. This is what we hope to work towards together. Thank you.

Mr Stefan Liller

Resident Representative

United Nations Development Programme (UNDP), Bangladesh

Thank you, Fahmida. Distinguished speakers, colleagues, and guests, a very good afternoon to all of you. It is a privilege to address you today as you have gathered here over the past day to discuss South Asian regional cooperation in an era of unprecedented challenges as well as opportunities. With global economic currents shifting eastwards, the imperative of embracing regional cooperation is paramount to preserve and amplify South Asia's dynamism. It is crucial that we harness untapped potential and explore new opportunities to collectively navigate a future marked by prosperity and sustainability.

Despite being home to 1.9 billion people and boasting impressive economic growth, the potential for intra-regional trade remains untapped. Currently, it accounts

for only 6 per cent of its total trade, a stark contrast to the successful integration seen in other regions like Europe, the ASEAN region, and Latin America, where regional trade constitutes a much larger share of the total trade. Moreover, the devastating impact of the climate crisis is increasingly evident, posing severe threats to ecosystems, communities, and economies both within the region and globally. The remarkable development progress made by South Asia faces a heightened risk of reversal, with around 800 million people at risk of climate change impacts.

Just last week, the UN Secretary-General shared poignant words from the Annapurna region, highlighting that Nepal's iconic snow-capped mountains had lost nearly one-third of their glacial ice in just over three decades. These regional and global threats include food and water scarcity and more frequent natural disasters.

The recent devastating flash floods in Sikkim from a glacier lake outburst also underscore the urgency of this issue. Meanwhile, Bangladesh contends with its own set of climate adversities, as we witnessed earlier this year. Agricultural heartlands also face the creeping menace of saline intrusion, wreaking havoc on the livelihoods of farmers. These events are not isolated; they are interconnected threads in the complex tapestry of the region's ecosystem. This underscores the importance of regional cooperation that transcends political boundaries to drive sustainable solutions and strategies for effective climate action.

Disruptions such as those caused by the COVID-19 pandemic and the conflict in Ukraine are also dealing significant blows to the human development trajectories of many countries in the region, which are now struggling to maintain macroeconomic stability. Therefore, as we navigate the complexities of the 21st century, our journey to accomplish the Sustainable Development Goals (SDGs) by 2030 faces formidable challenges, and unfortunately, the region is not on track to achieve all seventeen SDGs of Agenda 2030.

Amid these challenges, one truth has become clear: our path forward requires fortified cooperation and enhanced collaboration. Strengthening regional cooperation and integration is essential not only for achieving shared prosperity within our boundaries but also holds crucial importance for the global community at large. The potential benefits, as we have heard over the last two days, are numerous. Seamless transportation and unrestricted movement of goods and people are fundamental to establishing a robust economic framework.

Collaborative integration into regional and global value chains can create a wealth of job opportunities and unlock significant economic synergies. Enhancing cross-border infrastructure connectivity, streamlining customs and trade procedures,

reducing tariff and non-tariff barriers, and investing in transportation and green energy networks have the potential to increase the region's collective GDP by 8 to 10 per cent. Such actions would unlock extraordinary economic opportunities and ensure South Asia's economic resilience and growth.

In particular, access to clean energy is vital for South Asia and lies at the heart of Agenda 2030. By collaborating to harness the region's abundant renewable resources—whether hydroelectric power from the Himalayas, solar energy from the Thar Desert, or wind energy from the coasts—and sharing it across an integrated energy grid, the region can significantly advance towards clean, reliable, and affordable energy.

Hence, there is a pressing need to establish cross-border partnerships for shared solutions to move towards carbon neutrality and clearly link energy security with environmental cooperation. India's recent initiation of a trilateral energy collaboration with Bangladesh and Nepal is a positive step in this direction. Similarly, South Asia faces a significant digital divide, with 40 per cent of the population—especially women and those in rural areas—being digitally excluded. This divide presents considerable potential for a technological revolution that could be catalysed by regional or cross-border collaboration. Emphasising gender empowerment is critical. By fostering inclusive technology access and enhancing women's participation, we can advance not only individual nations but also collective progress across the region.

Social sectors such as health and education, pivotal to sustainable development, stand to gain significantly from collaborative efforts across governments. Such efforts can yield innovative policy solutions to address the unique challenges faced by each country. With around 216 million people still living in extreme poverty and the persistence of gender disparities and climate vulnerabilities, development cooperation is instrumental in addressing these shared challenges.

Looking ahead, regional cooperation in South Asia must evolve into a platform that not only strengthens internal ties but also amplifies its unified voice on the international stage, including in global climate negotiations. Prioritising the pursuit of SDGs related to disaster resilience should be done with heightened urgency, leveraging past achievements in disaster preparedness to implement a comprehensive and integrated regional network or multi-hazard early warning systems. Similar collaboration in information and data sharing would also be critical in building resilient cities designed to withstand seismic threats and ensuring an effective regional response coordination mechanism to emergencies.

A more open platform for regional cooperation could also help mitigate possible political sensitivities that have traditionally hindered South Asian economic integration. For example, promoting institutional arrangements that facilitate the exchange of knowledge and best practices can create a network that benefits the entire region. Equally important are the people-to-people connections that underpin our policy success. Fortifying cultural and historical ties within the region, and engaging diverse stakeholders including civil society, academia, and the private sector, South Asia can tap into a source of knowledge and creativity essential for achieving shared objectives.

With its convening authority and multi-sectoral agenda of work, and strategic presence at both national and regional levels, the United Nations Development Programme (UNDP) is well placed to promote enhanced cooperation in South Asia and extend its reach throughout Asia and the Pacific. By providing a platform for fostering broader integration across diverse stakeholders and markets, UNDP aims to enhance regional cooperation, drawing on its experience in supporting ASEAN, which boasts a combined GDP of 3 trillion USD. UNDP has substantially supported ASEAN's regional integration efforts with investments totalling 500 million USD, leveraging its expertise in sustainable development and climate resilience.

UNDP continues to be a thought leader in climate resilience and sustainable development, hoping to foster regional and global dialogue, policy solutions, and forward-thinking initiatives that promote regional cooperation and integration in South Asia. The Fourteenth South Asia Economic Summit serves as a catalyst towards realising a collective future of growth, prosperity, and peace for the region. UNDP is delighted to have partnered in this endeavour this year, and previously in the last two iterations in Dhaka. I extend my sincere appreciation to all those involved in planning and executing the summit, including the Centre for Policy Dialogue and all regional actors.

As we close, my thoughts are with the victims and their families affected by the devastating earthquake in Western Nepal over the weekend, and my sympathies go out to our Nepalese friends among us today. Thank you very much.

Professor Rehman Sobhan
Chairman
Centre for Policy Dialogue (CPD)

Thank you. Firstly, I would like to offer my personal condolences to my colleagues from Nepal. We are part of a shared family where we share not only our joys but also our moments of sadness.

I would like to begin by complimenting and expressing my appreciation for my CPD colleagues who have worked tirelessly into the late hours of the night to organise this event and bring all of you together. I would also like to thank my partner colleagues in the wider community who have participated and contributed to this event. Finally, I extend my appreciation to our partners who have supported us, and to all of you who are here to participate in this meaningful conversation on addressing opportunities for regional cooperation in the new context.

For me, participating in such events is both a fulfilling experience and a moment for reflection. We are commemorating 30 years of CPD, and the fundamental premise for its founding was to create a space for what Omar Hussain refers to as public reasoning. This is where people from diverse political, professional, and social backgrounds can come together to address common problems and seek constructive solutions.

To extend that idea into the South Asian space is particularly satisfying because we are operating here with much more diverse constituencies and deeper, more entrenched problems that have resisted solutions at the national and official levels over many years. The fact that all of us can come together and address these issues over the years with not just intelligence and creativity but also with seriousness, gives us a sense of participating in a shared public purpose.

So, once again, I extend my thanks and appreciation to my colleagues from the region. As I look around here, I see that there is indeed a lot of scepticism and concern, not necessarily about what we have been discussing specifically, but about the broader issue of South Asia and the potential for cooperation.

Now, I imagine that none among you have actually lived through a period when South Asia was a unified region. I happen to be 88 years old and I still have memories of an integrated South Asia—a time when I could travel from Kolkata all the way up to Lahore or make the reverse journey as late as 1956.

Do you remember when people could move around this region with considerable freedom? There was a common labour market where individuals could move to where work opportunities existed. As ordinary citizens, you could travel for education or health reasons without significant barriers.

There was, therefore, a period, as I pointed out at the outset, when South Asia was indeed the most integrated region in the post-colonial world, possibly more integrated than Europe at that time. You would not have been born then, I suppose. Right. I have also lived through a second phase, which would range from the 1960s and 1970s. Some of you, judging by your grey hairs, would probably remember that period. During that time, nothing was happening. At the official level, we had effectively dismantled South Asia, and there was no cooperation or interaction whatsoever.

Here we are now celebrating the Fourteenth SAES. Throughout the 1960s, and even into the 1950s as far as I recollect, there was hardly any event that brought economists from the region together, except for one. In 1968, a conference of economists was finally convened in Colombo, courtesy, I think, of the Ford Foundation. It was an occasion where economists from the region could come together to discuss the idea of cooperation, but sadly, that was the only occasion.

This state of affairs persisted well into the seventies. During that time, trade interactions were minimal, and movements across borders were virtually non-existent. The disintegrated nature of the region had manifestations that were evident to all of us.

Today, when we look back over the past 50 years, particularly the last 40 years or so, it is a very different world. Even though our intra-regional trade may only constitute 5 per cent of our total trade, at least it is happening and market mechanisms are working. Without official interventions in the market for various and not always rational reasons, this level of trade would undoubtedly be much higher. Citizens have been interacting again in progressively increasing numbers, although I am not aware if anyone has compiled those exact figures.

But suppose we were to hypothesise, as has been suggested since the very first round of South Asian civil society dialogues, that we were to do away with visas. The number of people crossing borders to interact with each other would probably multiply exponentially by a factor of ten. If we want to gauge how the people of South Asia view the concept of interacting with each other within the framework of a wider community, the litmus test would be the lifting of visas. Under the new technologies available, one could conduct a laboratory experiment on this subject just to test this hypothesis.

This suggests that the concept of a South Asian community is alive and well in the minds of the people of this region. So, when we sit here today, we are no longer operating within a speculative or hypothetical framework of thinking. Instead, we are addressing the felt needs of large numbers of people who, given the opportunity, would express themselves through civil society interactions or in the marketplace with much more vigour.

SAES likes to believe it is commemorating its fourteenth conclave, but there are many other civil society institutions that have been meeting over the years across a broad range of communities. Whether they are professional groups of chartered accountants, engineers, or other professionals, or simply human rights activists or gender activists, all of them are acting together, and we simply do not keep track of it.

So, there is already a functioning South Asian community, and what we are essentially doing here is trying to keep track of this process and build upon it to institutionalise some of these initiatives that are already taking place. Here, I would like to remind you that SAES has been monitoring many of these interactions and tracing their progress, albeit in a discontinuous process.

For instance, if you had a continuous record of this process, you would have noted that back in the late 1990s, CPD, within the framework of our association with (the Coalition for Action on South Asian Cooperation), CASAC hosted an event to discuss monetary cooperation in the region. The agenda items discussed currency cooperation and its various aspects, many of which are presumably still relevant today in the working group discussions.

It is clear that some people should have been pointing out sensible ideas about how a process of greater monetary cooperation could be conceived.

And then, taking it forward, if you could identify the roadblocks along the way, the nature of today's discussion would have been very different. You would have been conversing based on an inherited memory, and all your discussions would then be part of a process of value addition.

In the Group of Eminent Persons report, which has been discussed in another plenary session, if you track all the suggestions put forward—going back to the late 1990s, around 1998—much of the discourse in today's SAES meetings that began in 2008 would have been identified and discussed. We have been adding value to these discussions at each stage without necessarily knowing it. Meanwhile, objective conditions have also changed.

In the 1990s, if we were discussing the need to move towards a free trade area, we were initially talking about preferences. Later, we progressed to a free trade area, but we were still hindered by the so-called negative list. This meant that half of the issues for which duty-free access was granted remained non-functional because various bureaucratic and business constituencies insisted on putting them on a negative list.

Now, to trace the process of the negative list and the dialogues on the Most Favoured Nation (MFN) issue, which used to come up year after year, particularly when Pakistan faced challenges with it in those days. Dr Hussain informed us that by 2016, progress had been made on this issue, but it later came to a standstill. However, why it has remained stagnant for the past seven years, no one, not even Dr Hussain himself, is able to provide a clear or constructive answer.

All of this underscores the critical need to reconstruct a memory of the process of South Asian interaction. As far as SAES is concerned, this pertains to issues related to economic cooperation, as I highlighted in my opening session. I reiterate that while all of you may have better memories than me, it remains uncertain how much each of you can recall about what was discussed when, and what changes have occurred today.

Therefore, the positive suggestion we are making is that a specific institution within the partner institutions of SAES should take on the responsibility of preparing a detailed record of these discussions. This record would cover each issue discussed, how views have evolved or remained unchanged, the progress or lack thereof, and what changes in objective conditions have influenced these shifts in attitudes. With this comprehensive record, we would be in a position not only to present it at the upcoming Fifteenth SAES hosted by our colleagues in Kathmandu but also to share it across the entire South Asian region, particularly with governments. This would allow us to highlight the progress made or the lack thereof and encourage further action. The second issue I want to highlight is that much of the discussion has relied on the assumption that institutions exist in South Asia to facilitate regional cooperation. One such institution is the South Asia Association for Regional Cooperation (SAARC). However, SAARC is now virtually dormant, with some aspects of its work continuing, albeit with limited visibility and impact. It is likely that many of you are not fully aware, conscious, or interested in the actual roles it has historically played.

SAARC did contribute significantly in its own way, advancing several ideas that were on the table. Notably, in the late nineties, CPD partnered with UNESCAP to host a conference in Dhaka. This event brought together railway officials from across the region to discuss the construction of an integrated railway system linking Bangladesh to India and potentially extending to Pakistan and even Afghanistan. During these discussions, significant hurdles emerged. Bangladesh initially hesitated

to grant transit rights to India for connecting West Bengal to Northeast India. In turn, India was reluctant to grant transit rights to Nepal through India to connect with Bangladesh's railway system. Similarly, Pakistan was hesitant to grant transit rights through its territory to connect to India. Despite officials reaching agreements on these issues, the process stalled over minor details, such as the specific location for connectivity between Nepal and Bangladesh.

These historical efforts demonstrate both the potential and the challenges of regional cooperation in South Asia, highlighting the intricate negotiations required to overcome political and logistical barriers.

When the railway integration initiative broke down, despite assurances that it would be escalated to higher authorities, the process was never resumed. This highlights that civil society, when collaborating with public officials, can indeed generate constructive solutions. Feasible agreements were within reach even then, demonstrating that dialogue and cooperation can overcome challenges.

Civil society, including institutions like SAARC, occasionally played crucial roles in bringing people together and creating opportunities for cooperation. They could convene discussions and propose solutions that, if supported by a functional institutional mechanism like SAARC, could lead to collective actions. For instance, issues currently seen as crises—such as macroeconomic challenges affecting Sri Lanka and parts of Pakistan, and increasingly impacting Bangladesh, the ongoing climate crisis, and fallout from conflicts like the Ukraine war—could have been collectively addressed through such forums. They could convene meetings to deliberate on these issues, potentially inspiring national leaders to initiate summit-level gatherings for concerted action.

However, the absence of a functional SAARC or similar institutional entity in the region hinders such collective efforts today. There is currently no effective mechanism to address these pressing regional issues collectively.

Therefore, as the official processes encounter setbacks and SAARC remains inactive, other organisations must step up to assume more significant and responsible roles. Civil society organisations across the region, which often overlap with the agenda items that should be of official concern, bear the responsibility to keep these issues alive and demonstrate that the people of South Asia have a vested interest in addressing these problems.

While organisations like SAES continue to convene meetings out of interest in maintaining dialogue and exchanging ideas, they now face an added responsibility. In times when official discourse on South Asia is stagnant, this does not justify

complacency or disengagement. On the contrary, it imposes a demanding responsibility to sustain the momentum and advocate for solutions. SAES, for instance, should continue its work with renewed vigour, focusing not only on deliberation but also on advocacy and memory creation. This involves documenting discussions, tracking progress, and pushing for tangible outcomes that can contribute to regional cooperation and integration.

In conclusion, SAES and similar organisations must evolve to play a more active role in advancing regional dialogue and cooperation. They should seize the opportunity to deepen their conversations, advocate for meaningful change, and uphold the interests of the people of South Asia amidst the current institutional challenges.

Thank you all for coming together in this gathering. I extend my gratitude to my colleagues for their contributions. As we depart, I hope for a safe journey home for each of you, and I anticipate our next gathering in Kathmandu with a renewed sense of responsibility and commitment to the challenges ahead.

Looking forward, if we aspire to establish a new group to address the future agenda of SAARC, that would be a positive step. However, our ability to move forward depends greatly on understanding the past and asking the critical questions that we often overlook. Why has progress stalled in South Asian cooperation? Perhaps, as suggested earlier, a missing piece could be a dialogue between economists and security officials from each country, seated together at the same table, seeking answers and solutions.

Once again, thank you all for gathering here today. Let us hope that by our next meeting, the official climate will have improved, and we may even find the SAARC Secretariat's doors open in Kathmandu, welcoming us for a reception—a tradition we have enjoyed in past SAES meetings. Until then, good evening to all, and thank you, Chair.

Dr Fahmida Khatun

Executive Director

Centre for Policy Dialogue (CPD)

Thank you very much for your comments. Now, with the permission of the chairperson, I would like to propose the vote of thanks.

Distinguished guests, ladies and gentlemen, I extend my heartfelt thanks to several individuals and organisations who have contributed immensely to the success of the Fourteenth SAES. First and foremost, I express our profound gratitude to our chief guest, Dr. Shirin Sharmin Chaudhury, Honourable Speaker of the Bangladesh Parliament, for gracing the inaugural session with her presence. I also extend our appreciation to our special guest, Mr M.A Mannan MP, Honourable Minister for Planning, Government of Bangladesh, who honoured us with his presence.

I would like to acknowledge and thank our co-organisers SDPI, SAWTEE, RIS, and IPS for their unwavering support from the conceptualisation stage to the final execution of the SAES.

A special mention and thanks to all our overseas participants who travelled to Dhaka and shared their knowledge and expertise. I also extend my gratitude to our Bangladeshi parliamentarians and guests who enriched these two days with their presence. Our heartfelt recognition goes to the Ministry of Foreign Affairs, Ministry of Home Affairs, and law enforcing agencies for their assistance in visa facilitation and ensuring the safety of our international guests.

I would like to thank the electronic and print media for their support in disseminating the messages and outcomes of the Fourteenth SAES to a wider audience. Furthermore, I extend our appreciation to the management and staff of Hotel Sheraton for their excellent hospitality and support during these two days.

A special thanks to our Chairman, Professor Rehman Sobhan, for his invaluable advice and guidance throughout the organisation of SAES. I also acknowledge the support and encouragement from CPD's Board of Trustees and distinguished fellows, including Dr Debapriya Bhattacharya, Professor Mustafizur Rahman, and Professor Rounaq Jahan, as well as CPD's Research Director, Dr Khondaker Golam Moazzem.

I would like to commend Mr Avra Bhattacharjee, CPD's Joint Director of Dialogue and Communication, and his team for their planning and execution of the event. Special thanks to Mr Mamunur Rashid and the Administration and Finance Division of CPD for their dedication and hard work.

To all my CPD colleagues present here, and those who could not join us today but have worked tirelessly behind the scenes, I express my deep gratitude. Your hard work, dedication, and enthusiasm have been instrumental in making the Fourteenth SAES a success. Please join me in giving them a round of applause.

Finally, I extend my sincere thanks to all the panellists, guests from Bangladesh, South Asia, and beyond. Until we meet again, I wish you all a healthy and fulfilling life. To our international guests, I wish you a safe journey back home.

Thank you once again. All the best.

**STATEMENTS
AT THE
PLENARIES**

Plenary 1

State of Regional Cooperation in South Asia
*Revisiting Group of Eminent Persons (GEP) Report,
New Context, Challenges, and Opportunities*

Professor Mustafizur Rahman

Distinguished Fellow, CPD

The group of eminent persons was set up in 1997 at the ninth SAARC Summit in Malé. This group included some of the leading figures of that time, and we are very happy that one of the key members, Professor Rehman Sobhan, is with us today. From India, Mr Muchkund Dubey, India's former foreign secretary, was also among the eminent persons. There were others as well, and we pay our respect and homage to those early pioneers who responded to the call of the SAARC leaders in Malé. They prepared the report titled 'SAARC Vision Beyond the Year 2000'.

That report was ambitious. It envisaged the establishment of a free trade area in South Asia by 2008, a South Asian customs union by 2015, and a common market and economic union by 2020. Their vision was that, within 20 years, SAARC would evolve into an economic union similar to the European Union.

By establishing a free trade area, there would be no tariff or non-tariff barriers within SAARC countries. Moving on to a customs union would mean not only having a free trade area within South Asia but also implementing a common tariff

regime for trade with the rest of the world. This common tariff regime defines the customs union. Next, they envisioned a common market, which would allow the free movement of goods, services, capital, and labour, and eventually a common currency. This economic union would involve coordination of policies, horizontal and vertical integration of economies, and the triangulation of trade, investment, and connectivity. That was the ambitious vision they set out in their report, which was presented to the Summit in 1999.

Looking back, it is clear that their aspirations did not fully materialise. In 2006, we did have the SAARC Free Trade Agreement (SAFTA), but as we know, there were many exclusions, negative lists, and sensitive items. The customs union, common market, and economic union, unfortunately, did not materialise.

On the other hand, we are also witnessing various bilateral, trilateral, and plurilateral initiatives among SAARC countries. It is now a world of variable geometry. Whether these initiatives were more aspirational or whether they defied political realities, the development of relationships among SAARC countries has influenced the aspirations initially set out. To delve into these historical perspectives, contextualise current challenges, and explore the way forward, we have a distinguished panel of experts with us.

Ambassador Farooq Sobhan

Distinguished Fellow and Board Member

Bangladesh Enterprise Institute (BEI) and Former Foreign Secretary,
Bangladesh

Many years have passed since the Malé Summit in 1997. The initiative for the Group of Eminent Persons (GEP)—and please excuse me for saying this—was my idea. I was able to convince the two key players in this process: the Foreign Secretaries of India and Pakistan at that time. Mr Salman Haidar was the Foreign Secretary of India, and Mr Najmuddin Sheikh was the Foreign Secretary of Pakistan. In private conversations with both of them ahead of the summit, I discussed this idea. I can even go one step further and say that the heads of government had no idea about this proposal until we presented it to them. After convincing them, the idea was well-received. The rationale behind it was that, at that time, there was a shared belief among the foreign secretaries of India and Pakistan that boosting the process of regional cooperation was necessary. When India and Pakistan are on the same page, progress can be made.

We were able to successfully move forward with the idea of the Group of Eminent Persons. I should mention, as a side note, that I also persuaded our Prime Minister at the time in Malé to invite the Prime Ministers of India and Pakistan for a tripartite business summit in Dhaka. While the Foreign Secretaries of India and Pakistan welcomed the idea of the Group of Eminent Persons, both strongly opposed the idea of the tripartite business summit.

But they were overruled by their prime ministers. So, the point I am trying to make is that much of what has happened in the process of regional cooperation in South Asia tends to be personality-specific. For instance, we were also able to move forward, and I think it is appropriate to recall Mr Inder Kumar Gujral, who was Prime Minister at the time and a strong believer in South Asian regional cooperation. It was a confluence of people who believed in advancing regional cooperation.

I think the GEP members themselves should elaborate on why they developed such an ambitious programme. After the Colombo Summit, which took place a year later, the political landscape had shifted, and despite the reference to the GEP in the declaration, the GEP report eventually faded away. Circumstances had changed significantly.

I think it's important to note that I reviewed the declaration of the last SAARC Summit, held in Kathmandu in 2014, and many ideas from the report of the Group of Eminent Persons were indeed included. However, the main issue at the time of the Malé Summit was how to move beyond these annual meetings, known as SAARC Summits, and propel the entire process of regional cooperation forward. My conception was that we needed to focus not just on envisioning a future, but on implementing that vision.

The problem with SAARC over the years— and I might add that I authored the concept paper for SAARC in November 1979— is that it is a very old association. My experience has always emphasised implementation. Another well-known challenge is the fluctuating nature of Indo-Pak relations and the influence of personalities. Was it practical and realistic? Yes, I believe so. One of the factors that influenced us was the progress made by ASEAN member states next door. We looked at what they had achieved and how they had benefited from their economic processes.

What is interesting, however, is that the Colombo Summit effectively sidelined the GEP report but introduced the idea later reflected in the South Asia Economic Summit, which called for regular meetings of government leaders, business leaders, academics, and think tanks. This initiative materialised over time. Every two to three years, following the GEP report, references were made in various civil society initiatives that took place, aiming to revive interest in its recommendations.

In fact, the GEP report continues to influence many documents. For instance, we organised a meeting in Kathmandu in December 2000, known as the South Asian Commission. Its members included Mr Inder Kumar Gujral, who had stepped down as Prime Minister by then, and Dr Manmohan Singh, alongside Professor Rehman Sobhan and others from Bangladesh, as well as Dr Sartaj Aziz from Pakistan. Some recommendations from the South Asian Commission were based on the GEP report.

Dr Nagesh Kumar

Director and Chief Executive

Institute for Studies in Industrial Development (ISID), India

I think the GEP report of 1999 was certainly a very visionary document. While it was ambitious, I believe visions have to be ambitious. If they only address the present, they are not truly visionary. So, it had to be ahead of its time and ahead of the curve.

There were other proposals like the South Asian Development Bank, which materialised in the form of the South Asian Development Fund. Hopefully, it could transform into a bank in the future. The South Asian Food Bank also came into existence. However, as Ambassador Farooq Sobhan has rightly mentioned, the main issue with all these institution-building efforts is implementation. The implementation has not been up to the mark to make these institutions truly effective. There is still work to be done in this area.

The world has changed significantly since 1999 when this report was written by leaders like Professor Rehman Sobhan. In the current context, regional cooperation assumes a new level of criticality compared to that time. Why do I say that? Back then, we were in the heyday of globalisation, but now, as you know, globalization has turned into 'slowbalisation'.

The term 'slowbalisation' was coined a few years ago by economists, and it has now gained wider acceptance. Since the global financial crisis, world trade has never quite picked up. Before the crisis, from around 2003 to 2008, the average annual growth rate of world trade and foreign Direct Investment (FDI) was between 15 to 20 per cent. Today, we are fortunate if it is anything more than zero per cent. World trade and international investments are stagnant; they are not growing anymore.

In this context, we need to find new engines of growth. In South Asia, anyone who has studied the potential of inter-regional trade knows that anywhere between two-thirds to three-fourths of this potential remains unexploited. If we can tap into

this potential, it could serve as a new engine of growth. When world trade and globalisation, which once helped East Asian countries grow rapidly, are no longer available for us to rely on, we must look for alternatives.

Furthermore, there is a significant shift from the financial economy and hyper-globalisation to the real economy. This transition is crucial for our region.

The global economic landscape is witnessing a significant shift, reflected in what is now termed the 'New Washington Consensus'. The original Washington Consensus emphasised liberalisation, market economies, and market forces. However, the pendulum has swung in the opposite direction, with a renewed focus on the real economy, productivity, and structural transformation.

Economist Dani Rodrik describes this new paradigm as one that prioritises industrial policy, the development of the manufacturing sector, and the creation of decent jobs. Unlike the old consensus, the New Washington Consensus moves away from liberalisation and market forces, emphasising the importance of fostering structural transformation.

This shift is particularly relevant for South Asia. The region needs to harness the potential of its manufacturing sector to create decent jobs for its youthful population. Dr Ishrat Hussain highlighted the critical question: where will the jobs come from for South Asia's burgeoning youth? The answer lies in structural transformation and the development of the manufacturing sector.

One major driver of this transformation could be regional value chains. Just as ASEAN countries have successfully used regional production networks to propel their economic growth, South Asia can similarly benefit by developing and integrating its manufacturing sector within regional value chains. This approach can foster economic growth, create jobs, and drive the structural transformation needed for the region's development.

We also need to examine the potential for driving structural transformation and creating decent jobs in South Asian economies, especially given the demographic transition, which presents a significant opportunity.

Regarding the institutional architecture of South Asian cooperation, it is unfortunate that the SAARC process has stalled. However, we should not be discouraged. While the SAARC process is currently off track, we should explore and harness other initiatives—bilateral, trilateral, quadrilateral, or sub-regional. We should pursue these options to keep the agenda moving forward.

It was insightful to hear the Honourable Minister of Planning Commission discussing how India and Bangladesh are addressing issues, strengthening transport connectivity, and restoring links that were abandoned in the past. Integration through connectivity is crucial. Since the GEP in 1999, when tariff barriers were significantly higher, autonomous liberalisation has progressed. The primary barriers to inter-regional trade are no longer tariffs but rather connectivity, trade facilitation, and transport facilitation. Substantial progress has been made in these areas, particularly between India and Bangladesh, as well as among India, Bangladesh, Bhutan, and Nepal (BBIN).

The clean energy transition is another critical area of cooperation. Common vulnerabilities to climate change and extreme weather patterns necessitate collective action. No single country can tackle these challenges alone. The sectoral agenda to address these new challenges is essential and should unite countries, setting aside political differences.

A notable example of cooperation in the clean energy transition is Bhutan's sale of hydroelectric power to India, with Nepal joining in, and now Bangladesh importing hydroelectricity from Nepal and Bhutan through India. These achievements are significant and need to be replicated and scaled up.

In conclusion, we should not be deterred by the current status of the SAARC process. Instead, we should keep the agenda alive and exploit the potential of regional cooperation and integration through any available means, whether bilateral, trilateral, or quadrilateral, to achieve our objectives.

Ms Mandakini Kaul

Regional Coordinator

South Asia Regional Integration and Engagement, The World Bank

South Asia is one of the least connected regions in terms of trade. Intra-regional trade as a percentage of total trade is about 5 per cent in South Asia, compared to 26 per cent among ASEAN countries and as much as 62 per cent in the European Union. High trade, transport, and infrastructure costs have led to a situation where it is about 15 to 20 per cent less expensive for a company in Bangladesh to trade with Brazil or Germany than with neighbouring India.

We have estimated some of these costs, and it takes about 22 documents and 55 signatures for trade to occur between Bangladesh and India. There are about 109

process steps from the time an Indian export truck enters a border point until it is cleared. Clearly, South Asian countries are not capitalising on the advantage of proximity.

We have also estimated the potential economic benefits of cooperation. For instance, annual intra-regional trade could increase by as much as USD 44 billion, which is about two-thirds below its current potential. Moreover, full integration in terms of electricity and hydropower could nearly triple clean energy capacity by 2040. Additionally, if there were full transport integration between India and Bangladesh, where trucks do not have to stop at the border and can use any border post or road, the efficiency and economic benefits could be substantial.

We estimated that income levels could rise by as much as 16.6 per cent in Bangladesh and nearly 8 per cent in India. Clearly, the potential is there, and we have concrete numbers and estimates demonstrating why countries in this region should cooperate and work together.

Professor Nagesh Kumar, highlighted that there has been some momentum in regional cooperation. For those of us who track and work on the region, we can see signs of progress. Notably, in electricity trade, India recently allowed Nepal to sell electricity in its real-time energy markets by bidding on power the same day. Additionally, India and Sri Lanka are giving a fresh push to the long-pending power grid connectivity. Clearly, there is momentum in this area.

We have also seen a lot of momentum between India and Bangladesh in terms of transport connectivity and infrastructure. Most recently, in the aftermath of the crisis, we saw how Sri Lanka's immediate neighbours supported it in various ways, including financial assistance and support in kind. Clearly, there is some willingness, opportunity, and openness to collaborate and connect. Yet, as we can see, implementation on the ground has not been as robust as it should be.

I think the BBIN motor vehicles agreement is a clear example of this. It was signed in 2015, and to date, we do not see sufficient progress on implementation. I won't go into the reasons for this in detail because I think there is a very informed audience here, but we all understand the complicated history and the size asymmetry when we talk about ASEAN and South Asia.

The size and geographic asymmetry are very striking. I have already alluded to the disproportionately high trade costs due to poor logistics infrastructure, insufficient trade facilitation, high tariff and non-tariff barriers, and insufficient people-to-people interaction. There are very few platforms where people can get together at an official or unofficial level.

I will now briefly talk about the World Bank's Regional Cooperation Programme because it may not be very well known to the audience. We began working on regional cooperation in 2010, and since then, our programme has increased steadily. We have been focusing on three core areas: boosting economic connectivity, which includes transport connectivity, trade facilitation, and regional energy markets—this is an important area of work for us. Additionally, we are increasingly looking at digital connectivity.

The second area of focus is addressing climate vulnerabilities and building resilience. Here, we work across the spectrum, looking at mountain economies, blue economies, disaster risk resilience, and the whole area of climate agenda. Finally, a comparatively new area for us is human capital development, where we are exploring ways to work on pandemic preparedness.

South Asia is the only region in the world that does not have a common disease surveillance mechanism. We are trying to see if we can put in place some building blocks for that. We are also focusing on higher education and migration. These are some of the areas that the World Bank is working on in South Asia. Gender cuts across all these areas for us, and inclusive regional cooperation is a key priority.

In terms of our approach, we provide financing, build capacity, and support transformative regional projects. We also convene various platforms for discussions and debates, aiming to bring together diverse perspectives. I know there are some people here today who have participated in these platforms that we have convened.

Finally, an important part of our work is shaping the regional narrative through knowledge and analytics. We have published several reports on regional cooperation that have significantly highlighted the potential and gaps in cooperation. I would like to highlight one of our projects currently supporting Bangladesh and Nepal in addressing key barriers to regional trade. This project, called the Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS), focuses on upgrading manual and paper-based trade processes, improving inadequate transport and trade infrastructure, and addressing restrictive trade and transport regulations. It aims to bring these countries closer together through enhanced connectivity.

In the first phase, ACCESS is focusing on Bangladesh and Nepal, with plans to later expand to include Bhutan, and ongoing discussions with India as well. Let me now conclude by presenting six suggestions or ways in which we can advance this agenda.

Firstly, given the dynamic and complex political economy of South Asia, it is crucial for us all to be extremely agile, opportunistic, and nimble. This means being flexible

in defining our geography and exploring sub-regional cooperation as foundational steps toward broader regional cooperation. Whether it's initiatives like BBIN, BBINS, or the Indo-Pacific, flexibility in geography while ensuring progress on this agenda is key.

The second suggestion is to maximise the benefits from trade connectivity. Interconnections require a comprehensive, economy-wide approach. We must ensure easier access for firms and individuals to opportunities, markets, and supply chains in today's trade environment. By doing so, we can stimulate sufficient demand for regional cooperation. Progress on this agenda hinges significantly on building such demand through a broad economic approach that includes everyone in these advantages.

The third suggestion, which I cannot emphasise enough from our experience, is the importance of dialogue and knowledge platforms involving a range of stakeholders. This includes governments, think tanks, and importantly, the private sector, which plays a crucial role. These platforms are essential not only to foster trust and move from disbelief to engagement but also to generate domestic demand for regional cooperation.

The fourth suggestion, drawn from our experience, emphasises the importance of pilot projects that can demonstrate successes and act as catalysts for regional cooperation. Starting with smaller activities that showcase the benefits of cooperation can pave the way for scaling up these initiatives by development partners and governments themselves. Demonstrating these successes can inspire confidence and momentum for further collaboration.

The fifth lesson that we have learnt is the importance of working with technical institutions, both regional and national, to build ownership and ensure sustainability. Cooperation at the technical level is crucial to depoliticise efforts and to show how smaller wins can be achieved, as related to my previous point.

Finally, my last suggestion is the timely generation and targeted dissemination of accessible, easily understandable regional evidence that allows governments to make informed decisions. Often, it is the lack of data, knowledge, and interventions that result in policies which may not be regionally friendly. By disseminating this data and knowledge, and putting forward the economic argument, we are far more likely to generate support and interest in regional quarters.

Mr Abdul Ghufuran Memon

Federal Secretary

Ministry of Maritime Affairs, Government of Pakistan, Pakistan

The main issue, as I see it, is that SAARC should not be hindered by disagreements between governments or states. Let us shift our focus. Why not concentrate on people-to-people relations? With 2 billion individuals, it is noteworthy that this initiative arose from the people of the countries themselves, not the governments; it originated from civil society. Therefore, I view it differently. We should adopt a traffic light model: green for areas acceptable to both governments and people, representing easy wins. Let us continue making progress in these areas. This approach could significantly boost trade, business, culture, and more.

Then there are yellow areas, akin to caution signals. Here, careful navigation is crucial. While dependent on government support, alternative avenues like Zoom and other media can still be leveraged despite existing visa restrictions.

Moving to the red zones, yes, there are differences, including political disparities, which are an undeniable reality. This was highlighted during discussions about why the SAARC summit is not being held for reasons beyond politics. Technical issues have also arisen; for instance, sessions were disrupted due to recent changes in Afghanistan's leadership. These changes, alongside political dynamics, impact our progress. While we acknowledge and discuss our differences, we must not let political considerations hold us hostage. Let us keep moving forward with this perspective.

We should continue our initiatives and not be held hostage to various bilateral developments. All the people of South Asia stand to benefit from deeper cooperation. If we adopt this stance, democratic societies will also be influenced accordingly.

Ms Irosha Cooray

Director

Education Security and Culture, South Asian Association for Regional Cooperation (SAARC)

SAARC is a manifestation of the determination of eight South Asian member states to promote peace, stability, friendship, and progress for the region and its people. It stands as the only regional forum representing eight sovereign nations, encompassing a quarter of the world's population. The cardinal objective is to promote the welfare and well-being of the region and its people.

SAARC serves as a platform for member states to engage in dialogue and collaborate on numerous endeavours aimed at addressing common challenges in the region. For instance, the SAARC Agriculture Centre in Dhaka plays a crucial role in facilitating collaboration and the exchange of agricultural expertise among South Asian nations. Similarly, the SAARC Cultural Centre in Colombo promotes and preserves the diverse regional cultures of South Asia through various initiatives.

The SAARC member states have initiated numerous projects related to energy. The SAARC Framework Agreement for Energy Cooperation aims to enhance energy security in the region through facilitating energy trade and developing energy sources across the region. Additionally, SAARC places significant emphasis on environmental cooperation, biotechnology, and disaster management sectors.

Similarly, the South Asian University fosters cooperation in the education sector. As you mentioned, SAFTA is geared towards enhancing regional economic collaborations. These achievements highlight SAARC's potential in effectively addressing current challenges in South Asia.

I maintain an optimistic view for SAARC's future. Despite the persistent tensions that South Asia faces and the frequent unprecedented challenges, I still believe there are several compelling reasons to be optimistic about SAARC's future. SAARC was established with the aim of fostering cooperation among member countries, who acknowledge the shared benefits of working together and making persistent efforts to overcome obstacles. The commitment of SAARC member states to principles of peaceful coexistence, dialogue, and cooperation remains steadfast.

I say this because the South Asia region possesses significant untapped potential. Collaborative efforts within SAARC can play a crucial role in catalysing economic growth, reducing poverty, and ultimately improving the well-being of South Asian nations. Through dedicated and sustained efforts, I believe SAARC can transform into a united and effective platform.

Now, turning to the second part of your question regarding the revitalisation of SAARC, I would like to highlight four points. Firstly, bilateral tensions among member states significantly impact SAARC's achievements. The region can address this by improving political relations and cohesion among member states, thereby reducing tensions and promoting regional stability. Integration presents a viable solution to this challenge. In summary, failure to cooperate only results in suboptimal solutions that deprive the region and its people of significant gains achievable through cooperation.

Secondly, SAARC members should fully engage in confidence-building processes and re-examine long-term attitudes and strategies for cooperation with each other. A cooperative and accommodating approach can prove more effective and sustainable in the long run compared to sceptical or exclusionary approaches. Member states may also reconsider past reservations about including security matters and bilateral issues on SAARC's agenda.

Additionally, it is worth noting that the SAARC Secretariat lacks the mandate to initiate proposals and explore further cooperation opportunities. Since my arrival yesterday, there has been widespread inquiry about the status of the SAARC Secretariat. I assure everyone that the Secretariat is operational but remains a member states-driven organisation. We are awaiting guidance from member states, and we remain hopeful that we will soon be entrusted with an important mandate in the near future.

Furthermore, I agree with the sentiment expressed by many speakers during the inauguration session and panel discussions about learning lessons from other regional organisations such as ASEAN. Despite existing bilateral tensions, these organisations continue to conduct technical and official-level meetings effectively.

No doubt, SAARC has demonstrated its capacity to promote cooperation, especially in economic, cultural, and social fields, since its inception over the last three decades. SAARC has initiated numerous projects addressing food security, poverty alleviation, counter-terrorism, energy development, and regional environmental action. These initiatives aim to establish specialised regional centres and people-to-people linkage programmes. However, despite clear progress in some areas, much of the work remains on paper, which I acknowledge.

Member states have repeatedly made declarations at summits, reaffirming their commitment to SAARC's fundamental objectives. Thanks to SAARC, regional leaders have had many opportunities to meet and interact over the past 30 years. Informal interactions during SAARC summits have helped reduce tensions and enhance cooperation, leading to important achievements in some cases.

SAARC already has a concrete structural framework in place; the foundation exists. The main challenge lies in the implementation process. SAARC was born out of cultural and social ties of interdependence among member states. Therefore, if there is genuine intent, fixing the shortcomings of SAARC should be easier than exploring alternative options, given that many prevailing challenges are common among all member states.

In my view, there is a pressing need to convene a SAARC summit to address the acute absence of such gatherings, as many are discussing.

The 30th summit needs to be convened as early as possible to provide renewed impetus to the SAARC process. Since the 18th Kathmandu Summit in 2014, there has been no further summit, and the 19th summit scheduled for 2016 remains pending. In the absence of a SAARC Summit, whether virtual or in person, in the immediate future, we should consider the possibility of convening an extraordinary meeting of the Council of Ministers, as provided in Article 4 of the charter.

However, I do not suggest that a Council of Ministers meeting can replace a summit. It is clear that the Council of Ministers can complement and prepare the ground for a leaders' summit in the near future, addressing the significant backlog of issues pending at the Secretariat.

Lastly, I am pleased to inform you all that His Excellency Ambassador Golam Sarwar from the Government of Bangladesh assumed duties as Secretary General on the 24th-25th October 2023. We are hopeful that his vast diplomatic experience and expertise, coming from the country where the idea of SAARC was born, will bring a new spirit to the organisation.

Dr Posh Raj Pandey

Senior Economic Advisor

Ministry of Finance, Government of Nepal, Nepal

Initially, I thought discussing sub-regionalism in this forum could be complicated and somewhat controversial. However, after listening to our panellists, I am convinced that it could be one of the pragmatic options to move SAARC forward.

Regarding sub-regionalism, it is not a new concept in the South Asian region. In fact, the concept was conceived during SAARC's inception. Article 7 of the charter provides for implementing projects involving more than two members but not necessarily all member states. This implicitly allows for sub-regional initiatives within the framework itself.

In 1996, during a ministerial meeting, Nepal proposed the South Asia Growth Triangle comprising geographically contiguous countries: Nepal, India, Bangladesh, and Bhutan. This initiative aimed to form a subgroup but faced opposition from Pakistan, Maldives, and Sri Lanka during the 7th SAARC Summit.

In our declarations at the 10th SAARC Summit, we emphasised the development of specific projects tailored to the needs of more than two countries, which also encourages sub-regionalism. The Group of Eminent Persons' report discusses the vast potential for sub-regional cooperation, especially in human capital development, infrastructure, and resource-based projects.

At the 18th Summit, SAARC recognised the necessity for sub-regional cooperation and identified projects in power generation, transmission, and trade. From a legal and institutional perspective, sub-regional groups support SAARC's objectives.

From a theoretical standpoint, there's an economic rationale as well. According to the theory of the second best, preferential tariff reductions are inferior to multilateral reductions, and preferential trade arrangements can potentially reduce welfare compared to previous levels. Therefore, if sub-regional groups facilitate movement towards multilateral liberalisation, it would be a step in the right direction.

From a theoretical perspective, if members of a sub-regional group opt for open regionalism—that is, offering negotiated preferences to other members of the SAARC region—it would contribute to multilateral liberalisation. So, from an economic perspective, this sub-regionalism is justified.

Now, let me touch upon recent sub-regionalism in SAARC and the factors contributing to it. There are four main factors. Firstly, there's an external push, particularly from multilateral financial institutions. We heard from Ms Mandakini about World Bank support for projects like BBIN Initiative and MVA, as well as ADB support for initiatives such as SASEC and MVA. This external push towards sub-regionalism is significant.

Secondly, there's an internal push within SAARC due to slow progress caused by numerous bilateral issues, power games, domestic disputes, and border disputes among member countries. These internal challenges have propelled SAARC towards sub-regional initiatives.

Thirdly, there is an internal push within individual countries. India's neighbourhood and Look East policies, along with the needs of landlocked countries for improved infrastructure and connectivity due to high transport costs, have driven sub-regionalism, particularly among these countries.

Fourthly, the potential for hydroelectricity in Bhutan and Nepal has also been a driving force for sub-regional cooperation.

Lastly, there is resistance to regionalism within SAARC itself. This includes lower political and economic commitment to taking risks associated with regional liberalisation. Such resistance has hindered broader regional initiatives.

These factors collectively contribute towards sub-regionalism in SAARC, considering institutional, legal, theoretical, and pragmatic perspectives.

I believe that sub-regionalism is one of the best options to advance SAARC. Regarding existing initiatives, the BBIN Initiative is a significant framework for soft regionalism. Together with India, Bangladesh has facilitated trade and transit issues for Bhutan and Nepal. India also provides electricity for energy trade between Nepal and Bangladesh, and Bhutan.

Another initiative is Bangladesh's support to Bhutan, India, and Nepal. These are substantial initiatives at the sub-regional level. Other potential areas for sub-regional cooperation could include water management, hydropower, connectivity, trade facilitation, and disaster management. The need for immediate and quick responses for relief makes these areas potentially suitable for regional cooperation.

I believe that institution-based sub-regionalism, supported by market-driven initiatives, could create positive-sum gains and inject new dynamism into SAARC. This approach could propel SAARC to new heights of economic dynamism and serve as a foundational block to revitalise SAARC

Open Floor Discussion

Participants discussed the potential need for a new Eminent Persons Group (EPG) for SAARC, noting that the original group was established over 25 years ago. They emphasised the importance of reviewing the past two and a half decades to assess what has worked and what has not. This review would help determine whether a new EPG is necessary to consolidate lessons learned with an evidence-based approach. The aim would be to create a medium-term vision for SAARC, considering the diversity of past experiences and addressing issues such as SAARC governance and reimagining the organisation in new dimensions.

The discussion also highlighted the critical role of leadership within SAARC, particularly India's responsibility as the largest country in the region. It was suggested that India needs to step into a more creative and imaginative leadership role, finding ways to reduce tensions among members and move SAARC forward.

While India's 'Neighbourhood First' policy was acknowledged as promising, it was noted that it has not been as effective as desired, and improving its implementation could help SAARC advance.

Participants further pointed out that SAARC's excessive pragmatism, particularly the unanimous decision-making requirement under Article 10 of its Charter, has hindered progress. This process has often prevented addressing contentious issues, making it a significant obstacle that needs to be reconsidered.

Concerns were also raised about the difficulties in implementing regional initiatives historically, with a call for ensuring the effectiveness and sustainability of any future SEPG initiatives. The discussion emphasised the need for continuous monitoring and restructuring of initiatives to adapt to political and non-political changes.

Finally, it was suggested that, given the current lack of official support for a new EPG, civil society might need to take the lead in forming this group. The proposal included renaming it from the Eminent Persons Group to the Expert Persons Group, reflecting a more practical approach to addressing South Asia's challenges.

Summary by the Chair

The discussion of the session highlighted the urgent need to reassess the relevance of a new Eminent Persons Group (EPG) for South Asia. The original context that gave rise to the first EPG may no longer exist at the official level, suggesting that civil society could take the lead in forming a new EPG. This reflects evolving regional dynamics and the continued relevance of the original EPG's recommendations in civil society discourse.

The session emphasised the importance of garnering political support for future initiatives, advocating a Track II approach that engages a wider range of stakeholders. Advancing the South Asian enterprise demands ongoing dialogue and proactive measures towards regional cooperation and identity beyond geographical boundaries.

In conclusion, the session provided a crucial platform to revisit historical perspectives and explore new pathways for regional cooperation in South Asia. The insights gained will inform future efforts towards a more integrated and collaborative future.

Plenary 2

Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia

Dr Debapriya Bhattacharya

Distinguished Fellow, CPD

The South Asian region is advancing, yet its interrelationships may not have fully maximised their potential. Concurrently, new developments are unfolding. The pivotal issue addressed in this session is whether traditional regional cooperation frameworks, such as SAARC mentioned earlier, have stalled. Should we now explore more inventive and forward-thinking institutional frameworks for our future operations? There are already signs of this transformation, with sub-regional cooperation and sector-specific agreements gaining traction.

There are also lessons to be learned from the past that COVID has provided us with. It has given us experiences on how we need to collaborate in cases of health emergencies. India played a significant role in supplying vaccines. There has also been cooperation, for instance, Bangladesh providing PPE to various countries. Additionally, there has been innovative currency cooperation between Sri Lanka and Bangladesh, as we know very well.

Now, even during this period, we have seen potential areas unfolding. We have shifted from manufacturing to the service sector. We have enhanced connectivity. We are discussing financial cooperation and digital cooperation in various ways. We see that external forces have also become interested in our affairs. When we mention external forces, we are referring not only to our nearest neighbour, China, but also to countries as distant as Japan.

But at the same time, we observe how the recent G20 meeting has highlighted discussions on economic corridors spanning Asia, Europe, and the Middle East. Simultaneously, we are witnessing a shift from government to private sector initiatives. Civil society's involvement in decision-making is gaining traction, raising the question of how to establish a more effective and updated framework to move these agendas forward.

If the first session was more retrospective, now we are focusing more on the prospective aspects. Thus, from looking back to looking ahead, with introspection in between, that is where we stand today. We have a distinguished panel here today, bringing not only competence but also commitment and extensive expertise in these matters. Against this backdrop, I would like to start today's session.

Dr Ishrat Husain

Former Governor

State Bank of Pakistan, Former Advisor to the Prime Minister on Institutional Reforms and Austerity, Pakistan

Despite the traditional rivalry between India and Pakistan, in 2014, we came close to an agreement. Both the Indian and Pakistani governments were on the verge of signing an agreement conferring Most Favoured Nation (MFN) status to India. India had granted this status to Pakistan long ago, but its implementation had been delayed. The agreement was almost finalised by both cabinets, but then India held elections, and the outgoing government did not proceed with it. Since then, we have not been able to reach that point again.

What was beautiful about that agreement was its linkage to South Asian Free Trade Area (SAFTA). It proposed that by implementing these bilateral agreements, the negative impact on Indian products would be phased out within one year instead of three. Additionally, the negative list was to be reduced to support exports from Bangladesh, Pakistan, Sri Lanka, and Nepal.

I regret that this breakthrough did not materialise. If it had, by 2023, we could have seen a much stronger relationship among regional countries. There are natural markets waiting to be tapped into.

The Punjab market in Pakistan naturally has trade flowing both ways towards Punjab, Chandigarh, Haryana, and Delhi. Similarly, Rajasthan sees outbound flows. In the Northeast, Siliguri and Assam are interconnected economically. Nepal, Uttarakhand, Uttar Pradesh, and Bihar also share intertwined markets. These sub-regional interactions create pressure groups that stand to benefit from increased trade, potentially exerting political influence.

Unfortunately, the anticipated progress did not materialise in history, but I remain hopeful. I believe that in the future, this initiative can be revived. The groundwork has been laid, and SAFTA can be revitalised.

Reflecting on my own experience, I was deeply involved in preparing technical work for the government of Pakistan and negotiating with the Indian government. Another lesser-known initiative is the South Asia Economic Students group, where despite tensions, students from top institutions across India, Pakistan, and other countries visit different parts of the region. These gatherings, held in Delhi, Lahore, Dhaka, Colombo, or Kathmandu, foster goodwill and understanding. Participants, who are future leaders in their fields, become ambassadors for South Asian cooperation.

Therefore, my suggestion is that despite political tensions, we should encourage exchanges among students, faculty, academics, and think tanks. These interactions have a significant impact on policymaking within countries and across the region. I strongly believe that this approach should be prioritised.

Another area to consider is the historical involvement of Indian singers and artists at major weddings in Pakistan, while Pakistani artists frequently participated in Indian movies, cultural events, and concerts. This cultural exchange fostered harmony, with Indian movies and songs gaining immense popularity not just in Pakistan, but across the region.

Let us begin with small steps: exchanging students, artists, and cultural troupes. This will lay a foundation for greater understanding and cooperation. Media personalities and journalists should also be encouraged to visit each other's countries. These initiatives can gradually ease tensions and build a constituency for peace and cooperation in South Asia. That is what I wanted to emphasise.

Dr Shekhar Shah

Vice Chairman

Academic Advisory Council, Indian School of Public Policy (ISPP), India

To discuss about the Pakistan and India issues, I want to rewind to the immediate post-partition period of 1947. There was notable cooperation between India and Pakistan post-partition, particularly concerning river waters leading to the Indus Waters Treaty, evacuee properties, and refugee management. This cooperation highlighted the potential of leadership with clear purpose and intent.

Looking back to 2014, Indian Prime Minister Modi invited the heads of state from Pakistan, Bhutan, Nepal, Sri Lanka, and the presidencies of Afghanistan and Bangladesh, among others, to his swearing-in ceremony. This unprecedented move signified India's openness and early engagement with its neighbours under a new government.

Given these positive precedents, there are ample opportunities for collaboration. Reflecting on India's successful presidency of the G20, which received significant attention and praise, could these countries establish an SA8 or a regional equivalent of the G8? This could involve rotational leadership meetings to provide high-level guidance and a commitment to resolving issues without division.

Expanding on this point, I would like to revisit a question posed earlier to Ishrat. Has regional cooperation in South Asia moved beyond its initial aspirational phase, characterised by inclusive agreements like SAFTA that required unanimous consensus among member states?

To adopt a more hard-nosed and realpolitik approach that we are witnessing now, if there is consensus among us that regional cooperation has shifted from its aspirational and ambitious beginnings to a more pragmatic, project-based approach—whether sub-regional, bilateral, or trilateral—focused on tangible benefits such as those seen in energy and transport projects. These initiatives quickly generate benefits for people on multiple sides of borders, garnering political support for leaders to showcase progress made with neighbours, thereby strengthening their positions and creating a conducive political environment for further regional cooperation. If we agree on this shift, the critical question then becomes: Has SAARC outlived its purpose?

The issue about realpolitik and a project-based approach in building constituencies is crucial. However, the challenge with India lies in its federal structure. We have states that border countries in the region and states that do not, each with their

own priorities. This often leads to confusion about whom to engage with—state governments or the central government in Delhi. This confusion can create moral hazards in building a unified constituency for cooperation.

Residents of these states sometimes face the same dilemma—whether to align with the central or state government. This confusion is inherent in a federal democracy like ours, with its complex election processes and legislative dynamics. However, despite these challenges, there have been successful instances. For example, the ferry service between India and Sri Lanka operates under state jurisdiction. Similarly, energy transactions and transit agreements involving states in the Northeast and West Bengal with Bangladesh have been facilitated through dialogue and coordinated efforts.

I believe it is possible to navigate these complexities through continued conversations and regular meetings of heads of state, following an established rotational pattern. This approach can help bridge the gaps and foster greater cooperation.

These problems can indeed be resolved. However, I would like to return to the question of whether SAARC has outlived its purpose. While it was instrumental in setting the stage, creating momentum, and securing commitments at a conceptual level, its inherent structural limitations have hindered substantial progress. Therefore, perhaps it is time to consider allowing SAARC to fade away naturally, paving the way for projects and initiatives that can deliver tangible benefits to citizens across borders.

Private sector involvement will be crucial in this new phase, especially given India's robust private sector and its aspirations to become a global supplier of goods and services. There is immense potential for Indian businesses to invest in neighbouring countries. I advocate for a practical approach, focusing not only on connectivity and infrastructure investments but also on two other key areas.

Higher education offers significant opportunities for cross-border learning and collaboration. Standard certification and accreditation mechanisms can help meet the growing demand for higher education across the region. Similar frameworks in Europe and East Asia, such as the Bologna Process, facilitate mutual recognition of qualifications, which could be emulated here.

Public health is another critical area where regional cooperation can thrive. The lessons learned during the pandemic underscore the need for cross-border collaboration on public health issues. This presents a viable opportunity for person-to-person cooperation and mutual benefit.

Ambassador Durga Bhattarai

Former Foreign Secretary

Federal Democratic Republic of Nepal

I believe our current discussions on the SAARC process primarily revolve around track one, which represents official government-level engagements. However, our dialogue today, including this summit, reflects a track one and a half approach, and there are prospects for even broader engagement through track two, three, or four processes. Proposals such as the idea of a South Asia G8 and sub-regional arrangements should feed directly into the track one process, where actual decisions are made.

In terms of the current state of track one, one might say it is taking a brief nap, though it is not entirely dormant. It shows signs of occasional activity and is poised to awaken if prompted correctly. The trigger for this turnaround would primarily be political will and leadership.

Reflecting on regional group dynamics, it is evident that we have not fully optimised the instruments at our disposal. Rather than seeking new frameworks, our priority should be the sincere implementation of existing instruments. This approach aligns closely with the lessons learnt from ASEAN's experience.

From ASEAN, we can draw lessons on mutual respect among members, trust in cooperative efforts, clarity of purpose, and a shared international outlook. These aspects have contributed significantly to ASEAN's relative success and can serve as benchmarks for enhancing regional cooperation in South Asia.

The next aspect is professional rather than ceremonial deliberations. The culture of evidence-based processes is another. Consensus functioning, which we have adopted in track one, is also crucial. Additionally, fostering personal contacts among politicians, bureaucrats, academicians, professionals, and the public at large is essential.

When we discussed earlier about soft power, if we bring these aspects to the people's level and make them aware of how cooperation among our countries works, it could create pressure on track one players. Who are we? Civil society organisations, right? These initiatives, driven by the private sector and events like seminars, must exert pressure on respective governments. This should be feasible.

Another aspect to consider, drawn from my experience working in New York, is that there was a time when we used to host SAARC ministerial meetings, and not

only those but also SAARC-ASEAN ministerial meetings. However, over time, due to our ceremonial approach, ASEAN ministers began to suggest that we may not be ready to waste more time in New York. This indicates much about our approach to these processes.

If we inform and cultivate a positive constituency internationally, whether at the United Nations or in major capitals, to further our shared South Asian causes, it is entirely possible to create pressure both within each country and externally for governments to collaborate.

Dr P. Nandalal Weerasinghe

Governor

Central Bank of Sri Lanka, Sri Lanka

Sri Lanka has a longstanding issue of fiscal deficits, which is at the heart of its economic challenges. When a country consistently runs high fiscal deficits and current account deficits over extended periods, it becomes a critical test case. This is well-supported by empirical evidence, and Sri Lanka exemplifies this situation.

Unfortunately, the outcomes have not been favourable. In 2022, Sri Lanka found itself in a payment crisis exacerbated by soaring commodity prices. The root cause of this crisis can be traced back to the prolonged periods of fiscal deficits the country has experienced.

Despite these challenges, Sri Lanka has managed to survive due to its relatively high-income status and reasonable economic performance. International markets have been understanding and sympathetic towards Sri Lanka's difficulties. Over time, as Sri Lanka transitioned to a middle-income country around the early 2000s, a significant portion of its debt—over 95 per cent—was concessional, with commercial debt comprising only about 2-3 per cent of the total debt load.

But by 2021, the share of commercial debt had increased to almost 55 per cent of our total debt. The problem was not solely due to borrowing, but rather the issue of managing access to markets. Governments running high fiscal deficits tend to rely on accessing commercial credit to fund their expenditures. When these funds are used for consumption rather than productive investments or long-term sustainability measures like infrastructure or education, it sets the stage for a financial crisis.

This buildup was exacerbated by several boom-and-bust cycles. Sri Lanka, like Pakistan, has experienced balance of payments issues multiple times—sixteen

to be exact—before the seventeenth occurrence in 2019, coinciding with a new government. Unfortunately, the COVID-19 pandemic further complicated matters globally, affecting all countries, but Sri Lanka’s specific policies during this period led to a loss of access to capital markets.

From early 2020, the IMF provided loans and financial assistance to Sri Lanka to help sustain it through the COVID-19 period. However, the solutions and economic ideology of the government at the time exacerbated the situation. Instead of addressing the ballooning debt and fiscal deficits, the government continued with policies that led to unsustainable debt accumulation. There was a lack of prudent fiscal management and an over-reliance on borrowing, which inflated the debt and exacerbated the crisis.

The central banking policy during this period also contributed to the crisis. The belief that printing more money could solve economic problems proved to be misguided. This approach only fuelled inflation, pushing it towards hyperinflationary levels. Concurrently, foreign exchange reserves dwindled significantly, with only around USD 25 million in usable resources compared to the approximately USD 6 billion in annual debt service obligations over the next 4-5 years. This stark imbalance strained the country’s financial resources to the limit.

The consequences were severe. Inflation soared, and essential commodities such as gas and petroleum faced severe shortages, leading to public protests. Social unrest escalated into political instability, making it one of the most challenging periods in Sri Lanka’s recent history.

During this turbulent period, cabinets were resigning, and a new president came into office. The government and central bank leadership also resigned, paving the way for our administration to take charge. We immediately implemented a different programme to address the crisis.

The first step was to announce a temporary suspension of debt service payments. Despite our commitments, the ability to meet them was severely constrained. This move aimed to restructure our external debt obligations effectively.

Next, to stabilise the economy, we increased the policy interest rate from 7 per cent to 14 per cent, a significant 700 basis points hike. This measure was aimed at curbing inflation and letting market forces play a role in stabilising the currency. Previously, the currency had been artificially pegged at 200 rupees per dollar for two years, depleting reserves. When market forces were allowed to prevail, the exchange rate rapidly depreciated to 300, 350, and even 370 rupees per dollar.

Amidst these challenges, government financing became exceedingly difficult, with interest rates on short-term treasury bills soaring to as high as 34 per cent for three-month bills at the peak. The exchange rate volatility also spilled over into the black market, where the rupee traded at a premium of 10 per cent to 20 per cent above the official rate due to scarcity and shortages.

These measures were essential to stabilise the economy and bring back stability amidst severe economic pressures.

Obviously, remittances, which were crucial for us, plummeted from USD 600 million per month to USD 250 million. Despite this decrease, they continued to provide some balance to our market, crucially funding the import of essentials. However, non-essentials like luxury goods were affected, and queues formed as people struggled with shortages of petroleum and other necessities.

In response, we immediately announced a suspension of non-essential imports and began negotiating with the IMF to restore economic sustainability. Concurrently, we implemented multiple policy measures to stabilise the situation. Political stability, crucial for government support, was achieved starting from July onwards, which helped in implementing these measures effectively.

The government decisively implemented fiscal policy tightening measures, which were initially painful. They focused on stabilising petroleum prices and essential enterprises over an extended period. This process required significant adjustments, with the banking sector, particularly state-owned banks, bearing substantial losses. Energy prices increased by almost 50 per cent, pushing petroleum prices up by 200 per cent to 250 rupees per litre.

Despite these challenging conditions, the government persisted with its measures and absorbed the initial pain. As a result, within a relatively short period, we were able to stabilise the economy and begin seeing positive outcomes.

So, currently, inflation has been contained at around 7 per cent as of September 2022, down from 70 per cent earlier. Economic growth has also shown signs of recovery, albeit modestly, with expectations for further improvement. This marks a significant reduction in inflation, from double digits to just 1 per cent by September 2023.

At present, our foreign reserves stand at USD 2 billion, a stark improvement from the meager USD 25 million in April. However, our fiscal situation remains tight, with the government implementing stringent measures across various fronts, including taxation, income tax administration, and cost controls. These measures have been necessary but painful for the Sri Lankan people.

I must express my appreciation for the resilience and determination shown by the people of Sri Lanka during these extremely challenging times.

So going forward, our immediate priority is to complete the IMF programme over the next three to four years and restore sustainability. Last year, our economy contracted by 8 per cent, marking the lowest growth in history. This year, we anticipate growth to be around 2-3 per cent, with gradual recovery expected from the second half onwards. Moving forward, we aim to achieve positive growth and implement comprehensive macroeconomic policies, structural reforms, and governance improvements. Additional commitments include addressing corruption across all sectors.

Mr Md. Jashim Uddin

President

SAARC Chamber of Commerce & Industry, Bangladesh

The theme of SAES XIV, focusing on South Asian regional cooperation amid new national and global dimensions and shifts beyond borders, underscores the urgency of adopting a forward-looking approach. In this context, identifying new opportunities and modalities to foster regional cooperation is vital for the prosperity and development of our nations and the entire region. While the SAARC region holds tremendous potential, it also faces challenges due to political tensions, historical patterns, and ongoing disputes. Initiatives like the South Asia Free Trade Area (SAFTA) have struggled to be effective. The SAARC process itself needs strengthening, as international trade within the region remains below 7 per cent.

Upon arriving here, I discussed with Dr Debapriya Bhattacharya about my role as the President of such a chamber. I inquired about the current activities and challenges facing the chamber. We are all aware of the bottlenecks and challenges that need to be addressed.

So, during my visit to India, I met with my partner at ABCCI, the Chamber of Commerce in India. As a businessman in the private sector, I am keenly aware of how regional business dynamics operate. It is striking that the European Union conducts more than 46 per cent of its business regionally, while ASEAN countries engage in over 14 per cent, with projections to reach 24 per cent. In contrast, our regional trade within South Asia remains below 7 per cent.

Bangladesh and India, being neighbours, have significant potential for collaboration. Currently, we face obstacles that hinder our ability to fully utilise each other's strengths. For instance, Bangladesh struggles with high electricity costs due to reliance on expensive LNG imports, whereas Nepal boasts an 85,000 Megawatt capacity for hydropower and Bhutan has 30,000 Mwatts, largely untapped by us.

As a private sector businessman, I advocate for easier access to resources like electricity from our neighbouring countries. The current visa process for Indian business visas, which can take up to three months, poses a substantial barrier. This bureaucratic delay hampers business interactions and impedes our ability to leverage the immense potential for trade between Bangladesh and India.

While Bangladesh exports around USD 52 billion worth of goods globally, only a small fraction, approximately USD 2 billion, is directed towards India. In contrast, India imports approximately USD 150 billion worth of goods from China annually. There is a clear opportunity for Bangladesh to increase its exports to India significantly, if these logistical and administrative barriers can be addressed effectively.

The issue lies in the lack of understanding among Indian and Pakistani markets about the range of products Bangladesh produces. This is a significant hurdle for our private sector as we struggle to effectively market our goods. While our government promotes our exports, it is now time for the private sector to step up and showcase the diverse products we manufacture. Bangladesh produces a variety of goods that are suitable for both India and Pakistan, including raw materials and finished products.

For example, instead of importing from China or India, Pakistan could benefit from sourcing certain products from Bangladesh at more competitive prices. As the President of SAARC, I am committed to initiating action soon. I have already convened meetings with representatives from all eight member countries, and our upcoming meeting in Kathmandu in December will be crucial. Partnering with Nepal in this initiative will be key, leveraging platforms like BBIN to facilitate trade discussions.

As businessmen, our role is to capitalise on such platforms and advocate for supportive policies and infrastructure development. For instance, in Barishal, where natural gas reserves are abundant, setting up industries like footwear and ceramics could thrive with the right infrastructure and policies in place.

We need to learn from experts on how best to promote and launch businesses effectively. Ultimately, the official channels between India, Bangladesh, and Pakistan need to be more conducive to business, fostering greater economic integration and trade.

Currently, there is no official business happening between our countries. However, there is immense potential. India and Pakistan can trade their products with each other. I recently spoke to a Pakistani and an Indian businessman who are doing business unofficially and facing challenges. They believe that official trade channels would significantly benefit their businesses.

In the global context, regional trade is thriving. Countries like America are reducing trade with China while increasing it within their region. Southeast Asia, with its large population and market, offers substantial opportunities. Instead of exporting to America at high costs, why not focus on India?

Politicians need to understand the bottlenecks hindering official trade. The people in our region are friendly, and there is a strong desire to travel and do business across borders. Bangladeshi tourists visit Sri Lanka, India, and Pakistan regularly, but we also want to engage in business. Resolving these issues is crucial for fostering regional economic growth.

Open Floor Discussion

Participants in the discussion delved into a wide array of topics pertaining to South Asia's geopolitical and economic dynamics. They explored the necessity for interfaith reconciliation and the management of evolving civilisational narratives through structured dialogues across the region. Additionally, there was a proposal to reorient mass tourism towards goodwill missions, emphasising public support over commercial interests. Issues such as debt restructuring, particularly with major creditors, and the autonomy of central banks were also brought up to address concerns regarding economic stability and governance. The debate also touched on regional cooperation frameworks and the region's engagement with global versus local interests, highlighting both challenges and opportunities for strategic reforms and enhanced cooperation amidst evolving geopolitical dynamics.

Summary by the Chair

In conclusion, several critical points from today's discussions warrant attention from those documenting the outcomes.

A significant proposal was put forth to establish an expert group dedicated to steering future directions and assessing past performances. This initiative marks a substantial step forward. Alongside this, the idea of creating a South Asia G8 (SAG8), involving key regional players such as India, China, and Russia, was suggested. Such a forum could provide a structured platform for more effective dialogue and cooperation among these influential nations.

The concept of 'variable geometry' was also introduced, a term familiar in WTO contexts. This approach, which allows for flexible alliances and cooperation frameworks, could facilitate more pragmatic solutions that are better suited to the evolving needs of the participants, potentially offering a more adaptable alternative to traditional structures like SAARC.

Additionally, concerns were raised regarding the lack of consensus on regional issues and its impact on regional interests, particularly in relation to aspirations for UN Security Council membership. The necessity of achieving regional consensus to strengthen global governance structures was emphasised.

The discussion also touched upon macroeconomic challenges, with a particular focus on Sri Lanka's situation. The differences between Sri Lanka's commercial debt and Bangladesh's private debt were highlighted, along with the repercussions of policy rate increases and currency depreciation on monetary control. However, it is notable that the Sri Lankan rupee has recently appreciated, reflecting positive economic developments.

The reforms undertaken have played a crucial role in advancing macroeconomic policy, restoring confidence in the approach. Contributions from various speakers were acknowledged, with one offering a critical perspective on SAARC, another suggesting innovative alternatives, and a third advocating for SAARC's potential despite its challenges.

Moving forward, it is essential to maintain an open stance towards SAARC, recognising its potential despite governance challenges and exploring all possible avenues within this framework before considering alternatives. At the same time, overcoming existing structural constraints is crucial; new opportunities should be

embraced through creative bilateral and multilateral mechanisms to build political momentum for regional cooperation. Furthermore, learning from the experiences of countries like Sri Lanka is important. Insights from think tanks, the private sector, media, and youth will be valuable in developing evidence-based policies that benefit citizens across the region.

These considerations will be vital in shaping a prosperous regional future and addressing the complex issues facing the region.

Plenary 3

Geo-strategic Factors Underpinning Contemporary Trends in South Asian Cooperation

Professor Rounaq Jahan

Distinguished Fellow, CPD

The third plenary session focuses on a discussion on contemporary trends in geopolitical and geostrategic factors and their impact on the various countries of South Asia, as well as on South Asian cooperation.

During the two plenary sessions and parallel sessions, several issues were debated. One issue that was raised, possibly for provocation, was whether we should completely give up on the SAARC idea. However, from the show of hands, it seemed that abandoning SAARC was not acceptable to the audience.

As you can see from the write-ups and titles of the second and first plenary sessions, participants were asked to identify new opportunities and modalities for regional cooperation. An issue raised by the audience was that while we should look for new opportunities and avenues, we should not neglect the old opportunities and modalities that have not yet been fully explored. It is not a binary situation of either this or that; many things can happen simultaneously, and some may be contradictory

or create tension. However, the overall objective is to move forward with the idea of cooperation despite these tensions and conflicts.

One of the panellists asked me yesterday what we mean by cooperation. To maintain the structure of our discussion, I have decided not to have this panellist speak at the beginning, as it might disrupt the flow of the session. Instead, I will bring them in towards the end.

I think there was another assumption discussed at length yesterday, which is that some of the sub-regional alliances might be a better way to move forward. Bangladesh, Bhutan, India, Nepal (BBIN) and Bangladesh, China, India, Myanmar (BCIM) were mentioned as potential building blocks for regional cooperation. We need to discuss whether these sub-regional alliances will actually lead to more regional cooperation or if they will remain at the sub-regional level. Furthermore, we should consider whether these alliances and arrangements are effective on both sides of South Asia, both East and West.

Another point raised yesterday was that we in South Asia tend to be overly pessimistic and critical, often highlighting what we have not achieved. While some progress has been made, and we need a more positive narrative, it was generally agreed that the progress has not met our expectations. This sentiment should be accepted, as civil society typically has high aspirations and is critical of government achievements. If the facts support building a positive narrative, that is fine, but there will always be differences of opinion among us.

Let me briefly go through some of the contemporary trends that we have identified and circulated among the panellists, which you also have. One of the main points discussed yesterday was the strong economic arguments for regional cooperation in South Asia. Even at the sub-regional level, cooperation has moved forward primarily due to these economic arrangements. However, overall South Asian cooperation has been hindered by geopolitical factors, including the political conflict between India and Pakistan, security concerns, India's dominance over its smaller neighbours, and superpower and extra-regional rivalries. These traditional issues have played a significant role, but recent years have seen the emergence of new trends, which this panel will focus on.

We have grouped these new trends into four categories. The first is the rise of China. China has emerged as a global economic powerhouse and a major economic partner for all South Asian countries in terms of trade and capital flows. This rise has led to growing contestation between China and the United States in all regions of the world, including South Asia. New economic and strategic groupings, such

as the Quad and other comprehensive economic partnerships, have emerged as a result. Different South Asian countries have responded differently to this China-US contestation, and there has not been a common response.

The second trend is that India is also emerging and has aspirations to be a global economic power. India's population has now overtaken China's, and India has shown its aspirations to be a global player through its roles in BRICS and by convening the G20 Summit. Additionally, India's Act East policy aims to strengthen relationships with ASEAN and other Asia-Pacific countries, as well as the Middle East and Central Asia. For other South Asian countries, the rise of both China and India and India's desire to be a global player raise the question of whether India is losing interest in or giving less priority to South Asian cooperation.

The third trend we have asked the panellists to address is the transformation of the globalisation process, which we once took for granted as an unstoppable force. Successive US administrations and now the EU are moving away from the idea of a more open, integrated economic order. This shift brings into question how the multiplicity of trading arrangements and capital transfers across the international economy is impacting South Asian countries and how they are responding to these changes.

The last trend identified for discussion is the politicisation of international economic relations and the weaponisation of trade and investment flows as strategic resources, through instruments such as economic sanctions and the terms on which trade and investment take place. This has negatively impacted many South Asian countries, particularly the less developed ones, as seen from the fallout of the Ukraine war. The question to the panellists is whether there is scope for greater collective action and response to this trend.

The question to all my panellists would be: despite the problems and constraints, could we identify some avenues that offer new opportunities to reimagine a more cooperative South Asia?

Dr Swarnim Wagle

Member

Federal Parliament of Nepal

Let me start my discussion with the big picture. US-China and China-India have been named as the two bilateral relationships that are impinging on all other

development and political-economic choices. It would be useful to situate this emerging geopolitical and geostrategic equation within the larger set of global challenges that people have started to refer to as the polycrisis. I do not know if this term has come up in the discussion here, but I find it useful because it refers to the overlapping of seemingly disparate systems. We are talking about systemic risks that appear to be separate but, at some juncture, there is a causal synchronisation of all these risks as well.

The concept of a polycrisis involves the classic characteristics or properties of systemic risks. These risks are highly complex and nonlinear; they are transboundary in nature, and there is deep uncertainty in how they will evolve. We see this in the natural ecosystem with planetary changes, in the social ecosystem with widespread mistrust and deep polarisation, and in the economic system as well.

If I were to list the five big challenges, I would start with the macroeconomic and debt crisis, characterised by sluggish growth, joblessness, and economic stagnation. The second challenge is the demographic and technological production disruptions, creating widespread anxiety. Third, there is social polarisation and a fractured social contract, encompassing issues like poverty, widening inequality, and inadequate social protection regimes. Fourth is planetary pressures, such as climate change and environmental degradation. Lastly, there are geopolitical fault lines, which complicate all these other factors.

China is currently a major force in the world economy. However, it is undergoing three significant pivots that will impact the region and the globe. The first significant development pivot is its promise to decarbonise very rapidly. An economy of China's size pledging to decarbonise by 2060 with leading technologies will have significant implications not only for the climate change issue but also for the availability of finance and technology worldwide.

The second challenge is the depopulation challenge, tied to the rapid emergence and strategic focus that China is placing on new technologies like artificial intelligence. This is possibly to compensate for the shocking pace of depopulation in China. When I was born in 1974, China's population was 800 million, and projections suggest that by the end of the 21st century, by 2100, it may return to 800 million, having peaked around 1.3 billion. With one-third of the population expected to be above the age of 60 by 2040, unless radical new technologies can compensate for this declining workforce, China will face significant challenges. These demographic shifts will also have implications for the region and the rest of the world.

The third pivot is on development finance. The Belt and Road Initiative (BRI) is currently on pause, and discussions are ongoing about BRI 2.0. This new phase may

involve greater multilateralisation, depoliticisation or derisking of directed lending, increased focus on acquisition finance and Public-Private Partnerships (PPP), and a more careful balance between sovereign lending and private sector involvement. These initiatives represent contingent liabilities for states but do not always appear as sovereign borrowing in official records.

These are some of the major challenges. I will conclude with a numerical reference and a related point about Nepal. Without digressing further, I would like to specifically discuss how the US-China and particularly China-India contestation impacts Nepal and competition for infrastructure financing in the region. The rise of China, with all these shifts, presents both challenges and opportunities for South Asia.

So, there is a perception versus reality issue, particularly where our Indian colleagues need to be engaged with factual data. Between 2009 and 2019, under the Belt and Road Initiative (BRI), USD 462 billion was lent for projects through only two Chinese policy banks, the Exim Bank and the China Development Bank. This amount roughly equals the cumulative lending by the World Bank during the same period, which was USD 467 billion. Thus, over the past decade, China has been the most significant bilateral creditor globally, although its peak was around 2016, and there has been a decline since, especially with a rapid pause before the COVID-19 pandemic.

Regarding Nepal, despite perceptions from neighbouring countries that Nepal has aligned entirely with China due to this substantial lending, the reality is that Nepal has received zero dollars from this USD 462 billion. This discrepancy between perception and reality underscores the need for factual clarity. There is a minor debate about one airport project, whether it falls under BRI or not, highlighting the importance of accurate information.

On the other hand, fostering open dialogue and building trust among neighbours could benefit South Asia. China is known for financing high-quality infrastructure at competitive borrowing rates, which could be advantageous for the region overall. There is a paradox here, exemplified by Chinese-funded projects causing anxiety in the region, yet benefiting Indian exporters through improved connectivity and infrastructure in countries like Bangladesh, Nepal, India, and Sri Lanka.

If we adopt a more agnostic approach towards the source of financing and depoliticise larger geostrategic interests to some extent, it could present a significant opportunity. Given the demographic, planetary, and technological pressures over the next 10 to 15 years, it is crucial to seize such opportunities. Otherwise, countries like ours may age without achieving prosperity.

Professor Md Shahidul Haque

Professor

South Asian Institute of Policy and Governance (SIPG) and Former Foreign Secretary, Bangladesh

I believe it is essential to frame our discussion starting from a South Asian perspective rather than solely focusing on the contestations between China, India, and the broader geopolitical strategies. South Asia is a region that was politically and socially constructed. It was shaped significantly by the partition imposed by the British during their hasty departure from the subcontinent, resulting in a traumatic division.

When we discuss South Asia, we must acknowledge that it is not a seamlessly integrated or coherent entity. There are significant rifts and disparities within the region. Over the years, South Asia has made progress in various domains—political, military, and economic—but this progress has been uneven among its countries.

Fundamentally, the tensions that existed before 1947 have persisted and even intensified. These tensions often revolve around identity—ethnic, religious, and linguistic. The partition by the British did not consider resource allocation; rather, it was primarily based on religious identities, which has had lasting implications for the region.

Then, if we look at the issues you are raising, I focus on South Asia through the lens of the Bay of Bengal because it provides a strategic framework that makes sense to me. Historically, the Bay of Bengal has been a crucial maritime area, strategically important until the 1930s when the British developed other means to connect India with the rest of the world, somewhat diminishing the bay's strategic prominence. However, after World War II, South Asia and the Bay of Bengal regained strategic importance, particularly in the context of the Cold War era when the United States and China initially paid less attention to this region, focusing more on the Pacific and Southeast Asia due to communist threats.

From the mid-1980s to the 1990s, there was an economic resurgence across South Asia, which rekindled global interest, especially from the United States, then the sole superpower. This period is often referred to as the unipolar moment, where being noticed by the United States elevated a country's strategic significance. However, this unipolar moment was brief and appears to have come to an end without a clear alternative emerging. And the United States is no longer the only superpower, so that's the frame that I take when looking at South Asia.

In considering how South Asia views and navigates its current situation, India stands out as notably large, both economically and militarily, among other aspects, while smaller nations like Bangladesh also play significant roles. It is simpler for me to refer to Bangladesh, my own country, than to the others.

At this juncture, as the world shifts from a unipolar to a potentially bipolar or multipolar state with China's ascent, smaller countries face a critical question: how should they perceive or are they perceiving this shift? This dilemma adds another layer to existing challenges around military, political, identity, populism, and the foundational fabric of South Asia. This occurs against the backdrop of a broader global transition, not only in terms of geopolitical power dynamics but also in the economic realm.

Currently, smaller South Asian nations are uncertain about how to effectively manage both their political and economic landscapes. Some, including Bangladesh, initially prioritised economic strategies. However, it is crucial to recall Bill Clinton's famous 'It's the economy, stupid' phrase from the early '90s, later amended to acknowledge the importance of politics.

This strategic oversight of geostrategic politics has led to complexities in navigating this tumultuous period. As the Pacific region undergoes a shift from unipolarity to either multipolarity or bipolarity, the implications for smaller nations are profound and warrant separate consideration.

Bangladesh, in particular, has adeptly maintained a sense of equidistance from major global poles—China, India, and the United States. However, solely relying on economic alliances to propel into the future may prove insufficient.

Therefore, the question remains: will Bangladesh's economic contributions suffice in this new global order, or are there additional roles it could undertake? Positioned centrally in the Bay of Bengal, Bangladesh inevitably influences regional developments. Its role extends beyond economics to encompass significant political responsibilities. Yet, before assuming these roles, Bangladesh must define its own model.

Currently, two dominant models—the Washington and Beijing models—exist, with nascent signs of an emerging Indian model. Could there be a third model that smaller developing countries, such as those represented in the G20, could consider adopting? This is a query my Indian colleague may explore further.

Dr Syed Kaleem Imam

Former Federal Secretary
Government of Pakistan

As a student of philosophy, I often contemplate the fundamental realities of life. In many parts of the developing world, philosophy is a subject that is often overlooked or not widely studied. When I ask my students what philosophy means to them, they often question its practicality. However, the word ‘philosophy’ originates from two Greek words: ‘philos’, meaning love, and ‘sophia’, meaning wisdom. Philosophy, therefore, is about a love for wisdom.

As Hegel remarked, ‘You will perish if you don’t acquire knowledge, but you will still perish if you acquire knowledge.’ This paradox prompts me to ask questions whenever I attend conferences or interact with experts from various state machineries and organisations.

Why has the world become such a dangerous place? Why do nations resort to war, develop strategies, and advocate theories that prioritise domination rather than inclusivity? History has shown that some of the greatest empires and kingdoms fell when they pursued unchecked power and dominance.

I argue that we need to reflect deeply on whether our goals should focus solely on prosperity or should also encompass existential considerations

In these times, it is crucial to focus on our survival and how we will confront upcoming challenges. As educators and leaders in responsible positions, we must strive for growth and recognise the need to make a positive impact. Before discussing the Western perspective, I often reflect that abandoning past endeavours may prevent future opportunities for love and admiration. Therefore, while initiatives like SAARC may have served their purpose, we should also be prepared to embrace new associations that are inclusive and sustainable.

In my country, when criticisms arise about law enforcement effectiveness, I advocate for capacity-building and understanding the root causes of inefficiency. Similarly, if SAARC encounters challenges, we should address them constructively, ensuring no one is left behind in future endeavours. Cooperation is essential, as the saying goes, ‘Necessity is the mother of invention,’ and cooperation itself is essential for meeting these necessities.

Turning to the Western perspective, there are currently more than 27 conflicts raging worldwide, each impacting country not directly involved. Economic relations,

diplomatic ties, and public sentiments all feel the effects in one way or another. Take, for example, the ongoing conflicts in the Middle East, particularly concerning the Palestinian State, and the significant fallout they generate.

Ruling elites may perceive certain actions as necessary, but they cannot disregard public sentiment. People often express dissent through protests and demonstrations, highlighting the complexities and entanglements involved.

Additionally, conflicts such as the Ukraine-Russia war exemplify this global turbulence, with repercussions felt across regions. During a recent visit to the UK, discussions on issues like power outages, typically associated with developing nations, underscored the far-reaching impacts of such conflicts even in developed countries.

It is crucial to remember that prolonged conflicts bring enduring challenges and troubles. Reflecting on these complexities, especially in Western contexts, prompts important questions.

I believe that there are numerous corridors, initiatives, and trade routes being developed globally. Many countries are vying for dominance and seeking strategic advantages. However, amidst these pursuits, we face significant challenges. It is crucial to realise, as my colleague pointed out, that true wealth lies not in having the most, but in desiring the least. Failure to engage with and uplift nations, particularly smaller ones, and the reluctance of larger countries to acknowledge their pivotal role can lead to ongoing challenges and detrimental consequences.

In the Western context, geopolitical tensions are escalating, pressuring nations to take sides. Economic dependencies further complicate matters, prompting cooperative efforts driven by self-interest. However, heightened military buildup and security preparations can erode trust and cooperation within regions, posing additional security concerns.

Regional organisations like SAARC and ASEAN struggle to maintain cohesion amid external pressures from major powers. Disruptions in trade, exemplified by tensions between the US and China, can disrupt regional trade and supply chains. Border conflicts divert attention and resources away from collaborative regional efforts.

Therefore, the challenges faced by South Asian countries are dynamic and interconnected. Developments in the West cannot be viewed in isolation; they directly impact this part of the world.

Dr Amena Mohsin

Professor

Department of International Relations, University of Dhaka, Bangladesh

Before addressing specific questions, I would like to briefly respond to the overarching theme you have raised with all the panellists about the future vision of South Asia that we aspire to for the next generation.

The architects of SAARC may have had a particular vision, but as we look forward, we must reconsider what kind of South Asia we envision. Ashis Nandy provides an insightful perspective on this. He argues that South Asia is unique in how its states define themselves not by self-definition, but by defining others, often in the context of historical animosities. Ironically, this can sometimes empower the very entities they seek to differentiate from.

However, there is also a ‘people’s South Asia’ that exists beyond these state-centric narratives. The framers of SAARC may have envisioned a different future, but let us move forward with that in mind.

When discussing regional cooperation, it is essential to recognise that while formal regionalism at the state level may not have fully taken root, there exists a ‘People’s South Asia’ that transcends transactional relationships. As Professor Rehman Sobhan highlighted yesterday, this includes deep cultural and social linkages, alongside shared challenges such as climate change—underscored by the recent earthquake in Nepal, a poignant reminder of our environmental vulnerabilities.

The gender question, displacements, and migration are also critical facets of this regional dialogue. Moreover, we must reconsider the concept of borders in the minds of people across South Asia. From hard borders to soft borders, and even the nuanced perspectives of borderlands and border hearts, these ideas shape perceptions of homeland and community.

In moving towards greater cooperation, we need to embrace these diverse geographical perspectives imaginatively. It’s about rethinking how we perceive and utilise geography to foster deeper regional integration and understanding.

Professor Shahidul Haque rightly emphasised the significance of oceans, with Bangladesh viewing the Bay of Bengal as its third neighbour. These geographical factors are crucial considerations. When discussing sub-regionalism, however, we must also address the inclusion of Afghanistan. It is essential to factor in

Afghanistan and Pakistan when examining the political dynamics of these sub-regional organisations. While there are valid reasons for forming these groups, it is important for the audience to be aware of broader political implications.

Regionalism should not be hostage to regime-centric or statist ideologies, as the people of South Asia have often been affected by such dynamics. There was a time when track-two diplomacy and people-to-people contacts thrived, but these seem to have declined. It is crucial to question why this decline has occurred.

Regarding India's role and the contestations in the region, we observe systemic-level contestations between the United States and China, which have implications for India. This situation presents both challenges and opportunities for other South Asian states, allowing them room to manoeuvre through multiple alignments. In this multipolar and multi-actor world, it is important to consider how other states perceive India's role and whether they prefer India to play a major role or not. This region not only witnesses rivalry between India and China but also reflects rising aspirations and ambitions.

When I talk about rising aspirations, I am referring to factors like migrant labour, garment workers, women's empowerment, and the resilience that characterises this region. These elements are crucial considerations. When I describe this region as one of rising aspirations, I am highlighting how regional actors and other states are asserting independent and autonomous roles within South Asia. They are seeking multiple alliances and partnerships, reflecting their desire for autonomy and equality.

In this context, India undoubtedly plays a major role, but it is essential for other states in the region to view India as an equal partner rather than a hegemonic power. This perspective is critical for reimagining South Asia and fostering regionalism that embraces the diversity and intersectionality of the region.

To conclude, when we discuss reimagining South Asia, it is vital to understand the complexity and intersectionality of the aspirations and roles of the diverse states and peoples within the region.

Dr Praveen Jha

Professor

Centre for Economic Studies and Planning School of Social Sciences
Jawaharlal Nehru University (JNU), India

Before addressing the Chair's question, I have been somewhat uneasy since yesterday morning, especially when she mentioned the concept of cooperation. To me, this prompts a need to reframe our understanding of core objectives, ideals, and ideas that guide our approach to cooperation. It is crucial, especially in the context of South Asia within global capitalism.

We must confront profound questions about the ideals we prioritise. Globalisation, as discussed, is not just a broad concept; it is specifically neoliberal globalisation. This means the dominance not just of large capital, but particularly finance capital, which currently wields immense economic power globally. Ignoring this reality comes with significant risks.

There's been a tendency to sideline earlier visions such as the UNDP partnership. Should we reconsider frameworks like UN DHR or the 1986 UN pact on development in this reframing? Many essential principles seem to have been disregarded, reduced to mere byproducts or hopes of trickle-down effects. Trickle-down economics, historically discredited, is a poignant example.

In this light, are we inadvertently stuck in growth fundamentalism, infrastructure obsession, or an exclusive focus on investment? These are critical issues that deserve careful consideration.

Certainly, growth, investment, and infrastructure are all crucial aspects, but it is essential not to fixate on them without critically examining their outcomes. Since the 1980s, there has been pervasive talk about high growth rates, endorsed by institutions like the World Bank, UN bodies, ILO, UNDP, and others. However, what do we truly gain from an 8 per cent growth rate that creates minimal employment compared to a 5 per cent growth rate that absorbs, say, 2 per cent of the workforce? This is just one facet; there are many other consequential issues to delve into.

Recent data underscores the stark disparities: billionaire fortunes increase by USD 2.7 billion daily, while inflation pushes at least 1.7 billion workers into deeper poverty every day. This affects over half of the world's 3.2 billion workers, impacting education, health, and overall social progress.

Now, turning to the broader issue: my plea, echoing points from previous discussion, is to elevate the importance of partnerships and envisioning collective progress. Professor Rehman Sobhan rightly highlighted how civil society ideals and broader objectives often get reduced to narrow indicators. We must not overlook these foundational principles.

Now, addressing the question posed by the Chair regarding India's perspective, I must admit there seems to be a lot of lip service without a clear vision. Depending on the forum, whether it is the World Economic Forum or elsewhere, there is a tendency to endorse every good idea, sometimes without genuine commitment. For instance, at the World Economic Forum, there have been statements equating opposition to globalisation with terrorism, which raises questions about what ideals we are embracing.

Professor Nagesh Kumar and other Indian colleagues discussed India's role in initiatives like the G20, where India aims not just for regional influence but global leadership in setting agendas. The critical questions remain: Will India achieve this leadership, and how?

In the context of neoliberal globalisation, there is significant fluidity influenced by major players such as finance and large corporations. Recent data from the Transnational Institute shows that out of the world's 100 largest economic entities, 71 are corporations, indicating their substantial economic power compared to nation-states.

This economic context shapes political landscapes profoundly. There is often a revolving door between political leadership and Wall Street, especially in Europe, where many leaders have direct ties to large financial conglomerates. Whose interests do they serve?

While focusing on economic questions is crucial, we should not overlook the complexities introduced by political and cultural dimensions.

Our colleagues have discussed these political, cultural, and social issues, all deeply intertwined with the loss of a cohesive vision. This loss often leads to widespread marginalisation, where ethnic and religious identities are weaponised by authoritarian states. This phenomenon is not disconnected from the broader neoliberal project; they are intricately linked.

In this dynamic environment, China's trajectory over the past five decades is notable. It is a much more nuanced story than simple binaries suggest. Recently, on October

20th, 2023, President Xi Jinping met with a high-level US delegation, proposing China and the US as natural partners despite ongoing conflicts. This illustrates the complexity and pragmatic approach in global politics.

I am not suggesting there are no tensions or resistances, but we must understand these within the broader economic and political realities. India expresses concern for South Asia, but often it remains more in lip service than substantial action. Nevertheless, maintaining dialogue with neighbours is crucial; they are geographically given and cannot be disregarded.

Reflecting on India's historical attitudes, such as towards Pakistan, there is a rich history, including Gandhi's advocacy for financial support to Pakistan soon after Independence. This initiative sparked significant controversy but underscores India's historical approach to regional diplomacy.

There was a strong positivity in earlier phases that seems to have diminished over time. For instance, from around 1985 and for the following two decades, there was a more serious engagement with these ideas. However, in the past decade, there appears to be more lip service than genuine commitment in collective efforts. This shift is influenced by the fluidity of global dynamics, where various developments occur.

We often hear about positive developments, like India-Bangladesh relations discussed yesterday, which are certainly welcome. Yet, the crucial question remains: What framework are we envisioning to guide these interactions? This is where my concern lies. I feel there is not enough serious consideration given to this, which is not solely due to political actors but also tied to deeper economic dynamics.

As you noted in your opening remarks, economic instruments are often weaponised. India, for example, buys Russian oil and products, which it then sells to Europe, highlighting complexities in global sanctions dynamics. Smaller countries face significant consequences if they defy the US or Western powers, as seen in cases like Zimbabwe and others under sanctions.

There are over 50 countries currently under sanctions, but the severity and impact vary significantly depending on geopolitical alignments. These complexities deserve careful analysis and discussion.

Brig. Gen. (Retd.) Dr Sakhawat Hussain

Former Election Commissioner

Bangladesh

The concept of SAARC was introduced in the late 1970s, a period when South Asia was embroiled in conflicts between India, Pakistan, and internal issues like civil war in Sri Lanka and Maoist insurgency in Nepal. Cooperation among South Asian nations was minimal, with blame often placed on one another. SAARC was launched with the aim of achieving economic prosperity for all South Asians, not just at a governmental level but also improving the lives of ordinary citizens. This involved fostering exchanges among people, ideas, and cultures, despite the cultural similarities across South Asian countries.

Last year, when I stood on the Stupa Mohenjo-daro for the first time in my life, contemplating the origins of Indian or Indo civilization from that vantage point, I could not help but ponder where the problems arose. India, unquestionably the largest and most influential country in the South Asian region, seems unable, in my view—and I may be mistaken, Madam—to fulfil the responsibility of leading everyone along.

There are several reasons for this. The persistent conflict between India and Pakistan continues to loom large. Furthermore, India's involvement in Tibet in the late 1950s, aimed at countering China, exacerbated tensions and led to significant issues in 1962. According to Shivshankar Menon, the events of 1962 still deeply affect India's economic, military, and overall development psyche. This historical conflict has persisted and continues to hinder cooperation in the region.

Initially, SAARC was seen as a promising organisation, but it ultimately faltered. India's stature and power within the region did not translate into cohesive regional leadership, primarily due to lingering suspicions and, more recently, military actions like the URI operation. These factors have consistently undermined efforts at regional cooperation.

Certainly, India and Bangladesh have a strong cooperation, particularly evident in their east-west connectivity on the map. However, there is a notable lack of similar connectivity north-south. This discrepancy is partly due to strategic concerns about the Indian 'chicken neck', a narrow corridor that India considers vital but which others, including economists and politicians, may not prioritise similarly.

Efforts like the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor have faced challenges, often rooted in the broader competition between China and India

across Asia. This contest has geopolitical implications that extend beyond South Asia, influencing regional dynamics significantly. The weaponisation of economics, business, and politics adds complexity to these issues, further complicating efforts towards regional cooperation.

Turning to the Bay of Bengal, its significance to Bangladesh is clear, but cooperation among the six other countries sharing its coastline remains underdeveloped. Initiatives like the Quad (comprising the USA, India, Japan, and Australia) and the Indo-Pacific framework have not fully addressed the interests of all stakeholders, including Myanmar, which plays a crucial role in the Bay of Bengal's dynamics.

While regional cooperation efforts face challenges due to geopolitical rivalries and strategic concerns, the Bay of Bengal and BCIM initiatives illustrate both the potential and the complexities involved in fostering meaningful collaboration among South Asian and Southeast Asian nations.

The conflicts, whether military, strategic, or otherwise, have profoundly impacted every aspect of regional cooperation in South Asia. Economically, they have restricted free movement, which initiatives like SAARC aimed to facilitate. Presently, obtaining an Indian visa has become increasingly challenging, with thousands queuing up. Similar restrictions apply across other South Asian countries: no direct air or rail links between Pakistan and Bangladesh, and minimal communication with Afghanistan, which remains unrecognised by many SAARC nations.

This lack of connectivity and recognition points to broader issues of political and economic weaponisation, extending beyond military concerns to include politics and culture. These factors hinder any meaningful regional organisation's sustainability in South Asia. As long as conflicts persist, particularly between major powers like India, China, and Pakistan, with the USA often involved, overcoming these challenges remains daunting.

Lastly, I would say that unless there is a mechanism for conflict resolution similar to ASEAN or the EU, if we wish to reframe and reinvigorate SAARC, I, as an ordinary citizen of this country, see no future for regional cooperation.

Open Floor Discussion

Participants engaged in an open floor discussion on South Asian regional cooperation, focusing on key issues such as geopolitical strategies, economic policies, and the effectiveness of regional arrangements like SAARC. They

explored the political implications of neoliberal globalisation, noting shifts towards authoritarianism and electoral autocracy. Concerns were raised about militarisation overshadowing regional prosperity, prompting calls for demilitarisation and fair economic distribution among neighbouring countries. Discussions also addressed India's pivotal role within South Asia, alongside critiques of visa policies hindering regional integration and economic growth. The session concluded with reflections on the hegemony of finance capital in the global context, examining its historical roots and contemporary implications.

The discussion delved into military dimensions, India's strategic influence, and challenges in fostering effective regional cooperation amid historical rivalries. Participants highlighted the complexity of balancing relations with global powers like China and the USA, affecting regional dynamics. Strategies to navigate these challenges and promote cooperation were sought, reflecting the intricate geopolitical landscape in South Asia.

Moreover, discussions on regional cooperation touched on security concerns regarding direct communication with Pakistan, citing past terrorism incidents. Participants underscored SAARC's importance amidst global economic frameworks, with concerns over potential downgrades and the need for visa-free regimes to facilitate collaboration. Insights from former officials highlighted SAARC's historical significance, current challenges, and opportunities for Indo-Pacific collaboration, focusing on maritime disputes and economic prospects.

The discussion also addressed international relations concepts like multipolarity and economic nationalism, advocating for balanced relationships and inclusive growth strategies. Emphasis was placed on integrating security and development priorities, advocating for deeper dialogue to bridge gaps and foster a cohesive economic block across South Asia.

Summary by the Chair

Two small observations conclude the discussion. Firstly, the expectation was to generate specific ideas regarding new opportunities in the current context. However, the discussion largely remained within generalities, recognising the creation of opportunities for various actors and arrangements, but without producing concrete recommendations. A strong desire for visa-free travel emerged, and agreement on this could significantly advance cooperation and progress.

The final point acknowledged that science is a civil society initiative. However, with the movement towards regional economic integration, the private sector and business have an increasingly important role. Across different countries, the business community is gaining influence over state actions. Therefore, it is worth exploring how the business community, which impacts policymaking, can contribute to promoting regional cooperation.

**STATEMENTS
AT THE
PARALLEL SESSION**

Parallel Session A1

Multi-modal Transport (Cross-border Logistics)

Professor Dr Govind Raj Pokharel

Former Vice-Chair

National Planning Commission. Federal Democratic Republic of Nepal

I will start by showing my gratitude to the organisers for inviting me to this session. Although I initially intended to speak about cross-border power trading, which is my current area of work, I will instead share my experiences related to enhancing connectivity and promoting the multimodal transport system in this region.

During my tenure at the Planning Commission, I encountered numerous challenges, particularly political rather than technical, in advancing connectivity. It is well understood that in the 21st century, the movement of people, goods, money, and knowledge is essential for achieving any nation's and society's prosperity targets. This necessitates infrastructure, such as roads, railways, waterways, and airways, for the movement of people and goods, which I refer to as the 'hardware' component. For the movement of money and ideas, we need policies and institutions—what I term the 'software' component of the multimodal transport and knowledge network. To enhance the efficiency of the hardware, appropriate software components are also crucial.

I will share some examples from Nepal to illustrate these points. One major issue we need to address is the geopolitical context in terms of transport. While at the Planning Commission, we aimed to develop a fast track connecting Indian highways to our capital city, Kathmandu. This project had the potential to save around 40 litres of diesel per truck journey from the border city of Birgunj to Kathmandu. However, we faced significant challenges in convincing our parliamentarians, bureaucratic system, politicians, and the general public, leading to prolonged debate. Ultimately, the project was cancelled by the court.

Currently, we are still struggling to establish better connectivity, which could have significantly reduced the per unit cost of transport. The project has been in progress for almost eight years but only 25 per cent has been completed. Additionally, we were unable to effectively mobilise our public-private partnership policy, which we had devised for this project. This was our first attempt to involve an Indian developer to carry out the project, but it faced numerous obstacles.

It is primarily due to geopolitical factors. For example, we sought funding through the Belt and Road Initiative from China, but this has been the subject of extensive debate and controversy. Recently, our government decided not to accept any loans under this initiative, agreeing only to accept grants. As a result, projects connecting our northern border have been delayed.

Another issue is the Millennium Challenge Corporation (MCC) agreement, which involves financial aid aimed at connecting the Indian electricity grid to the Nepali power market. This project also aims to facilitate the transport of raw materials required for the cement industry from Indian border cities. Although the MCC grant is purely financial aid, the project has been mired in political debate and controversy for almost a year. Political parties, the Parliament, the general public, and the media are all divided on the issue. Everyone is aware of the complexities involved, even though one aspect was purely a grant and the other a conditional loan. This illustrates that in developing a multimodal transport system, especially cross-border, it is crucial first to address the geopolitical situation and develop a domestic narrative around major infrastructure projects.

Moreover, the lack of infrastructure and connectivity is a significant hurdle. For example, I cannot fly directly to the Maldives, and my colleague from Pakistan cannot fly directly to Kathmandu, Dhaka, or Paro. Therefore, to establish a comprehensive multimodal transport system across borders, we need to develop the necessary infrastructure and align our planning to support these initiatives.

We have built two international airports in Nepal—one in Lumbini, near the birthplace of Gautama Buddha, and another in Pokhara, which is close to Mount Annapurna.

While these airports are technically operational, they are not financially viable. This is partly because we did not align our plans with those of India, which is also developing airports near the border. Despite investing significant resources and taking loans from multilateral or bilateral sources, we aimed to connect these airports with Sri Lanka and Myanmar to attract Buddhist tourists directly to Nepal. However, not a single international flight currently operates from Lumbini, and the situation in Pokhara is similar, as the funding for this airport came from China. We did not anticipate that other countries might avoid using airports built with Chinese funds.

Whenever we plan such projects, it is essential to align them with the political and infrastructural strategies of neighbouring countries. Otherwise, despite having honest and sincere objectives to promote cross-border connectivity, we may face situations like the one in Nepal. While our main international airport, Tribhuvan International Airport, is fully booked, we often experience traffic congestion. For example, flights from Dhaka or Delhi sometimes have to circle for an hour before being able to land.

There are many areas where we can enhance the multimodal transport system. A significant challenge is the lack of governance. Improving governance in our border areas is crucial, including enforcing the rule of law and institutional effectiveness. Currently, numerous unnecessary documents are required, which are not aligned with international norms, and there is a lack of accountability. Issues such as quarantine procedures also need to be addressed. Enhancing governance is vital to making the system more efficient and reducing the unit cost of production and transport. Our current system is inefficient and resistant to change, which must be addressed through better governance.

Dr Selim Raihan

Professor of Economics

University of Dhaka, Executive Director, SANEM, Bangladesh

I believe the focus of our session on multimodal transport and cross-border logistics addresses the concept of regional public goods. We need to consider the extent to which these regional public goods are beneficial and what steps are necessary for the entire integration process.

When discussing multimodal connectivity or cross-border logistics infrastructure, the issues seem consistent across the board. The lack of significant progress in these areas mirrors the broader lack of progress in regional integration. I do not wish

to delve too deeply into the political economy discussion, as it has been covered extensively. However, it is essential to acknowledge the strong political economy factors, including bilateral relations and the trust deficit among countries, which are decisive in inhibiting progress towards true multimodal connectivity in South Asia.

Despite these challenges, there has been some progress, particularly at the bilateral level. For instance, the relationship between Bangladesh and India is a notable example in South Asia, as these two countries have made strides in road, rail, water, and to some extent, air connectivity. The key issue now is how we can extend this bilateral experience to the regional level, fostering broader integration and cooperation.

I believe there are significant challenges and issues to address. As mentioned earlier, deep political and economic factors play a major role. Even with the success seen between Bangladesh and India, there are still serious technical challenges. Infrastructural development and border facilities often lack coordination between both sides. For example, while progress may be evident on one side of the border, it is not necessarily mirrored on the other.

In my recent study of three ports in Bangladesh—Chattogram, Mongla, and Payra—I observed similar issues. Despite improvements, there is a mismatch in development on either side of the border. When discussing multimodal connectivity, it is important not to be satisfied merely with the construction of roads and expressways.

In my study, conducted for the Ministry of Commerce and the National Board of Revenue with support from the Asian Development Bank (ADB), I found that various government agencies are involved in the process. Unless there is a harmonised and efficient system among these agencies, the concept of multimodal connectivity could collapse. While visible improvements such as new roads and customs facilities are noteworthy, the real challenge lies in the efficiency of these agencies in facilitating connectivity.

A fundamental question is how to extend the positive aspects of the Bangladesh-India relationship to a broader South Asian context. To achieve this, there must be greater emphasis on trade and investment integration. Without substantial progress in trade and investment, countries may find that their infrastructure remains underused. This issue echoes some of the concerns mentioned by others, such as unused infrastructure despite substantial investment.

Therefore, we need to focus more on integrating trade and investment across South Asia. Otherwise, many efforts to build multimodal connectivity will not achieve their full potential.

One significant challenge, as hinted at earlier, is the issue of financing multimodal connectivity. This is not merely a financial matter; it involves complex geopolitical and political economy considerations. Determining the source of funding—whether from China, Japan, India, or another entity—becomes critically important in making these connectivity efforts functional. If we are genuinely committed to achieving true regional public goods in terms of South Asian multimodal connectivity, resolving the financing issue is essential.

Additionally, there are challenges associated with financing infrastructure projects. Countries, including Bangladesh, often take loans from various sources to build different types of infrastructure. Issues arise concerning the adequacy of feasibility studies and the management of cost and time overruns during implementation. Unless governance issues related to infrastructure development are addressed, there is a risk of ending up with infrastructure that remains underutilised—essentially ‘white elephants’.

It is also crucial that national efforts to build infrastructure align with a regional plan. Currently, there is no comprehensive regional plan for South Asia, though some plans have been developed by organisations like the UNESCAP and the Asian Development Bank. A transparent discussion is needed to effectively align national efforts with these regional plans.

Moreover, connectivity should be linked to a well-defined economic corridor. Unless we integrate connectivity into a functional economic corridor, it will not be successful. This requires incorporating infrastructure into broader economic strategies that support trade and investment.

Finally, the role of external donors in financing is extremely important. Without effective financial support from external sources, the vision of multimodal connectivity will struggle to fully materialise.

Mr Abdul Ghufan Memon

Federal Secretary

Ministry of Maritime Affairs, Government of Pakistan

While listening to the two previous speakers, I found that many of the points I intended to raise have already been discussed. However, I would like to share my experience. Until last week, I served as Secretary of Maritime Affairs, and I am now reporting to the Establishment Division, though my next posting is yet to be determined.

Reflecting on the discussions from this morning, it is evident that political issues are a significant challenge. While we must address these issues, we cannot allow them to hinder progress in other sectors. As I mentioned in the preliminary session, we need to identify and focus on areas of opportunity, such as the 'green' areas where progress is feasible. For example, we face numerous issues with our neighbouring countries, India and Afghanistan. For instance, the cost of transporting a banana from India is quite high due to the long distances involved.

To address these challenges, we explored alternatives like the Belt and Road Initiative. We initiated the China-Pakistan Economic Corridor, where we have already invested approximately 35 to 40 billion dollars. This corridor is not merely a road; it spans from Gwadar on the Arabian Sea in the west to the eastern part of China, facilitating significant connectivity. However, we still face issues such as lack of ownership and political heterogeneity within our country. The uneven distribution of resources among different provinces presents additional challenges that need to be addressed politically within the country.

My suggestion to everyone is to first tackle internal issues and improve interconnectivity within your own country. If countries like India or Pakistan face internal problems, resolving these issues can help maximise benefits from external partnerships beyond the SAARC region.

Another significant issue we faced was connectivity itself, particularly due to law and order problems. There was a section of the route that remained incomplete for almost three years, which caused delays. We have now addressed this issue, and connectivity has improved.

Additionally, there are small but important details that need attention. For instance, in Pakistan, trucks are right-hand drive, but as soon as they cross the border, they must switch to left-hand drive. These seemingly minor issues can cause complications. It is essential to address these practical details, as well as the software-related aspects (the need for policies and institutions) mentioned by previous speakers, before tackling broader connectivity issues.

Trade volumes are another crucial factor. Due to these connectivity problems, trade volumes cannot be fully realised or justified. For example, we have observed that, due to political and logistical challenges, certain trade activities have been hindered.

However, we can learn from each other's experiences. For instance, Bangladesh has recently signed the Hong Kong Convention for the shipbreaking industry. This agreement will impact the shipbreaking industry by 2025, potentially affecting how

such activities are conducted in Pakistan. We are also exploring how to adapt to these changes and integrate similar practices.

When I visited London, I discussed with officials the possibility of learning from Bangladesh's experiences. I requested the Bangladeshi government to share their lessons and mistakes so that we could avoid repeating them. Such models can benefit other countries as well. For example, if India excels in certain areas, we should leverage their experiences to improve our own practices.

In Pakistan, we still have many opportunities to enhance connectivity. Out of the eight neighbouring countries, only India and Afghanistan share a border with us. We can take advantage of transshipment and transit trade facilities, which are not necessarily dependent on financial constraints but rather on spatial arrangements.

India's extensive coastline and container terminals are valuable resources. Pakistan has also engaged with port operations abroad; we have granted long-term concessions to ports in the United Arab Emirates, opening up numerous business opportunities. Relying solely on SAARC for solutions might take an excessively long time, so exploring alternative mechanisms is crucial.

For instance, Abu Dhabi Ports have begun handling our containers, and we are exploring similar opportunities with Dubai Ports (DP World). In terms of air connectivity, Pakistan International Airlines (PIA) has faced numerous challenges, so we have turned to private sector airlines. These airlines have established code-sharing agreements with other carriers. Nepal could consider similar arrangements with India or other neighbouring countries. We have also collaborated with Arab airlines for code-sharing.

Regarding railways, Pakistan is working to connect with Central Asia, and similar initiatives could be pursued by other countries to enhance connectivity. It is essential to identify areas of cooperation and avoid waiting solely for government-led solutions. Allowing the private sector to take the lead, with minimal government intervention and regulation, can be more effective.

Lastly, while political considerations might influence decisions, it is worth exploring options like the Belt and Road Initiative if they align with your goals. If feasible, such initiatives can be advantageous regardless of political affiliations. The key takeaway is to focus on internal improvements and enhance connectivity with neighbouring countries. This approach will be crucial for success.

Mr Chewang Rinzin

Director

(Dy. Chamberlain to His Majesty The King), Royal Institute of Governance and Strategic Studies, Bhutan

Although I am not an expert in this field, I do have a keen interest in the subject, particularly concerning landlocked and least developed countries like Bhutan. I recently reviewed a comprehensive report prepared by the South Asian Association for Regional Cooperation (SAARC) Secretariat in 2006, titled the ‘SAARC Regional Multimodal Transport Study’. This report extensively outlines both the challenges and opportunities related to multimodal transport and connectivity in the region.

I wonder if there has been any follow-up or assessment of this report to evaluate how much progress has been made since its publication. While I do not intend to focus on the political aspects, as these will inevitably evolve over time, it is worth noting the slow progress observed in SAARC’s efforts. An article I read in *South Asia Monitor* highlights the frustration, noting that despite its founding in 1985, SAARC has struggled to achieve even a fraction of its intended objectives.

Recognising this, we might need to reconsider our approach and possibly develop a new narrative for SAARC that could be handed over to future generations to build upon.

Turning to the subject of connectivity, I would like to introduce another dimension: the role of government machinery, particularly the bureaucracy. Political decisions and inaction are one set of issues, but there may also be opportunities within existing frameworks that we have failed to fully leverage. It is crucial to consider how the bureaucratic processes and institutional frameworks can be enhanced to support and advance connectivity initiatives effectively.

Three key considerations come to mind regarding multimodal transport and connectivity.

Firstly, there is the issue of capacity. While having infrastructure is essential, effectively leveraging it requires not just physical assets but also the capacity in terms of human resources, technical expertise, and know-how. It is crucial to ensure that the infrastructure and facilities are used to their full potential. This entails building and enhancing the capacity to operate and maintain these facilities efficiently. Whether it’s a matter of skill development or technical support, nations—both large and small—should collaborate to build these capacities. Additionally, the role of donors and development funds, such as the SAARC Development Fund (SDF), could be re-

evaluated to support capacity-building initiatives. Reimagining how these funds are used could significantly impact the effectiveness of connectivity projects.

Secondly, the efficiency of government machinery within the SAARC region is a critical issue. As we all know, bureaucracies in the region often face challenges regarding efficiency. Political decisions aside, the actual implementation of projects and management of infrastructure depend largely on bureaucratic processes. It is essential to scrutinise how efficiently our bureaucracies operate, including their turnaround times, productivity, and the presence of risk management practices. Leveraging technology to streamline processes, enhancing training and education, and fostering better practices can contribute to improving bureaucratic efficiency. Without effective management, even the most well-planned infrastructure projects can fall short in terms of connectivity and operational effectiveness.

Third, efficiency in government operations directly impacts the speed and quality of connectivity. No matter how advanced the infrastructure, if the systems and people managing these assets are inefficient, the overall connectivity will remain suboptimal. Therefore, addressing bureaucratic inefficiencies should be a priority to ensure that connectivity efforts are successful, and that regional integration progresses effectively.

My final point revolves around mindset. As we discussed earlier, trust and efficiency are central to progress. I believe that building trust must start with a conscious effort to trust one another more genuinely. This trust deficit contributes to a range of issues that slow down the functioning of bureaucracies and cross-border initiatives.

It is crucial for both political leadership and the general populace in the region to undergo a paradigm shift in their outlook towards SAARC and regional cooperation. This shift in mindset could pave the way for more effective collaboration and mutual support.

In Bhutan, we use the Gross National Happiness (GNH) screening tool to evaluate policies based on their potential to enhance national well-being. Perhaps a similar mechanism could be beneficial for SAARC. If we could establish a framework to assess whether our decisions are supporting regional cooperation and integration, it might help align our individual and collective goals more effectively.

I agree with the notion that while governmental and political channels continue to work on these issues, Civil Society Organisations (CSOs) and think tanks can play a crucial role in complementing and advancing the SAARC process. These non-governmental entities could provide additional insights, foster dialogue, and support implementation in ways that align with regional cooperation goals.

Dr Prabir De

Professor

Research and Information System for Developing Countries (RIS), India

At the outset, I am grateful to the organisers, CPD, for the invitation and to all the colleagues here. This is a great opportunity for us to meet, especially as we discuss the South Asia Economic Summit. I must mention that I, along with many others, have had the opportunity to attend the first summit, which was organised by CPD.

Let me now address the subject of today's discussions. If we look at the literature, we see two templates: South Asia and SAARC. We should not confuse the SAARC process, which is currently in hibernation, with broader South Asian initiatives. As noted by Professor Mustafizur and others, while SAARC may be stagnant, South Asia is witnessing significant developments in multimodal connectivity and cross-border logistics.

In my 10-minute intervention (now nine minutes), I will present some progress on these fronts. I have already shared a draft paper, and I see that the organisers have distributed copies. You need not read it line by line, but please feel free to review it and provide your comments.

To focus on bilateral progress, let us consider the case of India and Bangladesh. Despite their political and geopolitical differences, both countries have chosen to prioritise business opportunities. They recognise that advancing economic cooperation is crucial for regional prosperity. Both nations have made strides in inland waterways, highways, railways, airways, and digital connectivity. For instance, the Taka-Rupee exchange has been facilitated by three banks, allowing for straightforward transactions.

Bilateral and sub-regional multimodal connectivity efforts are also advancing. India-Bangladesh, India-Nepal, and India-Bhutan partnerships are examples of these developments. I will not dwell on the specific details, as they are covered in the paper, but these collaborations illustrate the positive steps being taken in the region.

I would like to add some observations regarding developments in the sub-regional context. Despite the stagnation of regional or multilateral initiatives, we are witnessing significant progress in smaller bilateral and sub-regional efforts. For example, the initiatives involving Bangladesh, Bhutan, Nepal and Sri Lanka show promise. Additionally, there are notable developments in the Pakistan-Afghanistan-Central Asia region. These sub-regional collaborations, though they might not directly strengthen multilateral processes, contribute to regional connectivity in their own right.

One interesting point is that while these smaller-scale efforts may not always enhance multilateral frameworks, they do offer valuable lessons and might, in some cases, indirectly support the strengthening of broader multilateral processes. Therefore, while sub-regional and bilateral efforts thrive, they also create a backdrop that can potentially benefit multilateral initiatives in the long-term.

Turning to specific examples from this part of the world, consider the cross-border gateways. For instance, travelling from Dhaka to Sabroom in Tripura now takes just two to three hours, thanks to new gateways being established. Similarly, the Matarbari Deep Sea Port and its associated economic zone in southern Bangladesh, supported by Japan and other stakeholders, represent significant progress in multimodal transport corridors.

Bangladesh's interest in connecting with the Trilateral Highway, which involves Bangladesh, Nepal, and Bhutan, highlights a drive towards further regional integration. Pakistan is also seeking connections through multimodal transport corridors, reflecting an ongoing interest in expanding connectivity.

In terms of coastal shipping, the India-Bangladesh partnership stands out as a notable example. Both countries have removed restrictions, allowing Bangladeshi exporters to utilise any Indian port for their global exports and imports. Additionally, Bangladeshi companies can use Delhi Airport for their global trade, demonstrating deeper integration between the two countries.

Another example is the cruise liner service connecting Dhaka to Kolkata and Benaras. Such initiatives, though small, represent growing connectivity in the region during a period when SAARC is in hibernation.

While SAARC may be currently inactive, South Asia is still moving forward with various connectivity projects. These developments offer valuable examples of regional integration and progress.

Before I conclude, I would like to address some of the current challenges affecting our discussions on regional integration and connectivity. I would categorise these challenges into three main areas:

Firstly, on a global level, we are witnessing significant geopolitical disruptions. Conflicts such as the ongoing aggression in Palestine by Israel, the Russian invasion of Ukraine, and rising protectionism worldwide are profoundly impacting global trade and connectivity. These events draw attention away from regional issues and could potentially divert focus from our efforts. Additionally, maritime choke points, such as the Panama Canal and the Suez Canal, remain crucial for global exports and imports. Restrictions and capacity issues at these key routes have implications for supply chain resilience and cost.

Secondly, regional challenges are also prevalent. Upcoming elections in countries such as India, Bangladesh, and Bhutan might introduce uncertainties and impact political stability. Moreover, economic issues continue to influence regional integration efforts, particularly concerning multimodal connectivity. One specific challenge is the restriction of FDI in India, which hinders the development of ports and multimodal corridors. If foreign investments are not welcomed, it becomes difficult for multinational companies to contribute to these projects.

Lastly, there is a need for increased think tank interactions. Currently, there is a lack of substantial engagement from think tanks in South Asia, particularly in India, where the focus has shifted away from regional cooperation. To advance our objectives, it is crucial to foster more collaboration among think tanks and stakeholders to address these challenges effectively.

Looking forward, I believe we need a robust, sustainable post-pandemic agenda for multimodal transport and cross-border logistics. This should include the promotion of sustainable transport practices, global value chain participation, and enhanced regional connectivity. Engaging countries such as Japan for their expertise and best practices could be beneficial. Moreover, if we are to reshape our vision, it is essential to develop a concrete action plan. Otherwise, our discussions risk becoming mere talk shops without tangible outcomes.

I have highlighted actionable steps in my paper, suggesting practical approaches that may not require extensive government intervention but can still significantly impact regional integration.

Open Floor Discussion

The participants at the session made several observations. One observation was that transforming transport corridors into economic corridors is critical for investment returns. This involves ensuring internal, financial, and economic returns to avoid a ‘dead trap’. They emphasised the importance of trade facilitation and logistics beyond the border, citing past issues like legal concerns and subsidies impacting cross-border transport. They suggested improving behind-the-border coordination, considering practical issues like fuel subsidies and legal resolutions.

Participants inquired if Nepal had received any grants from China for infrastructure projects. The response was that Nepal had received a grant for a smaller project but not for large-scale infrastructure.

Concerns were raised about coordination failures and the need for a body like ASEAN or the EU for effective regional cooperation. They questioned if economic corridors like the Kaladan Multimodal Project are built without understanding the broader implications and if there is sufficient coordination between neighbouring countries. The discussion also touched upon the mindset towards China and India, urging a shift from viewing them as adversaries to seeing them as partners in regional development.

Participants expressed a need for South Asia to develop a vision for long-term regional integration. They discussed the role of bureaucrats and the importance of a people-oriented approach rather than state-supported initiatives. They noted that Bangladesh has benefited from India’s opening of corridors more than other countries like Nepal and Bhutan, urging a focus on both regional and sub-regional integration.

The participants from the business sector highlighted issues with customs efficiency at land ports between India and Bangladesh. They pointed out delays and inefficiencies that increase costs for businesses and suggested that customs officials should adopt a more patriotic mindset rather than focusing on personal gain. They also mentioned issues with Indian customs taking longer for goods coming from Bangladesh compared to those from India.

Additionally, they proposed introducing a common visa system for South Asian countries to facilitate mobility for tourists, students, and patients.

The panel addressed the common visa system, noting that there were previous recommendations for such a system under SAARC’s regional multimodal transport

study. While some progress was made, including business visas for seven countries, extending this to the general population has not yet materialised. They also acknowledged the positive developments in river and maritime transportation cooperation but highlighted ongoing challenges.

Participants discussed the importance of converting connectivity projects into economic corridors and emphasised the need for export-oriented sectors to generate foreign exchange for loan repayments. They noted the need for practical approaches to development, considering the geopolitical and geographical realities of each country.

The need for alignment with broader regional strategies and the importance of practical collaboration between countries was highlighted, considering the different positions and capabilities of each.

In summary, the discussion emphasised the need for improved regional cooperation, better coordination, and practical approaches to development, while addressing both economic and political challenges in South Asia.

Summary by the Chair

The session has highlighted several critical issues relevant to many countries in the region. The challenges faced in port development, influenced by geopolitical considerations involving major players like India and China, are particularly notable. A case in point is Sri Lanka's experience with a Chinese loan for an airport, which has not been financially viable. The political opposition to the Millennium Challenge Corporation (MCC) grant further illustrates the complexities of navigating external aid and investment.

These challenges are not unique but are shared by many nations as they balance development needs with geopolitical and financial realities. The discussion also touched on the positive aspects of connectivity, particularly between Bangladesh and India, raising questions about why similar progress is not seen with other bilateral partners. The financing of infrastructure projects remains a significant issue, as demonstrated by the difficulties faced in negotiating debt restructuring in Sri Lanka, particularly concerning loans from China. This underscores the need for cautious and strategic approaches to infrastructure financing, to avoid compromising national interests.

The emphasis on actionable items and partnerships was noted as a pragmatic approach. However, the nuances of financial dependencies, especially in strategic sectors like energy and ports, were highlighted, stressing the importance of considering the sources of funding carefully. These dependencies can significantly impact a country's negotiating position during economic difficulties.

Addressing gaps in government capacity, efficiency, and mindset is crucial for improving the returns on infrastructure investments and ensuring effective policy implementation. Developing a robust framework for evaluating policies that impact regional cooperation is essential for sustainable and beneficial outcomes.

The need to differentiate between regional connectivity efforts at bilateral and sub-regional levels was also discussed. The fragmented progress in South Asia raises important questions about the coherence and effectiveness of regional integration strategies. This discussion brought to light the complexity of ownership and decision-making in economic crises, emphasising the challenges countries face in negotiating with international creditors. These negotiations often involve significant trade-offs, which need careful management to protect national interests.

In conclusion, the session covered a wide range of issues, from technical aspects of connectivity to broader political, economic, and geopolitical considerations. The insights provided were invaluable, offering a comprehensive view of the challenges and opportunities in regional development and cooperation.

Parallel Session A2

Macroeconomic Cooperation and the Possibility of a Common Currency

Professor Sachin Chaturvedi

Director General

Research and Information System for Developing Countries (RIS), India

Welcome everyone. We are about to begin a very exciting session on the idea of macroeconomic cooperation and the possibility of a common currency. This topic holds great promise for advancing our regional cooperation efforts, particularly in promoting trade, investment, technology, and financial linkages within the region.

Today, we will identify the broad contours of our partnership. During the inaugural session, we highlighted the stellar performance of the South Asian region on macroeconomic issues. The honourable Governor outlined various ways in which this cooperation can be fostered and how macroeconomic cooperation can be effectively addressed. His remarks provided a comprehensive, 360-degree view of the potential for collaboration in this area. These insights will be shared with the CPD and subsequently circulated for everyone's benefit.

Let us now proceed with our discussion, focusing on how we can build stronger economic ties and explore the feasibility and implications of a common currency in our region.

We have established the broad context and contours, particularly focusing on regional integration. This is significant, especially from the perspective of finance and the sectors involved. In the session on the eminent persons group, there were discussions about the increasing multimodal connectivity within the region. Regarding areas for cooperation, the importance of connectivity extends beyond just physical infrastructure; it also encompasses digital connectivity. This involves integrating our banking and finance systems, and fostering cooperation that enhances financial linkages within the region. It is crucial to explore how digital connectivity can facilitate banking and transactional commitments, thereby supporting business integration.

The third point I wish to make concerns reducing transaction costs. High transaction costs can be a significant barrier for businesses and hinder the emergence of priorities we aim to promote. To address this, we should explore the feasibility of using local currencies like the taka and the rupee for transactions, potentially reducing reliance on the dollar. This could also include the implementation of digital currencies, which could streamline and lower the costs associated with payments.

There are ongoing efforts in the region to reduce dependence on the dollar, enhancing the integration of our banks, non-banking financial companies (NBFCs), exporters, and export houses for payment processes and clearances. Notably, global transactions conducted in non-dollar currencies increased from 9 per cent in July 2022 to 14 per cent in by December 2022, highlighting a shift towards diversified currency usage.

The Reserve Bank of India (RBI) is particularly focused on advancing the internationalisation of the Indian rupee. This involves addressing six key dimensions, including geopolitical factors, which are increasingly significant in the current global landscape. These efforts aim to enhance the use of local currencies in international transactions, thereby enhancing economic resilience and reducing transaction costs for businesses in the region.

The second point addresses the strength of local currencies. The frequent adjustments to interest rates in the United States make it challenging for countries in the global South to maintain their currency values. However, open market operations can help stabilise local currencies. This dimension of engagement, which focuses on maintaining currency value, is crucial.

The third dimension involves maintaining sound macroeconomic fundamentals. It is important to identify which fundamentals are vital for the strength and stability of our currencies. The fourth dimension is the availability of attractive investment opportunities within our economies. The fifth is ensuring low currency volatility, and the sixth is maintaining low and stable inflation rates.

Emerging markets are increasingly moving away from traditional IMF prescriptions regarding inflation and economic growth priorities. The RBI has successfully balanced these six aspects, promoting the Indian currency's use in international transactions. For example, India has introduced the Vostro accounts system, facilitating settlements in Indian rupees with countries like Singapore and the UAE. Currently, 38 countries have expressed interest in settling trade transactions with India in rupees, highlighting a growing recognition of the currency's stability and strength.

Additionally, JP Morgan's inclusion of India in its bond index, effective from June 2024, is a significant development. This inclusion will provide new opportunities for engagement in local currency settlement systems and further support the use of the Indian rupee in international finance.

We must address a few key issues. One critical point is the establishment of a correspondent banking system among all South Asian countries. Currently, transactions conducted through international banks such as Citibank and HSBC often lead to increased transaction costs. A study conducted by a research team from my institute, RIS, highlighted this issue specifically with India and Nepal. If these two countries do not have direct rupee payments and instead rely on the US dollar, the transaction costs can increase by as much as 28 per cent.

In our interviews with individuals involved in these transactions in Nepal, it became evident that the current system is inefficient and costly. Additionally, India's export policy issued in 2012 encouraged exporters to earn dollars to build Foreign Exchange Reserves. However, this policy did not account for Nepal, resulting in higher costs and inefficiencies. This oversight has only been addressed more recently, starting in 2023, to better facilitate trade and transactions between India and Nepal.

The RBI and the Ministry of Finance have made provisions to allow India-Nepal trade to be settled in Indian Rupees. This is an important step in reducing transaction costs and simplifying the process for businesses. Additionally, having a market-determined exchange rate is crucial for transparent and fair trade.

Another key aspect is providing the choice of settlement methods and determining the denominations for transactions. This includes deciding the invoicing currency

with the end-users, ensuring that there is clarity in cross-border transactions. It is essential to establish clear guidelines for what constitutes permissible current account and capital account transactions.

To facilitate these processes, it is crucial to ensure trust, safety, liquidity, and efficient settlement facilities. The adoption of new technologies, particularly Information and Communication Technologies (ICT) in banking and finance, will play a significant role in achieving these goals. Integrating these technologies will enhance the integrity of the system, making cross-border transactions smoother and more secure.

As Chair of the IT Committee at the RBI, I would like to update you on our ongoing experiments with the digital Indian Rupee. Over the past year and a half, we have been testing the Central Bank Digital Currency (CBDC) at two levels. The first is CBDC-W, which is aimed at wholesale operators, and the second is CBDC-R, intended for retail use, primarily within a closed user group under the 'Digi Rupee' initiative.

In this session, we have assembled a distinguished panel to discuss how we can leverage advancements in banking, finance, and information technology to reduce operational costs. Achieving this will be crucial as the world watches our progress. India has the capability to produce goods at highly cost-effective rates, with an agriculture sector that is largely organic and well-supported by markets. We also have the potential to achieve economies of scale at minimal costs. South Asia, representing nearly 24 per cent of the global population, offers a vast market and significant potential for integration.

However, our success hinges on transcending narrow political considerations and allowing economic factors to guide our achievements.

Dr Zahid Hussain

Former Lead Economist
The World Bank, Bangladesh

There are many domains of macroeconomic cooperation—currency, payment systems, trade, tourism, investment, migration, and policies. The central part of this discussion will focus on currency. It is essential to start with the basics of macroeconomic cooperation on currency. What guidance is available from the economic research conducted over several decades? At its most fundamental level, what are the conditions necessary for currency cooperation?

We know generally that cooperation is likely to occur if the benefits exceed the costs for all parties involved. The benefits come from reduced transaction costs and exchange rate risks, while the costs come from the constraints on macroeconomic policy options available at the individual country level.

So, under what conditions can we expect that the benefits from macroeconomic cooperation on currency would exceed the costs for all the parties involved?

We know generally that for currency cooperation to be effective, there needs to be complementarity in bilateral trade. This can arise from different comparative advantages, differentiated products, or factors such as proximity, culture, or shared history. Additionally, there must be a free flow of labour and capital between countries, and the member countries should face similar shocks—co-variate rather than idiosyncratic shocks. Furthermore, a supranational institution is necessary to manage the cooperation.

There are two possible outcomes of such cooperation. One is a common currency, where two or more countries, not necessarily sharing national borders, adopt a single currency. This currency must be fit for purpose, meaning it should function as a unit of account, a medium of exchange, and a store of value. A common currency can be seen as both every participating country's currency and yet not belonging to any specific country.

In the absence of a common currency, a vehicle currency can be used, similar to how English is used as a global lingua franca. This vehicle currency can reduce transaction costs in global trade settlements.

Historical and practical experiences with currency cooperation show mixed results. The Euro, a common currency, has survived despite member countries like Portugal, Italy, Ireland, Greece, and Spain facing low international competitiveness, large wage differentials, and cultural and distance challenges. On the other hand, the proposed Asian Monetary Unit (AMU) remains inactive, despite Asia being as suitable for a common currency as Europe was before the Maastricht Treaty. The AMU is a common currency basket but is neither official nor used in practice.

Latin American countries proposed a common currency called the Elur, meaning 'the South', intended for Argentina, Bolivia, Chile, Brazil, and Colombia. However, this initiative has not been realised. In Africa, the CFA Franc is used by eight West African and six Central African countries, though it is seen as a colonial legacy. The Special Drawing Rights (SDR) of the Bretton Woods institutions, while not a currency, function as an instrument for internal accounting purposes and have an exchange rate.

The outsized role of the US dollar in global trade is evident in its invoicing share, which is about four times its share of US imports from the world and three times its share of US exports to the rest of the world. In comparison, the Euro's invoicing share is only 1.2 times for imports and less significant for exports. The US dollar's dominance is even more pronounced in third-country trade, where the US is not directly involved. For instance, when Bangladesh exports to Cambodia, the transactions are often invoiced in US dollars, whereas the Euro is seldom used. Additionally, dollarisation occurs in several regions, with five US territories and 11 foreign countries using the US dollar as their currency.

This dominance of the US dollar as a vehicle currency can be explained by several factors. First, there is the historical aspect—the post-war rise of the US economy, the offshoring and expansion of global value chains, the growing significance of multinational corporations, and a dysfunctional international monetary system that the US dollar came to dominate.

Second, institutional factors play a significant role. The US dollar is considered a safe haven due to its rate stability and trust in US institutions. Historical data shows that the USD index has remained remarkably stable over decades, with the trend line near 100, indicating long-term stability of the US dollar.

Third, inertia contributes to the continued use of the US dollar. Research indicates that firms that have used the US dollar for transactions in one market are more likely to continue using it when entering new markets.

Finally, herd behaviour also influences the dominance of the US dollar. If most firms use the US dollar for invoicing, others are incentivised to do the same.

There has been increasing discussion about alternatives to the US dollar dominance as a global vehicle currency. Notably, over 70 per cent of trade between China and Russia is now settled in their respective local currencies. Similarly, BRICS countries have expressed interest in conducting imports and exports using their own currencies. Moreover, there are several bilateral and regional initiatives aimed at reducing dependence on the dollar. For instance, Saudi Arabia has started exporting oil to China in Yuan, and countries in the Asian Clearing Union are negotiating to settle import duties in their respective currencies. Despite these efforts, the share of the US dollar in global currency reserves has decreased from 72 per cent in 2000 to 59 per cent today, indicating a shift in global financial preferences away from dollarisation.

However, progress towards reducing dollar dependence varies across different regions. While initiatives like those between China and Russia show promising

trends, other parts of the world have not seen significant advancements in reducing dollar reliance.

It is worth noting recent bilateral initiatives involving Bangladesh. One initiative involves Bangladeshi banks being authorised to hold Yuan in their nostro accounts, akin to how they hold US Dollars, Canadian Dollars, Australian Dollars, and Euros. This arrangement facilitates transactions and trade settlements using Yuan. Another notable development is the Taka-Rupee Arrangement, where Bangladeshi businessmen sell goods and services to Indian counterparts for Indian Rupees. Sonali Bank and EBL have been allowed to open Rupee nostro accounts with the State Bank of India and ICICI Bank. Income earned in Rupees from these exports can be used for subsequent imports from India or transactions through other designated banks.

These initiatives underscore ongoing efforts by various countries to diversify currency use in international trade and reduce dependency on the US dollar, reflecting broader trends towards currency multipolarity in global finance.

Claims and counterclaims surround the purported benefits of these currency arrangements. Proponents argue that they reduce conversion costs by eliminating the need for multiple currency conversions. Previously, importers had to convert Taka to Dollars and then to Rupees or Yuan for trade, incurring additional costs at each step. However, opponents question this assertion, pointing out that when invoicing in dollars for trade with China and India, the conversion process previously involved converting Taka to Dollars. Now, with invoicing in Taka to Rupees or Taka to Yuan, there remains a single conversion process. Thus, they argue, where is the actual saving in conversion costs?

Ultimately, the success of these initiatives depends on practical experience. Currently, the response has been somewhat subdued. There is limited systematic data available, but media reports suggest that there has not been a significant uptake in Letter of Credits (LCs) under these arrangements. Similarly, while Yuan accounts have been established, they are not yet widely utilised. It might be premature to draw definitive conclusions at this stage, but progress in these initiatives appears to be slow.

The viability of bilateral arrangements like these is subject to several constraints, which can be categorised into three main areas. Firstly, there exists a significant structural imbalance in trade between Bangladesh and both India and China. According to Bangladesh Bank data, the average monthly trade deficit with China is approximately USD 1.1 billion, while with India, it stands at about USD 644 million. These deficits tend to be correlated over time, posing a challenge when Bangladesh

exports goods to India and receives rupees, but still needs US dollars to settle the larger trade deficits.

One potential solution is currency swap arrangements with the RBI and the People's Bank of China, where Bangladesh Bank could provide Taka to the RBI and receive Rupees in return to settle the deficit. However, such swaps come with trade-offs. While they reduce dollar dependence for Bangladesh, they also eliminate a natural hedge against currency risks from dollar invoicing, as most export earnings from Europe, the United States, and Canada are in dollars. This exposes Bangladesh to additional currency risk when buying in other currencies.

On the other side, India and China benefit from increasing their global currency dominance and accumulating Taka balances. However, they also lose the dollars they would have received from Bangladesh to settle the deficit. This brings into question the sustainability of such arrangements. One-way swaps cannot continue indefinitely, and the outcomes will depend on how RBI and People's Bank of China manage their Taka balances. They could use these balances to import more from Bangladesh, invest in Bangladesh, convert them into longer-term debt, or eventually convert them into their home currencies.

There are also sustainability concerns for Bangladeshi banks holding Rupee reserves, as the Rupee tends to fluctuate more than the US Dollar and even the tightly managed Yuan. These factors collectively contribute to uncertainties regarding the long-term viability of these bilateral currency arrangements.

While such initiatives aim to reduce dependency on the US Dollar and promote regional currency use, their success hinges on addressing these complex economic and financial challenges. Future developments will determine the feasibility and sustainability of such arrangements, particularly in the broader context of South Asia.

There are numerous hurdles to achieving currency cooperation among countries. One major challenge is the low level of intra-regional trade, which stands at just 5 per cent compared to 25 per cent in Asian countries. High barriers to mobility, including complicated visa policies and rigid bureaucracies across these nations, further impede cooperation. Additionally, there is a strong attachment to national sovereignty issues, with national currencies evoking deep emotional and political sentiments.

To cooperate on currencies, countries must be willing to make concessions. A vehicle currency offers advantages by allowing each country to retain more policy sovereignty compared to a common currency. However, the economic shocks faced by these countries are often asymmetric and not consistently co-variate. Research within the

SAARC shows more adjustment against each other than against a common external partner. Existing supranational institutions like SAARC Finance and the Asian Clearing Union (ACU) have primarily remained limited to information exchanges and netting payments, without significant growth in cooperative functions.

Recent global geopolitical tensions have also sparked discussions about fragmentation, as evidenced by increased mentions of the term in official meetings, according to data from the IMF's World Economic Outlook. The implications of this potential remapping of global trade on currency cooperation remain uncertain.

While challenges to currency cooperation are substantial, there is room for optimism. It is essential to remain hopeful and explore avenues for collaboration, despite the complexities and uncertainties involved.

I do not believe South Asia is suitable for a currency union. However, moving forward, increased economic integration will enhance incentives for monetary cooperation. Terms of trade and financial shocks have become more common, highlighting the need to effectively utilise existing regional financial cooperation arrangements rather than creating new forums.

Looking ahead, the multi-billion-dollar question is the endgame of greater monetary cooperation. Will it lead to a new currency akin to the Euro in Europe, adopted by one member state, or will it take a different form in South Asia, broader Asia, or perhaps across continents? These possibilities are best left to the future.

Dr Md. Habibur Rahman

Chief Economist

Bangladesh Bank, Bangladesh

Following Dr Zahid Hussain's thorough presentation, I would like to briefly address the possibility of establishing a common currency in the region. Before we can consider such a step, several prerequisites must be met.

First and foremost, economic complementarity among the countries is essential. This means that our economies should not only be compatible but also that there should be free movement of capital and labour across borders. Achieving this level of integration requires removing barriers, including physical borders, to facilitate seamless economic activities and mobility. Without these foundational conditions, the implementation of a common currency would face significant challenges.

Reflecting on the European Union's experience with a common currency, it is evident that before the euro was established, the EU had already implemented key integrative measures. These included the Schengen Area, which allowed for free movement across member states with a single visa, facilitating mobility and economic integration long before the introduction of the euro. However, the complexities of a common currency system became apparent when the United Kingdom chose to leave the EU, highlighting the challenges and considerations involved.

One major consideration is the management of the central bank's assets and liabilities. A common currency brings with it shared financial responsibilities, including the issuance of currency, which creates liabilities. The question then becomes how to manage these liabilities and who bears them. This requires a high degree of financial and economic coordination among the participating countries.

Additionally, economic comparability is crucial. If there are significant disparities in economic strength and stability among the countries involved, issues can arise. For example, a more dominant economy could potentially overshadow weaker ones, creating imbalances and tensions within the currency union. This was seen in the European context where economic policies suitable for one country did not necessarily benefit all member states equally.

Looking at the Southeast Asian region, similar challenges and considerations must be addressed before moving towards a common currency. The region would need to ensure economic compatibility, manage shared financial responsibilities, and establish mechanisms for the free movement of capital and labour. Only then can a common currency become a viable and sustainable option.

In 2017, Professor Hari Bansh Jha proposed the idea of a common currency for South Asia, naming it 'Rupa' inspired by the term 'rupee' which would be used in India, Pakistan, Sri Lanka, and Nepal. The intention was to create a unified currency that could simplify trade and economic transactions within the region. However, this proposal has not progressed due to various challenges.

One significant obstacle is the economic dominance of larger countries, such as India and China, which can create imbalances within a currency union. Additionally, despite close geographical proximity, there are considerable differences in culture, religion, and economic conditions among South Asian countries. These disparities pose challenges to creating a cohesive monetary system.

As Dr Zahid Hussain highlighted, the implementation of a common currency would require significant compromises, including the surrender of individual monetary

policies. This could be particularly challenging for stronger economies like India, which would need to balance their national interests with the collective needs of a regional currency system.

The benefits of a common currency could include reduced transaction costs and greater economic integration, but these benefits must be weighed against the sacrifices required. In the current context of global instability, particularly following the Russia-Ukraine conflict, there are added concerns about managing foreign exchange and economic stability. The region must carefully consider these factors before moving forward with such a significant change.

The concept of de-dollarisation and its potential effectiveness in the South Asian context remains a complex issue. From the Bangladeshi experience, we can see that there are significant challenges associated with shifting away from the dollar, particularly when it comes to managing trade deficits.

As Professor Zahid Hussain mentioned, opening accounts in local currencies and facilitating trade in rupees are steps being considered. However, the feasibility of such measures depends largely on maintaining balanced trade relationships. For instance, with countries like India and China, Bangladesh faces substantial trade deficits. Managing these imbalances would be challenging without a dominant currency like the US dollar, which remains a preferred choice for international transactions due to its stability and strength.

The dollar's dominance is rooted in its historical stability and central role in the global market. Consequently, even when attempting bilateral arrangements or exploring alternative currencies, the dollar often remains the preferred choice for many international traders.

While the idea of a common currency for South Asia is intriguing and could offer various benefits, it is clear that the region is not yet prepared for such a major transition. The current economic dynamics and trade imbalances suggest that it may be more practical to continue exploring appropriate opportunities and timing for potential changes. We should remain open to the possibility but recognise that the time for a common currency may not be imminent.

Dr Priyadarshi Dash

Associate Professor

Research and Information Centre for Developing Countries (RIS), India

I would like to present some ideas regarding the need to look beyond our short-term priorities. Therefore, I have prepared several proposals and options. I will briefly discuss some data-related issues, the future of debt management, and macroeconomic preparedness for the region in response to global developments, which go beyond immediate concerns.

In considering short-term debt, it is important to note that it serves as a working indicator of potential financial crises. When the situation deteriorates, this is the indicator we primarily monitor. However, there does not appear to be a concerning trend in this area at present. Additionally, I reviewed the World Economic Outlook projections up to 2028, and there do not seem to be major concerns.

Rather than focusing on these aspects, I would like to highlight a point that was strongly emphasised by the Governor.

A couple of months ago, we observed a significant change in the composition of debt. The share held by private creditors increased from 46 per cent in 2010 to 61 per cent in 2021. During the same period, the share of debt held by bondholders rose from 29 per cent to 47 per cent. This shift indicates that the approach to resolving debt or managing debt strategies has become more complex. While having market options for financing is beneficial, it has introduced additional complexities.

Given this situation, we must evaluate our debt management choices. Should we continue adhering to traditional approaches, such as accessing IMF funding and pursuing debt restructuring, or do we need to consider a broader perspective? It is crucial to explore how private creditors can be involved in initiatives like the Debt Service Suspension Initiative (DSSI) or other debt management strategies.

The G20 Indian Presidency has highlighted this issue, calling for the establishment of effective debt resolution mechanisms and facilitating discussions between official creditor committees and borrowing countries. Examples of successful outcomes from such initiatives include Ghana, Ethiopia, Sri Lanka, and Zambia.

In this context, I would like to examine the available financing options. Are there sufficient Official Development Assistance (ODA) flows to support countries in resolving their debt? It is evident from recent data that ODA flows have declined, while FDI flows, although increasing, do not significantly contribute to capital

formation. There is considerable potential for increased FDI, but countries will still need to borrow from the market and other external sources.

Dr Hussein also mentioned the need for currency swap arrangements, which could be another avenue to explore in managing debt effectively.

I was reviewing one of my old presentations, which detailed how South Asian countries are utilising currency arrangements. This approach remains relevant. Now, the key question is: what should be the medium-term macroeconomic response from the region in light of global and regional developments?

We must acknowledge that the region needs to grow, and we should leverage emerging sectors. For instance, the output of the services sector is increasing, and trade in services is on the rise. We should capitalise on this growth. Additionally, digitalisation across various sectors could be a transformative force. The composition of the labour force is changing, with certain skills becoming redundant while new skills are emerging. Therefore, focusing on skilling and reskilling is essential.

Fintech, e-commerce, and advanced digital technologies are becoming central to the future of business. We need to harness these platforms, as they are becoming the new language of business. Infrastructure development will continue to be a catalyst for growth, with a new emphasis on quality and resilience. The green transition is underway, and it is crucial to align with climate consistency. Energy solutions are also evolving, and we need to integrate these advancements into our national macroeconomic policies.

However, it is vital to achieve this without sacrificing short-term stabilisation. In this context, I want to highlight the significance of fintech. Having worked in this area, I have observed considerable momentum in this sector. Fintech platforms are not limited to retail payment settlements; they are also addressing the needs of underserved segments of the borrowing class.

For instance, street vendors who lack collateral and are often denied credit by banks, the agricultural community, migrants, gig workers, and homemakers frequently do not have access to formal capital markets. They often require small amounts of funding, such as USD 100 or even USD 50. The question is: who will provide this financing?

These solutions, particularly in fintech, involve various stages of development within the value chain. It begins with increasing literacy, followed by expanding banking services, and progresses through various value-added components.

Regarding infrastructure, it is crucial that we do not compromise on funding. We need more public sector funding to continue, but it should also attract private capital. As of 2021, equity constituted 35 per cent of total private sector participation in infrastructure funding, while debt accounted for 64 per cent. A positive aspect is that local currency debt represented 26 per cent of the total. This proportion should be increased to reduce borrowing costs.

In terms of policy preparedness for South Asia, the region should maintain its growth trajectory. While we are making progress, it is essential to address challenges such as high inflation and the ongoing energy crisis. To navigate these issues effectively, South Asia must implement policies that support sustained growth while managing these economic pressures.

We need to secure the supply of essential goods, such as fuel and energy, through diversified supply chains rather than relying solely on suppliers like Russia or Ukraine. Diversification will help mitigate the risk of increased import costs and reduce vulnerability to supply disruptions.

Regional financial cooperation, as discussed by Dr Hussein this morning, is still distant from achieving a common currency framework. The ideal conditions for such a framework, including similar economic shocks, high trade integration, and labour market mobility, are not currently in place. However, this should not be discouraging. Instead, we can focus on existing mechanisms such as trade in local currencies.

For instance, a few years ago, I authored a paper on rupee trade, examining how trade provisions involving India, Nepal, Russia, and Eastern European countries functioned before the dissolution of the Union of Soviet Socialist Republics (USSR). This system allowed for trade payments to be settled in local currencies, avoiding the need to buy US dollars. Indian exporters and importers would settle their transactions in Indian Rupees through Vostro accounts, where importers paid for their oil bills in rupees, and export proceeds were used to cover imports from India. Although this system faced challenges, such as trade imbalances, it demonstrated a viable mechanism for local currency trade.

To summarise, while standard tools for macroeconomic stabilisation, such as managing inflation and foreign exchange reserves, remain important, we must also prepare our institutions, central bankers, and policymakers for the next phase of growth. This phase will be characterised by increased intensity and competition, driven by digitalisation, fintech, and e-commerce platforms.

Dr Abid Qaiyum Suleri

Executive Director

Sustainable Development Policy Institute (SDPI), Pakistan

As John Connally, Secretary of the Treasury under Richard Nixon, famously remarked in 1971 to his European counterparts, ‘The US dollar is our currency, but it is your problem’. At that time, this was indeed a challenge for Europe, but now the dollar has become a global issue.

I agree with the previous speakers that the time may not be right for South Asia to pursue a common currency. However, it is crucial for countries—whether they are competitors, allies, or part of the US economy—to consider alternatives to the dollar. While ‘de-dollarisation’ is not a feasible option in the near to medium term, exploring alternative frameworks is important.

The global powers can be evaluated through three criteria: influence, military strength, and economic power. Economically, we are moving towards a multipolar world. Militarily, we are witnessing a sort of bipolar world with the United States and China as dominant players. In terms of influence, the world remains largely unipolar, with the United States playing a central role in conflicts ranging from the Middle East to Ukraine and beyond due to its significant influence.

Most South Asian countries aim to adopt non-aligned policies, maintaining good relations with the major global powers—economic, military, and influential. However, balancing these relationships can be challenging, as it is easy to inadvertently offend any of these powers, particularly those with significant military and economic clout.

For instance, India, which is now the fifth-largest economy, could face secondary sanctions due to its procurement of energy from Russia or Iran. Similarly, Pakistan, which is purchasing crude oil from Russia, could be subject to secondary sanctions if payments are made through the SWIFT system or in dollars. The same risk applies to energy transactions with Iran, given its sanction status.

To mitigate these risks and create a degree of independence from dollarisation, there is a need for alternative mechanisms. In Pakistan, for example, we are exploring various strategies. We have signed barter trade agreements with Afghanistan, Iran, and Russia, and are proposing one with China. Additionally, the China Industrial and Commercial Bank has established a yuan clearing bank in Karachi, enabling Pakistani commercial banks to conduct transactions in yuan. This arrangement allows Pakistan to make payments to Russia for crude oil in yuan.

These measures, while useful, are relatively temporary solutions. While acknowledging that a common currency is not feasible at this time, South Asian countries should continue to explore and develop more sustainable mechanisms for economic cooperation and trade facilitation.

Let me add another piece to the puzzle: climate change and the loss and damage fund discussed at COP 27. My argument is that even if we establish this fund, if it operates under the current models used by international financial institutions like the IMF and World Bank, climate-vulnerable countries may struggle to benefit fully. Pakistan serves as a case in point. After the severe floods of September 2022, the Geneva pledges amounted to USD 9 billion, yet Pakistan has received less than USD 1 billion so far. Initially, the condition was that Pakistan had to comply with the IMF framework, but even under this framework, numerous complications have arisen.

This situation presents an opportunity to propose an alternative to the Bretton Woods institutions for climate change financing, particularly for loss and damage. One potential solution could involve South Asian countries, in collaboration with G77 plus China, proposing a form of virtual currency similar to Special Drawing Rights (SDRs). This virtual currency would not carry political connotations or implications but could provide a mechanism for addressing climate vulnerabilities.

Such an arrangement could be linked to existing funds and might also support initiatives like the Debt Service Suspension Initiative (DSSI). As we explore various innovative and virtual financial instruments—such as carbon markets and carbon credits—this approach could offer a more effective means of reducing dependence on the dollar and fostering macroeconomic stability.

Rather than losing hope on a common currency, I suggest we explore these innovative solutions. They could help South Asian countries support each other in achieving macroeconomic stability and addressing climate-related challenges.

Dr Ahsan Habib Mansur

Executive Director

Policy Research Institute of Bangladesh (PRI), Bangladesh

I will not go into the issue of a common currency, as it has already been discussed quite comprehensively and I know it remains a distant goal. Instead, I will discuss practical steps we can take now, which may eventually lead us there over several decades.

The areas we need to consider are numerous, and many have been touched upon. I will delve a bit deeper into trade issues. For example, establishing economic relationships through traditional methods often creates a clientele that supports interdependency and investment. Therefore, I will emphasise a greater focus on trade facilitation.

One practical step to improve trade facilitation is to standardise documentation. Currently, each country uses a different set of documents for trade—one for Bangladesh, another for India, and so forth. By creating a common set of documentation, we can simplify and streamline the process. This is a feasible and practical approach that we should consider.

Additionally, we need to focus on increasing investment in the region. We know that cross-regional investment performance is currently very poor. When discussing FDI, the focus often shifts to investors from outside South Asia, rather than regional investors. This is an area that needs to change. Investment should prioritise neighbours. For instance, in Canada, the primary investment partner is the US; in Mexico, it is also the US. Similarly, we need to ask: where are the Indian investors in Bangladesh or other South Asian countries? Regional investment should be a priority, as it can significantly enhance economic integration and growth within the region.

We need to recognise the importance of people-to-people relations, which are built on goodwill and cultural affinity. However, visa and border control issues remain pervasive and outdated, and there is much that can be done to improve this situation. Harmonising exchange and payment systems will be critical for practical progress.

Firstly, authorities should address distortions in current account convertibility. For instance, Bangladesh declared its current account convertible in 2003, but full convertibility has not yet been achieved. Similar issues may exist in other countries. We need to align our policies with what has been documented and ensure these policies are effectively implemented on the ground.

Regarding the use of the Indian rupee as a payment currency, while I will not delve deeply into this, I suggest we start by establishing a large line of credit to make it more popular. Given the significant trading balance, a substantial line of credit would facilitate transactions and enable Bangladeshis to import Indian goods. Although this would lead to some accumulation of debt, it would still occur in dollars, and having a line of credit in Indian rupees could promote its use.

Overall, without such measures, the performance of the Indian rupee as a payment currency remains dismal and unlikely to advance under the current circumstances.

We should also consider implementing currency swaps to protect against external shocks and address payment problems faced by individual countries. For example, countries like India and Japan have such arrangements. Similarly, we should explore currency swaps between India and Bangladesh, India and Sri Lanka, and India and Nepal.

India is uniquely positioned to provide these swaps, given its substantial reserves. These swaps could be in either rupees or dollars. India should take the lead in this initiative, as it has the necessary surplus reserves. Even a small allocation, such as USD 2 million, could significantly contribute to creating a protective mechanism within the region.

Additionally, tax policy harmonisation is crucial. Trade policies, including customs duties and nationalisation practices, vary widely across countries. We are currently far from achieving uniformity. Bangladesh, in particular, has substantial work to do in this area. Standardising these policies will facilitate smoother trade and economic integration within the region.

Our duty rates are currently very high, averaging around 28 per cent. This level of duty is detrimental to regional trade, and we need to address this issue by reducing the rates. Additionally, corporate income tax policies need to be harmonised to prevent profit shifting and ensure fair competition. This is a collective issue that requires regional cooperation.

Regarding monetary policy, achieving stable financial relationships and stable currencies requires bringing inflation rates closer to each other. This necessitates some degree of monetary cooperation. Such cooperation would help reduce cross-country exchange rate volatility, which is crucial for supporting regional trade. While complete stability may not be achievable, minimising exchange rate fluctuations is important.

To achieve these goals, we need to establish effective institutional arrangements. Cooperation at the institutional level will be critical to harmonising monetary policies and implementing these changes effectively.

Institutions such as central banks should meet regularly, perhaps quarterly, to discuss critical issues such as inflation differentials, currency stability, and interest rate policies. For instance, central bank governors can convene to address these topics and explore measures to harmonise policies across countries.

Countries should learn from each other's experiences and best practices. For example, India's approach during the current global economic crisis offers valuable lessons for other countries like Bangladesh, Nepal, and Sri Lanka. By sharing these insights, countries can adopt successful strategies and improve their own economic policies.

Additionally, ministries of commerce should engage in dialogue with their counterparts across different countries to enhance trade facilitation and address restrictions. Tax and customs authorities also need to collaborate with their counterparts to streamline processes and eliminate barriers. This kind of inter-institutional cooperation is essential for effective policy harmonisation and regional economic integration.

Finally, I would like to emphasise that home ministries also need to address visa issues and border controls. This is a sensitive matter; in no part of the world should people be killed for crossing borders. While individuals can be arrested and subjected to the judicial system, lethal force should be avoided. This is a significant issue for Bangladesh and must be resolved for the greater long-term interest of regional relations.

Additionally, it is crucial to depoliticise issues such as those related to Bangladesh and Assam. With Bangladesh having a per capita income of approximately USD 2,500 and Assam only half of that, it is evident that these issues are politically motivated rather than based on economic realities. Addressing such matters politically, rather than using them to harm economic progress, is essential.

Let us focus on these practical steps and work together to foster growth and cooperation among South Asian countries. With these foundational efforts, we may eventually consider more ambitious goals like a common currency in the future.

Dr Posh Raj Pandey

Senior Economic Advisor

Ministry of Finance, Government of Nepal, Nepal

Let me start with the current macroeconomic issues for the South Asian countries.

Firstly, there is a slowdown in the growth rate compared to pre-pandemic levels. Secondly, our financial system is quite vulnerable; I would say it has become increasingly so. Thirdly, our fiscal position is fragile, and in the future, due to

election-induced expenditure, we might lose our fiscal space. Fourthly, there is a high debt-to-GDP ratio, and old bank reports indicate that out of the eight countries, perhaps half are related to near sovereign debt stress.

Against this backdrop of macroeconomic issues, what could be our priorities, particularly from a macroeconomic policy perspective? The first priority should be to preserve our financial stability and improve our fiscal sustainability. These two are essential for the short-term. For the long-term, we should focus on boosting private investment, making economies more open, exploring new avenues for exports—particularly in the service sector—and reducing transaction costs.

The question arises: is it possible to harmonise our macroeconomic policies and establish a common currency? I fully agree with the previous speakers that it is premature to consider a common currency as we do not meet the conditions identified by Mundell and McKinnon, namely the free movement of factors of production.

There is the issue of a diversified economy, which would not be able to meet all the necessary conditions. I do not wish to enumerate all those conditions, but it is clear that we would struggle to satisfy them.

So, what could the options be? One possibility is to adopt a moderate approach, which could involve various measures. Based on what our colleagues have suggested, I propose a few interrelated measures that would support each other.

Firstly, we could establish a payment union, but this would need to be supported by currency swaps, as suggested by Dr Hussein.

Secondly, we could consider reserve pooling. We have observed this approach in Sri Lanka and Pakistan, and it could be beneficial for us as well. We might look at the Shanghai Initiative on multilateralism and learn from their reserve pooling system. This could be the second option.

The third option is exchange rate cooperation. For exchange rate cooperation, there could be three potential approaches. One option is to establish an anchor currency within the region. For example, in Southern Africa, Namibia's currency is pegged to South Africa's rand. Similarly, India could potentially take the lead in our region.

Another approach, as suggested by Abid, is to create a common currency similar to the Special Drawing Rights (SDR). We could then peg our currencies to this common currency.

Another alternative approach, as practiced in ASEAN plus three, is to use an external currency such as the US dollar for informal arrangements. This would involve settling transactions in dollars.

Lastly, it is crucial to increase investment, particularly private investment. We could establish a regional financial market where we issue bonds or stocks in local currencies. This approach could be a viable starting point for our macroeconomic policy coordination as well as monetary policy coordination.

Open Floor Discussion

Participants emphasised the richness of the discussion and agreed that it was premature to consider a common currency, labelling it a waste of time. They highlighted alternative ways to foster integration, such as through digitalisation and payment settlements, which could lead to greater economic and financial integration in the region. The discussion also touched on the factors that make certain currencies reserve currencies, including economic power, liquidity, accessibility, convertibility, and developed global offshore markets.

The question of which currencies might become reserve currencies in the future was raised, with China and India being identified as potential candidates given their growing share of the global economy. However, full convertibility and the development of offshore markets were noted as necessary conditions.

Another participant from Nepal underscored that a common currency is not a realistic prospect in the near future, citing Robert Mundell's theory of optimum currency areas. They noted the significant asymmetries across countries in the region and the challenges posed by attempting to implement a common monetary policy. The idea of regionalising the Indian Rupee as a vehicle currency was discussed, with considerations around trust and economic dynamics highlighted.

The discussion also considered the role of an anchor currency and the need for increased invoicing in emerging market currencies, particularly the Chinese Yuan and Indian Rupee. It was noted that India's creation of an International Financial Services Centre in Gandhinagar could help mitigate costs and build trust around an anchor currency.

Summary by the Chair

The session touched on the dominance of the US dollar, the challenges and costs of being a global leader, and the need to prioritise business transactions and reduce transaction costs in the region. The Chair encourage a small group to continue exploring financial integration, focusing on practical and achievable steps like trade facilitation and market-based operations.

Parallel Session A3

Towards an Integrated Energy Grid

Dr Shankar Shrestha

Executive Director

Nepal Development Research Institute (NDRI), Nepal

Much has already been covered in the inaugural and plenary sessions about the necessity for a regional energy grid. One of the primary points emphasised is the increasing demand for energy in the South Asian region. Unfortunately, this demand has predominantly been met by fossil fuels, which have a significant impact on greenhouse gas emissions.

This scenario clearly indicates the need for regional cooperation. By working together, we can transition to cleaner energy sources and address sustainability, along with other critical issues, in the region. I will briefly outline the benefits of an integrated energy grid, even though these points are generally well-known. I intend to highlight them point by point to underscore their importance.

The first point to consider is seasonality. In Nepal, for instance, there is a significant surplus of hydropower electricity during the summer, producing two to three times more energy than in the drier months. Coincidentally, this period of surplus in

Nepal aligns with peak demand in Bangladesh, particularly from April to June. This example illustrates the potential for regional cooperation, where surplus energy from one country can be shared with another within the region.

This concept can similarly apply to other countries such as India and Pakistan. In the short term, while Nepal currently imports some electricity from India, there is a strong possibility that Nepal will achieve a year-round surplus in the longer term. A potential strategy could involve energy sharing between countries, particularly during seasonal variations, such as between summer and dry seasons.

Moreover, India could be utilised as a reservoir in the short term, allowing for energy storage and distribution. In the future, once Nepal consistently produces surplus energy, the country could serve as a 'battery' for the region, storing and managing energy generated from hydropower. This approach highlights a promising modality for future collaboration.

The next point concerns the energy mix. Nepal and Bhutan are rich in hydropower resources, which can complement the solar and wind energy available in other regions, such as Bangladesh and India. Hydropower is a more stable source of energy, whereas solar and wind are variable, as they do not provide continuous power throughout the day.

A proper energy mix, integrating hydropower with solar and wind energy, can help bridge the gaps caused by the variability of the latter sources. This integration is crucial for maintaining grid stability, as relying solely on solar and wind power may not be sufficient for 24-hour energy supply. During periods when solar and wind energy are unavailable, the stability of the grid could be compromised. Thus, a balanced energy mix is essential for ensuring a reliable and stable energy supply across the region.

Whereas if hydropower is complementing this, then it can be a 24-hour stable energy source. Others are merely the outcome of this region's initiative. For example, if those who dominate in hydropower, predominantly Nepal and Bhutan, can generate substantial revenue, then by using the hydropower of Nepal and Bhutan, India, Bangladesh, and other countries can obtain much energy at a much lower cost than other sources of energy, such as fossil fuels.

Moving on to the barriers, one economic barrier is the absence of competitive power markets. We have been realising this for many years. Most of these markets are not open free markets; rather, they are dominated by government-to-government initiatives at present.

Similarly, there is a technological barrier; we need to synchronise the grids. Additionally, in the South Asian region, there is insufficient infrastructure for regional integration. Furthermore, there is a clear regulatory barrier: we lack a regional policy and regulatory framework. Most regulations are controlled by the state, with limited access for third parties.

In terms of institutional barriers, we do not have regional institutions to guide these initiatives. For example, during the inaugural session, many mentioned the examples of ASEAN and the European Union, which have robust regional institutions for energy. This is missing in our region.

Having said that, some initiatives are progressing well. For example, unfortunately, as discussed in the inaugural session, SAARC is currently lagging behind. There has been a gap since the SAARC Summit in Kathmandu. However, other initiatives, such as BIMSTEC and BBIN, are emerging. There are good examples of power trade occurring bilaterally or in some form, but we have yet to achieve significant progress on a regional scale.

This data from 2019, presented by the Managing Director of the Nepal Electricity Authority, Mr Kul Man Ghising, highlights the situation. Since then, there have been ongoing discussions about the Sunkoshi 3 Hydropower Project for trade from Nepal to Bangladesh and the Upper Arun Hydropower Project involving Nepal and India. In both initiatives, India plays a dominant role, as the electricity to Bangladesh is transmitted through India.

This is a positive example of electricity trading from Nepal to Bangladesh via India, and such collaborations should be continued for future trade as well.

Yes, this is just a picture of the current trades and planned electricity trades in the South Asian region. As you can see, most of the trades are predominantly bilateral. We need to build on this to achieve more regional integration.

To highlight, we need to expand bilateral trade between two countries and also provide access to third parties. Any country should be allowed to use the transmission lines of other countries that have this infrastructure. Building regional trust is essential, and we need to establish independent centres, similar to the ASEAN Centre for Energy or centres in the European Union, to provide information, technology, and expertise.

We need to start with one or two successful examples. If these models are well received by all stakeholders, they can be replicated. For instance, the Sunkoshi project involving Nepal, Bangladesh, and India, which will soon materialise, is

an excellent example. Such initiatives need to be scaled up to achieve broader regional cooperation.

Mr Richard Kaniewski

Deputy Country Director
Friedrich-Ebert-Stiftung India Office, India

I will focus on at least three dimensions from my point of view regarding an integrated energy grid in the South Asian subregion. As someone coming from abroad, I find it fascinating to see that, in the hearts and minds of the people, South Asia is perhaps the most connected region worldwide in terms of sentiment.

When it comes to infrastructure and agreements, South Asia is one of the least integrated regions. This is a significant challenge that we must address because, without resolving this issue, development, particularly in terms of renewables and energy security, will be extensively discussed but perhaps not effectively achieved.

The first dimension I will refer to is, of course, the political dimension. From my point of view, and as was implied and explicitly mentioned in the discussions, there seems to be a lack of a unified vision or narrative regarding the subregion's approach to renewables and energy security. Bilateral agreements exist, and there are some trilateral agreements as well, but if we want to focus on the subregion as a whole, particularly within the official boundaries of the SAARC states, we must ensure that no country is left behind. This inclusivity is crucial for achieving comprehensive regional integration.

What I found missing today was the perspective of Afghanistan. We have discussed many other countries in the region, which is certainly fair, but if we truly want to talk about mutual energy security that can lead to a more prosperous economy, we must consider Afghanistan as an important player in the region as well.

The second point in the political dimension, from my perspective, is that to achieve an integrated energy grid, we need more harmonised policies.

Coming back to my first thesis, I believe that the governments in the region, whether within SAARC or multilaterally at the prime ministerial level or any other, must discuss these topics and bring them more prominently to the table. This is crucial because this region is one of the most vulnerable when it comes to climate change, a crisis that you did not cause but must live with.

If we want to reach a turning point in energy, especially given that this region is positively energy-hungry due to its rapidly developing economy, there must be greater cooperation between governments in the region. Mutual agreements on how to address these issues are essential. Enhanced regional cooperation is key to addressing energy needs and achieving sustainable development.

From a political dimension, once there is mutual understanding and agreement, then considering an integrated energy grid could be the final stage of a political path toward addressing these topics. It is essential to have a shared vision and clear narrative about where we want to go in the region regarding climate change and energy security.

Another dimension is the technical aspect. While I may not be an expert in these terms, I will touch on it briefly. The technical dimension involves harmonising various systems and standards. For instance, what is the technical baseline for the grid, given that different systems are in place across the region? This harmonisation can be achieved at the policy level but also requires substantial financial support.

For example, when it comes to risk capital and support from developed states, it is crucial to consider technical aspects. Without the necessary funds to invest in new technologies that can effectively transport energy, discussions alone will not lead to tangible progress. Financial support is essential for implementing these advancements.

In Germany, for instance, we have examples like KfW that provide such support. Many other donors are also active in this field. It is important that the so-called Western world takes on more risk in this regard. Impact investment is not just about financial returns; it is also about investing in a greater good. This type of investment is crucial for advancing regional energy integration and addressing broader challenges.

From my perspective, the business dimension is also crucial. You might be surprised to hear me say this, but it's important to recognise that energy distributors are in the business to make money. To achieve an integrated power grid in the region, energy suppliers need to have the opportunity to earn profits.

Incentives from the state are necessary to achieve this, as there is a social dimension to consider as well. However, to truly integrate the power grid, we must ensure that energy suppliers are incentivised to participate and invest in the necessary infrastructure.

Mr Alias Wardak

Independent Regional Power Integration Expert
Afghanistan

When we talk about regional integration, it is worth noting that concepts like the Grand Trunk Road, which is very close to Dhaka, originated from Afghan initiatives centuries ago. I am grateful to the Centre for Policy Dialogue for inviting me to discuss regional cooperation. I bring a different, more pragmatic perspective, although I may need to exclude some countries from this discussion for now.

The question is whether we are truly cooperating or if there is already a division at this point. When discussing South Asia, I prefer to use the term ‘seamless cooperation’ rather than ‘integration’. Integration implies a supranational body like the European Union, which is not currently supported or feasible for South Asia.

The situation is that we have the eight SAARC countries on one side, with ongoing central constraints within SAARC over the past three decades. On the other side, we see sub-regional institutions such as the BBIN approach, which, while excluding two countries—Afghanistan and Pakistan—could still offer a practical way forward. This approach allows for incremental progress towards a sub-regional market, with the potential to expand in the future.

The argument for sub-regional cooperation, despite its limitations, stems from the understanding that SAARC may not function effectively in the near future. Sub-regional cooperation could offer a more practical path forward and pave the way for a broader market if it gains traction and support from within the region as well as from developing partners.

One reason for the current situation in Afghanistan and the known issues between India and Pakistan is their impact on SAARC. Diplomatic statements aside, these issues are tangible impediments to effective regional cooperation within SAARC.

On one hand, Pakistan’s focus is on the China-Pakistan Economic Corridor (CPEC) project, which aims to enhance connectivity through Afghanistan towards Central Asia. On the other hand, India, as the major player in the BBIN initiative, appears less supportive of SAARC at present.

India’s current preference for BBIN over SAARC seems to be influenced by the fact that BBIN is less geopolitical and more geoeconomic in its perspective. This approach may offer practical benefits and more immediate economic advantages compared to the broader, more politically charged framework of SAARC.

Second, it is in compliance with India's view as a major player in the region under its Act East policy. By choosing the BIMSTEC platform, India is signalling its commitment to this approach. One indication of this is the establishment of the BIMSTEC Energy Centre in Bangalore. This understanding is based on recent research I conducted for the European Union.

Looking at developments over the past eight months, there has been a significant step towards trilateral agreements between India, Bangladesh, and Nepal, which is a positive move. Additionally, since 2014, trade among BIMSTEC countries has increased 2.2 times. From a geoeconomic perspective, this growth has led to a greater focus on achieving Nationally Determined Contributions (NDC) targets within the subregion, which could also serve as a catalyst for further progress.

Looking at Bangladesh, the country has set a vision of achieving a 40 per cent share of renewable energy in its energy mix by 2040. To reach this goal, regional cooperation within BIMSTEC could be a viable solution, especially given the constraints Bangladesh faces. Regional collaboration could reduce investment costs and, with the support of development partners, help create concepts for joint regional projects.

The European Union's 'projects of common interest' model is an example that could be adapted for this subregion. However, in the long term, it is important to consider expanding the regional framework to include countries like Afghanistan and Pakistan. Such expansion could foster broader economic benefits beyond energy, impacting trade and connecting Central Asia to Europe.

In summary, while regional cooperation within BIMSTEC is a practical approach for now, considering a broader regional strategy that includes both BIMSTEC and SAARC could enhance the overall effectiveness and reach of these initiatives

Mr Hartmut Behrend

Project Manager

Project for support of the Climate and Development Partnership Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bangladesh

I would like to start by thanking CPD as well for inviting me as a panellist. I clarified that I am not able to talk about regional connectivity, but they said that even if you're not able to talk about it, you should talk about your subject, which is the Just

Energy Transition. So, I will talk a little bit about the basics of Just Energy Transition and why it is so important for us.

However, I would like to start by addressing a topic that was already discussed: the fact that this region seems to be the least integrated in the world. Like me, many others attended the first Regional Climate Change Summit of South Asia, which took place here at the same place two months ago, where we saw that initially, there was no representation from Pakistan—all the other countries were present except Pakistan.

I was sitting with all the members of parliament in one session. I clarified that I held the same position before in Pakistan. During the discussion, a question arose: Why was Pakistan not present at the climate change summit given the significant climate challenges we face? We need to cooperate more effectively on climate issues. Later, Sherry Rehman, the Climate Change Minister of Pakistan, gave a presentation. I am very happy to see that my former colleagues from Pakistan are here today.

Sorry for the lengthy introduction. I will try to be brief. The Just Energy Transition is part of a broader concept known as Just Transition. Just Transition is considered a key approach to addressing climate change, decarbonising the economy, and ensuring that social aspects are respected while promoting economic growth. This means that as we transition from a fossil fuel-based economy, it is crucial to provide opportunities for those who might lose their jobs, such as those in the fossil fuel sector, to learn new skills and find new employment.

Just Transition encompasses all sectors of the economy where greenhouse gas emissions are significant, including transport, industry, the building sector, and agriculture. It aims to minimise social disruptions while fostering economic development. However, the challenge is that implementing Just Transition can be extremely costly—often more than any single country or donor can provide, especially in this region.

To address this, policies must create the legal frameworks and incentives necessary to engage the private sector. Additionally, substantial efforts are needed for awareness raising, skill development, and job creation.

When transitioning from fossil fuels to renewables, we need a significant number of skilled professionals to maintain and establish the new systems. India is already making progress in this area, including developing an industry capable of producing the necessary infrastructure locally, rather than relying on imports from countries like Germany.

However, we must recognise the urgency of the situation. Climate change is accelerating rapidly, as observed over the past two years. Currently, the investments required for climate change adaptation are surpassing global investments in mitigation. We have no choice but to prioritise this issue and advance our efforts. The good news is that there is sufficient funding available to support these initiatives.

The key question is how to access and utilise this funding. As mentioned earlier, the most crucial factors are establishing the necessary skills, developing effective management policies and incentives, and creating strategies for decarbonisation. To briefly address the Just Energy Transition, there are significant challenges in this region. The first major challenge is low energy efficiency. Improving energy efficiency can significantly reduce the effort needed to implement renewable energies and other energy solutions. Another major challenge is the deployment of renewables. This requires careful and well-established instruments and strategies to ensure successful implementation.

I remember discussing the benefits and tariffs related to net metering, which can provide strong incentives for adopting net metering systems. The price difference can be significant enough to make this an attractive option.

Looking ahead, the decommissioning of fossil fuel power plants will be a major issue. Many of these plants have recently been built and involve locked-in capital for decades. Finding solutions to this challenge is crucial.

Electromobility is another important area with private sector implications, and funding will play a key role. With the new president and the potential changes in the World Bank's structure, there are significant opportunities for progress. My neighbour, who is well-informed about these developments, can provide more insights.

Additionally, there will be a significant focus on capacity and skill development. This includes raising awareness and developing skills at both the political and technical levels. Addressing the lack of data, especially for assessing future impacts of mitigation measures, remains a major challenge.

One thing we should not underestimate is that Europe frequently introduces new concepts. For instance, about 10 years ago, everyone focused on NDCs as the solution for the next century. Five years later, the emphasis shifted to long-term decarbonisation strategies, which were presented as a 200-year solution. Now, we are moving towards a broader concept of a 'Just Transition', which encompasses NDCs and long-term strategies but goes even further.

To summarise, the concept of a Just Transition is more comprehensive and includes various elements beyond what was previously proposed. I recently presented this topic to a large audience of nearly a thousand people online, as the GIZ is now focusing heavily on this subject.

Professor Badrul Imam

Honorary Professor

Department of Geology, University of Dhaka, Bangladesh

We have heard a lot about the importance of renewable energy. In many discussions and meetings, the theme tends to focus on renewables replacing fossil fuels. However, the reality is somewhat different. Over the past two years, global coal production has actually increased, with last year's production surpassing the year before. This highlights the gap between our discussions about renewables and the current reality, where transitioning away from fossil fuels is more complex and slower than anticipated.

Turning to Bangladesh, as many of you may know, it is an energy-starved country facing significant shortages of fuel, including gas and oil. While there are some renewable energy initiatives, the government's focus remains heavily on fossil fuels due to the pressing energy needs.

We have not seen the level of renewable energy development that was anticipated. Projections, such as the expectation that 40 per cent of electricity would come from renewables by 2040, are likely to fall short unless there is a significant acceleration in renewable energy development.

The situation on the ground is more challenging than these projections suggest. In Bangladesh, oil and gas exploration has been ongoing for some time, and this sector is currently on the rise. Regional cooperation is becoming increasingly important in this context. For instance, exploration efforts often involve border areas. In Bangladesh, significant gas reserves are located near the border with India, particularly in Tripura and Assam. India has explored these areas more extensively than Bangladesh. Enhanced regional cooperation could benefit both countries, especially for newer players in the field. Improved collaboration in exploration programmes would be advantageous for all parties involved.

Regarding renewables, Bangladesh still has a long way to go compared to countries like India or other nations with advanced renewable energy sectors. Our current energy

crisis makes it difficult to shift away from fossil fuels. Just a few years ago, or even last year, we faced severe gas shortages that led to factory shutdowns and frequent disruptions. Although we have managed to address some of these issues through increased fossil fuel supplies, the energy crisis remains a significant challenge.

While it is easy and comfortable to discuss transitioning to renewables and moving away from fossil fuels, the reality is much more complex. For countries like Bangladesh, where energy access is a persistent issue, transitioning to renewables will take time and effort. The shift from fossil fuels to renewable energy will not be straightforward or immediate for many such countries.

Mr Mbuso Gwafila

Senior Energy Specialist

The World Bank

I would like to share my perspective, especially as someone relatively new to Bangladesh. I moved here about three and a half months ago, having previously been based in Tanzania. I come from Botswana, a small country in Southern Africa, and I want to use it as a case study to discuss regional integration.

Botswana, situated in Southern Africa, has strong interconnections with its neighbours. It is linked with South Africa, Zimbabwe to the north, and Namibia to the west. These interconnections extend further, with links through Zambia all the way to the Democratic Republic of the Congo (DRC), which, despite its challenges, has been trading power with South Africa for the past 20 years.

What I want to emphasise is that regional integration does work. I have witnessed its effectiveness firsthand. Around 18 years ago, I was involved with the Southern African Power Pool, and during that time, there was a US-sponsored study tour for South Asians to observe how a power pool operates and how it was established in Southern Africa.

I was involved with the planning committee of the Southern African Power Pool and had the opportunity to meet some of the participants from the US study tour. Although I may not recall their faces or names, we had valuable South-South exchanges at that time.

Fast forward to 2023, I have now moved to Bangladesh and am still working in the power sector. I expected to see significant progress in regional electricity

integration, especially in the BBIN area. However, despite the passage of 20 years, I have observed that there are fewer interconnections than anticipated, and progress has been slower than expected.

I have spent the past few months reflecting on the reasons for this. Comparing my experiences in Southern Africa and my previous role in East Africa, where we worked on formulating a new power pool, I have identified a key issue: the lack of enabling political treaties and frameworks in South Asia.

Without the necessary political frameworks, it is challenging for technocrats and businesspeople to build long-term investments, such as those required for power and water transport. The absence of a Secretariat or coordination mechanism hinders the development of transmission lines and other interconnecting infrastructure.

Such interconnections require oversight to manage trades and ensure market compliance. Without this, day-to-day trading lacks proper monitoring. A dedicated body is needed to represent all participants from different countries, issue invoices, ensure rule compliance, and conduct investigations when necessary. This kind of oversight is currently lacking.

I have observed that there are significant interconnections between Bangladesh and India. For example, there is a specific arrangement where one supplier sends power to Bangladesh. I believe there is an opportunity to scale up this arrangement based on existing trade relationships.

At the World Bank, I have reviewed recent analytics which indicate that the existing interconnections between India, Nepal, Bhutan, and Bangladesh are underutilised by USD 1.2 billion due to the lack of broader multilateral trade arrangements. Further analysis suggests that if regional electricity trade is expanded, trade volumes could potentially reach USD 68 billion by 2025. This would result in savings of over USD 17 billion in deferred capital investments and fuel costs. Bangladesh, in particular, could benefit significantly during the summer by importing renewable energy from Nepal and Bhutan through India to meet its demand.

Open Floor Discussion

Participants highlighted the importance of regional integration and cooperation, particularly in South Asia. The discussion emphasised the need to recognise and respect all South Asian nations for harmonious development.

One key issue raised was the challenge of building regional trust and political will. There was a call for clarification on the current state of SAARC compared to its initial objectives and a comparison with ASEAN.

Another concern addressed was the progress in energy development despite challenges such as load shedding. Questions focused on the major challenges in the energy sector and the impact of political and controversial issues on energy generation.

There were also concerns about waste-to-energy solutions being seen as a waste management approach rather than a significant energy production method. Additionally, questions were raised about preventing political manipulation in regional energy cooperation, drawing parallels with European experiences.

The impact of changing geopolitical dynamics in the Indo-Pacific on enhancing energy cooperation in South Asia was also discussed. There were queries about preparedness for a transition to renewable energy, highlighting the need for proactive measures to avoid falling behind.

The discussion included comparisons of regional models, with a suggestion to learn from other regional institutions. The importance of national resilience in energy systems was noted, with an emphasis on pursuing regional cooperation while ensuring resilience.

Challenges in the energy sector were outlined, including under-explored resources and slow progress in renewable energy. Optimism about future improvements was tempered with the recognition of the need for accelerated exploration and development.

High investment costs and the need for an integrated energy grid were discussed, along with the potential for leveraging international partnerships to enhance transmission capacities and support renewable energy integration.

The session concluded with a consensus that while sub-regional cooperation is beneficial, improving internal systems and gradual integration are essential for achieving broader regional cooperation.

Summary by the Chair

In conclusion, this discussion has underscored the critical interplay between political will and technical infrastructure in fostering regional energy cooperation. It is evident that while political commitment remains a significant barrier, it also holds the key to advancing regional integration and addressing shared energy challenges.

The potential for surplus electricity, as highlighted, offers substantial opportunities for regional trade, particularly with the prospect of exporting excess power to neighbouring countries. This could enhance foreign currency earnings and enhance energy security across the region. The current framework for electricity transmission, including advancements like High-Voltage Direct Current (HVDC) technology, addresses technical hurdles but also reflects the ongoing need for further infrastructural development.

Notably, the discussion has also brought to light the complexities of balancing economic growth with the transition to renewable energy. Countries face a dual challenge of meeting immediate energy demands while investing in sustainable solutions. This dilemma is not unique to any one nation but is shared across the region, affecting both developing and emerging economies alike.

The role of regional cooperation, particularly through frameworks like BIMSTEC, is promising and could facilitate more effective energy trade and infrastructure development. However, achieving this vision requires overcoming existing barriers and ensuring that technical and political challenges are addressed in tandem.

As the South Asian countries move forward, it is crucial to build on the momentum generated by this discussion, leveraging both political alignment and infrastructural improvements to realise a more integrated and sustainable regional energy market. The session has been insightful, and the recommendations from this session will be vital in guiding future efforts to enhance regional cooperation and address the pressing energy needs of South Asian countries.

Parallel Session B1

Climate Change and Resilience

Dr M Asaduzzaman

Former Research Director

Bangladesh Institute of Development Studies (BIDS), Bangladesh

This session is perhaps the most inclusive across all sectors and people globally. It is not just relevant for now or for the next five or 10 years, but possibly for hundreds of years into the future. In this sense, it should have been the most important issue of discussion in the entire SAES programme. This is because we are facing an issue of physical existence.

The theme of this session is climate change and resilience. How resilient can we be so that we survive, not just as part of the globe or South Asia, but together within South Asia. We are all brothers and sisters within South Asia, and we should all survive together. That is the theme I would like to highlight.

We have quite a few distinguished participants from countries within the region, and we have numerous guiding questions provided by the organisers. However, I would like to request the panellists not to highlight all of them, as we do not have time to discuss in detail what climate change and climate change shocks are. While

we should have a basic understanding, I would still like to point out one or two key aspects.

First, at the beginning, climate change is nothing but a trend rise in average temperature. I say average because, over time, year to year, there will be fluctuations, but on the whole, there will be a rising trend in temperature. However, the other part of climate, which is precipitation, is totally uncertain. You never know what will happen, where, and when. So far, science has not been able to determine what will happen to precipitation in any particular part of the globe, including South Asia.

But this uncertainty brings changes in natural systems. Water, biodiversity, ecology, forests, land, and soil are all affected in various ways. These changes impinge on human systems, most importantly food and nutrition security through agriculture, health, labour productivity, industries and manufacturing, the transport sector, and ultimately, employment, poverty, income, and the economic well-being of the people. This is essentially the picture of climate change and its impacts.

The question is, how will we handle it within South Asia? Not simply as individual countries—although there are specific issues within countries that they will have to handle themselves—but also recognising that there are issues tying them together because the natural resource systems in South Asia will be integrated in various ways. In some cases, the integration will be extensive; in others, less so. Specific natural systems will be affected.

I would like the panellists to not address each and every question individually. My own thinking is that we should first try to understand the themes within COP28, which is going to happen within a month's time—possibly even less. There are several themes, one of which is water and food security. Another theme is finance, which is pervasive, as you understand. So, I would like you to, as far as possible, focus on the positions that these countries should adopt in COP28. Keep in mind that the situations in Pakistan, India, and Sri Lanka have been somewhat different from those in Nepal, Bhutan, the Maldives, and Bangladesh. The latter group of countries were once categorised as LDCs, but most have since transitioned out of this classification. They are now part of the G77 and China, no longer just the LDC. In the global forum, these countries should now present a unified stance. The key point I want to emphasise is what that unified voice should advocate for.

Within South Asia, there are issues on which we can cooperate with each other, certainly in technology and research. But when it comes to direct intervention and investment, particularly in finance, how do we proceed? Let us take the issue of finance. The National Adaptation Plan that we have just prepared and submitted to

the UNFCCC calls for a price tag of USD 230 billion between now and 2050. The NDC that we have prepared calls for a price tag of USD 176 billion between now and 2030, of which USD 143 billion should be conditional—that is, if resources are available. Can we, within this region, cooperate with each other to lower the price tag? That should be one of the questions.

Given this, we have five panellists and the time allotted to us is not really long enough to discuss all of these issues at length. So, I will request the panellists to be as brief, direct, and specific as possible in discussing exactly how we can cooperate with each other.

Mr Md. Anisur Rahman

Senior Urban Planner (Consultant)

CRISC Project, GIZ Bangladesh

We are all aware of climate change and its general implications. What we need to focus on is its specific impact, particularly at the local and regional levels. I will discuss the situation using examples from local areas to illustrate how climate change is affecting them and how it might impact both locally and regionally.

It is well understood that climate change is a global phenomenon, and its effects are becoming apparent. However, predicting the exact impact at the local level is challenging. This is especially evident in urban areas in Bangladesh. For instance, cities are expanding into areas that are increasingly vulnerable to climate-related hazards such as floods, cyclones, and droughts.

We examined two urban areas in Bangladesh to understand these impacts better. One area is located in the flood prone, central region of Sirajganj, and the other is in the southern part of the country, which is prone to cyclones and droughts due to water shortages from international rivers. Our findings revealed that the impact of climate change is not well understood by city authorities and local residents. This lack of understanding threatens the sustainability of development in these areas.

In the cities we studied, we found that many are developing in locations that will likely be inundated in the next decade or so. This poses a significant threat to their future. For example, the city in the southern part, Satkhira, is projected to face severe salinity problems over the next 10 to 20 years. This will jeopardise the availability of potable water. The city may even need to be relocated due to the upstream river, which is blocked due to a lack of adequate water flow from the north, bordering India.

These projections highlight the need for regional cooperation, particularly in water management, to address the impacts of climate change and protect our cities. This is just one example, but similar challenges are faced by many other cities in Bangladesh.

Dr Sabyasachi Saha

Associate Professor

Research and Information System for Developing Countries (RIS), India

I do not wish to delve too deeply into the impacts at this stage, but I would like to share some facts and insights on how the climate agenda was addressed at the recent G20 summit in India. This discussion has significant implications for our region.

My first point is that, as members of the Global South, our position should reflect the intertwined nature of the climate and development agendas. This intersection should guide our approach to finance, technology, social security, disaster preparedness, and other areas.

We are currently at the midpoint of the 2030 Agenda. CPD has circulated a status report on the achievement of the SDGs for this region. Unfortunately, the COVID-19 pandemic did not serve as the wake-up call we had hoped for. Global inequalities are on the rise, and inter-country inequalities are increasing for the first time in a generation. The climate agenda and the inequality agenda are closely linked, as much empirical literature demonstrates.

The aspiration of the 2030 Agenda was to integrate social, economic, and environmental pillars. However, in the context of slow global economic growth, rising emissions, and structural inequalities, we face the prospect of many people remaining in poverty by 2030. We have yet to fully embrace a 'One Health' approach, which was expected to be a central focus in the coming years.

We are acutely aware of the dangers of biodiversity loss and other related issues. Estimates indicate that even with current climate commitments, we are unlikely to achieve the 1.5°C target by the end of the century. Furthermore, we have not succeeded in transitioning from the quantity to the quality aspirations set out in the 2030 Agenda. While India has made significant progress in addressing multi-dimensional poverty, globally we are severely constrained on issues such as food security.

The Global South still faces significant gaps in the means of implementation, particularly in finance, technology, and trade. All of these gaps have serious

implications for climate change. When discussing climate change, we often focus too narrowly on emissions. It is important to remember that the Global South bears an unequal burden through no fault of its own.

We also need to consider evidence on planetary boundaries. There are 9 planetary boundaries, five of which we have already surpassed. These include novel entities, biodiversity integrity, land-system change, and water use. We are at a tipping point and cannot afford to push these boundaries any further.

Climate action and just transitions are crucial, but we must also acknowledge how unequal the world is and how historical responsibilities have been overlooked and continue to be ignored within the G20 agenda.

India successfully highlighted issues around just transition at the G20, focusing on distributional justice, procedural justice, and restorative justice. It was emphasised that no country should be forced to choose between fighting poverty and fighting for the planet.

An important new focus is on lifestyles, which have a significant environmental footprint. While it is challenging to hold Northern countries accountable for their lifestyles, we can present them with compelling facts and figures. According to the UN, if current population growth and lifestyle trends continue until 2050, we will need three times the planetary resources we currently have.

The Club of Rome and other organisations like the UNF have calculated the necessary reductions in material footprints to achieve sustainable lifestyles. Prime Minister of India introduced the concept of Lifestyle for Environment (LIFE) at COP 26 in Glasgow. This initiative emphasises the importance of individual agency in making lifestyle changes to reduce carbon and material footprints. However, systemic changes are also needed to enable and support these individual actions.

The aspiration of SDG 12, which focuses on sustainable consumption and production, includes measuring hazardous components, food loss, and recycling. However, the LIFE agenda goes beyond these metrics, aiming for systemic transformations essential for meaningful climate action.

I won't delve into the various dimensions and debates about how economic growth might look under such restraints, but it is clear that value systems are integral. Systemic transformations towards sustainable consumption and production require acknowledging cultural connections, value system foundations, and ethical frameworks.

For the Global South, pursuing sustainability can align with economic growth. By adopting circular economy principles as a new economic activity, we can promote disaster preparedness, social inclusion, and support social entrepreneurship. Creating local value chains can reduce carbon footprints from transportation, which is also an economic activity. These opportunities need to be leveraged to drive growth and sustainability simultaneously.

The G20 summit in India served as a crucial platform for voicing the concerns of the Global South, which includes our shared geography and neighbourhood. Effectively representing the Global South means placing critical issues like low-cost climate mitigation finance and adaptation squarely on the agenda, alongside various facets of just transition.

India's role in the G20 was instrumental in consolidating the means of implementation, particularly around finance, and adopting a solution-centred approach. Key areas of focus included renewable energy, green hydrogen, and the creation of a biofuel alliance. These initiatives highlight the potential for South-South cooperation within our region.

The introduction of the LIFE initiative brought several new agenda items to the forefront. G20 countries agreed on 9 principles for lifestyle for sustainable development, which are now part of the G20 declaration and have been mandated for the UNFCCC and international financial institutions. This political mandate is significant for imagining just transitions.

India is demonstrating its roadmap for sustainable consumption and production through various measures, such as saving energy and water, eliminating novel entities like plastics, adopting sustainable food systems, reducing waste, improving health, and managing e-waste. From a statistical point of view, it is essential to measure our progress in these areas, and India is actively working on this front.

India's climate action agenda is indeed robust, particularly in its transition to renewable energy. Currently, over 40 per cent of electricity is generated from non-fossil fuel sources, including large hydroelectric projects. India has set an ambitious target of achieving net zero emissions by 2070. This process involves significant indigenisation of technology and scaling up of delivery, which presents rich opportunities for South-South cooperation within the region.

Keeping the spirit of South-South cooperation alive is crucial, especially from a demand-driven perspective. As you rightly mentioned, there is immense potential for regional cooperation in various areas. One important aspect to consider is that a

large section of our population relies on traditional lifestyles, which could make the transition to sustainable practices somewhat easier.

To set a comprehensive climate agenda, we must focus on multiple areas: disaster preparedness, which involves long-term planning and resilience building; sustainable agriculture, which promotes practices that protect the environment while ensuring food security; sustainable value chains, which enhance efficiency and reduce the carbon footprint from production to consumption; renewable energy transition, which expands the use of renewable sources like solar and wind energy; pollution control, which addresses air and water quality issues; flood control, which involves managing water resources to prevent and mitigate the impact of floods; biodiversity protection, which aims to conserve various species and ecosystems; Himalayan ecosystem protection, which focuses on preserving the fragile mountain environment; and sustainable ocean management, which ensures the health of marine ecosystems.

All of these areas make a lot of sense for South Asia, and there is hope that within the region, enough momentum will be created in the near future to work closely on these issues. This collaborative effort will not only address climate change but also promote sustainable development, benefiting the entire region.

Mr Kshitiz Dahal

Senior Research Officer

South Asia Watch on Trade, Economics and Environment (SAWTEE),
Nepal

We all know that the science of climate change has been clear and unequivocal for a long time. Until recent years, climate change was perceived as a distant threat, allowing us to delay action. However, it is now evident that the impacts of climate change are not just future threats; we are experiencing them in our lives today. These impacts are visible all around the world, including in South Asia, and we constantly hear about their devastating effects.

South Asia, due to its geographical features—the mountains in the north and the Indian Ocean in the south—along with a large number of impoverished people and a significant population dependent on subsistence agriculture, is especially vulnerable to climate change. This makes the need for climate resilience particularly critical in our region.

To illustrate the importance of climate resilience, I would like to provide a brief example of a recent event in the region. In May 2023, Cyclone Mocha struck the Bay of Bengal. Reports indicated that, thanks to improved disaster preparedness and years of building resilience, Bangladesh was better able to manage this crisis.

It was able to deploy its early warning system and relocate a large number of people, I think more than a million. As a result, it avoided any loss of life. However, the same disaster caused significant distress in the neighbouring Myanmar region, and it has been reported that perhaps due to its relative lack of resilience and preparedness, it resulted in significantly more loss of lives. Let me also talk about the challenges associated with climate resilience in the region through an example of Nepal.

Nepal has indeed prioritised climate action and resilience. It has made significant pledges, aiming to be carbon neutral by 2045 and to implement climate-resilient planning across all 753 local governments by 2030. However, despite these ambitious plans and the establishment of policies, projects, and funds for managing climate risk, there are substantial challenges.

Issues in the field include a lack of reliable climate data, capacity constraints, and insufficient political, social, and financial institutional structures needed to address a crisis of this magnitude. With that said, let me briefly discuss how we can address the problem of climate change through improved climate resilience in the region and in each country.

I think one important step is to establish a clear climate resilience framework. Since each country's context is unique, there is a need for a specific action plan with defined targets and the identification and establishment of various institutional structures, including financial frameworks, required to tackle the issue. The approach should be locally driven rather than solely expert-driven.

Studies, including one on South Asian climate resilience programmes, indicate that grassroots initiatives that are more locally engaged tend to produce more effective solutions at a lower cost. Therefore, the approach we adopt must be locally driven. Additionally, a crucial question is the role that regional cooperation can play in this context.

We have been discussing various avenues for regional cooperation since yesterday. For someone who has worked in the field of regional cooperation and integration but has witnessed slow and challenging progress, it was reassuring when the Chair asked how many people felt it would be detrimental to abandon SAARC. It was encouraging to see that SAARC still has a significant role to play. I believe there are

valuable opportunities for regional cooperation in addressing climate change and improving climate resilience.

For example, Nepal has vast resources for hydropower generation, which are currently underutilised. Countries in the region, such as India and Bangladesh, have growing electricity demands to support their development. Regional initiatives that promote hydropower development in Nepal and facilitate electricity trade in the region—initiatives that are beginning to take shape but still face challenges—can advance green energy in the region and contribute to climate resilience.

Countless other avenues for regional cooperation exist. There is potential for exchanging best practices, sharing data—including early warning systems—exchanging knowledge and information, and establishing a fund for research and development. Additionally, regionally coordinated investments can be explored.

It is worth noting that SAARC has already initiated several programmes addressing climate change through various ministerial meetings, declarations, directives, and its action plan on climate change. While some directives in the SAARC Action Plan for Climate Change may need updating, they remain highly relevant.

Dr A Atiq Rahman

Executive Director

Bangladesh Centre for Advanced Studies (BCAS), Bangladesh

South Asia, while geographically compact, is home to a massive population. Most countries in the region have low per capita consumption, but the high population density leads to a significant overall contribution. This consumption primarily meets basic needs, such as agriculture and transportation.

In the 21st century, energy consumption is concentrated in transportation and production systems. In the production sector, investment in infrastructure is required, which means transforming land and resources. South Asia, despite its relatively small geographical area, features diverse landscapes, including the towering Himalayas and the Bay of Bengal, connected by three of the world's largest rivers: the Ganges, the Brahmaputra, and the Jamuna. These rivers are interconnected, bringing various types of water from different sources. The region experiences a monsoon climate, resulting in abundant water flow that eventually reaches the Bay of Bengal through Bangladesh, which acts as the end of the water funnel in South Asia.

The large population and relatively low per capita consumption mean that, when multiplied, the overall consumption becomes significant. However, much of this consumption is directed towards meeting basic needs.

Nonetheless, urbanisation has been very rapid in South Asia, with urban areas becoming focal points for residential and economic activities. Urbanisation is a major driver of high energy consumption, spanning from northern India to southern Sri Lanka and all regions in between.

One of the guiding questions is how to improve resilience against climate change. This raises an important question about our understanding of resilience. Resilience involves preparing for and adapting to what is coming. It is about anticipating and mitigating the impacts of climate change, such as population displacement and increased water flow, which may be concentrated in specific areas, particularly along riverine formations.

This issue is evident from the Himalayas down to the Bay of Bengal, affecting Nepal, India, Bangladesh, and Pakistan. Sri Lanka, as an island, has its own unique situation. In Sri Lanka, the water flow is from north to south, with development concentrated in the southern coastal areas like Galle and Colombo, which are densely populated. Thus, the distribution of the population and the impacts of climate change are closely interlinked.

Similarly, growth in urbanisation, agricultural production, and industrial activity is driving increased energy and financial investments. The solution to enhancing resilience lies in better management of our energy systems. The potential benefits of regional cooperation on climate change are enormous because, while climate change is a global phenomenon that transcends national borders, survival depends on collective efforts.

Interestingly, the survival of each country is tied to the survival of the whole region. An isolated approach will not suffice because natural systems, such as rainwater systems, river flows, and sediment loading, do not recognise national boundaries. Therefore, regional cooperation is essential.

As we approach COP 28, it will be crucial to adopt a unified stance among countries, focusing on natural borders rather than political ones. We need to consider the boundaries that nature dictates: between ocean and land, mountains and lowlands, and forested areas versus rapidly developing regions, whether in southern Bangladesh or northern India and Pakistan, extending up to the Kashmir Valley.

Despite any geopolitical tensions, ecosystems operate according to their own layout, shaped by geological processes over millennia. In contrast, political decisions often operate on shorter time scales, such as five-year plans or annual reviews. To effectively address climate change, we must align our efforts with the larger, multi-decadal cycles of natural ecosystems. Our collective survival depends on the health of the entire system, so we must collaborate closely, developing bureaucratic structures that enable effective cross-border cooperation.

Hence, a regional approach is far more efficient, realistic, and creative for addressing the challenges we face. South Asia, with its intense population density and compact area, presents a unique case. Despite the seemingly large scale of its ecosystems, they are relatively compact when considering the region's geography. From the towering Himalayas and Everest peaks to the Bay of Bengal, all within a 100- or 200-kilometre range, the region encompasses diverse landscapes including forests, hills, rivers, and coastlines within a relatively small area.

Given this, geographical planning must be more ambitious and precise. It is crucial to understand and leverage the complementarities of various elements within the region's geographical boundaries. This means bringing governments and communities together, coordinating efforts, and providing necessary resources. While local planning is challenging, it is essential and can be achieved through improved institutional development.

Professor Dr Babar Shahbaz

Professor and Director

Institute of Agricultural Extension, Education and Rural Development,
University of Agriculture Faisalabad, Pakistan

I will present the case of Pakistan and attempt to address the three main questions: the significant challenges, potential solutions, and Pakistan's position for COP 28.

As many of us know, Pakistan is one of the most vulnerable countries to the impacts of climate change. In fact, it ranks among the top ten most vulnerable countries globally. Despite contributing less than 1 per cent of global greenhouse gas emissions, Pakistan is highly susceptible to climate-related disasters. Over the past few decades, we have witnessed a series of such events, including the devastating mega flood of 2010. Since then, floods have become an annual occurrence, with the catastrophic floods of 2022 being particularly severe.

Another challenge facing Pakistan is related to its food and agriculture system, specifically concerning food productivity and food security.

The availability of water in the Indus River system is primarily dependent on glacier and snow melt. In fact, 80 per cent of the river's flow relies on this source, unlike other regional river systems, which are mainly fed by monsoon rains. After 2050, we anticipate a significant reduction in the water flow of the Indus River. Initially, there will be an increase in water flow due to accelerated glacier melting, leading to more frequent floods. However, once the glaciers reach their threshold levels, water scarcity is expected to become a severe issue.

It is projected that temperatures in the region will rise by 1.5 to 3°C over the next 50 years, with the increase being more pronounced in the northern areas where the glaciers and mountains are located. This temperature rise will likely have drastic consequences for the water availability and overall environmental stability in the region.

One possible solution is Pakistan's recently released National Adaptation Plan, which came out just two months ago. Although it was long overdue, it is, as the saying goes, better late than never. This plan represents a shift from mere adaptation to resilience, focusing on moving from a reactive response to climate change impacts to a proactive approach that enhances the capacity to withstand and thrive amidst climate change. The plan is a comprehensive policy document, although I have noted some observations that I can elaborate on during the Q&A session if time permits.

The adaptation priorities outlined in the National Adaptation Plan are primarily concerned with the agriculture and water nexus, focusing on the interconnections between these critical resources. Additionally, there is an emphasis on natural capital, particularly the sustainable management of land and water. Urban resilience is also highlighted, recognising the importance of addressing vulnerabilities in rapidly urbanising areas, which are just as susceptible to climate change impacts as rural and mountainous regions. Other key priorities include human capital, which involves enhancing community skills and knowledge to manage climate risks, and disaster risk management, which aims to improve systems for preparing for and responding to climate-related disasters. These priorities collectively aim to build resilience across various sectors and regions, ensuring a more comprehensive approach to adapting to climate change.

Now, turning to Pakistan's position at COP 28, the country should prioritise negotiating for the establishment and effective operation of a loss and damage fund. Given Pakistan's status as one of the most vulnerable countries to climate change, despite being a minimal emitter of greenhouse gases and environmental pollutants, it is crucial that this fund is secured.

Additionally, Pakistan should advocate for a more inclusive decision-making process at COP, ensuring that the voices of all nations, particularly those most vulnerable, are heard. The decision-making processes should not be dominated solely by powerful countries; instead, there should be meaningful inclusion of countries that are disproportionately affected by climate change.

Furthermore, Pakistan should push for the transfer of technology from advanced nations, particularly in areas such as green technology, green energy solutions, sustainable agriculture, biodiversity conservation, and water conservation. It is essential that research and technological advancements made in other regions of the world be shared with vulnerable and developing countries.

Climate change can also act as a new driver for regional cooperation. It presents an opportunity for countries with shared interests and challenges to collaborate more effectively. By leveraging existing platforms and exploring new avenues for cooperation, nations can work together to address climate change more robustly.

Open Floor Discussion

During the open floor discussion, participants highlighted several crucial issues related to climate change and regional cooperation. There was considerable concern about the inadequacy of climate change interventions in urban areas such as Dhaka, despite the increasing impacts of flooding and extreme heat. The participants underscored the need for innovative solutions from other countries in the region that could be adapted to urban settings in Bangladesh. Furthermore, there was a call for a regional forum to advocate for increased funding during climate negotiations, as Bangladesh has not yet received the necessary resources despite numerous commitments.

The discussion also emphasised a perceived imbalance between resilience and adaptation versus mitigation efforts in climate discussions. One participant sought clarification on why there is more focus on these aspects rather than mitigation. Another participant questioned the rapid mainstreaming of green growth and sustainable transitions in economies still heavily reliant on fossil fuels, and how Bangladesh can build resilience given its vulnerability to extreme climate events.

Concerns were raised about the broader political economy of climate finance, noting that only a small percentage is currently allocated to adaptation efforts. The complexities and delays associated with the Green Climate Fund were discussed, with a call for simplified processes to access climate finance. The issue of loss and

damage was also addressed, with participants seeking clarity on implementation arrangements and future prospects.

A proposal was made for a joint climate advocacy group for COP28, highlighting the importance of institutionalising and systematising such efforts. Participants discussed the need for greater regional cooperation, particularly in climate change and water management, emphasising the benefits of collaborative meteorological efforts and disaster management that transcend political boundaries.

Several specific questions were raised, including concerns about river sharing between countries and its impact on the Sundarbans, climate migration and displacement, and the effectiveness of regional cooperation in addressing these issues. Additional queries addressed good practices in climate change adaptation from various countries and the potential for lifestyle changes to mitigate climate impacts.

Participants also proposed simpler, everyday solutions such as improved tree planting practices and regional cooperation on rail network expansion to reduce pollution and enhance economic integration. There was a call for addressing air pollution and adopting successful practices from other countries as models for improvement.

In summary, the discussion underscored that regional cooperation, knowledge sharing, and innovative solutions are essential for tackling climate change challenges and enhancing adaptation efforts.

Summary by the Chair

The issues discussed in this session are extremely complex because they involve the interaction between two systems: the natural system and the human system. Addressing these interactions requires a foundation in hard science, alongside policies, practices, and ultimately, politics.

Often, we find that political considerations come to the forefront, whereas they should follow from scientific understanding. To truly advance regional cooperation within South Asia, there must be a free and transparent flow of scientific information and data, which is currently lacking. While we do receive flood warning systems from across the border, cooperation beyond that is limited. Therefore, our starting point must be science—science and more science. Once we establish this foundation, other elements will follow.

Parallel Session B2

Cross-border Labour Market Management

Mr Madhu Raman Acharya

Former Foreign Secretary

Federal Democratic Republic of Nepal

Cross-border labour market management has been identified as one of the new or non-traditional issues for cooperation in South Asia, an area where cooperation at the government level is almost non-existent. Most of the time, this issue has not been included in the official cooperation agenda. Nonetheless, our situation is evolving; we account for a quarter of the world's outgoing labour migrants—nearly 25 per cent of all international labour migrants originate from our region. Additionally, nearly a quarter of remittances generated from these migrants come to our region, making us both beneficiaries and a significant source of labour migration.

We also have a substantial internal movement, with approximately 14.3 million people moving internally, in addition to over 3 million refugees from within or across the region. This makes labour migration and cross-border labour market issues particularly significant for us.

So far, our cooperation on this issue has been limited. I recall being asked to make interventions on this topic in previous discussions, but despite our efforts to bring the issue to the forefront, we have not yet managed to convince officials or the government sector to address it.

There are several points we need to discuss. From my perspective, we should start by exploring the complementarities in the labour markets between our countries. Are we merely competitors, or do our labour markets complement each other? One crucial question is whether freer labour mobility could enhance these complementarities. I believe framing and addressing these questions will be a good starting point for our discussions.

The second question concerns the prevalence of irregular migration in our region. Officially termed 'irregular migration' rather than 'illegal migration', this issue raises the question of whether it stems from restrictive regulations and security measures, or if more liberal labour mobility would reduce or exacerbate the problem. This is an important point for the panellists to address.

Another aspect to consider is the informal and gender dimensions of labour migration. For example, in Nepal, where I am from, there is free labour mobility between Nepal and India, leading to significant informal labour migration and seasonal movements. In regions near the border, such as my area, people come from India for seasonal plantation work. This situation prompts questions about agricultural labour and whether it could become a focus of cooperation. These considerations may help us understand how migration issues, especially in specific sectors like agriculture, could be better managed and cooperated on.

For instance, in sectors like finance and IT, where labour mobility is less critical, we should consider how these areas can still benefit from cooperation. Additionally, between Nepal and China, there is a unique arrangement where people from bordering districts can work across the border, not just for tourism but with work permits. This localised border area migration could serve as a model for micro-level cooperation.

Can this approach, often referred to as 'micro-cooperation,' be a model for other countries within our region? This concept of micro-level cooperation, where smaller-scale agreements and arrangements are made, might offer valuable insights and solutions for broader regional cooperation. These are some of the ideas that come to mind for enhancing our discussions.

Ms Dikshya Singh

Programme Coordinator

South Asia Watch on Trade, Economics and Environment (SAWTEE),
Nepal

We all know that when we talk about South Asian integration, the discussion is often limited to trade, highlighting how under-integrated this region is in terms of trade in goods and services. However, labour is an area in which this region is highly restrictive. Despite South Asia being a significant source of migrant labour, the focus of policy discussions tends to be on outward migration rather than inward regional migration.

Inward regional migration, although substantial, is often not reflected in official numbers due to the high levels of undocumented migration. For instance, despite the free and open border between Nepal and India, many migrants cross without documentation, leading to discrepancies in the data. Nepal's official census reports about 700,000 Nepalis living in India, but household surveys and other types of labour studies estimate that the number could be as high as 1.6 million. This discrepancy is due to the significant seasonal migration, where workers travel to India for a few months when they do not have work at home. A similar pattern of migration is observed from the Indian side as well.

Some industrial estimates suggest that there are as many as 1 million Indian workers in Nepal. A similar situation is happening between other countries, including Bangladesh. India claims that there are as many as 20 million Bangladeshis living in India, although there is no substantive evidence to support this; it is often a claim made by politicians. This implies a significant demand for workers on both sides. However, this labour market movement between countries in the region is not reflected in policy dialogues.

For example, the last SAARC Summit in 2014 emphasised the need for a joint mechanism to ensure the safety and well-being of migrant workers from South Asia to countries outside the region. However, it failed to address the necessity of facilitating labour mobility within the region, despite the informal movement of workers already taking place. This indicates a demand and supply for labour movement within the region.

Nepal and India are exceptions in this case due to the 1951 Friendship Treaty, which allows for the free movement of citizens between the countries without the need for a visa. Nepali people can work in India without a labour permit. However, Nepal does not reciprocate this arrangement; Indian workers need permission from

the labour department, particularly for white-collar jobs. Many Indian workers are employed in organised sectors in Nepal.

The cultural and religious affinity, along with similar languages, makes communication easy and migration costs low between Nepal and India. Migration has been happening for centuries, leading to established social networks of migrants between these countries. This cross-border migration is akin to domestic rural-to-urban migration.

In Nepal, many industries in the border areas hire Indian workers in mass through contractors, who are responsible for finding, hiring, and supervising these workers. This informal outsourcing of labour management to contractors is seen as more productive and convenient for the industries.

While some of these workers are in the organised sector, many work informally, which affects their quality of life and leaves them vulnerable to various forms of discrimination and unfair treatment. Even though there are no restrictions on mobility between Nepal and India, the informality of their work leaves them unprotected by labour laws, unlike Nepali workers.

The preference of some industries to hire Indian workers because they are 'easier to manage' suggests that they can be treated less well than Nepali workers, who are protected by labour laws. This discrepancy in worker treatment highlights the need for policies to address the vulnerabilities of informal workers.

In conclusion, while cross-border movement of workers is allowed freely, there is a need for better policies to protect informal workers. Additionally, reconciling security concerns with economic benefits is crucial for considering whether the free flow of movement of workers is feasible.

Mr Raghav Chakravarthy

Senior Research Associate

JustJobs Network, India

My presentation will focus on cross-border labour migration in India specifically. Through this presentation, I would like to highlight some of the challenges that characterise labour markets in India and, specifically, the implications these have for migrant workers. I will also present a few questions and ideas that I believe warrant further deliberation, discussion, and dialogue.

As the Chair also mentioned, the international conversation on facilitating cross-border labour flows is based on the fact that regions have uneven levels of economic progress and varying demographic structures. There is an inherent need to match labour supply with labour demand. This means that, on average, countries with higher per capita GDP or higher dependency ratios will, over time, absorb workers from poorer countries or those with a much higher average age of the working-age population.

Labour flows from labour surplus regions to labour shortage regions are observed throughout various contexts, including the ASEAN region. Although ASEAN hosts only 4 per cent of the world's migrants, it has recently become one of the few global regions where international migration has become very pronounced. This is primarily due to the clear formation of Malaysia, Singapore, and Thailand as well-defined regional migration hubs, driven by significant differences in per capita GDP and average wages between these destination countries and source countries like Cambodia, Indonesia, and the Philippines.

The ASEAN experience demonstrates that cross-border labour flows do occur, but they are largely restricted to specific occupations, such as doctors, nurses, and architects, or other technical professions. It remains unclear, however, for migrant workers in informal enterprises and sectors.

Although the ASEAN group signed a declaration on the protection and promotion of the rights of migrant workers, known as the SEO Declaration of Migrant Workers, it has limited utility. While it includes provisions to safeguard the interests of migrant workers, its non-binding nature means it does not offer substantial support for the actual needs of migrant workers in the South Asian context.

In South Asia, there are significant similarities in labour market characteristics. We have a large working-age population, particularly a bulge in the 20 to 35-year age group, and are also characterised by lower levels of main labour force participation. This is especially pronounced in India. With long porous borders, there is a tendency for undocumented labour flows into low productivity, informal occupations.

As Professor Jha mentioned in the plenary, recent reports from India and Bangladesh indicate declining levels of growth elasticity of employment. For India, this is around 0.1, and for Bangladesh, approximately 0.35. To interpret the 0.1 figure, it means that for every 10 per cent increase in GDP growth, there is only a 1 per cent increase in employment. For a country or region with a large and rapidly growing working-age population, this poses serious problems and significant implications for the labour market in the future. Consequently, we are seeing a greater informalisation

of work, with an increasing number of migrant workers within this informal sector. I believe that some of the labour market phenomena we observe are likely to become more pronounced. For example, labour market segregation, which is already evident, will likely become more accentuated. Domestic migrant workers in India are often neatly segregated into specific occupations. Nepali migrants, who generally find it easier to secure jobs in India, are typically employed as restaurant and bar workers, watchmen, factory workers, and house servants. In contrast, Bangladeshi migrants often engage in more precarious work, such as domestic work, construction labour, and petty trading, predominantly within the informal workforce.

There is also an increased likelihood of labour market discrimination due to the lack of social protection for migrant workers. As a result, they are frequently paid less by employers and face higher chances of discrimination. In southern India, for instance, there is growing competition for jobs, which has led to conflicts between natives and non-natives. Any debate on cross-border labour market flows must consider these potential conflicts, particularly in the context of jobless growth.

In conclusion, understanding cross-border labour flows requires a thorough examination of each country's labour market structure. This includes assessing mechanisms for social protection, the sectors absorbing labour, and how technological changes are impacting these sectors. Migrant workers predominantly work in informal sectors, making it difficult to accurately measure their contribution to GDP. A more detailed study on the economic and social contributions of the migrant workforce in India and other countries could provide valuable insights into the complementarities and potential gains or losses from cross-border labour flows.

Given the rapidly evolving technological landscape and climate change, it is crucial to examine the skill architecture—understanding the changing job market and where labour demand is shifting. This would help in evaluating the broader impacts of cross-border labour flows and ensuring more effective policies and interventions.

Dr Sayema Haque Bidisha

Professor

Department of Economics, University of Dhaka, Research Director,
SANEM, Bangladesh

First of all, I would like to thank the organisers for inviting me. From the discussion so far, we have been able to understand both the strengths and weaknesses of the labour force in our region. On one hand, our demographic profile is favourable,

but this advantage will diminish by 2040, except in Sri Lanka and Afghanistan. This presents a significant challenge that we need to address.

As previously mentioned, many regions are experiencing high growth, but the question remains whether this growth is translating into high employment growth as well. The employment elasticity of growth in many countries in this region is not as impressive as the overall growth rate. This is a crucial factor that needs further consideration.

Despite higher total factor productivity and overall growth, the structural transformation within our region has not always resulted in uniform industrialisation across all countries. For example, in Bangladesh, industrialisation is concentrated predominantly in the ready-made garment (RMG) sector. Additionally, while there has been growth in the service sector, it is often characterised by small-scale, informal service activities.

The gender dimension also plays a critical role. Prevailing gender norms in South Asia obstruct women's entry into the labour market and their advancement up the employment ladder. This presents a significant barrier that needs to be addressed.

To benefit from cross-border migration, we need to understand the homogeneities and differences within the region. While there are benefits to regional homogeneity, it can also present challenges. It is important to comprehend the profiles of different countries, including their skill demands and production processes, to identify potential mismatches and opportunities. Understanding these factors will help us address skill mismatches and optimise cross-border migration opportunities.

Another point concerns exploring different models of regional cooperation, such as those in the EU, ASEAN, and NAFTA. These models may not be identical but offer various approaches to regional collaboration. From these models, we might derive useful insights or practices. For example, we have previously discussed visa issues, which could benefit from examining how different regions handle short-term and specific visa movements to streamline the process.

Another crucial aspect is skill accreditation. It is vital that universities and higher education institutions harmonise and recognise skills and experiences, ensuring proper authentication. Learning from other countries' experiences in this regard is valuable.

However, while focusing on skilled workers is important, the issue is more complex when considering informal workers and those who are more vulnerable, such as

women. In this context, challenges include security concerns and poverty, which often drive individuals towards informal or unsafe migration. Additionally, information asymmetry, especially regarding female migrant labour, is a significant issue that needs addressing.

When discussing illegal or informal migration practices, the primary focus should be on laws and regulations. This includes not only national legislation but also bilateral and multilateral agreements to protect the interests of all workers, regardless of gender.

It is also crucial to address the specific vulnerabilities faced by women in unsafe or exploitative situations. We need to consider alternatives and opportunities, such as shelters, training facilities, and employment opportunities, to support women who cannot return to their home countries. This will help them build their lives and achieve their aspirations.

Finally, our main goal should be to focus on skill upgradation and accreditation. Low-skilled workers face significant challenges in cross-border migration. To mitigate unsafe or risky migration, enhancing skill bases through public-private partnerships and mutual cooperation is essential. Additionally, in countries with relatively high skill levels and affluence, the challenge is to balance the export of labour while supporting domestic labour markets.

Dr Syed Kaleem Imam

Former Federal Secretary
Government of Pakistan, Pakistan

Migration is a process, not a problem. All of us have migrated at some point; once we settle down, we do not want others to come. At times we are looking for opportunities, and at other times, we do not want others to benefit from the amenities we have. You know, America is a land of immigrants—everyone migrated there.

My parents migrated from India; they went to Pakistan and settled there. We also see internal migrations within countries, where people face equal challenges to those faced by international migrants. On a lighter note, I conducted a study to identify the most migrated persons within Pakistan. I found that 66 per cent of Pakistani women, once married, move to new places. There are a few women who manage to bring their husbands to their own cities, but this is rare. So, almost 66 per cent of women move out after marriage.

When we talk about migration and labour, it is about opportunity. If you do not provide opportunities, people will force themselves into the system. Water has to flow, and this will bring associated challenges and problems. By providing opportunities, you can reduce forced migration to zero. Everyone wants to move ahead and have a career in their life.

I am also building on my previous point about economic nationalism, which becomes a challenge for both skilled and unskilled people in the process of urbanisation. The Chair just mentioned that many people in Pakistan who are displaced or seeking asylum due to conflict have to move out. This situation may occur in many other countries as well. Many Pakistanis also want to move abroad and are constantly making that effort.

We need to differentiate between regular migration or movement and other forms of migration. If we are able to facilitate regular migration properly, we will solve half of the problem. If not, we will have to refer back to the two phrases often used in the context of migration: human trafficking and human smuggling.

So, what's the difference between human trafficking and human smuggling?

Human trafficking involves an individual who is deceived into believing they are going abroad with genuine documents. They pay an agent or certain firms, thinking they are using legitimate documents, but are actually being misled and exploited.

In contrast, human smuggling occurs when the traveller is aware they are using fake documents or illegal means to cross borders. They knowingly engage in this process, often seeking better career opportunities or reuniting with loved ones who have already moved. For example, the recent shipwreck incident off the Greek coast involved individuals who knew they were travelling under false pretences.

Regarding refugees, recent policies often state that aliens or illegal immigrants are not allowed. However, there needs to be a framework and understanding of their rights. The Chair mentioned agreements and conventions that have not been signed. When such conventions are agreed upon, they must be translated into technical measures and capacities at a local level. In many developing countries, while policies may look good on paper, their implementation can be lacking. At the micro level, such as at police stations, these policies might not even be known or effectively enforced due to a lack of resources and capacity.

Brexit provides an example that South Asian countries should consider carefully, weighing both the pros and cons. When labourers move from one place to another,

they are typically seeking prosperity, survival, a better life, or simply decent living conditions. It is important to examine whether there are adequate frameworks and laws in place for them in their new location. They might also be inspired by success stories, such as the well-known instances of child labour, like the camel jockey boys, who were once prevalent but have decreased in recent times. Parents, often driven by economic hardship, may send their children to work instead of school, hoping for better opportunities elsewhere.

To address these issues, effective management and reduction of economic disparities within our regions are crucial. Ensuring that migrants have the necessary support and opportunities in their new locations is important. Security concerns also need to be addressed. As Mr Suban mentioned, in police work, crime detection relies on intelligence and data. Similarly, managing migration effectively requires proper systems, such as visas or agreements, to regulate and monitor the movement of people.

It is important to create a positive narrative around refugees and migrants. Although the percentage of criminality among refugees is minimal, the prevailing narrative often portrays them negatively. This leads to reluctance in providing them with opportunities and space. My recommendation is to improve data sharing, offer opportunities, and establish regulated systems, such as visas. This approach would be more effective than attempting to stop migrants entirely. Many refugees, like those who came to Pakistan, were not properly accounted for. Proper documentation and inclusion in census data would help provide them with certain rights and support their efforts to contribute positively to their new communities. After all, migration is a longstanding phenomenon, and understanding its complexities can lead to better management and integration of migrants.

Dr Praveen Jha

Professor

Centre for Economic Studies and Planning, School of Social Sciences
Jawaharlal Nehru University (JNU), India

In 1985, Emmanuel Wallerstein, a very well-known scholar and thinker, was visiting India and giving a talk. The title of the talk was ‘Does India Exist?’ I was a student in the audience and was completely taken aback. Essentially, what was he putting his finger on? You cannot understand any part of the world without understanding the whole, the underlying dynamics, and so forth. Remember, this is what people

call globalisation. It was the early days of globalisation; it was not even fully realised yet. In any case, globalisation is a bad word; it needs to be prefixed with neoliberal globalisation. You can have socialist globalisation; you can have all kinds of globalisations, right? Let me not get into too many details of that.

So, what is the import of Wallerstein's claim? What is the larger context of labour, globally speaking, and how do we connect the region, the country, with that larger context? There are four or five very powerful markers of the larger context in a global sense. Number one: there has been a relentless decline in labour absorption everywhere, no exception. A relentless decline in what was mentioned as employment elasticity. We have done a lot of work on this using secondary data and so forth. If you look at the long-term trend of the last 40 years or so, number two: the share of wages in total value added has decreased everywhere in the world, without exception—developed or developing. Mr Obama had come to India and announced that India is not emerging anymore; it has emerged. We are still waiting for that emergence even now, but that's the kind of context we need to keep in mind. Without exception, the share of wages has come down everywhere.

Number three: in a large number of countries, even real wages have come down. The most powerful economy in the world, namely the United States of America, economically speaking even today and, of course, militarily, is the most powerful. Joseph Stiglitz, Nobel Laureate, tells us that from the late '60s to the 2010s, '12, '13, '14, etc., over this very long period, real wages of median white Americans (forget about people of colour or those who are more discriminated against) have stagnated, if not marginally declined. The quality of working conditions everywhere in the world has deteriorated. I spend a lot of time in Europe and Africa, and without exception, countries like Germany, for instance, have what is known as the 'Hartz' reforms, where people basically do multiple jobs. Piece-rated workers got legalised, etc.

When I visited in the late '90s as a young academic, there was one secretary assigned between me and another colleague. Now, for the entire department, there is one secretary who works only for three and a half days a week. The remaining period, she works in other places like hospitals. Multitasking—that is the kind of larger context that we have. So, both in terms of quality and quantity, labour has been under siege. There is no other word for it. This is a gift of neoliberal globalisation; there is no other deeper explanation for it. Of course, you have countries doing different kinds of things within that broad framework and so on.

So, like varieties of capitalism, we have varieties of neoliberal globalisations. German neoliberal globalisation is much better than South Asian neoliberal globalisation. We have completely surrendered; they have not, largely because of the power of

labour. Labour plays a very important role in determining what kinds of policies can be pushed and what cannot. At the end of the day, it becomes a political question in terms of understanding and comprehending who shapes the broader trajectory of labour. This larger context of labour is the most important thing from which we have to start.

Then, coming specifically to the kind of questions and issues that we were discussing, in such a context, what would you expect? There will be Darwinian competition, social Darwinism of the worst kind. What complementarities can be envisioned and discussed? Labour everywhere is pitted against labour elsewhere. They are very decent human beings, but what do you do when it comes to your own survival? That was Darwin: the prey becomes the predator. Labour from other countries preys on capital. The possibilities of so-called complementarities are very limited.

Look at the reports from a few years ago, like the International Organization for Migration (IOM) report. Sixty-seven per cent of all international refugees were Muslims, primarily due to war. The Middle East has been severely disrupted, with major powers creating havoc in that area, supported by willing accomplices. Sixty-seven per cent is a frightening number of war refugees. There are also growing numbers of climate refugees, both internal and external. Some good work is being done on these issues, with a lot of documentation on the impacts of climate change.

Essentially, when we talk about migration, we must consider that a very large proportion of them are extremely unfortunate victims of circumstances beyond their control. As Imam said, parents would give anything to ensure their children escape and find a place where they might get two square meals a day. It is that kind of situation we must keep in mind. Irregular migration is significant, and nobody knows the exact numbers. What we call illegal migration is really irregular or illegal? The numbers are very difficult to determine.

Let me provide one statistic. The Gujarat High Court asked the government of Gujarat for an estimate of the number of people from within India who had come to the state. This was in the context of COVID-19, regarding the provision of benefits or relief. The government estimated approximately 2.25 million people, but only about 7,000 were registered. This highlights the gap between policy and reality. International conventions are often ignored; India was a founding member of many but has not ratified many important labour-related agreements. This reflects an attitude of indifference.

There are numerous possibilities in terms of policy changes. We have seen a massive expansion of informal workers within the so-called organised sector in many

countries, including India. Susan George, in 'How the Other Half Dies', asked a powerful rhetorical question: 'Can you think of a poorer person than the poorest man?' Her answer was, 'Yes, indeed, his wife'. This underscores the gender question and how women are pushed into even more precarious situations. These issues need to be discussed, especially the steps that can be taken as first measures, both cross-border and within regions.

Open Floor Discussion

During the open floor discussion, participants highlighted several key points and issues. They underscored the lack of comprehensive data on labour migration, which creates significant disparities between perceived and actual realities, particularly concerning informal gender and migration data. There was a consensus on the need for a better information and data regime for migration in the region.

Several participants discussed the importance of in-depth studies on skill matching and sectors that require labour mobility. They emphasised that demonstrating the economic benefits of labour migration over political and security concerns could help advance labour market reforms. Additionally, there was a call for soft agreements on labour mobility, such as region-wide protection floors or minimum wage standards, which could be implemented with minimal investment.

Participants also raised questions about the existing agreements on services liberalisation in South Asia which was ratified by all member countries but does not explicitly address labour movement. The informal movement of skilled and unskilled labour across borders, often on complicated visa arrangements, was noted as a starting point for further discussions.

The discussion also touched upon the potential of regional value chains to employ labour within the region without requiring physical movement between countries. Furthermore, participants mentioned the need for more transparent data on remittances and the recognition of skill disparities, which could influence labour mobility policies.

Participants discussed the importance of addressing discriminatory laws affecting migrant workers, such as those related to domestic workers in the Middle East and suggested a unified South Asian stance to address these issues. They also noted the need for a minimum standard of protection and regulations across the region to combat illegal activities and safeguard workers' rights.

Finally, there were calls for better understanding and addressing the migration narratives and realities faced by individuals, emphasising the importance of skill development and vocational training. Participants highlighted the need for a systematic approach to improve the bargaining power of workers and enhance regional cooperation in labour markets.

Summary by the Chair

The challenges associated with free labour mobility between Nepal and India were highlighted. Even with a relatively freer regime, issues related to informal migration and wage differentials persist. While free mobility without visa and work permits is in place, there are still cross-border industry-specific differentials, such as wage disparities and demand and supply issues. This brings up an important question about the feasibility of advancing towards free labour mobility. It is a vision worth discussing, though there is still a considerable distance to cover.

Several pertinent issues, including the differentials between surplus and shortage regions, the attraction of specific sectors to migrant labour, and the challenges associated with informal migration and the lack of protection in the informal sector, were addressed. The important point that growth does not always translate into job creation or economic benefits for the people, and the dynamics between domestic and migrant workers, which is a significant issue in many countries, was also highlighted. Additionally, how technological transformations may impact the relevance of skills and labour mobility was pointed out. It was underscored that higher productivity does not necessarily translate into increased employability and that growth in the service sector may not absorb as much of the labour force as anticipated.

One key takeaway is the need for more concrete studies. We need to examine complementarities and skill differences between countries and markets to gain a deeper understanding of these dynamics. It is crucial to identify which sectors have more potential for employability and how we can effectively address shortfalls and surpluses within our region. As you noted, we are still in the early stages of learning from other regions, so understanding how to synergise these aspects is vital.

Regarding social protection for outgoing migrants, many countries have not signed the UN Convention on the Rights of Migrant Workers, which means that the protections outlined in this convention are not enshrined in national laws. However, most of the South Asian countries have signed ILO conventions specifying labour standards. To address the gaps between these international conventions, countries

like Nepal, Bangladesh, and Sri Lanka have signed bilateral agreements to ensure better protection for female and informal workers, and those moving to the formal sector. This approach could serve as a model for other countries, especially those that are both sending and receiving labour. Bilateral or regional agreements could help bridge these gaps in protection.

The mention of shelter homes and other support mechanisms highlights the importance of addressing the gender dimensions of migration. This is a crucial aspect that requires further consideration. Issues regarding the applicability of domestic labour laws to migrant workers were raised. It is worth considering whether we can extend protections such as minimum wage rates, working conditions, and leave entitlements to migrant workers as well. Implementing South Asian countries' respective labour laws to cover migrant workers could be a valuable step in ensuring fair treatment.

Additionally, the issues of human trafficking, smuggling, and child labour as mentioned are crucial. While our region is fortunate not to face racial conflicts or xenophobia towards migrant workers, it remains important to address these concerns. We might benefit from global frameworks like the Global Compact on Migration, which provides protections and norms for safe and orderly migration. If we cannot establish our own regional cooperation mechanisms, applying the global compact's principles could still offer valuable protections for migrants.

The issues of politics, globalisation, and neoliberalism were also raised. We cannot escape the elephant in the room because, even if we do not discuss it, we are part of it, and if not victims of it, then affected by it. The challenges associated with informal migration were also discussed, which brings us to the question of whether labour restrictions in our region is a political issue. Are political differences among us hampering the free mobility of labour, or is it an economic matter?

For example, in the BIMSTEC countries, where there are fewer political differences, we do not see much labour mobility within BIMSTEC countries either. This suggests that political differences may not be the sole reason restricting labour mobility. There are other factors—economic and regulatory—that need to be discussed as well.

Another key takeaway from this discussion is the recognition of the lack of data, which has been a consistent point mentioned by all participants. There is a significant disparity between what we understand and the actual reality, particularly regarding informal gender data and migration. To address this, we need to advocate for a better information and data regime on migration in our region.

Additionally, there is a need for more in-depth studies on skill matching and sectors that could benefit from labour mobility. Understanding these aspects could generate substantial multiplier effects across our countries. Furthermore, if we can demonstrate through economic studies that the benefits of labour migration outweigh the security and political considerations that currently restrict labour mobility, it would be a valuable contribution.

Another important point, which requires minimal investment compared to infrastructure connectivity, is the potential for soft agreements on labour mobility. Adjusting certain agreements or implementing new ones could facilitate immediate progress. For example, implementing region-wide protection floors or minimum wages, or establishing skill accreditation systems, could be achieved with minimal investment and would significantly improve the situation.

While issues such as criminality and human trafficking are critical and cannot be ignored, the discussion has addressed the most pressing issues regarding labour markets in our region.

Parallel Session B3

Value Chains and Foreign Direct Investment (FDI)

Dr N. R. Bhanumurthy

Vice-Chancellor

Dr B.R. Ambedkar School of Economics (BASE) University, India

This parallel session is about value chains and foreign direct investment. We had wonderful sessions yesterday, and this morning's discussion was equally engaging, focusing on the future direction for the South Asia region.

Engineer Abdul Jabbar Memon has highlighted since yesterday that the topic of this conference—reframing South Asian regional cooperation in the new context—is particularly relevant. He should be pleased with the focus of this session, which addresses value chains and foreign direct investment. Studies have shown that South Asia is the least integrated into global value chains compared to other regions, including Sub-Saharan Africa.

Despite this, South Asia has experienced rapid growth compared to the pre-globalisation era. There is significant potential in the region to further capitalise on the globalisation process. Over the past 5-6 years, global reverse globalisation and disruptions caused by COVID-19 have led to the collapse of supply and value chains

worldwide. However, South Asia has demonstrated resilience and bounced back strongly in the post-COVID period. Countries like Bangladesh, India, Nepal, and Pakistan are growing faster than many others, which are facing economic downturns.

As Sachin pointed out yesterday, the region's robust recovery necessitates reframing or reinvigorating our global value chains. Recent studies, including one by the WTO, indicate that high trade costs are a major barrier to enhancing value chains in the region. Transport costs constitute about 30 per cent of overall trade costs, and this figure is even higher for landlocked countries. Regulatory costs add another 16 per cent. Issues such as visa, motor vehicle regulations, and customs further increase trade costs, negating the labour cost advantage in the region.

A recent study by the Asian Development Bank recommends an integrated approach to trade and transport facilitation. The report suggests enhanced coordination between countries and sectors, a unified policy approach for cross-country transport, and a focus on inclusivity and sustainability to build resilience to shocks. Digital infrastructure presents a significant opportunity for South Asia to advance in global value chain changes, particularly in the post-COVID era.

The UN supports this effort by promoting paperless trade, which can further improve global value chains. Against this backdrop, I am confident that the questions provided to our panel will lead to insightful discussions and valuable recommendations.

Dr Priyadarshi Dash

Associate Professor

Research and Information Centre for Developing Countries (RIS), India

Reducing the cost of trading is a significant variable that we need to consider. I won't go into the details, but we will present some of the trends we observe globally concerning Global Value Chains (GVCs).

Up to 2008, there was rapid growth of value chains because technology enabled production fragmentation. Multinational corporations found low-cost locations, and China joined the WTO in 2001. All this triggered rapid growth of GVCs worldwide. From 2008 onwards, China itself, due to the US-China conflict and a focus on domestic issues, led to slower growth of GVCs. However, this does not mean that GVC integration is not happening. GVCs in different sectors have passed through three phases: from commodity GVCs, from agriculture GVCs to limited

manufacturing, and then to advanced manufacturing and service GVCs. Now, we are talking about a movement from limited manufacturing to advanced manufacturing and service GVCs.

Studies, in addition to what the Chair mentioned, indicate that service GVCs are evolving. In countries like Bangladesh, Cambodia, Laos, South Africa, and Madagascar, various sectors such as apparel and automotive value chains have developed. For developing countries to remain competitive in GVC participation, as the Chair mentioned, the low-cost advantage is gradually fading away, not only in terms of low wages but also material costs. So, how do they remain connected to the GVCs? They need FDI, and that's precisely the objective of this session: how to attract FDI.

FDI and GVC participation can reinforce each other. For example, the first layer of GVC participation in the low assembly segment shows that capital accumulation helps businesses expand and specialise in some segments, leading to subsequent levels of investment. However, achieving this requires several policy measures. FDI will flow where efficiency and higher productivity are present.

There has been evidence that in recent years, FDI has been shifting from efficiency-seeking to resource-seeking, at least in East Asia and other parts of the world. Investors are increasingly focusing on natural resource sectors. Given this trend, how do countries continue to attract FDI? This necessitates preparation on their part. They can develop special economic zones and export processing zones, although there is no definitive evidence that these are the most effective methods. Countries can also leverage investment promotion strategies and continue to engage in trade agreements. Studies suggest that trade agreements could facilitate entry into GVCs, citing examples like Bangladesh, the Dominican Republic, Laos, Madagascar, and Honduras.

At the same time, there is growing awareness of the risks associated with GVCs, especially post-COVID-19, highlighting the vulnerability of supply chains to pandemics. To mitigate such concerns and maintain connectivity in GVCs, products must meet environmental standards. Countries need to harmonise standards and certification processes to prevent increased trade costs due to factors other than low wages. Trade facilitation and improving digital infrastructure are also critical.

However, the rise of advanced digital technologies presents another challenge. These labour-saving technologies, such as 3D printing, robotics, and automation, may not benefit labour-intensive countries like Bangladesh or other South Asian nations. If these technologies reduce the need for labour, they could undermine

job creation and the developmental benefits of value chains, leading to adverse outcomes. For instance, the relocation of Apple manufacturing from Costa Rica to Vietnam created a vacuum in job creation in Costa Rica. The search for low-cost destinations by MNCs can lead to such negative developmental impacts.

To remain competitive and effectively participate in GVCs, countries need FDI. However, they must navigate these challenges carefully, balancing the need for investment with the potential risks and ensuring that policies are in place to maximise the developmental benefits of GVC participation.

The current trend in FDI growth is primarily seen in the transition from agriculture and commodity GVCs to limited manufacturing GVCs. This shift is attracting more FDI because the technology and innovation requirements are higher in manufacturing GVCs. However, countries moving from limited manufacturing GVCs to advanced and service GVCs are not experiencing the same level of FDI growth. This indicates a gap where the need for technology and innovation plays a crucial role in attracting FDI.

Modern GVCs, particularly those led by innovator countries, are at the high end of design, product development, and intellectual property (IP). Therefore, recognising IP and intangible capital is essential for GVC integration. For South Asia to benefit from GVC integration, it must focus on attracting FDI to gain access to the best managerial practices and the latest technologies. This, in turn, will prepare the domestic industry to catch up.

This preparation involves overhauling the education system to emphasise research and development (R&D) and technical education, ensuring that domestic human resources are ready to participate in service GVCs. Studies suggest that service GVCs hold significant promise for South Asia. By focusing on these areas, South Asian countries can position themselves to benefit from GVC integration effectively.

Mr Shams Mahmud

Former President

Dhaka Chamber of Commerce & Industry (DCCI), Honorary Consul,
Federal Democratic Republic of Ethiopia

Today, we are discussing value chains and FDI. Before diving into this topic, we need to define the region in question. When we talk about South Asia, we should consider

including Pakistan, Sri Lanka, Nepal, India, and Bangladesh, as the value chain extends across these countries.

One of the major issues with FDI in this region is regional policies. Local nationalism and economic policies often dictate these principles, which can be significant barriers to foreign investment. Addressing these issues is crucial if we want to discuss the value chain comprehensively. It is unfortunate that we are not witnessing more growth and investment in this region due to various external factors.

However, we should recognise that the economic success in South Asia is largely driven by local investors in Pakistan, India, and Bangladesh. Historically, this region has not relied heavily on FDI. While there is now a transfer of technology—such as Apple’s establishment of semiconductor plants in India and the shift of chip manufacturing from Taiwan to India—95 per cent of the growth and investment in Bangladesh has been driven by local investors.

Therefore, when discussing FDI, we must consider that local investment also plays a significant role. For sustainable growth, it is essential to have enabling policies that support the region’s development.

For example, Vietnam is quite the opposite of Bangladesh in terms of investment. In Vietnam, most investment comes from foreign sources. If tensions flare up in South China, investors might relocate to other countries like Myanmar, which highlights that this model is not entirely sustainable.

In our region, we have the potential for growth, but there is often a disconnect. We see one message from political leadership and a different reality in people-to-people connections. For instance, when discussing FDI, we need to consider how to attract it and provide a compelling value proposition.

The CIS region is a significant market. During my time as President of the Dhaka Chamber, I proposed to the Bangladeshi government that we explore the potential of the Gwadar Economic Corridor, which connects Pakistan to the CIS countries. This made sense because, in my business—particularly in the textile sector—I source yarn from Pakistan and India, and previously, chemicals from China, but now from India. Manufacturing is done in Bangladesh. If we had a direct shipping line to Karachi or Gwadar, it could streamline the process, creating value for all countries in the region. However, we currently lack a direct shipping route with Pakistan; shipments have to go through Colombo, which is less efficient.

Similarly, trade agreements like SAFTA and CEPA have had limited effectiveness. After COVID, the relationship between India and Bangladesh improved, and

trade figures have increased. This growth is due to our adjustment to supply chain disruptions from China by shifting to the Indian supply chain, which created value and resilience in our trade network.

When discussing FDI, consider the example of Reliance in India. Previously, my business with India constituted only 2 per cent of my total exports; now, it's nearly 25 per cent. I supply yarn from India, process it, and then export the finished product to Reliance. This model shows that the wealth created remains within the region rather than being a mere pass-through. While FDI brings technology transfer and other benefits, it's crucial that the wealth generated stays in the region. Otherwise, while employment might increase, small and medium-sized enterprises (SMEs) may struggle to grow.

Typically, when business delegations are sent abroad, they represent large companies. However, the economic backbone of this region is often driven by SMEs and the personal connections between individuals. We observe a significant disconnect in everyday interactions, particularly in academic and industrial collaboration. Despite numerous universities in India and Pakistan, there is minimal cross-border cooperation or formalised industrial-academic relationships, which are often sporadic and ad hoc.

To optimise the benefits of the global value chain, we need more structured cooperation. For instance, the European Union's new net-zero policy creates an opportunity for significant investment in renewable energy. Bangladesh, in particular, needs to invest heavily in this area. Given Bangladesh's land scarcity, there is potential for collaboration with countries like Pakistan. For example, a Bangladeshi company could partner with a Pakistani firm to invest in solar projects. By offering equity investment and securing carbon credits from either India or Pakistan, we can produce renewable energy in Bangladesh and then export it. This approach would not only facilitate FDI but also promote cross-border investment and value chain creation.

Engineer Abdul Jabbar Memon

Vice President

Federation of Pakistan Chambers of Commerce & Industry, Pakistan

I will begin with the very basic principle we adhere to in Pakistan as businessmen. I represent the Federation of Pakistan Chamber of Commerce, which represents 80 per cent of the private sector, including trade, industry, and the service sector. We

believe that with every emerging trend, weaponry economics is now becoming a tool for political alliances and preferences, including FDI support from the countries providing the FDI. Not only that, but these countries also offer insurances and other incentives for those who align with their political philosophies.

In Pakistan, we believe that the best course of action for us is increased cooperation within the South Asian region. Once better cooperation is established, it can extend beyond, similar to how the European Union functions. For example, a single capital good can be produced by at least 11 to 12 countries, assembled together, and used as a marketing tool. This model is used by India, Pakistan, and others. We should aim for similar economic models, such as developing a Global Competitiveness Vision (GCV).

One advantage we have in Pakistan is that research studies show working with neighbours costs 27 per cent less due to benefits like logistical advantages, common languages, and historical relationships, such as our long-standing bond with Bangladesh, which was once part of our country. We still consider them our brothers, and this historical connection is important to us.

The challenge is that, while India's economy is large and Pakistan's is considerable, Bangladesh, which was larger than us at the time of our separation, has managed to control its size effectively. Still, on a cumulative basis, it remains significant. Therefore, the question is how to direct investments effectively. As a colleague from the chamber mentioned, there is a need to distinguish between domestic and foreign investments. Domestic investments have advantages but also limitations, particularly in terms of technological advancements. Foreign investments often bring technological experience that aids in productive capital formation, which in turn increases a country's competitive index.

Let me share a brief story. In 1999, while attending the G7 summit in Cuba, I learned that the cost of the knowledge component in a Boeing aircraft was 51 per cent, while for an Airbus, it was 49 per cent. This illustrates the significant value of knowledge. If South Asia, particularly within the SAARC framework, becomes more integrated, the cost-benefit ratio of knowledge and its affordability could improve. For manufacturers like Shams and myself, this integration could translate into reduced costs per unit. Additionally, if FDI flows within the region, it could enhance value-added components in GCV, contributing to increased export potential and economies of scale.

One thing I should mention is that in the year 2000, when we were working on FDI with the United States Chamber of Commerce, they had certain prerequisites that have not changed to this day. I will touch on a few key points.

The main requirement for domestic or incoming investment in any country is a stable and time-bound investment policy framework. If my Bangladeshi friends and Indians are also liberalising their approach to supporting an active SAARC as a tool for regional economic integration, then I believe that this is the way forward. Bangladesh, India, and all countries in SAARC should work together, not just individually, but with coherent policies that are agreed upon within SAARC. These policies should address aspects like the conveyance of hot money, repatriation, protections, and bearing accounts, as well as include state responsibilities to ensure investments under a sovereign guarantee.

Secondly, a predictable taxation policy is crucial. In SAFTA, I was closely involved in discussions where we saw tariff structures changing, and non-tariff barriers still need convergence towards a uniform policy. This is also part of the framework that should be addressed on the SAARC platform, to ensure fair competition based on just and fair play, which will help build trust among countries.

Political stability is another key factor. The US Chamber of Commerce believes that investment should flow to countries with a stable political framework. Furthermore, I believe that long-term sustainability is vital. In the WTO, there was a push for transparency in public procurement, with the idea that transparency should be part of the package deal. Unfortunately, countries like India and Pakistan, among others, did not agree, largely due to political resistance. However, I believe it is time for the business community to advocate for transparency and equitable practices in public procurement, even if it does not exceed the power of the public sector.

In conclusion, instead of dwelling on past losses, we should focus on new trends and opportunities. Global trends are pushing us to be more cooperative and friendly within our region. For example, the EU and the US work closely together, partly due to NATO. Similarly, Pakistan's GSP (Generalised Scheme of Preferences) status and other dilemmas with powerful economies highlight the complexities we face. However, South Asia, as a collective unit, is a powerful economic force. It is crucial that business leaders and civil society drive this progress, compensating for losses and steering the region towards growth. I hope I've managed to cover the key points within the time allotted.

In any country, increasing the percentage of investment in terms of GDP is crucial. Where this has happened, it often results in significant growth. The public sector often initiates development programmes, while the private sector invests based on the favourable conditions of the environment. Investments from India to Pakistan, Bangladesh to Pakistan, or vice versa are contingent upon whether the environment is conducive to business.

Dr Biswash Gauchan

Executive Director

Institute for Integrated Development Studies (IIDS), Nepal

Let me start by saying that, as a landlocked country, we face a different set of challenges. We are overwhelmingly constrained by the high costs associated with our transportation infrastructure and regulations. However, having heard from our other members, especially Bangladesh and Sri Lanka, they also have their own sets of challenges. In Nepal, we often think that if we had access to the sea, our situation might be different. But hearing from others with that facility, it is clear that they still face different sets of problems. So, I think we share many of these challenges as members of the South Asian bloc.

Returning to SAFTA, which came into operation in 2006 after 21 years of negotiation, it has been almost two decades since its implementation, yet we still have not achieved significant integration. This reflects the level of integration and cooperation present among South Asian countries. It also explains why there is so much FDI but so little value addition happening within South Asia. Comparing this to ASEAN, which has been a model for our discussions yesterday and today, ASEAN's high level of integration is one reason why it is one of the largest recipients of FDI. This highlights that unless we integrate and work on our competitive advantages and endowments, we may continue to fall behind.

Countries like India and Bangladesh are better positioned in terms of adapting to changing geopolitical and strategic situations, such as the China plus one strategy. India, which opened up its economy a decade later than China, missed out during that period but now has an opportunity to catch up, especially in the manufacturing sector.

I believe India can certainly improve and, to some extent, Bangladesh is also better positioned. However, countries like Nepal, which are landlocked and heavily dependent on imports from India, face significant issues. I apologise again, but Professor Sachin has been emphasising that while we frequently mention India, the reality is that, as a landlocked country bordering India and China, India remains crucial for us.

Most of our statistics for South Asia align with our geographic size, which is around less than 4 per cent. This reflects in our global trade share and GDP, which are also around 4 per cent. The only area where we excel is remittances; about 28 per cent of the world's total remittances come to our region, and this has been a backbone

for maintaining external sector balances for many countries, with the exception of Pakistan and Sri Lanka in recent times.

There are many comparative advantages within our region. Nepal, for instance, is rich in water resources and limestone. In the past decade, we have become self-sufficient in cement production, thanks to high-quality limestone deposits that could last for 180 years. India and Bangladesh could benefit from tapping into such resources.

Tourism is another area of potential. I was surprised to learn today that it takes Bangladeshi citizens four months to obtain a visa. We would love to welcome more Bangladeshi tourists, as they are a significant tourist group in India, with about 2.6 million visiting. In contrast, Nepal receives only a fraction of that number from Bangladesh. Bangladesh has the potential to become a major source of tourism for us. I recall a friend from Bangladesh, the son of a Bengali diplomat, who once described his flight from Dhaka to Kathmandu. Seeing the Himalayas from the plane, he felt it could be heaven. This illustrates the potential for regional cooperation in tourism.

We would also welcome Bangladeshi workers. Currently, we rely exclusively on Indian migrant workers. Nepal suffers from twin deficits: a trade deficit and a remittance deficit. Bangladesh, conversely, compensates for its trade deficit with remittance surpluses. In Nepal, both deficits are significant. For instance, our trade deficit with India is USD 8.6 billion, which is unsustainable for an economy of only USD 40 billion.

Agriculture is another sector where we face challenges. We have over 1,800 kilometres of open border with India, which has become more of a liability than an asset due to the influx of subsidised Indian agricultural products. Nepali farmers cannot compete with their Indian counterparts, partly because farmer issues in India are politically driven, while in Nepal, farmers' rights are not given much attention.

Unless we improve integration, countries like India, which are well-placed, will continue to benefit, while others will struggle to be part of the global value chain.

Ms Huma Fakhar

Founder and Chairperson
MAP Capital Holdings, Pakistan

I would like to focus on is primarily regional integration and South Asian integration. What I really feel is optimism. I mean, I know the political agendas and that it's been

a long time, and we're talking the same language and the same reforms, etc., but I'm very hopeful in the medium term.

What makes me hopeful is that I've come to SAES after 10 years. Initially, I must admit, the hope was not as strong as it is today. What makes me optimistic? Number one, when we used to meet 10 years ago at these events, the only focus was on liberalisation. We were running before we were walking. We never thought about regional connectivity at that time; all we wanted was global liberalisation, and we were rushing into it without taking the time to learn to walk or crawl.

What has changed today is that sub-regional groupings within South Asia have started, which is a very positive sign. Whether it is India, Bangladesh, or others, we see that sub-regional groups have begun to form and, over time, will gradually integrate into the broader region. So, one positive development for me is that there is now a start. I see India and Bangladesh as one example of this happening.

The second thing that makes me very positive is the new global technological order. When we were meeting in the past 15 or 10 years, technology was not where it is today. Artificial intelligence and algorithms were not as advanced as they are now. For example, you walk into a city, buy clothes, go to the cinema, or purchase a car—these are all owned by a company or an individual. However, a company today does not own any factory, warehouse, or showroom; instead, it relies on algorithms to create the supply chain.

What does this mean? It means that politics will eventually have to slowly fade away, and algorithms will bring the best possible products together for you. Supply chains, which might seem like the talk of the future now, are indeed becoming a reality.

The way things are progressing, some companies are already applying these technologies, and supply chains will become a function of artificial intelligence. This is another reason for hope, as I feel politics might be sidelined in some way or another due to this technological world order.

Another point is that 15 years ago, the hope was not as high because you were invariably part of a bloc, receiving your agendas from Washington, Beijing, or elsewhere. What I see nowadays is a different kind of credibility-based agenda emerging. Many states are becoming independent of bloc pressures. I see Australia, Saudi Arabia, and even India speaking up for credibility rather than merely aligning with groupings.

I believe this will bring significant changes and will also affect the future, as it is not bound by political agendas alone. The credibility will involve two things: geography,

which is crucial because ASEAN has shown us that a win-win situation comes from geographical advantage, and value systems. Your values will increasingly steer you towards non-bloc affiliations and favouring what is credible over what is bloc-oriented. I am very positive that, in the medium term, this will be the trend moving forward.

Lastly, when COVID happened, and when Severe acute respiratory syndrome (SARS) occurred previously, the 'China Plus' factor, which Dr Biswas also mentioned, came into play. When SARS happened, China constituted 4 per cent of global GDP; by the time COVID struck, China accounted for 16 per cent of GDP. From Russia to Australia to the UK, there were shortages—Nike had no shoes, iPhones were struggling for packaging, Australia had no wood, and so on. The world realised that the factory of the world needed to expand beyond China, leading to the 'China Plus One' theory.

Sadly, as an ideology, countries from South Asia have not managed to become that 'plus one'. This means China is there, but the idea is to add another stable and reliable destination. South Asian countries have yet to achieve this status. Vietnam, for instance, has managed this, not only due to geographical contiguity but also because they function as a region. As Professor Biswas mentioned, it is not just Vietnam but Vietnam as a region. If we do not come together as a region, individually we will remain fragmented, and we will not achieve that 'plus one' status, which is stable and long-term.

This is a crucial factor—bringing the region together. For example, if I compare my country, Pakistan, with Vietnam, 30 or 40 years ago, we were 40 per cent ahead in terms of GDP compared to Vietnam. Today, we are behind. One particular reason for this is regional integration. Vietnam attracted FDI mostly for exports.

In contrast, Pakistan's FDI has largely been in the FMCG sector, driven by our demographic dividend, which does not integrate us into global supply chains. If we had attracted FDI aimed at leading us towards exports, it could have transformed Pakistan. However, we have not achieved this because as a region, we have been fragmented and our domestic issues have prevented us from attracting such FDI. I believe these factors represent opportunities and areas where change will start to happen, irrespective of current conditions.

As businesspeople, we directly compete with India in the rice market, as I am a rice exporter. Despite numerous blockades, there are many areas where we still coordinate, have agendas, and continue to do business together. We are still discussing matters and moving forward.

Regarding the ease of doing business, I believe that is a thing of the past. Once there is political will, changes can be made with a decision in a few hours. What is needed are ideological changes, which are key.

There are a few other points I would like to suggest, considering the time constraints. Firstly, if we cannot come together in products and services, can we collaborate on climate and green initiatives? I would suggest that platforms like these could conduct research on joint green initiatives. This effort would go beyond just business and could be taken up by organisations such as CPD or RIS.

Secondly, over 100 years ago, one of the greatest advantages of our region was its trade routes, many of which have been blocked but some are being revived. For example, the corridor from Amala to Calcutta was a highly significant food and agricultural commodities route. Another notable trade route was from Uman to the CIS States, known as 'Two Doors Doar', where food was sent from Hindus and fabrics were exported in return. Perhaps a feasibility study on reviving some of these basic trade routes could be undertaken, focusing on practical aspects rather than historical analysis. I will conclude on a positive note. I believe we must invest in our region to realise its potential.

Dr Ch Priyoranjan Singh

Professor, Manipur University
Imphal, India

We started with an academic tone, where the very concept of global value chains was technically defined. Then, we addressed the issue of why value chains are not developing in Southeast Asia. A very important issue was flagged: are FDIs or local capital the better way forward?

We then moved on to more pessimistic topics, though with hope, suggesting that being neighbours, we should work together. I endorse that, and the condition for neighbours to work together, as Mr Memon pointed out, is that there must be political stability and convergence in thinking and policies. You also mentioned the best part, which is that we should be friendlier, particularly referring to India and Pakistan.

We ended on a very positive note, where Ms Huma expressed hope that we are moving forward. However, I would like her to extend her hope beyond climate change. Let us have hope in more tangible aspects like product and service exchanges and value chains.

So, after all this, my responsibility is to answer the fundamental question of why value chains and economic integration are not deepening in our region. What are the prospects, and what is the way forward for us? Beyond the technical definition of global value chains, I, as an economist, would like to delve into the more fundamental, structural roots of global value chains.

We have a concept that Southeast Asia and South Asia must think of producing on a regional basis, conceptually using our resources in a combined manner. Isn't it? We must reduce regionally; that's the fundamental idea.

Let us start our production thread regionally, after establishing roots in our own region, South Asia. Let us then think of other blocs, like ASEAN. Isn't it so? Global value chains are about getting together. We have to be friendlier, as it was mentioned.

However, regional value chains or global value chains require long-term cooperation. Not only long-term cooperation but also decisions that bind us all institutionally, like ASEAN. Isn't it so? We need long-term cooperation, which we currently lack as a body. We have made decisions, but when something breaks down, that mechanism is not there.

Ultimately, what we need is a vision. However, what are the institutions and agencies that we need? SAARC is gone; we should not let it go but nurture it. In the short term, we discussed the need for sub-regional organisations or similar entities.

So, why are we not growing? I believe it is because we lack the agency to coordinate all these positive initiatives. Firstly, we have built significant infrastructure, especially in India. This extensive development has not only opened up India but also created public goods that benefit Nepal, Bhutan, Pakistan, and Bangladesh. India is heavily investing in transport corridors, multimodal corridors, and the Kaladan Multilateral Highway. These projects are public goods that India has developed to enhance both regional and inter-regional connectivity.

Within India, there are various corridors which I need not mention, as they are already public goods that India has created, directly and indirectly, for the region in many ways. The challenge is to turn these transport corridors into economic corridors, which we have not yet managed to do. For instance, with the Kaladan project and various corridors across India, have we utilised these efficiently?

Yesterday, our friends from Bangladesh pointed out that while we build economic corridors to Tripura (India), Silchar (Nepal), or elsewhere, the connectivity on the other side of the border is lacking. The Indian government has the will, and we have built Land Customs Stations (LCSs) in Mizoram and Manipur, but similar structures

are not present on the other side. These are situations where India plans for itself, but the rest of South Asia is not planned in unison. We create public goods and connectivity, but the failure of SAARC and the failure of the member states to come together and think collectively is apparent.

We need concerted policy institutions, regional institutions, and regional guidelines similar to ASEAN and the EU. That is why I emphasised not abandoning SAARC. However, we are realists, so I will not delve into the deeper aspects of institution-building and integration.

Despite our lack of cooperation, certain value chains are already developing. For instance, in Bangladesh, the textile and cement industries thrive on raw materials from India. There are successful value chains in textiles between India and Bangladesh. Both Bangladesh and northeastern India are extremely underdeveloped, but value chains are emerging in areas like food processing and textiles.

New industries such as spices and medicinal and aromatic plants (MAPs) are growing in northeastern India, which needs investment. If Bangladesh lacks land, it can still benefit from raw materials such as spices and MAPs, which can be value-added locally.

Integration is necessary, but unless Pakistan and India move beyond their self-inflicted political enmity, the smaller states will not follow suit. However, Bangladesh is now working towards integration with India. I hope that India's initiatives in connectivity, both within the subcontinent and beyond into the BIMSTEC countries in Southeast Asia, will bear fruit. Friendliness means reciprocation, and if Pakistan and India reciprocate, the future holds immense potential for us all.

Mr Buwaneka Perera

Chief Executive Officer (CEO) / Secretary General
The Ceylon Chamber of Commerce, Sri Lanka

As you know, we all deal with human beings. Though the Fourth Industrial Revolution has come into play, we are still not dealing with robots; we are dealing with human beings. Despite any political or other differences in this region, we see people speaking to each other in a very cordial and reciprocative manner. How can we take this forward after considering all the necessary ingredients to make this Global Climate Fund (GCF) as well as FDI work theoretically?

I believe there is one basic thing that we need to incorporate, and that ingredient I am going to add to this recipe is to bring a proper item, a dish, to the table so that we can consume this in a satisfactory manner. Since we are dealing with people, I think there are three essential elements.

First of all, political leadership should have a proper vision, a genuine commitment, and a true belief in the overall positive benefits. We all know the leaders who govern us come from the people we elect. Sometimes, fortunately or unfortunately, it does not always turn out as expected. But the first and most important thing is that the political will, vision, and genuineness must be present in all these countries.

Secondly, we discussed how these countries operate in different economic and political environments, with different customs, rules, and habits. We must synchronise and harmonise them. The basic starting point is trade agreements. To achieve this, we need proper people. The selection of people is a vital ingredient for any country. The leader of the trade team should be carefully selected, possessing knowledge and experience, commanding respect, and having a flexible approach to dealings. Additionally, they must have a common sense of compromise, without trespassing into another person's interests or compromising their own territory. We need to find middle ground with the objective of reaching a common solution.

For every country, whether it is a region, a sub-region, or even between two countries, the composition of the negotiation team must be carefully selected. The government facilitates this by establishing the team dealing with these countries. However, it is the private sector that plays a crucial role. The government is not conducting business at a higher level; the valuable input from the private sector is very important.

While the government has its political and geopolitical objectives, the private sector, like all the gentlemen who have been speaking, provides very valid input. This input should not be selfish or unique to them but should carry a common industry perspective. They should also have the ability to work within a network, understand the bigger picture of the country and the region, and maintain a continuous dialogue.

To facilitate this, we need a mechanism. I believe there are two gentlemen here who are or have been associated with the Chamber of Commerce. Coming from a chamber background myself, though I have been in the financial sector for a couple of decades, I can attest to the vital role a chamber plays in any country. I believe the SAARC has a chamber of its own. With all due respect, I am not too sure to what extent that chamber has facilitated progress with this trade dialogue.

The primary role of the chamber is to act as a conduit between the government at a high level and the private sector. They should be able to advocate against harsh rules and convey the private sector's message to the government. Chambers have a wide role, and I believe you will agree with me on this. They need to maintain a close dialogue with all the foreign missions, acting as secondary ambassadors for the country. They should engage closely with foreign embassies.

Regarding the SAARC, whether it is continuing or not is irrelevant. Even if we do not put a title on it, we act as a community. SAARC is just an identity, but fundamentally, we operate as a community.

Within this community, each country needs to appoint a national focal point in terms of a chamber. These chambers will handle relations with the five or six countries they interact with. I am addressing this from a ground-level perspective, not a high-level one. These collective chambers need to grasp what is happening at the top, dealing with missions and the business segment, which includes not only top companies but also publicly listed companies, large corporates, and SMEs. It encompasses everyone.

To enhance this mechanism, I suggest focusing on three key areas. First, policy advocacy involves actively representing the interests of chamber members within the political and regulatory landscape of all participating countries. This ensures that the concerns and needs of businesses are communicated effectively to the relevant authorities.

Second, engagement is vital for fostering a sense of community among member chambers and creating a dynamic business ecosystem. This includes developing strategies for active involvement and collaboration among chambers to build a supportive network.

Third, market access initiatives are aimed at expanding the global reach of chamber members. By improving market access, businesses can explore new opportunities and enhance their international presence.

Laying this foundation is essential for achieving success at a higher level. I suggest considering this approach constructively, as our discussions need a concrete work plan at the ground level.

A study by SDPI highlights key challenges such as a lack of functional economic corridors in the region, conflict zones, brewing mistrust between neighbours, slow progress in trade facilitation and free trade agreements, and non-tariff barriers that hinder skills and technology transfers.

These issues remain unresolved. Despite extensive discussion, one topic that did not come up strongly in the panel presentation is the issue of skills. As Professor Singh pointed out, even within countries like India, the movement of people is restricted due to skill differences. Skills are a crucial aspect missing from the overall discussion in the South Asian region. Nevertheless, based on the panel presentations, there is hope for SAARC as a region to grow together and enhance cooperation between countries.

Open Floor Discussion

During the open floor discussion, participants highlighted the need to evaluate SAARC's successes and challenges over the years. They emphasised the importance of identifying key achievements and obstacles to better understand the organisation's impact and future potential.

The disparity in trade and FDI between South Asia and other regions was underscored, with statistics revealing a significant gap. In 2022, trade between the US and Bangladesh was valued at USD 14 billion, whereas the US-Vietnam trade reached USD 138 billion. Similarly, Bangladesh attracted USD 2-3 billion in FDI annually, compared to USD 25-30 billion for Vietnam. This contrast prompted a discussion on the necessary actions to improve investment flows and trade relations.

Participants also discussed the current state of government-to-government relationships within South Asia, noting that while private sector interactions and people-to-people connections are positive, governmental ties are less effective. There was a call for enhanced government-to-government cooperation to foster better regional integration and economic collaboration.

Concerns were raised about the restrictions on foreign direct investment in South Asia compared to Southeast Asia, where FDI flows are more unrestricted. For example, India has imposed restrictions on inward FDI, requiring all investments to be screened, which contrasts with the more open FDI policies in Southeast Asia. The discussion also touched on how sub-regional cooperation, such as Japan's investments in Bangladesh, could address these challenges and promote better regional integration.

Further, participants questioned the effectiveness of the current ecosystem for FDI in South Asia and suggested improvements in macroeconomic reforms and investment protection agreements to create a more favourable environment for foreign investment. The need for better bilateral agreements, avoidance of double taxation,

and enhanced use of digital technologies to improve regional communication were also discussed.

The relationship between value chains and FDI was another point of interest, with questions about whether value chains drive FDI or if FDI promotes value chain development. Participants sought clarification on how these factors interact and influence each other, looking for insights into whether FDI leads to value chain improvements or if value chain development attracts more FDI.

The discussion also included observations on the limitations of current regional cooperation models, comparing SAARC's performance with ASEAN's successes. It was noted that ASEAN's success could be attributed to strong business advocacy and ownership among member states, suggesting that South Asia might benefit from similar approaches to enhance regional integration and economic cooperation.

Finally, the importance of having an effective and capable negotiating team was highlighted, with an example provided of a successful negotiation on garment quotas with India. This example underscored the value of finding mutually beneficial solutions through negotiation, which can address longstanding issues and improve regional trade dynamics.

Summary by the Chair

This session highlighted several issues pertinent to the determinants of FDI in the region and the focus areas for attracting investment, with particular emphasis on the distinction between digital technology and advanced digital technology—a global challenge extending beyond South Asia. Several crucial issues were brought to light, including the disconnect between theory and practice and the specific challenges faced by SMEs. It was agreed that a dedicated session on South Asian SMEs would be beneficial, especially in terms of supporting and protecting these enterprises from external shocks, which should be integral to discussions on global value chains and FDI.

The issues discussed reflect a profound understanding of industrial dynamics and align with themes from the World Bank's ease of doing business study. Conducting a study on doing business within South Asia could foster greater synergy among the countries involved in trade. The Nepalese perspective has highlighted challenges in attracting foreign investment and the constraints faced by the state and nation. The discussions have underscored the importance of political will, which has been inadequately addressed. Despite limitations in this area, insights into technology's

role, the comparative disadvantage of South Asia relative to Vietnam, and the need for climate-related cooperation were deemed critical.

Regional infrastructure developments and the shortfall in ensuring connectivity between countries were also highlighted, along with the institutional vacuum hindering regional cooperation. Despite these constraints, the question remains about the low-hanging fruits and how regional cooperation can be enhanced. True regional cooperation should ideally benefit all involved, avoiding a scenario where some countries lose out.

One critical area for attention is the accurate documentation of data and statistics, as misconceptions often arise from reliance on external sources like the World Bank and IMF. Strengthening local data capabilities is essential. Additionally, standardising skills and addressing ESG considerations will facilitate trade and investment relations.

Parallel Session C1

Role of Knowledge Actors in Advancing a New Political Settlement in South Asia

Dr Swarnim Wagle

Member, Federal Parliament

Nepal

This discussion will be based on the role of knowledge actors in advancing a new political settlement in South Asia—in other words, the role of think tanks in advancing new ideas. Let me just make three quick points and then invite our distinguished panellists to make their statements.

The first point that the programme also notes is to acknowledge the well-accepted role of think tanks, which is to promote and foster evidence-based policies and provide a safe space for ideas and debate. This then legitimises or delegitimises certain policy choices. The people engaged in this exercise also help develop the future careers of policymakers and even politicians.

The second point to make here is that these think tanks, these so-called knowledge actors in South Asia, also shape political and economic processes in the region. They often provide a neutral forum for dialogue between groups, countries, societies, and the private sector. It could be the government, NGOs, or civil society. This power of

convocation that think tanks can exercise is very useful to complement the formal processes often mediated through government.

This brings me to the third point, where think tanks often complement official processes through track two measures. A wonderful example is, of course, the SAES. For the last 14 occasions, everyone from South Asia, representing different parts of our countries, has been here, talking to each other and making the point that people-to-people ties, non-governmental bonds, remain exceptionally strong. However, the formal official channels have not worked. This has resulted in some discussion this time on how we may be deviating from the overall regional project and talking much more in bilateral and sub-regional terms.

But there are challenges. While many think tanks have done wonderful work in the past decades, nonetheless, the issue of a resource crunch is there. How do think tanks sustain themselves? Where is the money coming from? Are there innovative ways other than handouts from development partners or governments? It is increasingly being realised that there is a limiting civic space in some of our countries, where you may be censored, watched, or intimidated into saying or not saying certain things. So how do think tanks, which are supposed to say what the evidence points out, operate in an environment that is politically suffocating? Therein comes this pressure to remain neutral.

One thing I have noted is that we often take examples of American or European think tanks as being very professional, and we often emulate ourselves. You know, names like Brookings and Heritage come to mind. But it has to be noted that they are not neutral. I actually struggled with this for a bit because, you know, Brookings is left-wing, while Heritage and the American Enterprise Institute are right-wing. Yet they are known to be fairly credible, well-respected, and quite influential. Therein lies the power of evidence. You may be value-based in what you preach, but as long as the evidence you put out can be contested, replicated, verified, and vetted, I think that is the minimum Dharma of a think tank.

Let me stop there. I'll pose three general questions that our organisers have asked us to cover. What are the key lessons from the historical roles of think tanks in South Asia? Are there examples or precedents that we should not lose sight of? This is almost like an intellectual heritage that we need to continue, consolidate, and recognise. Just now, Professor Rehman Sobhan was talking about how the earlier generation of South Asian thought leaders pressed ahead with the idea of South Asian regional integration. It is perhaps time for the next generation to take that agenda on. So, what are those lessons in your mind? What institutions, forums, or panels have done good work that we need to recognise and take forward? What

can they do today, given the constraints—the constraints I just mentioned: resource limitations, limited civic space, and the challenge to remain fairly level-headed? I don't like the word 'neutral', but fairly level-headed.

Finally, how do you navigate impartiality while working on sensitive topics to uphold credibility? These are some of the general questions. I will now allow each of our panellists to make their statements.

Professor Sanjib Baruah

Andy Matsui Distinguished Professor of the Humanities
Asian University for Women, Bangladesh

I won't be able to address many of the questions that the Chair has posed because I don't have extensive think tank experience. I did spend a year, long ago, at the Centre for Policy Research in Delhi, but my background is primarily in academia. I guess I'm a knowledge worker in the sense that I have 40 years of teaching experience, though in the United States. I'll do my best to contribute from that perspective.

I'm new to Dhaka, having arrived in Chattogram less than a month ago. I'm here thanks to Professor Rounaq Jahan, whom I have known from New York and Columbia University for a long time, and I thank her, along with the Centre for Policy Dialogue, for inviting me. My presentation today reflects my thoughts on yesterday's presentations.

In yesterday's sessions, we heard from several speakers, notably the Honourable Minister Mannan, Dr Ishrat Husain, and Rehman Sobhan, who spoke of South Asia as a region with deep civilizational connections—a region that was once closely connected but later fragmented, and is now being reintegrated, though sluggishly. That's my summary, of course. I was particularly struck by Rehman Sobhan's point that South Asia was once the most integrated region in the world, even more so than Europe, and by Ishrat Husain's comparison between South Asia and East Asia.

Today, I'll approach the theme of the session—'The Role of Knowledge Actors in Advancing a New Political Settlement'—from a different angle than previous speakers at this conference. Rather than looking forward, I will look to the past, providing some historical depth to the points made by Minister Mannan, Dr Husain, and Rehman Sobhan. But I will start with a different note, emphasising the need to think critically about our foundational category: South Asia.

The area studies model typically focuses on the nation-state as the main unit of analysis, similar to how the realist tradition in international relations centres on nation-states as the key players in global affairs. This approach often naturalises and reifies the identity of actors that have been far from stable and unchanging in the modern world. It uncritically takes for granted the existence of stable territorial units, but the making and remaking of territorial boundaries are political projects, not empirical realities.

To illustrate this point, I want to problematise the category of South Asia. I'll share an example that isn't originally mine; I got it from William van Schendel, who has worked extensively on Bengal. There are four settlements in the eastern Himalayas, each about 50 kilometres from each other, but they fall into four different regions because of the nation-state-centric boundaries we draw. Goling is in Yunnan, East Asia; Sangan is in Burma, Southeast Asia; Dong is in India, South Asia; and Zou is in Tibet, Central Asia. This should get us thinking about the fluidity and arbitrariness of these boundaries.

I'm particularly interested in borderlands, which is why I thought of this example. I propose that while we should certainly be interested in South Asia, we should also consider a different set of units. Now, let's move to another map, focusing on Bangladesh and Assam. Most Bangladeshis will know what I'm talking about, but those who aren't from Bangladesh may not. The point is that we should not take the existence of stable territorial units for granted.

If Assam seems confusing, it is because we don't often think about how unstable it is. I'll briefly show you another map, which I had drawn for my last book. The whole point was to show that Assam and Bangladesh don't seem so disconnected when you think about old Assam. Old Assam, after all, bordered Bangladesh, Myanmar, and China but had only a 22-kilometre border with India. So, it makes a lot of sense to consider Assam and Bangladesh together historically.

Let me show you how Assam has changed over time. Here's Assam in the 1950s, which is the Assam I'm interested in—where Sylhet was part of it. In fact, I'm originally from Assam, which is why I'm interested in this subject. Yesterday, when I told a gentleman here that I'm from Assam, he said, 'I'm from Assam too', because he's from Sylhet. We could immediately connect.

Now, let us look at how the geographical area we call Assam has changed over time. I want to make a political point here: the history of border-making in the region—both internal and external borders—is deeply connected and not politically neutral. It is something that someone does; it's an active process.

Take a look at British Assam. It always included the Brahmaputra and Barak river valleys, as well as the Surma-Kushiyara river basin of Sylhet. After 1860, the tea industry spread across the hills around these rivers, creating an effective planter interest in the administrative unity of Sylhet and Assam. Many of you would know that the city of Sylhet and the capital of Shillong were significant administrative centres. Shillong was the capital of this entire area during the British period, so if you read about Tripura, Manipur, or Assam, you'll find all the important decisions happened in Shillong because that's where the provincial governor was based.

Now, let's look at the historical tea districts of Assam. You can see that Sylhet is automatically included. After Partition, this region was divided, and the maps of Assam and Bangladesh were redrawn. If you're familiar with both maps, you'll know exactly what's going on—how Partition happened, and how tea is grown on both sides of the border, including in the Chittagong Hill Tracts.

The Chittagong Hill Tracts and Mizoram, which was part of Assam during the British era, and the Chin Hills are another example of these historical connections. The British decision to rule these areas from three different places—Chittagong Hill Tracts from Bengal, Mizoram from Assam, and Chin Hills from Burma—created enormous connections that persist today. Recently, some people from the Chittagong Hill Tracts, the Lai people, who were in trouble with the army, moved to Mizoram, where villagers provided shelter. The government of India opposed this, but it shows how real these connections are—not just historical but ongoing.

Finally, I want to briefly touch on the material traces of the past in Chatogram's built landscape. For example, the CRB Hills were built to link the oil wells of Digboi (Assam) and the coal mines of Margherita (Assam) to the sea at Chattogram. The port city became the railway terminus, and the headquarters of Assam-Bengal Railways were in Chattogram. This built environment is a visible reminder of the interconnected history of this region.

To conclude, I would like to emphasise the importance of understanding history as a valuable resource for promoting human flourishing. However, we must be careful not to confuse history with heritage. Heritage is not history; it is what people make of their history to feel good about themselves.

Professor Imran Rahman

Vice Chancellor

University of Liberal Arts Bangladesh (ULAB), Bangladesh

I'm a bit surprised that I'm here speaking about think tanks since I'm really an academic administrator, but I do work closely with several research centres which are part of a university and are kind of like think tanks. I feel a bit scared as I have in front of me the distinguished veterans of think tanks. Nonetheless, just looking through the questions, what lessons can be drawn from historical roles? I believe Professor Rehman Sobhan made the wonderful comment that think tanks were part of the whole period leading up to the War of Independence in Bangladesh and after.

If I look at the role of think tanks today as a layperson, I see that the role and opportunities are far less. To me, the importance of think tanks seems to be directly correlated to the state of democracy and governance in the country. It seems like think tanks are making policy statements in a vacuum where nobody is interested in listening to them. The biggest beneficiary of the output of think tanks, I would think, should be the government. However, I don't see that happening. There are several wonderful outputs from think tanks, and if I think beyond think tanks to civil society, research, and academic specialists, there are plenty of smart people in Bangladesh who are not in government. Yet, there is no mechanism to bring them into the policymaking sphere.

If I may, I'd like to talk about two issues. The first is the ongoing political issues regarding the upcoming elections. Think tanks are coming out with their own suggestions on how to proceed, but who's listening? Similarly, on the economy, in many countries, the central government effectively uses think tanks of independent economists and other players to bounce off ideas and listen to them. I don't see any such mechanism here, so I think there's a huge lost opportunity that the government is missing.

In my area, education, particularly higher education, Bangladesh has a long way to go, especially in improving the quality of education. It is essential to ensure that the research being done at universities is effective and has some meaning in the greater scheme of things. Moreover, it is crucial that our graduates come out not only with degrees but with a set of skills that will be sought after by the corporate job market or even for starting their own enterprises. A think tank in this area is badly lacking. I know that Professor Mansur is here, but the point is, again, we tend to think that we will have policy-based research, policy-based think tanks, but to what avail? What is happening to the output? Is there any mechanism for the government or those who are actually going to implement the policy to accept, debate, and act on this?

Sometimes I think that some of the think tanks are under serious duress because some of the prescriptions coming out may not be acceptable to the decision-makers. In a way, I think now more than ever is the time for the role of think tanks to revive themselves, to find a mechanism where they can work very closely with the government, with civil society, with NGOs, and with universities. This collaboration is essential so that we end up making policies that will be the right ones for our country.

Mr Felix Kolbitz

Resident Representative

Friedrich-Ebert-Stiftung (FES), Bangladesh

I would like to highlight three points, two of which are from my native Germany as examples of the role knowledge actors can play in overcoming differences, as we have discussed over the last one and a half days. These examples might provide some insight or ideas to take away. My third point will focus on the role of FES in the region, where we have offices in four countries within the SAARC region.

Let me start with Germany and the European Union. After the Second World War, it was quite an unlikely path for Germany and France to become such close partners on the international stage. Apart from trade in the steel and coal sectors, another important sector was people-to-people diplomacy. Universities, think tanks, and student exchanges played a significant role in fostering this close friendship, not only between Germany and France but also across the European Union. In the EU, university cooperation includes joint degree programmes, where students study one or two semesters in one country and complete their degree in another. The Erasmus programme enables students to study one or two semesters at a university in a different country. I myself had the pleasure, shortly after Poland joined the EU, to attend a summer school at the University of Warsaw. These initiatives foster friendships and mutual understanding, which provide a solid foundation for resolving conflicts with the backing of the people.

The other example I would like to mention, which is perhaps even more unusual considering the outcome of the Second World War and the Holocaust, is how Germany and Israel managed to re-establish diplomatic relations. A group of think tanks, notably the Max Planck Institutes, played a crucial role in this process. In the late 1950s, without diplomatic relations and despite hesitations in both countries, these think tanks initiated a network of scholars to rebuild ties. This academic collaboration became the foundation for the diplomatic relations that were eventually established about 10 years later. Today, Germany and Israel are very

close partners, a testament to the power of think tanks that worked against all odds to rekindle friendship.

Let me now briefly discuss what FES is doing in this region and how it can contribute based on these experiences and through some of our programmes here. FES has a rather fractured history, having been founded in 1925, disbanded in 1933, and re-founded after the Second World War. Today, FES is a think tank with more than 100 offices around the globe, all of which are interconnected not only at regional or sub-regional levels but also globally. We ensure knowledge transfer in all directions, which we hope you can benefit from.

One of our key contributions to regional cooperation involves research projects. For example, some of our research in Bangladesh involves researchers from Pakistan, fostering contacts and friendships over the years, despite the deteriorating relations between the two countries. FES serves as a platform for bringing people together across borders, facilitating research collaboration, and maintaining and fostering friendships.

I would also like to highlight a joint fellowship programme on geopolitics, announced a few months ago, in which young researchers from across the SAARC region can participate. This programme not only funds research but also includes research stays in other countries, offering opportunities for internships or small fellowships in partner think tanks. We hope this initiative will help establish a regional network.

To conclude, I would like to offer some recommendations based on the three examples I mentioned, to show how knowledge actors—think tanks and universities—can lay the foundation for reviving SAARC and generating new ideas for regional cooperation. One suggestion is to host fellowships, where institutions like CPD could host researchers from RIS, or perhaps from India or Nepal, to provide insight into Bangladeshi culture and foster mutual understanding. Another recommendation is joint research projects—working together on books, papers, or policy recommendations across borders.

The pandemic has shown us new ways to use digital formats for maintaining connections and facilitating exchanges. I am aware that travel between Pakistan and Bangladesh, or between Pakistan and India, is difficult, if not nearly impossible. However, I would still encourage you to consider ideas like exchange programmes where, for instance, a researcher from Bangladesh could spend time in India, and vice versa, to build friendships and networks that can be relied upon in the future. While visa restrictions remain, I believe such initiatives can help build a strong foundation similar to the one the EU has or the strong ties that Germany and Israel share today.

Mr Rinzin Wangchuk

JAB Member

Journalists Association of Bhutan (JAB), Bhutan

I am not an expert or work at a think tank, but I will try to share some of my perspectives on the vital role of knowledge actors in fostering a new political settlement in South Asia. This region, known for its diversity, complexity, and historical conflicts, demands innovative approaches to address its challenges.

As Professor Iman rightly mentioned, knowledge actors such as scholars, researchers, educators, and even media personnel play a crucial role in this. Their contributions are multifaceted; they provide a platform for unbiased analysis and research, shedding light on the root causes of regional issues. Moreover, they facilitate dialogues, foster trust, and promote inclusivity by creating spaces for open discussion and collaboration. They bring together stakeholders with diverse perspectives, transcending politics and ideological boundaries. Such initiatives promote constructive debates and ultimately pave the way for a more harmonised and cooperative South Asia.

Knowledge actors are also catalysts for change in the region because their research, education, and advocacy contribute to informed decision-making, the cultivation of cross-border relationships, and the establishment of a new political settlement in South Asia. We must recognise their indispensable role in fostering peace, stability, and prosperity for the entire region.

Besides, knowledge actors can help identify commonalities among the South Asian countries, which can become critical uniting factors in building peace and harmony. For example, as an ancient Buddhist nation, my country Bhutan can identify itself with all the South Asian countries through the region's Buddhist heritage. However, there's not much scholarship and research on this common heritage. So, I see knowledge actors having a significant role to play in this area.

Professor Dr Babar Shahbaz

Professor and Director

Institute of Agricultural Extension, Education and Rural Development,
University of Agriculture Faisalabad, Pakistan

The question about how think tanks, or in the broader sense, how knowledge actors can contribute to the new political settlement, particularly in the South Asian

context, is very important. Advancing the political settlement in South Asia requires the involvement of various knowledge actors. When we use the term 'knowledge actors' or 'knowledge holders,' we often jump to think tanks, considering them as the primary knowledge actors. Although think tanks are indeed major knowledge actors, their role is multifaceted.

One major aspect that is often overlooked is the involvement of indigenous knowledge holders in the process. Indigenous knowledge holders can provide valuable insights into local customs, adaptation strategies, and practices, which can inform policy decisions. In this context, think tanks play a crucial role as they can bridge the gap between policymakers and local communities, acting as intermediaries. Think tanks also provide independent analysis and policy recommendations. In the South Asian context, including Pakistan, I will later give some examples or case studies. Particularly, it is important that policy recommendations and independent analysis remain uninfluenced by political or commercial interests.

Think tanks can also bridge the gap between policymakers and the public. In addition to indigenous knowledge holders, civil society organisations play a role by providing a platform for dialogue and debate. Another important aspect for think tanks is that they help build capacity for policy and research analysis, providing access to data and information, and promoting best practices in research and analysis. Cross-border collaboration is also crucial, and think tanks can facilitate dialogues and exchanges between countries in South Asia. For example, CPD and other co-organisers have made tremendous efforts to provide a platform for cross-border collaboration.

Engagement with international actors is also a significant aspect of think tanks' involvement in political settlements. Track II diplomacy, which involves unofficial and non-governmental channels of communication, is another area where think tanks often engage.

Regarding challenges, one question was about maintaining independence and relevance. This is a major challenge for think tanks, as they are often dependent on funding from government sources or donors. Balancing independence with relevance is critical, and if think tanks become too closely aligned with political or commercial interests, their credibility may be compromised. Another challenge is balancing pragmatism with the principles of democracy. Think tanks must advocate for democratic norms while also working pragmatically with governments to advance political settlements.

One example related to Pakistan involves two major think tanks that are quite proactive in different policy forums. The Institute of Strategic Studies Islamabad,

a government-affiliated think tank, has played a significant role in shaping Pakistan's foreign policies, particularly its relations with India, Afghanistan, and the United States. ISSI has facilitated dialogues and cooperation between different stakeholders. Another example is the Sustainable Development Policy Institute (SDPI) in Islamabad, a partner in this event. SDPI conducts a major sustainable development conference each year, where they invite both government officials and opposition members to interact and discuss policy options. SDPI has also provided policy advice in curriculum review processes, particularly in identifying radical content and advising policymakers on creating a more balanced curriculum to foster a tolerant society.

Dr Sabyasachi Saha

Associate Professor

Research and Information System for Developing Countries (RIS), India

Let me begin by recollecting what Professor Rehman Sobhan reminded us of yesterday. This might be a brief or transitory phase of disconnectedness in the region, and we need to rediscover and reconnect with our civilisational roots. Coming from him, I almost take it as a prophecy.

Having said this, I believe this year's SAES has been a successful endeavour in collective soul-searching. We have reflected on the learnings and shortcomings of the past few years, and this year, we have managed to do a little more in terms of how we envision the future. We have found a balance between extreme positions, acknowledging history without being held hostage by it, and celebrating heritage, as Professor Barua mentioned yesterday. Professor Chaturvedi, Director General of RIS, also shared insights on how we should not be overwhelmed and how we need to seek opportunities at RIS.

For some time, we have been discussing and analysing how to establish a South Asian identity, similar to identities in other parts of the world. However, a South Asian identity must be built from a position of strength. We need to reflect on our strengths, particularly in development interventions and economic growth experiences. Although not entirely, some sectors have leapfrogged, and we have supported each other in times of crisis. Development cooperation has taken shape, giving us a lot of hope.

The last plenary session yesterday and this morning's plenary, chaired by Debapriya Sir and Madame Rounaq Jahan respectively, discussed many issues in detail. That

analysis was crucial. As an economist, I believe that the LDC graduation we are discussing for the region also offers an opportunity to engage more robustly in South-South cooperation. Some other regions of the world, despite their resource capacities, have excelled in this area. Economic integration is an agenda that needs to be fulfilled. The interconnectedness makes deep economic integration logical, and achieving successful South-South cooperation gives us a strong foundation to build upon in this region. We can explore the region's expertise and how it can learn from the experiences of other countries.

On the issue of knowledge actors, while the concept paper discusses the role of think tanks, how far they can go, and what they should be doing, we are encouraged by today's balanced panel. It includes representatives from the university ecosystem as well as other stakeholders, including journalism. This brings me to my third point. In keeping SAES alive, think tanks, partner think tanks, and others received significant support from a whole ecosystem of stakeholders in our respective countries. We have been trying to navigate this process, and to some extent, we have succeeded, which gives us a lot of hope.

During India's G20 presidency, the government tasked RIS with reaching out to more than 100 universities. The G20 agenda is complex, and youth, researchers, and academics cannot be left out. Many seminars, workshops, and other activities were organised across the country, bridging think tanks, universities, curriculum activities, and knowledge sharing, which had a significant impact. The final event, attended by the Prime Minister, gathered over 3,000 students from across the country to discuss the SDG localisation exercise. I understand this is an encouraging story from this region. SDG localisation is perhaps discussed more here than in any other part of the world, starting with India, and extending to the experiences of Pakistan, Nepal, Bangladesh, and Bhutan. The numerous workshops held and the Civil Society connections established represent a new kind of outreach achieved by think tanks. I know CPD has been deeply engaged in Civil Society dialogues.

For RIS, partnering with Civil Society colleagues provided valuable insights. When we talk about 'neighbourhood first', we must also talk about humanitarian values and ethical frameworks to ensure no compromise. We must rely on empirical evidence, as Professor Barua mentioned, and core research, because regional cooperation is a serious subject and cannot be left solely to diplomats. Evidence-based research is essential, and we can scale up our initiatives. We need to set medium-term goals for some of our cooperation issues, but sustainability, of course, remains a long-term goal.

The previous panel I participated in discussed climate change, and there was near consensus on the good lessons emerging from South Asia. Just for everyone's

knowledge, Mr Felix mentioned several initiatives paving the way for future cooperation. At RIS, we conduct an annual summer school on trade, where CPD, SAWTEE, and others have participated. Due to COVID-19, we had to pause it, but we intend to restart it.

Finally, the paper circulated by Professor Rehman Sobhan highlights the history of the South Asia Centre for Policy Studies (SACEPS), a very successful initiative co-chaired by prominent personalities from India and Pakistan. These are the issues we should be aware of and recognise the cost of non-cooperation. Additionally, RIS and IPS together publish the South Asia Economic Journal, which continues to feature papers from all countries in the region. With this, I conclude.

Open Floor Discussion

Participants emphasised the necessity of enhanced regional cooperation and integration among think tanks and academic institutions in South Asia. They valued the creation of networks akin to the BIMSTEC Network of Policy Think Tanks, promoting people-to-people contacts and influencing governmental processes. The involvement of think tanks from all SAARC member countries was suggested to broaden the scope of the South Asia Economic Summit, potentially evolving it into a South Asia Ideas and Economic Summit.

Concerns were raised about regulatory constraints on fund transfers between countries, hindering collaboration among think tanks. Participants queried the possibility of minimising these regulatory barriers to facilitate smoother cooperation and research. They also discussed the gender imbalance in think tank representation, noting the absence of female experts on panels and the need for more inclusive participation.

The decolonisation of South Asian knowledge production was debated, urging a shift from reliance on Western institutions towards a more localised approach. Participants highlighted the need for think tanks to cultivate future policymakers with specialised knowledge to address regional issues more effectively.

The decline in educational standards in South Asia, despite an increase in the number of universities, was discussed. Participants stressed the importance of maintaining quality education to build human resources crucial for national development. Unlike India, which has maintained higher educational standards, other South Asian countries, including Bangladesh, have experienced a significant decline. Joint research projects on contested issues such as climate change, regional value

chains, and LDC graduation were proposed. Collaborative research could present strong, unified data to influence policy and promote regional cooperation. Participants stressed that long-term commitment to research and informed argumentation could lead to significant policy changes, citing the example of CPD's advocacy for regional connectivity.

The discussion underscored the critical role of think tanks in fostering regional integration, improving educational standards, addressing regulatory barriers, and promoting inclusive, decolonised knowledge production in South Asia.

Participants highlighted the long-standing tradition of collaboration among South Asian think tanks since the 1980s. This collaboration involved setting up task forces on critical issues such as energy, transport integration, WTO negotiations, and trade cooperation. These task forces produced collective reports used as advocacy instruments to engage policymakers, businesses, and civil society. Despite fluctuations, the need for a more active and institutionalised network for ongoing research collaboration was underscored as crucial for sustaining South Asian cooperation beyond political fluctuations.

One participant recommended focusing on the region's shared Buddhist heritage, promoting research on sites like Lumbini and Bodh Gaya to foster understanding, unity, and peace in South Asia.

Another participant discussed the importance of decolonising think tanks, noting the term's American origins and the significant role of funding in maintaining independence. They highlighted the need to build a culture of giving to academic and think tank institutions in the region to reduce dependency on international donors.

Optimistic news about increasing regional collaboration among Bangladeshi university researchers through competitive international grants was shared, indicating a positive trend in academic partnerships.

The shrinking academic spaces in the region were also discussed, with a recommendation to refer to the latest Academic Freedom Index by Scholars at Risk, which provides case studies and yearly comparisons of the deteriorating situation. The role of academic and think tank collaboration in laying the groundwork for future political settlements was highlighted, citing examples of how such collaborations have facilitated diplomatic agreements in other regions.

The importance of innovation and imagination in think tanks was noted. Established think tanks like CPD and RIS were recognised for their rich traditions and

repositories, essential for regional processes. The growing ecosystem of dynamic new knowledge actors was also acknowledged.

Finally, the importance of maintaining neutrality was stressed, particularly in contested political situations. Neutrality involves providing research-informed, data-driven, and evidence-based policies, helping think tanks gain the trust of all parties involved in political settlements.

Summary by the Chair

Thank you very much. I would not attempt to summarise the rich discussions we have had, but I would like to share a few parting thoughts.

Professor Rahman mentioned that he is a graduate of the London School of Economics, whose motto in Latin is ‘Ratione cognoscere causae’, which means ‘To know the causes of things’. This is precisely what think tanks and knowledge actors aim to do. The struggle and challenge we face in terms of funding and establishing our space, especially when authorities are illiberal or hostile, are significant. It is crucial to remain impartial while striving to maintain credibility, and these challenges are very important.

Sanjib Barua and Mr Rinzin both highlighted various aspects of the significance of knowledge in areas not traditionally explored. I learned a great deal from the presentations and how this knowledge can influence the policy space. However, not all knowledge needs to have immediate policy applicability. Much knowledge can be valuable in itself, and Amartya Sen’s work on the Human Development Index illustrates that knowledge can be pursued as an end in itself. Quality knowledge can enhance productivity and contribute positively to other aspects of development, particularly when development is defined in terms of human freedoms and flourishing.

Felix provided excellent examples concerning political settlements and proposed ideas for cross-institutional fellowships. These track two initiatives are vital when states are not engaging directly with one another. Such initiatives, including joint research, are essential. Historically, similar work was done through SACEPS but ultimately, funding remains a critical challenge.

The term ‘decolonisation’ is often used, but it is important not to dismiss something merely because it originates from a particular location. As Professor Barua defended, the rigour and culture of philanthropy, such as that seen in institutions

like Brookings, are worth emulating. This is what we are striving for in Nepal. The Institute for Integrated Development Studies (IIDS) is a 44-year-old think tank that I currently have the honour of chairing. For decades, we relied heavily on donor funding. We have since aimed to reduce our dependence on external donors by seeking indigenous sources of funds. Our goal is to sustain our organisation through a healthy endowment, allowing us to operate independently while still welcoming aligned donor support. This approach has been successful due to the support of enlightened domestic philanthropists.

The culture of endowment, which I learned from the United States, involves making substantial contributions and recognising the donor. We are attempting to replicate this model in Nepal and are making progress. We would welcome more generous philanthropists, but this is indeed an important point. Dependency on donors from abroad, whether American or German, has its challenges. Government funding models, such as those from the European Social Research Council or NIH grants in the United States, are also worth considering.

In India, we are seeing increased government grants aimed at fostering domestic scholarship in unexplored areas. These models should be emulated if they align with our interests.

Other important points include bridging policymakers with the public and expanding our network to include new actors. While the World Economic Forum represents a much larger scale, the idea of broadening our scope is valuable. However, funding such initiatives remains a challenge.

In conclusion, although we all agree on the importance of knowledge actors and the value of knowledge, the real challenge lies in how we achieve and sustain these goals. As a cynical politician friend of mine often says, it is not about arguing that knowledge is good—this is universally accepted. The challenge is in the practical steps required to achieve and maintain that excellence.

Parallel Session C2

Cooperation in Public Health

Dr Ganga Tilakaratna

Research Fellow and Head of Poverty and Social Welfare
Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka

Thank you, Chair, and good afternoon to all of you. First of all, let me take this opportunity to thank CPD for inviting me to this very important event. Although South Asian countries have made some progress in terms of health outcomes, South Asia is still among the regions with the lowest life expectancy, the highest mortality rates, and a high incidence of infectious diseases like TB, second only to sub-Saharan Africa. Government expenditure on healthcare in most South Asian countries is about 1 per cent, which has contributed to the low coverage in access to health services.

However, the health outcomes are not uniform across the eight countries, and the stories behind these outcomes vary. For instance, Sri Lanka implemented a Universal Health policy in the 1940s, providing free healthcare services to its entire population. This has helped Sri Lanka achieve significant improvements in health outcomes, such as lower mortality rates and higher life expectancy. For example, the maternal mortality rate in Sri Lanka is currently about 33 deaths per 100,000

live births, much lower than in other South Asian countries and even lower than the East Asian average. The global target set by the SDGs for 2030 is 70 deaths per 100,000 live births, a target Sri Lanka achieved two decades ago. Additionally, Sri Lanka has performed relatively well in child mortality rates, achieved near-universal immunisation, and nearly 100 per cent of births are attended by skilled health personnel. These achievements are largely due to the Universal Health policy and the government's heavy investments made in the past.

Yet, over time, things have changed. The government expenditure on health has decreased to less than 2 per cent, although this is still higher than in many countries. Meanwhile, out-of-pocket expenditure on health has increased, now accounting for almost 50 per cent. This has led to issues in the health sector regarding quality and equity. The recent economic crisis in Sri Lanka has exacerbated these issues, leading to shortages of medicines and other medical supplies in many rural hospitals. Additionally, there is a shortage of health professionals due to increasing outmigration, a direct result of the economic crisis. These challenges are not unique to Sri Lanka but are common across many South Asian countries, although Sri Lanka has only recently begun facing some of these issues due to changing circumstances.

To address these gaps and ensure universal health coverage, many initiatives need to be taken at both the country and regional levels. Regional cooperation can also help in achieving these targets. In this context, there are many ways in which South Asian countries can collaborate, such as through experience sharing and learning from each other's best practices. I would like to touch on three key areas that I believe are important, particularly from Sri Lanka's perspective.

The first area is digital health or telemedicine. Collaboration in digital health or telemedicine services across South Asian countries can help improve access to medical professionals, particularly specialists who may not be available in certain countries. It can also help address the shortage of health professionals within a country. Telemedicine became widely used in some South Asian countries during the COVID-19 pandemic to provide access to those in remote areas. There are also examples of cross-border telemedicine collaboration within South Asia, such as the ESswasthya initiative between Nepal and India, which allows Nepali patients to access Indian doctors, and an initiative between Bangladesh and India called Tele-Dactar. These are initiatives that could be promoted across other South Asian countries, either bilaterally or regionally. Regional-level digital platforms or telemedicine services could significantly improve access to quality healthcare in the region.

The second area of collaboration is controlling infectious diseases like TB, COVID-19, or dengue, which are particularly prevalent in South Asia and less common in developed countries, where attention and funding for research and development

may be limited. South Asian countries can collaborate by setting up early warning systems for emerging infectious diseases, establishing regional disease surveillance networks for real-time data exchange, and investing in research and development to prevent and cure diseases like dengue.

The third area where collaboration could benefit the region is in pharmaceutical production and access. This is an important area where collaboration can reduce the cost of essential medicines and ensure better access to these medicines for all countries in the region. However, South Asia faces several challenges in developing and producing its pharmaceutical products, such as a lack of capacity, technology, resources, and regulations. Collaboration in pharmaceutical production, by sharing resources, knowledge, technology, and harmonising policies, is something that should be considered. One possible way for South Asia to collaborate is by establishing regional training hubs and technology transfer platforms to build the skills and capacities of local pharmaceutical manufacturers. Developing regional supply chains and facilitating trade can ensure the availability and accessibility of essential medicines and vaccines within the region, which could involve reducing tariff barriers, improving quality standards, and supporting pooled procurement efforts. Additionally, South Asia could pool resources for research and development on essential medicines and vaccinations.

Dr Syed Abdul Hamid

Professor, Institute of Health Economics
University of Dhaka, Bangladesh

I think Bangladesh has made significant progress in many health indicators. However, the country is struggling to achieve SDG 3.8, which is Universal Health Coverage (UHC). One of the major challenges we face is health financing, as out-of-pocket payments are extremely high, possibly the highest in the region. We also have issues concerning the quality of drugs, despite having a strong pharmaceutical manufacturing sector. There is certainly a lot of potential for collaboration among South Asian countries. Bangladesh could benefit greatly from cooperating with these countries, especially in areas where we share common health challenges.

One of the shared health challenges is infectious disease control. We have seen during the pandemic that when a significant wave occurred in India, we could predict that it would soon hit Bangladesh. Despite having some protection at the borders, we could not prevent the wave from reaching us. This shows that infectious diseases pose a considerable challenge. If we handle these issues jointly, it will be beneficial for all countries in the region. We can establish common surveillance systems and launch

joint research initiatives on vaccines and other measures to prevent and control infectious diseases.

Non-communicable diseases (NCDs) are another major issue in Bangladesh, and possibly in other countries in the region as well. One aspect of NCDs that is not discussed enough in gatherings like this is drug trafficking. Although Bangladesh does not produce narcotics, they are readily available, indicating cross-border trafficking, particularly from Myanmar and other neighbouring countries. Addressing this issue is crucial if we want to tackle NCDs effectively. Collaborative efforts on awareness campaigns, prevention programmes, and treatment protocols could be beneficial.

We also have opportunities for developing health infrastructure through shared expertise and resources in healthcare technology, telemedicine, and health information systems. As rightly mentioned, we could establish a digital platform for the health system. Furthermore, we have the potential for capacity building, such as excellence programmes for medical students, researchers, and health administrators.

There is also scope for research and development, particularly through shared resources for clinical trials and studies on prevalent health issues in South Asian countries. Emergency response is another critical area. Given the frequent natural calamities in these countries, it is essential to have a mechanism for quick responses. For example, if a major disaster occurs in Bangladesh, India, or Sri Lanka, other countries should be able to respond swiftly.

Health information is another area where we can collaborate, particularly in monitoring and responding to health issues through shared surveillance systems. We also face common cross-border health issues and could undertake joint initiatives to manage and control the movement of infectious diseases. Nutrition and food security are also related to public health, and we could implement region-specific strategies to combat malnutrition and ensure access to nutritious food.

Health diplomacy and policy coordination are other areas where we could work together. Coordinating health policies and regulations across borders would ensure consistency and effectiveness. Traditional medicine is another area with potential for improvement. Some countries, particularly India, are more advanced in traditional medicine, and we could learn from their knowledge and experience.

However, to achieve all of this, we need to establish platforms for collaboration, supported by adequate funding. If South Asian countries can come together to address common health challenges, we could create an organisation to respond to these issues effectively. Establishing a common fund to back this organisation would also be crucial.

Dr Prabir De

Professor

Research and Information System for Developing Countries (RIS), India

I am not a public health expert. I approach the subject from the perspective of regional cooperation and the integration of public health. I have not yet done any work in public health; I haven't written any papers or op-eds on the topic. Therefore, what I am going to discuss today reflects my personal interests and experiences. I am still learning and following the work of others.

However, I did read a serious article edited by Professor T.N. Srinivasan, which included a chapter on trade in health services. This chapter, contributed by the gentleman sitting next to me, Professor Mustafiz, was written approximately 20 years ago. Reading it greatly motivated me. Later, when I conducted a study for the SAARC Secretariat with the support of the ADB on trade in health services, this chapter was immensely helpful. I acknowledge the contribution made in that regard. Mr Chair, I concur with previous speakers that diseases do not respect borders; they are cross-border issues, more or less. A great example of this is the pandemic, during which we realised the significant challenges that arose. As you know, in March 2020, towards the end of the month, we went into lockdown, and the entire situation has been well-documented. However, if you recollect, we did not have a structured process to address public health challenges. Suddenly, leaders met to deal with the COVID-19 pandemic. For the first time in the history of SAARC, political leaders came together to discuss regional cooperation on pandemic challenges. That was unprecedented. However, as soon as we gradually emerged from the pandemic in 2020 or 2021, there were a few follow-ups, but these eventually fizzled out.

Now, I would like to bring up an example from ASEAN because the organisers here have included the experience of Southeast Asia. When I talk about Southeast Asia, I do so from my experience of heading the ASEAN-India Centre for quite some time. My observation is that the COVID-19 pandemic and other transborder public health challenges actually strengthened regional cooperation in Southeast Asia through ASEAN in three significant ways. First, they activated and institutionalised cooperation on a permanent basis. It was not just a matter of leaders meeting and then disappearing after some time. Public health issues are now regularly addressed at ministerial meetings, with at least one meeting per year being held.

Second, the ASEAN Secretariat has issued guidelines for all member states to follow, including specific operating procedures, norms, and regulations. There is a considerable diversity among the ASEAN 10 countries. For example, on one hand, you have countries like Laos, where healthcare resources are scarce, and on the

other hand, you have Singapore, which has a highly developed healthcare system. Singapore took the lead in addressing public health as a regional concern and in utilising regional capital for health and medical facilities, particularly driven by Singaporeans.

These are the three key developments that I have observed, and they continue to this day. Now, let me return to the region I belong to and discuss what we have done. I would like to share some anecdotes about what India has been doing. In the Indian constitution, public health falls under Schedule 3, meaning that both the state and central governments are responsible for public health jointly. However, a fair amount of discretion is given to both the central and state governments in dealing with public health services, leading to quality differences.

For instance, if you go to the state of Bihar, you will find that fatalities are very high, whereas in Tamil Nadu, the healthcare facilities are much better. I know that people from Bangladesh prefer to seek treatment in Tamil Nadu and Karnataka. There have been many developments, but I will mention three examples of post-COVID initiatives that India has undertaken.

Firstly, India introduced multiple types of vaccines, and although we no longer follow every new vaccine introduced by the WHO, during that time, India played a crucial role in introducing vaccines, one by one, along with the CoWIN platform, which was well-managed. This later became a role model for many countries. However, if you look at our leading newspapers, you will find that the death rate among young people under 40 has increased significantly, particularly due to heart attacks, as reported by the Indian Council of Medical Research. These reports have been featured on the front pages of our media. So, we should be cautious because health science is not like physical science; there are many complex issues involved.

Another aspect is that during the pandemic, some states, like West Bengal and Delhi, made healthcare entirely free for the poorest people who could not afford it. In India, we have a very popular health card system, and every state has a different name for it. Our insurance and banking systems are well-established and stable, with no issues up to Rupee 5 lakhs for anyone with a health card, enabling them to receive treatment in both private and public hospitals. This has provided a significant advantage in dealing with diseases and healthcare.

These three examples could be useful for other member countries, and perhaps they have done even better in some areas. Lastly, I would like to mention the application of telemedicine and tele-education, as highlighted by Dr Ganga and others. These two initiatives have been quite successful in India, particularly when applied in

Africa. However, there is a diplomatic angle to consider. Sometimes diplomacy needs to take a back seat. The Bengali perspective on diplomacy is not always favourable, but India's introduction of telemedicine and tele-education in Africa has been very positive. Nevertheless, I believe that the diplomatic angle is something that South Asia could learn from and implement, if other countries are willing to participate.

As we look forward to addressing public health challenges, as an ordinary person, I would like to propose a few points for consideration. Since many people from this part of the world travel to India and other countries for medical treatment, we should consider facilitating their travel. I know their struggles and the problems they face because I speak Bangla, and when they speak to me, I understand their issues. Therefore, I propose the introduction of a long-term multiple-entry visa specifically for health treatment, along with provisions for accompanying family members. This is something we should discuss with the Indian High Commissioner.

Another important issue is payment systems. If we do not establish a stable payment system, informal markets and unorganised sectors emerge, leading to significant losses. Therefore, we need to formalise payment systems and reactivate the SAARC network of doctors, nurses, and health workers. India has a strong network of health workers, and Bangladesh does as well, but they do not often interact with each other. I know this because some of my family members work in the healthcare sector. Lastly, I would like to mention Beximco, a major multinational pharmaceutical company in Bangladesh. They are hesitant to participate in joint initiatives for pharmaceutical collaborations, as they believe that meeting in a regional programme might result in more losses than gains. Perhaps we need to reach out to them for joint exploration of medicines and vaccines. These are some of my recommendations.

Ms Sabina F Rashid, PhD,

Professor

Mushtaque Chowdhury Chair in Health and Poverty, BRAC James P Grant School of Public Health, BRAC University, Bangladesh

Thank you. Good afternoon. I'm going to take the conversation slightly into a different direction. I teach, and I do research, and I really want to talk about how, if we want to improve the health and well-being of the poorest and most disadvantaged, we need to address Health Systems, the Health sector, and trade policies. However, if we take a step back to education and genuinely want to create the next generation of Public Health leaders, I believe there are some key points to consider. I promise to try and stick to the time.

First, why is South-to-South collaboration in education, University curriculum, teaching, learning, and research more critically important than ever? I think it is extremely urgent, especially post-COVID, although it was already essential pre-COVID. We are living in a world that is struggling with endemic poverty, which has deepened, alongside climate change and various crises. The post-COVID crisis has exacerbated educational loss and deepened inequalities in our country, as well as in many others. Many nations are struggling significantly.

How is this reflected in our education or curricular system at the University level? One, we need to decolonise knowledge and decolonise our Educational Systems at the University level. There is a tendency to cut and paste from the North, and while there is nothing inherently wrong with incorporating some technical knowledge from elsewhere, if we want to develop contextualised knowledge, we need to recognise that public health value systems are very skewed. Those who can articulate and synthesise knowledge are not always engaged in practice, and I believe we need to bring practice back into our education, knowledge teaching, and learning, as well as our research and tools, if we want to create leadership in public health for better Public Health outcomes.

My second point is that we have had examples of Health Systems where we've learned from each other, with practitioners teaching. This is a new concept because, in many developed countries, faculty must meet certain criteria, which can be problematic. In our context, and in institutions in South Africa, where I've been part of regional groups, they have practitioners teaching. A practitioner with 20 years of experience may have much more knowledge than a faculty member who has just joined and is going to teach on a topic, whether it be economic loss or social inequalities. A key point is community-based teaching and learning. Many of the similarities around this region reveal that we do not actually want to learn from our communities, nor are they part of our teaching and learning in practice. Of course, we are trying to implement this at the School of Public Health at BRAC University and possibly at other institutions, but this should be at the heart of every curriculum. Why are communities missing in research, teaching, and learning? If we want to improve health and understand policy systems, their priorities, and needs, the teaching has to start from the bottom up.

Finally, I wanted to say that we need to look at ways forward. Ways forward involve equitable, meaningful partnerships, not partnerships where we simply defer to another form of knowledge without understanding and interrogating the very knowledge base we possess. We have rich traditions, history, capacities, and the ability to find solutions and innovations within our own country contexts. There is a wealth of knowledge in institutions such as BRAC, Grameen Bank, GSS, and even Self-Employed Women's

Association (SEWA) in India, which have become case studies for teaching and learning, creating the next generation of Public Health leaders.

So, my challenge is this: if knowledge is power and it is controlled by institutions that are not invested in understanding our needs, then we need to radically push back and change the way knowledge is understood. We must reconsider what we teach and how we teach, and this requires faculty like us to unlearn the ways we have been socialised to teach. Thank you very much.

Dr Rudra Suwal

Lead/Coordinator

Economic, Development Programme, Nepal Development Research
Institute (NDRI), Nepal

Thank you, Chair, and thank you to CPD for giving me the opportunity to speak and share some of my ideas. Like Dr Prabir De, I am not an expert in public health; I am essentially an economic accountant and a national accounts person. Thus, while I am not an expert in this subject, I have reviewed some literature and based on my personal opinion, I have organised my thoughts.

Let me start by discussing the health situation in South Asian countries. Some countries are significantly advanced in health indicators, while others are in a much lower status. There is a considerable disparity among the countries in this region. The differences in health indicators are quite serious and cannot be ignored. For instance, as Dr Ganga mentioned, Sri Lanka is considerably ahead in terms of health indicators compared to other countries in the region. Exchanging ideas, knowledge, skills, and capacities among countries, such as Sri Lanka sharing its expertise, could be beneficial.

As mentioned previously, institutions are necessary for addressing these issues. Without them, progress will be limited. In the past, there have been notable differences in maternal mortality rates, doctor-to-population ratios, child stunting under five, and fertility rates. These disparities highlight the context of health in South Asian countries.

The SAARC has made some progress. There has been considerable discussion about whether SAARC can be activated or if it is defunct, but regardless, regional organisations need to address health matters. For example, the social chapter introduced at the SAARC Summit in Colombo in July 1996 included health and nutrition as key topics. Although there have been some activities and progress,

including various health initiatives and the establishment of the TB and HIV centre in Kathmandu, implementation has been varied.

During the COVID-19 pandemic, there were virtual conferences of heads of states and governments, which were a good example of SAARC's initiatives. Additionally, a telemedicine project is underway and needs further strengthening and upgrading in the future.

In the context of public health, globalisation has introduced both new challenges and opportunities. Addressing these challenges requires higher-level regional or global organisations to play a role. Health issues have become increasingly challenging due to growing interdependence among nation states and the involvement of a wide range of actors in the health sector. National governments can no longer handle these responsibilities alone, as health risks extend across borders.

The changing health trends have led to a demand for global health governance and policymaking. The South Asian region is particularly susceptible to public health threats due to poor living conditions and high poverty rates. Promoting social health insurance systems, as seen in some countries, could offer valuable lessons for others. For example, while insurance schemes are in place in some countries, others like Nepal are still facing challenges.

Regional institutions should coordinate efforts to address these issues. Local government bodies and civil society organisations should work together to implement health insurance schemes. Additionally, a regional cooperation framework that sets standards and norms for health policies is necessary. This should include both vertical and horizontal integration, with uniform health policy management and cooperation across the region.

In conclusion, the shortage of resources, especially funding, is a significant problem in enhancing health services. Political commitment is essential to address this issue, as funding deficiencies persist despite budget allocations and programmes. Commitment from governments, along with technology transfer among member states, is needed to integrate and standardise health strategies and plans.

Open Floor Discussion

Participants highlighted the importance of regional cooperation in public health, underscoring the effectiveness of such collaboration during the COVID-19 pandemic, particularly in terms of vaccine distribution. The discussion underscored the impact of the TRIPS waiver for pharmaceuticals, noting how Bangladesh has

benefited significantly by being able to produce and export low-cost medicines. However, there was concern about the upcoming challenges post-2026 when the waiver ends, which will drastically increase the cost of medicines like insulin.

Concerns were raised about the current state of public health expenditure in South Asian countries, particularly in Bangladesh, where spending is less than 1 per cent of GDP. The necessity for countries to improve their own public health infrastructure was emphasised to better participate in regional cooperation. Participants suggested that without significant investment and improvement in the quality of public health services, regional cooperation would remain limited and mostly benefit private health sectors.

The discussion also focused on the need for technical-level meetings among health secretaries from the region, akin to the successful meetings of power secretaries, to foster trust and collaboration in the health sector. It was noted that India, despite being a large country, has much to learn from Bangladesh, particularly in community-level health research and public health strategies.

Participants discussed the potential for South Asian countries to collaborate more effectively on health insurance schemes and how improving these could alleviate the high out-of-pocket expenses currently faced by citizens. The role of the private sector was highlighted as crucial, given the current high levels of private health expenditure in the region. Encouraging international hospitals to establish branches in countries like Bangladesh and increasing the competitiveness of healthcare services were seen as steps toward improving healthcare quality and affordability.

The discussion also touched on the broader determinants of health, such as sanitation and public health interventions beyond healthcare services, emphasising the need for collaborative efforts in these areas as well. Participants recommended that public and private sectors should work together to enhance healthcare services and infrastructure, thereby improving overall public health outcomes in South Asia.

The participants highlighted the dependency of Sri Lanka on imported pharmaceuticals, with only 8 per cent manufactured locally by 15 companies, one of which is a government institution. It was underscored that 60-65 per cent of these imports come from Bangladesh and India. The discussion also noted that the establishment of Apollo Hospital in Colombo significantly improved the standards of private hospitals in Sri Lanka.

Participants discussed the recent development in the Maldives, where the government, with funding from international sources, is constructing 25 small hospitals in various islands, though these hospitals face challenges in terms of professional staffing.

A question was raised about the possibility of a universal health insurance package for SAARC members to reduce out-of-pocket expenses and increase trust in insurance systems. The comparison was made to the European Union's health insurance card, which allows for treatment in any EU country for residents insured in their home country.

The impact of poor diet on public health was another point of discussion, particularly in Bangladesh, where a significant portion of the population lives in poverty, leading to challenges in affording necessary medicines and contributing to higher mortality rates during health crises like dengue fever.

Participants highlighted the importance of improving urban health service coverage in Bangladesh, noting that only 13 per cent of the urban population currently has access to health services despite a significant urban population growth.

Concerns were raised about the impact of climate change on health in Bangladesh, prompting questions about policymaking and system preparedness to address these challenges.

The discussion also touched on the role of education in improving healthcare services, emphasising the need for a shift in understanding curricula and incorporating local knowledge and practices. Cooperation among countries was considered, but it was suggested that initial focus should be on internal mindset changes within countries.

It was mentioned that Sri Lanka has a good public health system and skilled health professionals but lacks investment in pharmaceutical manufacturing, leading to reliance on imports, which becomes problematic during economic crises. The need for collaboration among professionals and policymakers to address these issues was emphasised.

The observation about Beximco's relative disengagement in regional discussions highlights a significant issue. As a major player in the pharmaceutical sector, Beximco's approach to regional cooperation might not align with the broader goals of collaborative efforts. This disconnect could be a barrier to enhancing regional integration in healthcare. The private sector, driven by market dynamics and profit motives, often prioritises immediate business interests over regional collaboration. This mindset can indeed be a challenge for advancing regional health initiatives.

However, there are promising prospects for private sector involvement in regional cooperation. Businesses like Beximco could benefit from B2B platforms and industry associations that facilitate dialogue and partnerships. These platforms can provide

valuable insights into market opportunities, potential collaborations, and mutual benefits. Engaging with industry associations might also help align private sector strategies with regional health goals, making cooperation more attractive and feasible.

Regarding health cards, the ‘Swasthya Sathi’ card in West Bengal is a notable example of a successful initiative providing significant health coverage. This initiative aligns with India’s robust insurance market and reflects effective government follow-up. Such examples demonstrate how health insurance can be utilised to improve access to care across borders.

The issue of recognition for medical degrees is also crucial. The lack of recognition for degrees from Bangladesh and South Asia compared to those from the US and Europe highlights a gap that could be addressed to improve regional integration in medical education.

In Nepal, the situation with health insurance is less advanced. Despite having a health insurance programme, its limited implementation and inadequate funding indicate that health is not a top priority. The voluntary nature of the insurance programme and the slow progress in areas like Kathmandu underscore the need for more effective implementation and increased investment in health services.

Overall, while there are challenges, there is a strong potential for improving regional cooperation in healthcare through enhanced private sector engagement, effective health insurance schemes, and better recognition of medical qualifications. The discussion reflects a shared vision for advancing regional health initiatives, despite existing barriers and limitations.

Summary by the Chair

In conclusion, the issue of platforms has come up frequently. It is not about a single platform—SAARC is a case in point. More time could be spent discussing how to revive it, but there are multiple avenues to pursue this discussion. For example, it was suggested that the energy sector in South Asia benefits from regular meetings of power secretaries. Could a similar regular meeting for health secretaries be effective? However, this would only work if health secretaries are genuinely interested, which can be a challenge.

One can learn from examples such as the health cards implemented in Sri Lanka and West Bengal. Sri Lanka has systemic improvements, while other initiatives like Kerala’s ‘Swasthya Sathi’ card and certain programmes in Bangladesh have

not progressed much. South Asian countries could focus on lower-level platform opportunities that might yield results in the short-term.

In Bangladesh, health indicators were strong during the MDG era but are faltering under the SDG era. One reason is the quality of the health workforce, which ties back to the quality of education. Addressing this issue is crucial. We also need to address the stigma surrounding allied health professions, which affects the workforce ratio. Health discussions should not be limited to healthcare alone. Post-COVID and post-climate change, health must include public health aspects like water, sanitation, and hygiene and nutrition. Urbanisation is also critical, as cities must support healthy lifestyles to reduce the burden of NCDs.

The private sector's role in healthcare is vital, especially considering high out-of-pocket expenses. In Sri Lanka, it's 50 per cent, and in Bangladesh, it's over 70 per cent. We need to involve the private sector more in discussions to overcome these barriers.

Finally, while politicians are important, professionals are also crucial. If we can develop a compelling message, politicians will have to listen. We face a significant challenge in South Asia regarding health spending. We need to convince people that health is a strategic priority, particularly post-COVID and post-climate change. Improving resources and political attention to health is as important as sectors like power. Health should be seen as a major issue, as critical as economics or infrastructure.

Parallel Session C3

Gender Equality and Women's Empowerment

Dr Beena Pandey

Assistant Professor

Research and Information System for Developing Countries (RIS), India

I am Dr Beena Pandey from the Research and Information System for Developing Countries, an autonomous body of the Ministry of External Affairs, Government of India. I am honoured and privileged to be part of the 14th South Asia Economic Summit in Dhaka, and I thank CPD and RIS, especially my Director General Professor Sachin Chaturvedi and Dr Fahmida Khatun, Executive Director of CPD, for giving me this opportunity to chair this very important session on the issue of women empowerment and gender equality.

This subject is quite dear to my heart. As many of you are aware, India holds the G20 presidency, and under the dynamic leadership of Prime Minister Narendra Modi, we have sensitised the world about women's issues. We are advocating not just for women to be beneficiaries of development programmes but for women-led development. This means actively participating in the economy through education and creating employment opportunities for themselves and other women. We do

not want women to be mere beneficiaries; we advocate for women-led development, which involves active participation in economic activities.

Despite their contributions to economic growth and family incomes, women often face discrimination at every level. Domestic violence is a major issue, and women frequently lack access to basic needs such as nutrition, healthcare, education, and housing. In South Asian countries, these basic needs are not adequately met. The World Economic Forum's Global Gender Gap Report reveals a troubling reality: it will take up to 124 years or even 136 years to achieve gender parity, with no country currently reaching gender parity. This is deeply disturbing.

The CPD has provided notes highlighting that gender equality and women's empowerment remain significant concerns within South Asia. As the region undergoes substantial transformation and economic growth, challenges persist, including high population growth rates, poverty, and a lack of opportunities for women in the employment sector. In India, the Annual Survey of Education Report (ASER) shows that while primary school enrolment rates for girls are high, there are significant learning gaps. For example, a fifth-grade girl may struggle to read second-grade books, which calls into question the effectiveness of the education she is receiving.

The revised National Education Policy, implemented after 38 years, focuses on girls' education and includes efforts to promote education in local languages, recognising their importance in educating the girl child. Despite these efforts, low levels of female labour force participation remain a persistent issue. According to a World Bank study, only 23.6 per cent of women in South Asia participate in the labour force compared to 80 per cent of men. Addressing this disparity is crucial, and I believe many of us are grappling with these challenges.

Ms Dikshya Singh

Programme Coordinator

South Asia Watch on Trade, Economics and Environment (SAWTEE),
Nepal

Basically, we have a panel of entrepreneurs who actually work in business and understand the difficulties of doing business as a woman. As a researcher, we have been studying how gender plays into entrepreneurship development. We investigate how women entrepreneurs face difficulties compared to their male counterparts. While male entrepreneurs also face challenges, we focus on gender-specific difficulties and how gender influences their responses to these challenges.

We have conducted research on this topic, including in the context of South Asian regional integration. All my information and opinions are based on this research and interactions with entrepreneurs and policymakers. In terms of entrepreneurship, women are often involved in small, and mostly micro-enterprises, particularly in South Asia. In Nepal, for example, about 98 per cent of businesses owned by women employ fewer than five people, placing them in the micro category.

Being small in scale, these businesses face unique difficulties, including limited access to resources, finance, and information that could help them succeed. Additionally, societal expectations mean that women entrepreneurs often have to balance their business responsibilities with traditional gender roles, such as looking after their homes and children. This caregiving responsibility, regardless of economic status or class, contributes to a time constraint that disadvantages women entrepreneurs compared to men.

Another significant factor is the lack of access to networks and information. The business and policy spheres are predominantly male-dominated, making it challenging for women to penetrate these networks. Access to information is crucial, particularly for cross-border trade, where understanding market demand and trade facilitation steps is essential. Women entrepreneurs often have to work harder to obtain this information, as it does not come easily to them.

Moreover, societal norms restrict women's ability to socialise with men in professional settings, which can further limit their opportunities to expand their businesses. For example, women might avoid informal social settings where business information is often shared, such as bars, which constrains their capacity to network and grow their businesses. As a result, they may miss out on crucial opportunities for mentorship and partnerships that could significantly advance their ventures.

Dr Faria Sultana

Head of the Department

Department of Economics, American International University-Bangladesh (AIUB), Bangladesh

Firstly, thanks to CPD for inviting me as a panellist and also Dr Beena for giving me the floor. First, I would like to address the root cause of gender inequality. What we see is we have policies, agreements, conventions, workshops, and whatnot. It has to be there, right? But are we focusing on the very basics of nature versus nurture?

We are born with certain characteristics, including sexuality, but this should not allow us to attach specific roles to gender. As mentioned very correctly for small entrepreneurs, they face time constraints because they are thought to be the caregivers. First and foremost, they are expected to be the caregiver, while males are often seen as the breadwinners. Don't males have emotions or want to spend time with family? At a very young age, we make them understand that if they are female, they are supposed to care for everyone first and then, if they have time, perhaps pursue other activities. On the other hand, if they are male, they are taught to focus solely on earning money and supporting the family. The distinction made in the early stages of nurturing is a problem of all sorts. Any challenge you address will eventually come back to this foundational understanding and mentality.

Even in the panel discussion, if I may have the liberty to say so, we are females talking about gender equality and women's empowerment. But where is the representation of the male point of view? I'm sure you are present and active in that respect.

Let me quickly address the specific question that was asked. I believe the question was about how we can encourage more female participation in higher education. Yes, that was the question. Briefly, I'm teaching at a private university in Dhaka city. The reason I'm asking this question is that we have full enrolment in primary education, correct? I agree with that.

The reason this is a very good question is that, despite having some data, time is very limited, so I'll focus on the discussion. Primary education shows great enrolment and gender parity. Secondary education is again good, if not perfect, but still very encouraging. However, at the tertiary level, we see dropouts and a significant fall-off. Even if students enter the first semester, by the end of the eighth or tenth semester, many are nowhere to be found. I experience this every day.

For me, the challenges are the same: the opportunity cost. We need to understand the societal impact of early marriages for girls and the lack of awareness and understanding. There needs to be a holistic approach that includes family, community, and society. In my case, I deal with students every day. When they enter the university in the first semester, I speak with them about their ambitions. Unfortunately, I have a 50/50 gender split in my classes, but when I talk to female students, many are unsure about their future plans. They often say they came because their family advised them to, based on their good results. They don't have a clear idea of what they want to do with their degree.

In contrast, male students, although sometimes also unsure, have clearer ambitions. They want to become economists, corporate officers, engineers, or pursue other

specific careers. It pains me to see this lack of motivation among female students. Why aren't they more driven? They are investing time and resources but lack a sense of purpose or desire to contribute economically.

The belief in gender roles, cultural biases, and the lack of support from family, community, and society affect their self-worth. Women often feel guilty for pursuing their ambitions or doubt their worthiness. If a woman has a PhD and contributes economically, she may still feel she is not considered a 'good' female if she is not married. Despite the progress we have made, there is still a long list of issues to address.

Additionally, safety and security in society are crucial. Observations show that, whether in private or public universities, accommodation issues persist. Female students coming from faraway places face insecurity, which threatens their continuation of studies. Many female students express their concerns about safety and often feel compelled to return home.

In conclusion, we need to collectively change our outlook on discrimination and understand the impact it has on social and economic indicators. Education institutions must build awareness from the very primary level, which will eventually impact tertiary education. We need to support female students, not view them as a burden before marriage, and ensure their safety and security. It's essential to motivate them and make them believe in their worth and potential contribution to society. Women themselves need to overcome internal doubts and recognise their value. Without self-belief, progress is impossible.

Ms Neeru Rayamajhi

Immediate Past President

Federation of Women Entrepreneurs' Associations, Nepal

The Federation of Women Entrepreneurs Association of Nepal was established 20 years ago with the main objective of empowering women economically. It is a business association and platform that focuses on four different aspects. Firstly, we are involved in advocacy, which includes a lot of lobbying and advocating for women entrepreneurs regarding policy, regulations, and other related matters.

The second aspect is capacity building. Women entrepreneurs need substantial support in terms of training, skills development, and finance. Capacity building is therefore a critical part of our work. The third aspect is business support services, which we provide to women entrepreneurs. We have nearly 4,000 women

entrepreneurs associated with our organisation. Besides our members, non-members can also access our services for a nominal fee.

In terms of business support, we offer services such as establishing or registering new businesses, renewing old businesses, and ensuring legal compliance. We also connect them with financial institutions and support them with capacity-building programmes, including skill training. Considering Nepal's rich natural resources, we identify key resources in specific areas and provide relevant training.

The fourth aspect is outreach and networking programmes, where we engage with a wide range of stakeholders, partnerships, and collaborations. We connect not only with organisations but also with individual entrepreneurs. These are the four main sectors in which we operate.

In detail, through our Business Development Centre, we have recently developed a financial app. This simple app helps women entrepreneurs manage their financial records, inventories, and profits. The creation of this app was driven by the common issue of women entrepreneurs struggling with access to finance. Banks and financial institutions often do not address their needs effectively, leading to gaps in securing credit.

Our research revealed that financial institutions frequently comment that women entrepreneurs are not keeping adequate financial records or lack knowledge in this area. The app provides proof of financial transactions and monthly profits, which our organisation can use to lobby banks for loans to women entrepreneurs.

Additionally, we offer numerous training programmes. Digitalisation, especially in the wake of the pandemic, has become crucial. We provide training in e-marketing and online marketing as it has become a new demand and trend.

Other programmes include disaster risk reduction management, which is essential due to the frequent natural and man-made disasters in Nepal. We provide training to help women entrepreneurs become resilient. Another critical programme is menstruation health and hygiene management. Ensuring safe and hygienic working conditions for women is vital for their competence and well-being.

We also organise an annual flagship programme, the International Women Trade Expo. This event is not only for women entrepreneurs in Nepal but also involves networking organisations from India and Bangladesh. It serves as a platform for business exchanges and mutual learning.

Barrister Rashna Imam

Managing Partner

Akhtar Imam & Associates, Bangladesh

To start with, one of the challenges, which I believe is the reason why women don't pursue higher education and also why women don't join the workforce, is safety concerns. I'm talking about Bangladesh, but I realise that the South Asian region shares the same challenge. When I say safety concern, the first question is whether we are safe when we go to a university or are we safe in a workplace? By 'safe', I mean are we safe from sexual harassment in particular?

As I am from the legal fraternity, I am privy to some of the judgments passed by the High Court. Back in 2009, the High Court Division, pursuant to a public interest litigation filed by a renowned NGO, issued directives for the prevention of sexual harassment, particularly in universities and educational institutions and in workplaces. It was not just a one-line guideline but a fairly comprehensive set of directives. It provided for the establishment of a complaint committee in universities, colleges, and workplaces to deal with sexual harassment complaints. It also mandated having a policy in place that defines what constitutes sexual harassment and what does not, and to circulate this policy among students or employees to ensure awareness.

This may seem like a no-brainer, but it is not surprising that many men, and even women, are not aware of how broad the definition of sexual harassment has become in the 21st century. It is not limited to unwanted physical contact; it could also be an inappropriate message from a colleague, and so on. These guidelines were then given the force of law by the judgment, which specifically stated that all organisations, workplaces, and educational institutions had to follow these guidelines until specific and appropriate legislation or laws were enacted in this regard.

This was back in 2009. In 2015, we saw an amendment, and in 2022, we saw another amendment to the labour rules under the Labour Act. So now, this is also applicable for female labourers. However, there is nothing for anyone who is not a labourer, such as managerial-level female employees of an organisation. Apart from the judgment, which is still binding, very few companies are compliant. Mostly, multinationals and NGOs are trying to comply, but so far as local companies are concerned, very few have this complete mechanism in place. We are not doing enough to address safety concerns.

This is one of the biggest challenges: we are not safe in public places, universities, or workplaces. If we don't address this, we will fail to encourage women to pursue higher education and to join the workforce. Safety concern is one issue. Another

significant issue is patriarchal traditions, norms, and gender stereotypes. Society expects women to fulfil certain roles, which always comes in the way. Every single woman in Bangladesh has an unfair share of family responsibilities, which has to change if we want women to join the workforce.

There has to be a change in mindset, which can be brought about by national-level campaigns. Campaigns have proven to be quite effective in the past, such as the 'Meena' campaign. So why don't we have similar national-level campaigns to address serious issues like violence against women or to challenge patriarchal norms?

Other issues include income inequality and gender bias. There is a preconceived notion that prevents women from being promoted. Women also hold themselves back; they are not usually as ambitious as men because they have an unfair share of family responsibilities. These preconceived notions can be addressed through national-level campaigns and changes in the law. We still have discriminatory laws, such as inheritance laws. We do not have equal inheritance laws, which is critical because if a woman inherits more, she will have more assets to use as collateral for obtaining a loan from a bank to use for her business.

This can actually add to the assets that a woman can own if we change the inheritance laws of the country. Additionally, there is already a movement in place to reform rape laws, with a coalition of 17 NGOs working on this issue, which again relates to the issue of safety for women.

To wrap up, we need to bring about a mindset change, reform discriminatory laws and policies, activate trade bodies to advocate for women-entrepreneur-friendly policies, and address safety concerns.

Ms Huma Fakhar

Founder and Chairperson
MAP Capital Holdings, Pakistan

Being an entrepreneur, my perspective focuses on entrepreneurship for women. In my personal capacity, I have endeavoured to address social needs through business. I've always believed that the market can take care of social needs if it's driven by a well-thought-out agenda. As a rice exporter, all my rice is grown by women in the fields, so it is heavily supported by women. I am a member of three different boards: Nestlé's farmer development, the King Charles organisation for women's orphanages, and the Pakistan Alliance for Education.

I'd like to clarify a few misconceptions about Pakistan. One of our weakest links is a very weak civil society, which means that business has stepped in to handle social work, with a priority on women's issues. Recently, Pakistan launched its first gender bond on the stock market, which is a significant initiative. People invest in this bond, and we use the funds to support small urban projects for women. This was a conscious effort because the government lacks resources, and the civil society infrastructure is inadequate. So, as business people, we came together to make this happen.

Regarding the Dairy Farmers, as a board member of Nestlé Pakistan, we focused on rural areas. I authored a paper titled 'Dhoodh Darya: White Revolution of Pakistan'. The paper aimed to train one million dairy farming women to increase their earnings and to introduce them to new techniques and training. We raised around USD 60 million for this initiative. We went to villages and offered training to women with just two animals, providing them with certificates. They could then receive more money, acquire more animals, and sell quality milk back to us. This led to less than 1 per cent delinquency, and most women were able to significantly increase their livestock. Despite weak reporting systems in villages, we trained at least one million women.

One memorable story involves our initial struggle to engage women in training. On my first visit with significant funding, I was initially alone in a room because men would not let their women participate. We had to become intermediaries between the women and the cultural barriers. Over the past 9 years, we have seen a dramatic change. Women now not only receive training but are also asking for further assistance, such as motorbikes to help with deliveries. Their courage and progress have been inspiring, and our project has been featured in the Harvard Business Review as a case study.

Another notable project involves working with King Charles's organisation. We manage 3,000 schools and about 400 orphanages, all focusing on women. My priority is to address the lack of job opportunities by turning these women into entrepreneurs. We use a software tool to select schools across Pakistan and train girls to become entrepreneurs. This software helps them manage their finances and understand their business metrics.

One example is a girl from an orphanage who, despite having minimal resources, developed an organic soap product. She learned to make soap through online resources and, by the time we funded her, she had orders for 7,000 soaps. Such success stories are a testament to the potential we are nurturing.

Regarding social entrepreneurship, these girls are also creating projects that fill gaps left by the government, such as safety pockets and sports clubs. There is a lot

to tell, but I am hopeful that the private sector in Pakistan will continue to address women's needs. My recommendation is for South Asians to hold a conference where we can share our experiences and interact.

Open Floor Discussion

During the open floor discussion, several critical issues concerning gender equality and women's empowerment in South Asian countries were highlighted. Participants underscored that while there have been advancements, significant challenges remain.

The discussion emphasised the persistent structural and cultural barriers that impede progress. Despite improvements in financial conditions and government support, poverty continues to be a major obstacle to girls' education, affecting their ability to advance from secondary to tertiary education. Structural issues and cultural stereotypes, including anti-women behaviour, persist despite various efforts to address them.

Violence against women was a major point of concern. Participants noted that violence remains prevalent across different domains—home, school, and workplace—despite legislative and administrative improvements. This violence is often a taboo subject in public discourse and requires more focused attention and action.

Economic participation was another key topic. While women's involvement in the labour force is increasing, it is often concentrated in lower-paid, unpaid, or informal sectors. Many women end up replacing family labour in domestic roles while men migrate for work. This uneven distribution highlights the need for more balanced and equitable opportunities.

The relationship between economic and political empowerment was also questioned. There was a call to explore how political empowerment can complement economic progress. Comparisons were made between South Asian countries and other regions, such as Rwanda, to illustrate the disparities and progress in gender empowerment.

Sector-specific initiatives were discussed, with attention given to the garment and transport industries. It was suggested that targeted efforts in these sectors could address gender imbalances and improve conditions for women. Financial inclusion emerged as a crucial factor for women's empowerment, with examples demonstrating how access to resources enables women to make decisions within their households. Participants also noted the need to involve men in discussions about gender equality and to change societal attitudes towards women's roles and futures. There was a call

to address the narrative that limits women's career aspirations compared to men, emphasising the importance of involving men in these discussions.

The diversity among women was highlighted as an important factor. Participants stressed that effective policies and programmes must consider the specific needs of different groups of women, including those from low-income backgrounds, those with disabilities, and marginalised groups.

Weaknesses in law implementation, discriminatory practices, and ineffective institutions were identified as significant barriers to women's empowerment. Addressing these issues is crucial for achieving meaningful progress. Overall, while acknowledging the progress made, participants agreed that continued efforts are needed to address systemic barriers and ensure comprehensive support for women across all sectors and communities.

A participant addressed the disparity in maternity leave policies between different sectors in Bangladesh, pointing out that government workers receive six months of leave, while private sector employees get only four months. This discrepancy highlights broader issues of gender equality and the challenges women face in balancing work and health. The participant emphasised the need for equal maternity leave, better health support, and social security to genuinely empower women and promote their leadership.

Another speaker discussed the distinction between participation and empowerment. They argued that while women's participation in various spheres, including politics and the workforce, is important, true empowerment requires more than just participation. It involves having real power and influence, which is often lacking despite high participation rates. The speaker also noted the need to address inequalities among women themselves, such as those arising from socioeconomic differences.

The conversation included reflections on the impact of COVID-19 on women entrepreneurs in Bangladesh. Despite many women starting e-commerce businesses, they continue to face traditional gender roles at home, with household responsibilities often falling disproportionately on them. This ongoing imbalance affects their ability to fully leverage their entrepreneurial success.

Another point raised was the importance of education and the need for equitable access to high-quality education. The speaker highlighted that while more women are entering professional fields, there is still significant inequality based on socioeconomic status and other factors. They stressed the need for comprehensive support and recognition of diverse groups of women.

A participant also pointed out the issue of illiteracy and lack of awareness among voters, which affects women's ability to make independent electoral choices. They argued that self-empowerment and education are crucial and emphasised that change cannot solely be driven by external forces but must come from within.

In conclusion, the discussion underscored several crucial areas for improvement, including equitable maternity leave, the distinction between participation and empowerment, support for women entrepreneurs, the need for inclusive and high-quality education, and addressing the challenges faced by illiterate or disadvantaged women. The overall message was that true empowerment requires addressing systemic issues and ensuring that all women, regardless of their background, have the opportunity to fully participate and lead.

Summary by the Chair

Despite the substantial contributions of women, they continue to face discrimination and limited access to essential needs such as nutrition, healthcare, education, and housing, particularly across South Asia. The Global Gender Gap Report highlights a concerning reality: achieving gender parity may take over a century, underlining the urgent need for action.

Discussions during the session revealed that while primary school enrolment for girls is high, substantial learning gaps persist. The revised National Education Policy in India addresses girls' education, but female labour force participation remains notably low, underscoring the need to address the disparities that hinder progress in gender equality.

The session also explored the gender-specific challenges faced by women entrepreneurs, particularly those in small and micro-enterprises. These women often encounter difficulties in balancing business responsibilities with traditional gender roles, struggle with limited access to networks, and face societal norms that restrict their professional growth. Such barriers hinder women from fully participating in economic activities and expanding their businesses.

A key point raised was the societal expectations that often limit women's ambitions from a young age, contributing to significant dropout rates at the tertiary education level. Safety concerns, early marriage, and a lack of family support are major obstacles that prevent women from pursuing higher education and joining the workforce. The session emphasised the need for national-level campaigns to challenge these norms and promote gender equality.

Capacity building for women entrepreneurs was identified as a crucial step towards empowerment. Training, financial resources, and networking opportunities were highlighted as essential tools for women to thrive in business. Initiatives such as financial management apps and digital marketing training were discussed as effective means to support women entrepreneurs. The discussion also touched on the importance of involving men in conversations about gender equality to shift societal attitudes.

Economic participation and financial inclusion emerged as central themes, with concerns raised about the concentration of women in lower-paid or informal sectors. The session called for more equitable opportunities for women in the labour force, stressing that access to financial resources empowers women to make decisions within their households and contributes to their overall empowerment.

The session concluded with a focus on addressing systemic barriers, including weaknesses in law implementation, discriminatory practices, and ineffective institutions. Finally, equitable access to high-quality education for women was emphasised as a critical factor in achieving true empowerment.

SELECTED PAPERS

Climate Resilience in Nepal and South Asia

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The science of climate change has long been unequivocal about the human-caused warming of the Earth. Furthermore, the scientific community has long been warning us about the adverse impacts that climate change will unleash if we are unable to prevent the rise in temperature. However, for a long time after the scientific agreement and warnings emerged, the climate change impacts were not so conspicuous, did not affect most of our lives directly, and hence widespread suspicion remained. But, now, not only the science of climate change is clear, we are also directly witnessing the adverse impacts of climate change. Many individuals and communities around the world, including South Asia, have suffered tremendous losses as a result of climate-related extreme weather events. As such, it is imperative that we use whatever tools we have to mitigate its pernicious impacts. But it is becoming increasingly clear that we have already dug too deep a hole and hence we cannot completely avoid climate-related adverse impacts. This is where climate resilience is crucial to our battles with climate change.

Rising climate change threats in Nepal and South Asia

Nepal is one of the most vulnerable countries to the impacts of climate change—Nepal is the 10th country most affected by climate change events in 2000-2019 as per the Global Climate Risk Index. Its geography—a fragile mountainous topography—combined with unique weather patterns—hydrology patterns dependent on monsoon—and immense lack of resilient infrastructure make it extremely vulnerable to the impacts of climate change.¹ That coupled with a large number of impoverished populations—a large share of the population dependent on subsistence agriculture—creates a situation where impacts are exacerbated. Consequently, Nepal has been significantly affected by climate-related disasters. For instance, the frequency of flood events has doubled in recent years and other

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disasters such as storms, erosions, and landslides have also seen a rise, displacing many, and causing huge losses of life and assets.ⁱⁱ Further, as pointed out by the United Nations Secretary-General António Guterres from the base of Mount Everest in his recent trip to Nepal, Nepal has witnessed a tremendous melting of glaciers. ‘Nepal has lost almost a third of its ice volume in 30 years, with glaciers melting 65 per cent faster in the last decade than in the previous one’.ⁱⁱⁱ If the rapid melting of glaciers and greying of mountains continue, this would mean a gradual depletion of the many transboundary rivers and a serious water scarcity in the region.

Many of the climate change impacts that Nepal is witnessing are not unique to Nepal. Devastations that have their origins in climate change are felt around the world, including in South Asia. To provide a conspicuous example, the devastating flood in Pakistan in 2022 resulted in a tremendous loss of lives and assets and caused displacement of people at an unprecedented level not witnessed before.

Climate resilience to the rescue

The increasing frequency and severity of climate-related disasters demand that we are prepared to effectively deal with rising adverse impacts. This ability to respond to adverse impacts of climate change is referred to as climate resilience. More formally, the IPCC Sixth Assessment Report defines climate resilience as

‘the capacity of social, economic and ecosystems to cope with a hazardous event or trend or disturbance, responding or reorganising in ways that maintain their essential function, identity and structure as well as biodiversity in case of ecosystems while also maintaining the capacity for adaptation, learning and transformation’.

Climate resilience is crucial, especially since we are now entering an era, where impacts of climate change are going to be more frequent, more severe, and more unpredictable; unlike in the past when climate change was a distant threat.

Climate resilience in Nepal and South Asia

First of all, it has to be said that disaster management, while improving, is still weak. Furthermore, despite the government’s prioritisation of climate resilience, it has not borne significant positive outcomes. Hence, major efforts are needed to build climate resilience.

Nepal has highly prioritised climate resilience in its plans, policies, and projects, and there are dedicated funds as well. Also, Nepal has made ambitious pledges—

net zero by 2045, and preparation of climate resilient adaptation plans in all 753 local governments by 2030. However, there are still issues with climate governance. The budget for climate action, while increasing, is still inadequate, and there is the issue of waste of the budget and a significant portion of the budget not reaching vulnerable communities. Likewise, lack of reliable data, lack of institutional capacity, and lack of proper implementation of plans and policies severely constrain Nepal's climate resilience goals. Furthermore, the role of the non-government actors—the private sector, the civil society associations, and the think tanks—is not at a level that is required for pressuring the government to take meaningful actions for building climate resilience. Many of these features are also common to the region, albeit in varying degrees.

Regional cooperation for climate resilience

How do we go about making South Asia climate resilient and harness the power of regional cooperation in this aspect? What is of foremost importance is to define a framework for resilience and develop institutions, including political, social, and financial institutions, necessary for developing climate resilience as per the individual country characteristics and risk. Also, the emphasis has to be on locally driven solutions as locally engaged programmes are found to generate more effective solutions at lower costs as per the experience in South Asian countries.^{iv} Furthermore, civil society and think tanks have to be more prominent in creating pressure for the governments to take decisive action for climate resilience.

Several avenues for regional cooperation are also apparent. For instance, Nepal has significant water resources for hydropower generation, which is vastly unrealised. At the same time, countries like India and Bangladesh need huge amounts of electricity to fuel their growth ambitions. Regional trade of electricity, which is making some headwinds currently, but still faces hurdles, could fill the energy gap but also help the cleaning of South Asia's energy consumption pattern. There are other numerous avenues of cooperation. Data sharing, including sharing of early warning systems; sharing of knowledge, information, and best practices; regional financing for research and development; coordinated investment in regional infrastructure; etc. will help in the development of climate resilience across the region. And regional cooperation mechanisms exist in South Asia that could promote climate resilience. For instance, the South Asian Association for Regional Cooperation (SAARC), while currently inactive, has acknowledged the potential of regional cooperation and has developed a few institutions that could contribute to the fight against climate action. These include the SAARC Meteorology Research Centre and the SAARC Disaster Management Centre. SAARC produced many guiding documents, summit declarations, and a plan of action for climate change

(SAARC Action Plan on Climate Change declared in 2008). Hence, substantial potential exists for regional cooperation. Moreover, using the commonly shared, but non-controversial, issue of climate change to revive regional cooperation would also be highly desirable. Furthermore, having a common climate position before the international community, including in the Conference of Parties (COP), would create a significantly greater influence.

Finally, copious finance is required to develop climate resilience. The financing of climate change has been made more difficult as many developing countries, including in South Asia, are saddled with record amounts of debt in the wake of COVID-19. Hence, more support in financing climate resilience is needed from developed countries and multilateral institutions. Also, the set-up and operationalisation of the ‘loss and damage fund’ has to be done in a way that goes beyond the traditional forms of aid so that it is adequate and robust to finance climate resilience. And, finally, there is a huge role of private investment, and hence enabling investment environment has to be created. We have to acknowledge that private investment in this area will have more risk and less returns, and projects are of longer time horizons. Hence, de-risking these investments through better utilisation of public-private partnerships (PPPs), innovative tools like blended finance, and a greater and reformed role of multilateral institutions could be instrumental in this aspect.

Even if we manage to stay true to the Paris Agreement and limit global emissions to 1.5°C above pre-industrial levels, we are going to be dealing with increased frequency and severity of climate-related disasters. However, judging by the present trends, that too—limiting global emissions to 1.5°C above pre-industrial levels—seems improbable, which means climate-related disasters are going to be increasingly more pronounced. Hence, mitigation efforts, while important, are not going to be enough and we must learn to cope with the warming world. Climate resilience, thus, needs to be a priority in Nepal and South Asia, where vulnerability to climate change impacts is extremely high. Along with country-level efforts, regional cooperation can be instrumental in developing climate resilience in the region.

i. World Bank. 2022. Country Climate and Development Report: Nepal. Washington, DC: The World Bank Group.

ii. Ibid.

iii. <https://news.un.org/en/story/2023/10/1142987>

iv. Haque, A.K. Enamul, Pranab Mukhopadhyay, Mani Nepal, and Md Ruml Shammin. 2022. “South Asian Stories of Climate Resilience.” In *Climate Change and Community Resilience: Insights from South Asia*, edited by A.K. Enamul Haque, Pranab Mukhopadhyay, Mani Nepal, and Md Ruml Shammin. ICIMOD and Springer.

Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia¹

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Individual South Asian countries have made a lot of progress in raising the living standards of their population, reducing poverty, improving social indicators and integrating themselves into the world economy. However, the region as a whole has regressed from 1947 as far as regional economic cooperation is concerned. There are many reasons for this unfortunate development but the asymmetrical dominant power of India which forms 80 percent of the population and GDP of the region, lingering political tensions between India and Pakistan and Trust deficit among the countries are among the main contributory factors. Intra-regional trade has remained stagnant at less than 5 per cent of the total trade in the last 30 years. Studies have concluded that due to low transportation costs, cultural similarities which influence taste and cause profitable complementarities to emerge and low transaction costs, the economic benefits of liberalising trade between India and Pakistan outweigh costs. Despite this, the trade between the two neighbouring countries has remained negligible. Regional trading arrangements have made a huge difference in North America, Europe and East Asia, but they have not, so far, been successful in South Asia. The attempts to revitalise SAARC and SAFTA will stimulate trade and growth as it unleashes competition' that lowers domestic prices, enables achieving economies of scale and acquiring new technology. Historically South Asia which was a unified market with strong transportation links connecting East to West until 1947 had one quarter of trade taking place within the region. It has dwindled to 6 percent as national boundaries have become barriers for trade flows and exchange of goods and services. Tariff and nontariff barriers have deprived the region from reaping the advantages of proximity, low transportation costs, cultural similarities which influence taste and cause profitable complementarities.

South Asia is today the least integrated region in the world. In contrast, East Asia and the Pacific's intra-regional trade has risen to 52 per cent. Even Sub-Saharan

¹Extracts from this paper were presented at South Asia Economic Summit XIV held at Dhaka on November 4-5, 2023.

Africa carries out twice as much intra-regional trade as South Asia. Cross-border investment is negligible and while there is an overall liberal environment for foreign investment flows, there are a lot of formal and informal restrictions for flows originating from within the region. Common historical and cultural heritage would have, in other parts of the world, induced ease in the movement of the people, educational exchanges, access to each other's media and cultural resources, sharing of scientific and technological knowledge and other forms of cooperation but none of this has happened in South Asia. With rising purchasing power in the hands of an expanding middle class the three countries would be in a Win-Win situation if they decide to open up their economies to promote regional trade, investment and educational and scientific exchanges.

Pakistan and India missed an opportunity for normalising trade between the two countries and then strengthening South Asia Free Trade Area when India and Pakistan had reached an agreement in early 2014. Pakistan had agreed to grant Most Favoured nation status to India while India had agreed to phase out its negative list from SAFTA in one year. India also removed some of the items of importance to Pakistan from the negative list. The Pakistani Cabinet had to ratify the agreement but because of the impending general elections in India it was decided to postpone the ratification until after the elections. That occasion has never arisen although nine years have elapsed since then as the incoming Government in India showed indifference to the bilateral agreement reached with the previous Government or in the revival of SAFTA. Had this agreement been reached the picture of South Asian economic cooperation would have been vastly different from what we are observing today. For example,

I would predict that Punjab in India and Punjab in Pakistan, Assam, and Sylhet, Bangladesh and Northeastern states of India, Northern Sri Lanka, and Tamil Nadu being geographically so contiguous would have derived substantial benefits from the operationalisation of SAFTA. Natural contiguous corridors that link Bangladesh with West Bengal and Assam, Pakistan Punjab with Indian Punjab, Haryana and Delhi, Rajasthan with Sindh can lower the cost of production by sourcing cheaper raw material and reconfiguring the supply chain from neighbouring sub regions across the borders. Consumers benefit from proximity as food storage occurring in a country can be easily met by bringing in the commodities from the countries producing surplus much faster and lower costs than anywhere else from within the country. Fluctuations in agriculture production do provide intra-regional trade as a strong buffer. When there is shortage of onions in India, Pakistani Punjab can supply within two hours compared to the expensive shipments from the rest of the country or overseas and vice versa.

Other complementary areas for promoting regional trade are trade facilitation and non-tariff barriers. Trade facilitation across the borders within the region has been hindered by issues of Phyto Sanitary, health, environmental standards, quality testing, considerable delays in custom clearance, lengthened travel times and higher transaction costs. Truck crossings, where they are even allowed, take several days and allegations of unnecessary harassment by the border officials are rampant. Nontariff barriers had in fact diverted normal trade flows to informal or border trade or routing through third countries such as Dubai and Singapore raising costs to end-user.

I am an eternal optimist and despite these setbacks I would propose going forward in four areas of cooperation which are mutually beneficial to the people of all the countries in the South Asia region.

First, we should build on the success of South Asia Economics Students meetings that have been regularly taking place in different countries for the past decade or so. These meetings have transformed the participating students into ambassadors of goodwill for the region as they dispel many of the apprehensions and misplaced perceptions about each other's country. After all, many South Asian families studying and working abroad are among best of friends and hold social and cultural gatherings together. Exchange between students, faculty, think tanks should be encouraged as it would lay the foundation of better understanding among the future leaders of these countries.

Second, Indian movies and singers are quite popular in Pakistan and were regularly invited to perform at weddings and other public events. Pakistani dramas were quite popular in India and there was a dedicated TV channel which used to show these dramas regularly. Pakistani actors were invited to take part in Indian movies. Such cultural exchanges which have become dormant should be revived along with India-Pakistan Cricket matches. These matches in the past have brought the people of the two countries together. Visas for Religious tourism such as Sikh, Hindu and Buddhists visiting their shrines, gurdwaras, and temples in Pakistan and Pakistani pilgrims visiting Ajmer Sharif and Nizamuddin Aulia should be liberally granted. This soft power would gradually evaporate the seeds of prevalent mistrust. Connectivity through access to internet and cross border voice and data access would also help in this regard.

Third, the biggest challenge for the next 20 to 30 years for our region is coping with climate change and its consequences for agriculture, food production and energy supplies. Over 300 million people in South Asia have no access to electricity while past pattern of growth is typically associated with carbon emissions. How South

Asia can balance its energy needs and growth while addressing global warming is a serious dilemma for policymakers. A recent World Bank study² on the impact of climate change on South Asian countries provides an authoritative account of what we can expect in the coming decades.

The study postulates that the imperatives of climate change and policies adapted to contain carbon emissions may slow progress toward many development goals, such as eradicating poverty, combating communicable diseases and ensuring environmental sustainability. Geography coupled with high levels of poverty and population density has rendered South Asia especially vulnerable to the impacts of climate change. High population levels translate into increased resource demands on an already stressed and largely degraded natural resource base. With an estimated 500 million people subsisting on less than USD 1.25 per person a day, even small climate variations can cause irreversible losses and tip a large number of people into destitution. The region spans a variety of climate zones, including arid deserts, parched rangelands, freezing alpine mountains and humid tropical islands.

The projected impact of climate change will be heterogeneous, suggesting that there can be no one-size fits-all approach to building climate resilience across South Asia. Responses will need to be customised to specific risks and circumstances. Indeed, over 50 per cent of South Asians—more than 750 million people—have been affected by at least one natural disaster in the past two decades. The human and economic toll has been high, with almost 230,000 deaths and about \$45 billion in damages. The region shares common geological formations and river basins, leading natural hazards to frequently transcend national boundaries.

With climate change the frequency and incidence of such natural disasters is projected to increase. The monsoon is the most significant climate event in the region's economic calendar. It carries over 70 percent of South Asia's annual precipitation in a brief four-month period. A buoyant monsoon heralds bountiful harvests and financial security, yet when monsoons fail—or are excessive—suffering and economic loss are widespread. If climate projections are indicative of future trends, the risks associated with water related climate variability are likely to worsen.

The Himalayas are a vital life-sustaining resource for South Asia, supporting the approximately 1.5 billion people who live directly in the floodplains of its many rivers—the Indus, Ganges, Brahmaputra and Meghna. With rising temperatures, the ice mass of the Himalayas and Hindu Kush is retreating more rapidly than the global average posing an unprecedented threat to water supplies, lives and

²World Bank.

economies in the region. With melting glaciers, flood risks would increase in the near future. The floods in Pakistan in August 2010 and later even more fierce in 2022 that caused a major devastation to human lives and property are a preview of the damage that extreme climatic events can bring about.

In the long term, in absence of replacement for the water provided by glaciers, water shortages could result at an unparalleled scale. Reduction of yields for major crops by as much as 20 per cent and an even sharper decline in agricultural incomes are part of the worst-case climate scenarios for the region as well as a growing scarcity of water.

Avoiding this future will necessitate balancing more variable water supplies with the accelerating demand for water and would require significant adjustment to the region's agriculture. South Asia also has long and densely populated coastlines with many low-lying islands. In the severe climate-change scenarios, sea-level changes could pose an existential threat, potentially submerging much of the Maldives and inundating 18 per cent of Bangladesh's total land—directly impacting 11 per cent of the country's population.

Saltwater intrusion from sea-level rises in low-lying agricultural plains could lead to food insecurity, further increase the prevalence of water related diseases and reduce freshwater supplies. Many of the region's primary cities, such as Chennai, Cochin, Karachi, Kolkata and Mumbai—the engines of regional growth—are located on the coast and threatened by rises in sea levels. The immediate impact of sea-level rises would be felt in coastal communities and ecosystems, but the ripple effects could be felt beyond borders if there is a largescale displacement of populations in the densely inhabited coastal areas and erosion of protective coastal ecosystems. Climate change agenda and carbon emissions are a great threat to water-food-energy nexus for all the three countries.

As the water basins transcends national boundaries integrated management of these transboundary basins has to be given the highest priority. Indus basin treaty between India and Pakistan has worked reasonably well for the last six decades and wars and tensions have not hindered the progress. Similarly, despite political differences and problems there is an urgent need to strike a linking arrangement on water sharing as it impinges upon the survival of these countries' population.

Finally, cooperation in containing Pandemics and Public health hazards is another area where the countries can benefit. Health risks do not stop at the national territorial boundaries of the nations as they are contagious. Regional rather than national approach can prove to be helpful. India had developed vaccine for

COVID 19 which it supplied to many countries. Other countries in the region do not have such facilities. Future preparations should therefore take into account the possibilities of sharing among the countries. Similarly, air pollution in Delhi and Lahore are interlinked and can be tackled through joint efforts by the two countries. Early warning systems for pandemics can be set up and kept activated.

The conferences and seminars such as this South Asia Economic Summit are a good example of cooperation among the think tanks of the countries in the region. These are being held regularly in different countries. I would propose that other professionals such as Management experts, scientists, finance experts, universities should also establish similar institutional arrangements and hold such meetings and interchanges regularly. Our governments should not only facilitate but also provide funding for such events.

Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia

Shekhar Shah¹

Vice Chairman

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India

Thoughts, insights, and perspectives on the plenary discussion

Is SAARC at an impasse? Are the traditional cooperation mechanisms still fit for purpose? What were the lessons of the COVID-19 pandemic when we saw episodes of good cooperation in South Asia? South Asian Regional cooperation was progressing, but it appeared to be doing so without much involvement of SAARC. What should be the institutional framework for regional cooperation going forward? Those were some of the leading questions that the moderator of the SAES XIV second plenary session, Dr Debapriya Bhattacharya, posed to the panel on which I was privileged to be a panellist.

This brief essay captures my comments on the panel, and my responses to some of the provocative questions that the moderator posed in what ended up as a very exciting session with much give and take among the panellists. My remarks followed those of my good friend and former World Bank colleague, Ishrat Hussain, who was asked about his take on India-Pakistan relations, since that was key, the moderator felt, to the prospects for regional cooperation in the region. In reply, Dr Hussain said he was optimistic about the future of bilateral relations between the two countries. As evidence he put forward two instances of the little-known cooperation between India and Pakistan: first, the almost ready-to-be-signed 2014 treaty under India's UPA government under which Pakistan would have provided MFN status to India, but which did not go forward because of the change of government in India. And second, the coming together of SAESM, the South Asia Economics Students Meet that brings together young economics students from the region to analyse, discuss and debate the region's challenges and opportunities.²

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²I was privileged to start multi-year, World Bank support for SAESM in its early years, starting in 2007, and also to host the 2008 SAESM in New Delhi. I believe World Bank support for SAESM continues to date. SAESM 19 met most recently in Colombo in January 2024.

Continuing Dr Hussain's theme on India-Pakistan relations, I prefaced my remarks by reminding ourselves that despite the horrific events of the 1947 Partition that created Pakistan and India and the conflict over Kashmir, once the dust had settled on all this there actually was considerable cooperation between the two countries during the 1950s, including the Indus River Water treaty signed in 1960, and the earlier work on evacuee properties and the sharing of gold and forex reserves as the Reserve Bank of India partitioned into the RBI and the State Bank of Pakistan. I also pointed to the Indian Prime Minister Modi's swearing in ceremony in May 2014 when the Indian government took the unprecedented initiative of inviting all the heads of state of South Asia to join the ceremony. And indeed, the prime ministers of Pakistan, Bhutan, Nepal, the presidents of Afghanistan, Sri Lanka and the Maldives, and the speaker of Bangladesh responded by joining the event.

So, there was hope. To realise this hope, and to address the questions animating this plenary, I made one concrete suggestion and asked one question.

A suggestion to accelerate South Asian cooperation. Using the experience of the G20 meeting that India had just hosted with much fanfare in October 2023 as its rotating president, I suggested the idea that there could be a South Asia G7 (or called by whatever other name that was acceptable) rotating meeting every year of the heads of state of the seven South Asian countries that had initially come together in 1985 in Dhaka (Afghanistan, which would make it G8, was accepted formally into SAARC in 2007, but its status remains in limbo, especially after the Taliban's takeover in 2021). The experience of the cancellation of the 19th SAARC summit in 2016, and its indefinite cold storage, thereafter, contrasted with the 2023 G20 meeting that brought together countries even in proxy and direct armed conflict, suggests an opening for such a gathering that could be light on the SAARC architecture.

Such a multi-day meeting would allow the heads of state to agree on the broad shape of new and ongoing bilateral, plurilateral, or fully regional arrangements (but not necessarily regional or covering all the countries of the region), and to provide guidance to their governments on the progress they expected over the course of the year. At this point, Dr Bhattacharya in the moderator's chair using WTO parlance very helpfully called it as variable geometry, and I agreed.

Besides the symbolic value of such a gathering, it could have at least two material advantages. The advance preparation for such a meeting could help force the calendar for cross-border negotiating parties, and there would be some competition among countries to be not left behind when important trade and other bilateral or

plurilateral arrangements were coming into being. Added to this, the event would present an opportunity to focus domestic attention on the region and for national leaders to claim domestic political mileage by showcasing the benefits for their country from the arrangements it had entered into. And such an event could help catalyse cross-border private sector investments and trade and service flows.

Has SAARC itself as an institution outlived its purpose against the background of the cross-border initiatives that South Asia is witnessing? Echoing the questions motivating this plenary session, I shared my own view that SAARC had a significant role in the mid-1990s and early 2000s to signal the aspirational goals of the South Asian countries and provide a platform for the country leaderships to come together. But looking to the kinds of bilateral and plurilateral arrangements that have actually proceeded in recent years, especially on connectivity, transport, and energy, mostly all without the explicit involvement of SAARC, it would appear that such arrangements will continue to grow. And SAARC will continue to lose relevance.

Cross-border power transmission capacity driven by projects connecting India, Nepal, Bhutan and Bangladesh have increased threefold. Key policy changes in India are enabling it to use more 'green' power from Bhutan and Nepal and allowing the two neighbours to trade power through the India Energy Exchange. Digital connectivity and enhanced digitisation of trade procedures are likely to spread, including India's universal payments interface, which is expanding, including into Sri Lanka. And climate change and air quality management will force countries to come together to deal with these issues, including through regulatory alignment.

I noted that SAARC of course need not close shop, but its substantive influence and involvement are likely to recede. And it is unlikely in the variable geometry world of South Asia, and increasingly in the realpolitik work that we face today globally, to rise in significance and match the power and functioning in conventional terms of, for example, an ASEAN. Of course, with climate change and a range of other global challenges for which COVID-19 was a wakeup call, it is possible that SAARC may find a renewed purpose in representing the region and in driving cooperation in global public goods.

In ending, I pointed out that higher education and public health are likely to present important opportunities for cross-border cooperation and to improve people to people links and human capital in the region, especially in anticipation of new digital technologies that will substantially change the nature of work and the nature of education, healthcare, and possibly of the way governments engage with their citizens. With one of the youngest populations worldwide that the region has, human capital will be foundational to the countries to reaping their one-time demographic dividends.

SAES XIV and this plenary session provided a superb opportunity at a crucial time in thinking about the changing global economic order and its implications for the countries of South Asia. Over the two days of the Summit, we discussed issues endemic to the region, as exemplified by the plenary on which I was a panellist, as well as broader geostrategic and geopolitical issues that have come to be known as a polycrisis. Seemingly disparate events and trends are coalescing to create systemic risk for most countries of the world, and the countries of South Asia are no exception. Faced with the need to improve health and education outcomes and to do a green transition that can balance growth, development, and climate action, and produce the large number of productive, good jobs that are needed for our youth and women, the countries of South Asia and their policymakers and think tanks have their tasks cut out for them. The discussion and debate at SAES XIV will make an important contribution to this effort.

Regional Cooperation in Achieving Better Health Outcomes in South Asia

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South Asia is among the regions with the highest maternal and child mortality rates, the lowest life expectancy at birth, and the highest incidence of infectious diseases like TB. The government spending on the health sector has also been below 1 per cent for many countries in the South Asian region making it more challenging to achieve Universal Health Coverage (UHC).

Despite relatively poor performance in health outcomes at the regional level, the performance has been somewhat uneven across the region, and country-level factors that have led to such differential outcomes also vary from one country to another.

Sri Lanka made significant achievements in health outcomes like mortality rates and life expectancy at birth much earlier compared to many other South Asian countries.

For example, the Maternal mortality rate in Sri Lanka is around 28 (per 100,000 live births), which is much lower than the other countries in the region. SDG target 3.1 on reducing maternal mortality ratio to less than 70 (per 100,000 live births) was achieved more than three decades ago. In addition, the under-5 child mortality rate for Sri Lanka was 6.7 per 1000 live births in 2021 while neonatal mortality is 3.9 per 1000 live births. As per SDG 3.2, all countries should aim to reduce neonatal mortality to at least 12 per 1,000 live births and under-5 mortality to at least 25 per 1,000 live births by 2030. However, the neonatal and Under-5 mortality rates of Sri Lanka were reduced below the levels of these targets more than two decades ago (by the mid-1990s).² Sri Lanka has also achieved near universal immunisation and nearly 100 per cent of births are attended by skilled health personnel. Furthermore, life expectancy at birth in Sri Lanka is around 76– one of the highest in South Asia.

Sri Lanka's early achievement in health outcomes can primarily be attributed to the country's Free Health Policy implemented in the late 1940s, providing access to

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²Tilakaratna G and B. Seneviratne (2022), 'Crises and Recovery: Meeting the 2030 Agenda on SDGs' (Chapter 4), in the State of the Economy Report 2022, Institute of Policy Studies of Sri Lanka, Colombo.

free healthcare services to its population, and heavy investments by the government in the health sector. Yet, there remain many challenges to achieving the SDG 3. For example, government spending on the health sector has declined over the years reaching below 2 per cent of the GDP while the out-of-pocket expenditure on healthcare has increased.³ This has resulted in quality-related issues in the health sector and disparities in access to quality healthcare services. Furthermore, the Universal Health Coverage Index for Sri Lanka stands at 67. Although this is higher than the other South Asian countries, it indicates significant challenges in achieving the SDG target for Sri Lanka.

Sri Lanka's health sector is faced with several other new challenges that have emerged from the country's recent economic crisis. These include an increase in the price of medical supplies, a shortage of essential medical supplies in many government hospitals, and an apparent shortage of health professionals due to the outmigration of health professionals. These are likely to affect the quality of health services and increase disparities across regions, impacting the progress of SDG 3.

Most of these issues including those related to the quality and access to healthcare services, and the shortage of health professionals are common across all South Asian countries. Addressing these issues and ensuring Universal health coverage requires many initiatives at the country level. However, there is also much potential to collaborate at the regional level—bilaterally or multilaterally. The section below discusses some potential avenues for regional collaboration in Health to help achieve SDG 3 on Health.

Potential Areas for Regional Corporations in Health

1) Combating infectious diseases like TB, dengue, and COVID.

South Asia continues to face challenges related to infectious diseases such as tuberculosis (TB) and dengue. With 216 cases per 100,000 persons, South Asia records the highest incidence of TB, even higher than that of the Sub-Saharan African region. India, Pakistan, and Bangladesh have a high burden of the disease within the region. Several factors, including, poor healthcare infrastructure, limited access to healthcare services, and overcrowding have contributed to the high prevalence of TB in the region. Dengue fever is another major infectious disease affecting South Asia. Countries like India, Bangladesh, Sri Lanka, and Pakistan frequently report

³Tilakaratna, G. (2024) 'Attaining SDGs amidst multiple crises in Sri Lanka', SANEM Core blog series, SANEM, Bangladesh February 2024 (<https://sanemblog.org/2024/02/attaining-sdgs-amidst-multiple-crises-in-sri-lanka/>)

dengue outbreaks, leading to significant morbidity and mortality. Combating these diseases requires measures for early detection and treatment of cases and public awareness campaigns. The inadequacy of public health infrastructure and funding constraints are key constraints for effectively controlling the spread of these diseases.

The regional corporation can help control infectious diseases like TB, Dengue, and COVID. This can be done through: (i) collaborating on an early warning system for emerging infectious diseases (ii) Establishing a regional disease surveillance network for real-time data exchange and (iii) Investing in R&D to prevent and cure infectious diseases like dengue that is more common to the South Asian region (and hence attract less attention from developed countries for control /eradication measures).

2) Digital health / telemedicine

Collaboration in digital health or telemedicine services can help improve access to medical professionals and in particular access to certain specialists who may not be locally available. Telemedicine is a healthcare practice involving remote diagnosis, consultation, treatment, and monitoring of patients using technologies such as telephone calls, videoconferencing, text messaging, and mobile apps. Telemedicine allows healthcare providers to deliver medical services remotely to patients who are not physically present at a healthcare facility. It has the potential to improve healthcare access, outcomes, and efficiency, making it an important and valuable tool in modern healthcare delivery

Telemedicine has gained importance in recent years, particularly during the pandemic.

Initiatives on cross-border telemedicine collaborations have taken place in South Asia in recent years. An example is ESwasthya – which has allowed Nepali patients to access Indian doctors.

Regional-level digital health platforms/ regional telemedicine services can help improve access to quality healthcare in the region. This can also help address the issue of the shortage of health professionals and inadequate healthcare facilities in countries in the region. Regional cooperation also allows South Asia countries to share expertise, knowledge, and best practices in telemedicine. This can lead to the development of standardised protocols and training programmes, ensuring quality and consistency in healthcare delivery across the region. Moreover, collaborative efforts in telemedicine can help build the capacity of healthcare professionals in the region by providing them with training, resources, and support. This can lead to improved healthcare services and better health outcomes in the countries.

In addition, Telemedicine can play a vital role in public health initiatives such as disease surveillance, outbreak management, and vaccination programmes. Regional cooperation can enhance the effectiveness of these initiatives by facilitating data sharing and collaborative planning. Furthermore, regional cooperation can help develop common policies, regulations, and standards for telemedicine, which can create a conducive environment for investment, innovation, and growth in the telemedicine sector in South Asia.

3) Pharmaceutical production and access

Regional Cooperation in pharmaceutical production and access is another important area that can help achieve better health outcomes in the South Asian region. Collaboration in pharmaceutical production can help reduce the cost of essential medicine and ensure better access to medicine by all countries in the region. South Asian countries can benefit from collaborating on pharmaceutical production, by sharing resources, knowledge, technology, and best practices, and by harmonising policies and standards.

Some of the possible ways that South Asia can foster cooperation in pharmaceuticals are:

- **Joint Research and Development (R&D):** Establishing collaborative R&D initiatives to address regional health challenges and develop new drugs and vaccines and pooling resources and expertise to facilitate the development of pharmaceutical products is important.
- **Technology Transfer and Capacity Building:** Facilitating technology transfer among countries to enhance manufacturing capabilities and share technical skills and knowledge in pharmaceutical production is important.
- **Collaborative Procurement and Bulk Purchasing** of essential medicines can help leverage economies of scale and negotiate better prices.
- **Trade Facilitation and Market Access:** Developing regional supply chains and facilitating trade can help ensure the availability and accessibility of essential medicines and vaccines within the region. Facilitate trade agreements, harmonise customs procedures, and remove trade barriers to promote intra-regional trade in pharmaceutical products is important in this regard
- **Harmonisation of Regulatory Standards:** It is important to work towards harmonising regulatory standards, guidelines, and approval processes for pharmaceutical products across the region.

Beyond Borders: Fostering Economic Integration in South Asia

Dr Nandalal Weerasinghe

Governor of the Central Bank of Sri Lanka

The global economy has faced several challenges in recent years. While COVID-19 took a substantial socioeconomic toll on the global economy as it emerged and spread, it also created several new vulnerabilities in economies while exposing several deep-rooted issues, as we have seen from the experience of the Sri Lankan economy. With the rapid adjustment to the 'new normal', the global economy has seen a new turn of events.

On account of these developments, although global output growth is expected to continue slowing down, the South Asian region is expected to display some resilience especially on account of exports and continued flow of remittances. However, in all South Asian economies, projected growth may be teetering around the average seen prior to the pandemic, without reaching the same. Further, contrary to our optimism as individual economies, as a region, there needs to be cognisance of this modest growth pace. Hence, there is an urgent need to rethink areas of synergies and find means and ways of converging and reaching consensus so that policymakers and policy practitioners can pave the way for prosperous economies and societies in South Asia.

Perspectives on session proceedings

Over the years, there have been several discussions at several fora and across a myriad of stakeholders about the relevance of SAARC. As evidenced in the session proceedings as well, there is consensus that some progress had been made in the region, but the full potential of the region is yet to be realised. Key hindrances in this regard comprise restrictions across the region such as those pertaining to travel and trade logistics, bureaucratic hurdles, and geopolitical tensions within the region. However, from the perspective of Sri Lanka, I wish to cite the success that has been seen in recent years during the COVID-19 emergency and even during the economic crisis when several of our regional peers, notably India and Bangladesh had extended their timely support.

However, aside from these exceptional circumstances, considering the existing institutional impasses, it may seem appropriate to identify innovative approaches or new modalities to overcome the barriers to subregional cooperation. The proposition for a South Asia G8, i.e. similar to the G8 but tailored for South Asia, is a

welcome initiative considering that it may strive to promote flexibility and efficiency in regional cooperation without the constraints of SAARC. However, as highlighted by fellow participants, it should not be just another institution.

Accordingly, it may be appropriate for all SAARC member countries to go back to the drawing board and thoroughly assess whether existing modalities have been fully exploited before seeking new arrangements. A more feasible complement to SAARC (and not an alternative), as put forward by participants, would be focusing on project-based initiatives that deliver tangible benefits to citizens rather than relying on traditional institutional frameworks. In turn, this would create pressures by the people on their governments to further cooperation within the region. This highlights the dire need for political momentum, creative solutions, and learning from other regional development experiences to help bolster SAARC and its member economies.

While noting the growing interest of China and Japan in regional affairs, as outlined during the course of the discussions, it seems only appropriate that India as the fastest growing democracy in the region and one of the trend setters globally take on a more proactive and broad-based role in promoting regional cooperation. Accordingly, it may be appropriate for India to consider prioritising its neighbours as it strives to establish a strong footing in the global economy.

I am grateful to the organisers for having invited me to this exemplary discussion and for having provided the opportunity to share my experiences in relation to Sri Lanka's economic challenges, including a balance of payment crisis and fiscal deficits. Having recounted the measures taken to stabilise the economy, such as suspending debt payments, raising interest rates, negotiating with the IMF, and implementing fiscal consolidation, I am pleased that the participants recognised the magnitude of the effort that underpinned the turnaround of the Sri Lankan economy within a short period. The several interesting questions posed by the audience, especially in relation to the ability of the Central Bank to be independent amid fiscal dominance paved way for discussions on the new Central Bank Act which is a cornerstone piece of legislation to not only formalise the adoption of the Flexible Inflation Targeting framework but also to cement the enhanced independence of the Central Bank which will greatly ensure that Sri Lanka does not repeat the recent crisis episode. I believe this would have provided many lessons to regional peers on the 'do's and 'don't's of macroeconomic management and that many of the theories of yesteryears still remain pertinent.

Perspectives on South Asia and the global economy

Having debated about the relevance of SAARC and the need to improve subregional cooperation, it may be appropriate to also look at the implications for South Asia in relation to the global economy. The barriers that are currently in place across each of our economies are also affecting the region's integration with the global economy. There has been lot of focus among academia, researchers and policymakers about value chain activity gravitating towards India. This could catalyse the development of regional value chains and services trade involving the rest of South Asia. Accordingly, research highlights that several national and regional policies are required to pave the way for regional trade integration between South Asia and the rest of Asia. There is plenty of scope to streamline and slowly reduce trade barriers that will enable integration within the region and thereby evolving into linkages with the global economy.

However, opening up trade will come with its own set of novel challenges which requires negotiation of technical assistance and adjustment financing to smoothen the volatilities that may arise from these developments, especially among the smallest economies in the region. From a broader perspective, increased cooperation, integration and alignment within the region can also help to collectively benefit from interlinkages in other major regional blocs such as ASEAN, among others. Over the long run, emergence as a united subregion can also enable tapping into multilateral funding and technical assistance as collaborative efforts which collectively benefit the region translates into efficacious fund utilisation that is often required by donors.

Conclusion

As has been discussed over the past three decades, i.e., since the establishment of SAARC, the South Asian region has consistently lagged other subregions and other regional blocs due to lack of integration. However, the region possesses immense potential in terms of its large population, rich resource endowment, geographical location and even common cultural heritage and historical roots. Going forward, to tackle the challenges presented by the volatile global environment and other novel and unique challenges such as climate change, pandemics and even technological disruption, forging linkages and identifying synergies amid the several differences is imperative and unavoidable to create sustainable growth for each of our economies and for the region to emerge as a growth driver.

ANNEXES

SAES XIV

Concept Note

(As of 03 July 2023)

Reframing South Asian Regional Cooperation in the New Context *National and Global Dimensions*

PART A

1. Need for fresh thinking on South Asian cooperation

Pan-South Asia regional cooperation remains paralysed by the burden of history, the legacy of bilateral tensions and the lack of initiatives to break the status quo. There is an urgent need for a rethink as regards the modalities to take the discourse on South Asian cooperation forward, taking into cognisance the new developments – both within and outside the region – which have implications for intra-regional cooperation in South Asia.

Four factors should inform the discourse on the emergent new context.

- First, the political and economic situation in individual member states of South Asia;
- Second, the variable geometry of cooperation involving various countries of the region;
- Third, the nature of the emerging interface of South Asian countries with countries of the neighbouring regions and beyond; and
- Fourth, how this new geo-economic, geo-political and geo-strategic scenario was likely to influence and inform South Asian cooperation over the foreseeable future.

The task before today's thinkers interested in South Asian issues is to factor in these dynamics in crafting a new strategy to broaden and deepen cooperation among the countries of the region at various levels – multilateral, plurilateral and bilateral. This may entail taking a fresh look at the definition of South Asia, the pull and push factors of regional cooperation, centrifugal and centripetal forces influencing cooperation in the region and tools of cooperation in view of the current realities and new demands. The South Asian Economic Summit (SAES) should be seen as a unique opportunity to take on this challenging task and come up with a set of concrete recommendations to reignite attention and trigger action in this backdrop.

2. The traditional impediments

As a geographical entity, the SAARC region has enormous potential and possibilities which may be harnessed through regional cooperation and deepened through economic integration. However, over the years, regional cooperation in South Asia has been characterised by acute political tensions, historical animosity between countries, and ongoing political and territorial disputes, resulting in a high level of trust deficit. SAARC, launched almost four decades back, has been criticised for not delivering on agreed upon programmes and for lack of initiatives to follow up on the agreed decisions. Many of the initiatives taken under the rubric of SAARC, such as the creation of a South Asian Free Trade Area (SAFTA) and South Asia Food Bank, have not been implemented and/or made effective as envisioned. To be true, some initiatives at bilateral and sub-regional levels, in energy, trade, and multi-modal transport connectivity, produced some results. At the same time, a number of other initiatives, such as the Motor Vehicle Agreement (MVA) involving Bangladesh, Bhutan, India, and Nepal (BBIN), have stalled following some initial progress. The question that arises is whether South Asian cooperation is failing us or whether we are failing in our responsibility as think tanks to re-envision and reimagine the future of South Asian cooperation.

The SAARC process currently remains in a state of atrophy. It is almost a decade since the last (eighteenth) SAARC Summit took place in Nepal in 2014.

3. New drivers, new considerations, new modalities

In recent times, factors relating to internal political, economic, and institutional dynamics as well as extra-regional geo-political and geo-economic configurations, have become more pronounced. Further, the global economic and political order and alliances in which cooperation in the South Asian region is to take place, have been undergoing significant changes. Currently, like the rest of the world, the South Asian economies are also battling to recover from the COVID-19 pandemic. The war in Ukraine and subsequent global economic challenges are also having multi-dimensional impacts on South Asian economies. Countries such as Sri Lanka and Pakistan are facing unprecedented economic challenges. The other economies in the region are also finding it difficult to maintain macroeconomic stability and sustain the economic growth momentum experienced in the recent past. Political polarisation and revealed vulnerabilities have emerged as significant issues in many countries in South Asia. A number of these countries have gone under IMF programme and resorted to high level budgetary support from external sources. The prospect of smooth graduation of the LDCs in the region (i.e., Bangladesh, Bhutan, and Nepal) has become more challenging.

However, it needs to be also recognised that, during the COVID-19 pandemic, South Asian countries did come together and cooperate among themselves, most commonly on a bilateral basis, in the areas of access to vaccines, financial support and food supply.

New geo-political developments – the growing interest of China in South Asia, on the one hand, and the Quad partnership involving India, Australia, Japan and the United States, on the other, have also infused new dimensions and tensions in the regional cooperation framework in South Asia. Indo-Pacific Strategy, as a key plank of the geo-strategic outlook of the US, has fuelled these tensions. Indeed, over the years, the roles of larger economies are becoming increasingly visible and dominant in influencing the advance of South Asian cooperation. Against the backdrop of the weakening of existing institutions and instruments, new modalities have emerged in the region. These include bilateral, plurilateral (sub-regional) and mega-regional initiatives of varying configurations ranging from bilateral free trade agreements (FTAs) and sub-regional initiatives (e.g., BBIN motor vehicle agreement) to comprehensive economic partnership agreements (CEPAs) and mega-regional trade agreements (e.g., regional comprehensive economic partnership – RCEP). All these initiatives have economic and strategic impacts on South Asian countries – individually and collectively.

Concurrently, while the traditional regional cooperation issues – i.e., trade, connectivity, water, and energy – remain on the table, a number of novel areas of engagement are coming up in a forceful way, e.g., cooperation in the areas of the public health system, structured labour market policies, expansion and deepening of supply chains, and the quest for efficiency-seeking FDI for cross border markets. Issues such as collective bargaining in global climate negotiation and tactical alliances in view of the fourth industrial revolution, which have long-term implications for South Asian countries, are also becoming important. The importance of cultural and intellectual exchanges in catalysing a regional political settlement is becoming increasingly visible. Challenges of strategic positioning of smaller South Asian economies, in view of the variable economic and strategic alliances, are also demanding urgent attention.

In sum, the discourse on cooperation in South Asia can no longer remain hostage to business as usual and pathways dictated by past trends. Crafting new pathways and charting new trajectories for cooperation among countries of South Asia demand innovative approaches, the novelty of conceptualisation and a reframed empirical analysis. The knowledge actors in South Asia, along with other stakeholders, have to play a creative out-of-the-box role to capitalise on the emerging opportunities as well as to manage the attendant risks. Thus, the 14th SAES needs to step up to seek practicable and pragmatic policy solutions in view of the emergent economic and political scenarios, global circumstances, and the often-uncertain domestic political settlements.

PART B

4. The initiation of SAES

SAES is the pre-eminent track 1.5 initiative in South Asia which aspires to identify modalities of deepening cooperation among South Asian countries. It is a unique policy forum that brings together academics and policy activists, policymakers and diplomats, business and civil society leaders, international development partners and other personalities from the region who are keen to advance this cause. The platform was founded through the collaboration of five leading think tanks of the region, viz CPD, IPS, RIS, SDPI and SWATEE. It seeks to bring together, in Davos style, involved key stakeholders from the region and beyond to engage in debate and dialogue to generate innovative ideas and actionable agendas to foster and promote a South Asian identity and cooperation in different areas.

SAES, convened as an annual event, is hosted by the five core partners in their respective countries sequentially (i.e., Bangladesh, India, Nepal, Pakistan, and Sri

Lanka). This annual event is also attended by representatives of other countries in the region, including Afghanistan, Bhutan, and Maldives.

The forthcoming fourteenth session of SAES is being organised by CPD, in Dhaka in November 2023. In the past, CPD had hosted the SAES twice, in 2011 and 2016.

5. Objectives of SAES XIV

The overarching objective of the SAES XIV is to search for a new South Asian Deal (Compact) in view of the emergent national, regional, and global developments. The specific objectives of SAES XIV are the followings:

- i. To generate a shared understanding of the changed landscape by exploring new elements that inform national, regional, mega-regional and global contexts in which cooperation will need to take place among countries of South Asia.
- ii. To identify and promote modalities and potential opportunities to advance the cause of regional cooperation in South Asia; and,
- iii. To explore the roles of the knowledge actors and political leadership envisioning the journey of South Asia in the next decade.

6. The sessions of SAES XIV

SAES XIV will include high-profile inaugural and closing sessions, interactive plenary sessions, and parallel thematic sessions. There will also be a display of publications as well as book launching, networking opportunities and cultural activities.

Different sessions of SAES XIV are designed to attain the overarching and specific objectives of the Dhaka Summit. Thus, the sessions will include a high-level curtain-raising inaugural session focusing on emergent elements at various levels that could inform and influence cooperation among countries in South Asia.

The inaugural session will be followed by four plenary sessions:

- i. State of regional cooperation in South Asia: Revisiting Group of Eminent Persons' (GEP) Report: New context, challenges, and opportunities
- ii. Identifying new opportunities and new modalities for fostering regional cooperation in South Asia
- iii. Geo-strategic factors underpinning contemporary trends in South Asian cooperation.

Eight (8) parallel sessions will be held covering specific issues of regional cooperation and development in South Asia:

- i. Multi-modal transport (cross-border logistics)
- ii. Macroeconomic cooperation and the possibility of a common currency
- iii. Towards an integrated energy grid
- iv. Climate change and resilience
- v. Cross-border labour market management
- vi. Value chains and Foreign Direct Investment
- vii. Role of knowledge actors in advancing a new political settlement in South Asia
- viii. Cooperation in poverty eradication
- ix. Gender equality and women's empowerment

SAES XIV in Dhaka is expected to be an excellent opportunity and a suitable platform to deliberate on the aforementioned issues to give shape to a new approach towards regional cooperation in the region in the backdrop of the emergent and emerging contexts. Recognised experts will be invited to present keynote papers to kick off the discussion at various sessions. Each session will pose a number of critical questions to guide the deliberations and keep the panellists focused on the issues at hand. There will be adequate scope for interactive discussions between the speakers and other participants. The moderator (chair) of the sessions is expected to summarise the key takeaways.

7. Output

A conference volume, containing the presentations made at various sessions along with the summaries of the inaugural and closing sessions, and the plenary discussion, will be published duly.

8. Expected outcomes

- i. A better understanding of the trends, challenges, and opportunities of economic cooperation in South Asia in view of the new context, new developments, and new modalities
- ii. Enhanced knowledge as regards best practices and lessons learned from cross-regional experiences
- iii. A set of recommendations for policymakers and other relevant stakeholders as regards deepening economic cooperation in South Asia in the new context

- iv. Strengthened network of experts and stakeholders committed to promoting economic cooperation in the region in the days ahead.

9. Participants

Speakers and participants will be from SAES partner institutions, and other South Asian countries as well as from interested regional, bilateral and multilateral institutions.

They will be joined by high-level representatives from key stakeholder groups in Bangladesh, including policymakers, business leaders, development practitioners and international development partners.

Young professionals in particular will be invited to various sessions. Gender balance will be maintained among the participants.

Media will be invited to all sessions of the event. Initiatives will be taken by the CPD to give the event wide coverage in national and regional print, online and electronic media. Social media will be used for this purpose.

10. Role of partners

The five SAES partner institutions will be the key organising and knowledge partners of SAES XIV.

Bilateral, regional, and multilateral entities are encouraged to be Partners/Supporters of SAES XIV by contributing to the conference fund and/or providing support to specific session(s) by underwriting travel and full-board costs of the participations.

Corporate sponsorship will be also accepted, particularly for hosting/sponsoring specific events/activities lunches, dinners, and other activities.

Contributions of all Partners/Supporters will be recognised in the branding of the conference.

About South Asia Economic Summit (SAES)

The South Asia Economic Summit (SAES) was initiated as a platform to discuss and debate the issues perceived as critical to advancing the causes of deepening regional cooperation and integration in South Asia. Five leading think tanks in South Asia came together in 2008 to establish the SAES in the image of Davos, to create a South Asian Davos. These were: Centre for Policy Dialogue (CPD), Bangladesh; Institute of Policy Studies of Sri Lanka (IPS); Research and Information System for Developing Countries (RIS), India; Sustainable Development Policy Institute (SDPI), Pakistan; and South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal. The founding members were entrusted with the responsibility of convening an annual Summit on a rotating basis. The Summit was to bring together key stakeholders of South Asia's integration and also experts and scholars from beyond the region who worked on the issues of interest and concern to South Asia.

SAES was initiated by realising that there was a need for a deeper understanding of the challenges confronting South Asia at a time of rapid changes within the region and in view of a fast-evolving global scenario. SAES was conceived as a two-track learning opportunity: (i) for knowledge actors to share results of evidence-based research and what these could mean in terms of policymaking in various critical areas of development and regional cooperation in South Asia; and (ii) for policymakers and non-state actors to exchange views as regards major challenges in implementing the various policies and initiatives to deepen South Asian integration. By leveraging contributions from across a diverse range of disciplines and by drawing contributions from research and policymaking communities, SAES was envisaged to emerge as an intellectual enterprise important in South Asia from which policymakers, researchers and non-state sectors would stand to gain.

In the process, a new generation of intellectuals and actors was motivated to commit themselves to advance the cause of South Asian cooperation. This regionally motivated network of stakeholders has kept the South Asia vision alive at a time when divisive politics has kept South Asian countries apart, and SAARC remains comatose and dysfunctional. These non-state actors are willing and able to shine a light on the possibilities and potentials of South Asian cooperation in view of the new global emerging contexts SAES XIV is geared to leverage this intellectual capacity to reignite the political inertia and stimulate interest and action to take the agenda of South Asian cooperation forward in the years ahead.

The following table shows that various themes of past SAES conclaves have covered a broad spectrum of issues reflecting both emergent and emerging challenges facing South Asia at that time.

Table 1: A Brief Summary of Previous SAES Events

Summit	Host, Place and Dates	Themes
First South Asia Economic Summit	IPS-Colombo: 28 July-3 August 2008	Economic Integration in South Asia: SAFTA and Beyond
Second South Asia Economic Summit	RIS-New Delhi: 10-12 December 2009	South Asia in the context of Global Financial Meltdown
Third South Asia Economic Summit	SAWTEE and SACEPS-Kathmandu: 17-19 December 2010	Regional Economic Integration, Climate Change and Food Security: Agenda for the Decade 2011-2020
Fourth South Asia Economic Summit	CPD-Dhaka: 22-23 October 2011	Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia
Fifth South Asia Economic Summit	SDPI-Islamabad: 11-13 September 2012	Making Growth Inclusive and Sustainable in South Asia
Sixth South Asia Economic Summit	IPS-Colombo: 2-4 September 2013	Towards a Stronger, Dynamic & Inclusive South Asia
Seventh South Asia Economic Summit	RIS-New Delhi: 5-7 November 2014	Towards South Asia Economic Union
Eighth South Asia Economic Summit	SDPI-Islamabad: 7-8 December 2015	Regional Cooperation for Sustainable Development in South Asia
Ninth South Asia Economic Summit	CPD-Dhaka: 15-16 October 2016	Reimagining South Asia in 2030
Tenth South Asia Economic Summit	SAWTEE-Kathmandu: 14-16 November 2017	Deepening Economic Integration for Inclusive and Sustainable Development in South Asia
Eleventh South Asia Economic Summit	SDPI-Islamabad: 4-7 December 2018	Corridors of Knowledge for Peace and Development
Twelfth South Asia Economic Summit	IPS-Colombo: 26-27 September 2019	Shaping South Asia's Future in the Fourth Industrial Revolution (4IR)
Thirteenth South Asia Economic Summit	RIS-Delhi: 19-20 April 2022	Prospects of greater Economic Cooperation in South Asia

Each of the SAES meets has come up with a concrete set of recommendations based on the discussions at various dedicated sessions, which saw evidence-based presentations and lively exchange of opinions among leading scholars, policymakers, practitioners, and representatives from civil society organisations (CSOs). Recommendations originating from SAES events were shared with policymakers in SAARC countries and were also fed into the SAARC Summit process. Papers presented at SAES events, proceedings and outputs of successive SAES meets have come out as dedicated volumes and were posted on the websites of participating institutions. These constitute a rich repository of knowledge, policy options and policy recommendations concerning regional integration in South Asia.

SAES XIV

Session-wise Concept Notes

Plenary Session 1

State of Regional Cooperation in South Asia Revisiting Group of Eminent Persons (GEP) report New Context, Challenges, and Opportunities

Chair

Professor Mustafizur Rahman

Distinguished Fellow

Centre for Policy Dialogue (CPD), Bangladesh

It was at the 9th SAARC Summit in Male, held in May 1997, that a decision was taken to establish a Group of Eminent Persons (GEP) to 'identify' measures including mechanisms to further vitalise and enhance the effectiveness of SAARC in achieving its objectives. The Summit declaration also stated that the GEP may develop a long-range vision and formulate a Perspective Plan of Actions including a SAARC Agenda

for 2000 and beyond that will spell out the targets that can and must be achieved by the year 2020.’

In line with the aforesaid directive, the GEP prepared a report titled SAARC Vision Beyond The Year 2000. The report articulated some of the ‘major achievements of SAARC’ till then, and took note of the ‘supportive political dimensions’, at the same time noting the ‘limitation of the SAARC process’. The Report then presented ‘A Vision for SAARC to the Year 2000 and Beyond’.

The GEP Vision comes with the following recommendations: Establishing a Free Trade Area (SAFTA) by 2008 (2010 for LDCs), a South Asian Customs Union (SACU), preferably by 2015, and South Asian Economic Union (SAEU) by 2020. All tariff and non-tariff barriers were to be eliminated; trade transport and investment facilitation measures would be taken to deepen horizontal cooperation and vertical integration; a South Asian Development Bank was to be established; and macroeconomic policy coordination in areas of common currency and labour market policies was to be undertaken in moving towards the SAEU. In undertaking these initiatives, specific concerns of the LDCs were to be addressed by pursuing a two-track modality of implementation of decisions through slower pace of trade liberalisation and other measures, in case of the three LDC members of the SAARC. Plans were to be chalked out and measures taken towards Poverty Eradication, Gender Empowerment, Human Resource Development, Energy Cooperation, Cultural Development and Environment Security. A SAARC Social Charter was to be drawn up.

However, this is near the end of 2023, and the aspirations of the GEP have not only not materialised, but there has been backsliding in many areas. True, following the submission of the Report, the Agreement to establish the SAFTA was inked in 2004, which came into force in January 2006. Some other positive developments also did take place.

However, since then, developments have slowed down in recent years and the SAARC process has become dysfunctional. Implementation of the SAFTA proved to be difficult. Most other proposed initiatives in the GEP report have stalled. Bilateral and Plurilateral initiatives have replaced the SAARC process and SAARC-wide measures. Five SAARC countries which are members of the BIMSTEC are showing more interest in the BIMSTEC and the BIMSTEC – -FTA. New dynamics and new dimensions of cooperation are in motion in the South Asia SAARC region, in the neighbourhood and globally.

In view of the above, the session will focus on, going forward, what are lessons to be learned by taking the GEP report as a reference point, how the emerging challenges

could be addressed, and opportunities of cooperation can be reaped in view of the new contexts and new realities.

Guiding questions for the panellists

Q1) Ambassador Farooq Sobhan: Can you please help us understand what motivated the GEP to come up with such an ambitious proposal? Was it a reflection of their aspirations, or were there adequate justifications for it? Was it practical and realistic? There was perhaps political goodwill but not political buy in for the GEP proposals by SAARC leaders? What is your assessment.

Q2) Dr Nagesh Kumar: What lessons should we draw from the GEP experience? Looking back should the GEP have taken a different route? Less ambitious perhaps but more pragmatic, practicable and manageable? Or SAARC political leaders have failed to meet people's aspirations, and that was the main problem?

Q3) Mr Abdul Ghufuran Memon: We know that the SAARC Process is now almost dysfunctional. Is there any opportunity to revive the SAARC Summit process given the new geo-economics, geo-politics, with Pakistan looking east-ward and India being more interested in BIMSTEC? What needs to be done in going forward?

Q4) Ms Irosha Cooray: SAFTA Agreement came into force in 2006. SAARC Arbitration Council (SARCO in Pakistan), SAARC Development Fund (SDF in Bhutan), South Asian Regional Standards Organization (SARSO in Bangladesh); and South Asian University (SAU in India) have been put in place. True, the last Summit was held in 2014 in Nepal and since then SAARC Heads of Government have not met, but some of the initiatives mentioned above are in place and working. Is there any future for the SAARC? Can the process be revived? What can be done in this backdrop?

Q5) Dr Posh Raj Pandey: We are seeing many bilateral and sub-regional initiatives in South Asia, bypassing the SAARC process. Should these be the way forward, rather than taking SAARC as the reference point? Can these serve as building blocks for reviving SAARC in the near future?

Q6) Ms Mandakini Kaul: The World Bank is a key development partner of many of the South Asian countries. In recent times, the Bank is taking an increasingly greater interest in cross-border projects in South Asia. How can World Bank contribute to deepening cooperation among South Asian countries in view of the emerging opportunities? Can the Bank play a catalytic role in deepening South-Asia wide cooperation?

Plenary Session 2

Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia

Chair

Dr Debapriya Bhattacharya

Distinguished Fellow

Centre for Policy Dialogue (CPD), Bangladesh

The current landscape of South Asian regional cooperation stands at a critical juncture. Conventional regional approaches to cooperation in South Asia have apparently reached an impasse. The situation has been complicated further in the face of emerging geo-political trends. This necessitates overhauling conventional strategies by embracing new modalities and leveraging emerging opportunities.

Guiding questions

- Would you agree that traditional regional cooperation framework and modalities have reached an impasse in South Asia?
- What new modalities can be envisioned for fostering cooperation within South Asia?

Interestingly, the COVID-19 pandemic showcased certain new regional opportunities in areas such as access to vaccines and medical accessories as well as food and finance. However, this collaboration primarily occurred bilaterally, revealing significant logistical bottlenecks of financial flows and supply of essentials.

Guiding question

- Did the COVID pandemic experience allude to some potential new areas and avenues for collaboration in South Asia?

To take the cooperation among regional countries to its next level, the conventional trade in goods needs to evolve into regional value chains. These supply chains need to connect themselves to the global value chain, with leading enterprises from South Asia.

Guiding question

- Has the prospect of creating a globally linked regional value chain improved, notwithstanding the depressed environment for cooperation in South Asia?

Trade cooperation in the South Asian region is expanding into the area of services. The regional trade in services is, in fact visible in the case of energy supply. Cooperation in the areas of health and education is becoming increasingly visible.

Guiding question

- What could be the areas for cooperation concerning trade in services?

Multimodal connectivity, largely in the road, railway, riverways and coastal links, are also expanding gradually. The absence of proper logistics facilities at the cross-border ports is emerging as a serious bottleneck.

Digital connectivity as well as cooperation in the areas of technology and innovation, can spur developmental momentum in the concerned countries.

Guiding questions

- How can the expansion of digital connectivity support economic cooperation?
- How can South Asian countries institutionalise cooperation in the areas of transport and communication?

For enhancing economic cooperation within the region, the exploration of new financial cooperation models such as cryptocurrency, currency swaps, and common currencies has become pertinent.

Guiding question

- Can the exploration of new financial cooperation models and engagement with extra-regional countries substantially enhance regional cooperation in South Asia?

Engagement of extra-regional countries as potential collaborators might further bolster regional cooperation efforts.

Guiding question

- Will the extra-regional involvement be a hindrance or facilitator for regional cooperation?

However, all these will necessitate an updated and new framework for regional and/or sub-regional cooperation. If fully participatory sectoral/area-specific agreements cannot be reached, plurilateral agreements may be endorsed. Whereas bilateral relationships may be upgraded to multisectoral (comprehensive) cooperation arrangements.

Guiding question

- Considering the need for updated cooperation frameworks, what new agreements or arrangements might be effective for South Asia - such as subnational or plurilateral agreements?

The panelists for the session are:

- Dr. Ishrat Husain, Former Governor of the State Bank of Pakistan and Former Advisor to the Prime Minister on Institutional Reforms and Austerity, Pakistan
- Dr. P. Nandalal Weerasinghe, Governor, Central Bank of Sri Lanka, Sri Lanka
- Dr. Shekhar Shah, Vice Chairman of the Academic Advisory Council at the Indian School of Public Policy (ISPP), India
- Dr. Yuba Raj Khatriwada, Former Finance Minister, and Former Governor of the Nepal Rastra Bank, Nepal

Mr Md. Jashim Uddin, President of the SAARC Chamber of Commerce & Industry, will be the Guest of Honour.

Dr Debapriya Bhattacharya, Former Ambassador and Permanent Representative of Bangladesh to the World Trade Organization (WTO) and UN Offices in Geneva and Vienna, and a Distinguished Fellow at the Centre for Policy Dialogue (CPD), will Chair/moderate the session.

Plenary Session 3

Geo Strategic Factors Underpinning Contemporary Trends in South Asian Cooperation

Chair

Professor Rounaq Jahan

Distinguished Fellow

Centre for Policy Dialogue (CPD), Bangladesh

In South Asia there has always been strong economic arguments in favor of regional integration but political as well as geo strategic factors have impeded the emergence of an effective South Asian community. The political conflict between India and Pakistan, their security concerns, the dominance of India vis-a-vis her small neighbors, the super power rivalries for expanding influence in the region, all these factors have traditionally played a negative role inhibiting cooperation in the region.

In recent years we have observed some new trends in global as well as regional geo politics which have created further challenges for regional cooperation. The panel discussion will focus on the impact of these trends on the relationship between the countries of the region and prospects for regional cooperation. It will also explore whether these trends will open up pathways for a new reconfigured South Asia. Some of the contemporary geo political trends are presented below:

1. China has emerged as a global economic powerhouse. She is also a major economic partner of all South Asian countries in terms of trade and capital flows. The rise of China has led to growing contestation between the US and China in all regions of the world including South Asia. Contestations have also emerged between China and India. New economic and strategic groupings such as the Quad and other comprehensive economic partnerships have emerged. The South Asian countries have responded differently to these contestations and new groupings. The guiding questions for the panelists are:

- How is the US-China and China-India contestations affecting relationships between the countries of the region?
- Are these contestations promoting or hindering regional cooperation?
- Are these contestations creating new opportunities for a reconfigured South Asia?

2. India's evolution towards the status of a global economic power and its aspiration to be a global player manifested through its leading role in BRICS and its entrepreneurial role in convening the recent G-20 summit in India have elevated her vision beyond the boundaries of South Asia. Her Look East Policy of strengthening relations with ASEAN and other Asia Pacific countries, Middle East and Central Asia have also contributed to a perception that India is giving less priority to South Asia. The guiding questions for the panelists are:

- Is India's preoccupation to be a global player making her relationship with the neighbors in South Asia less of a priority?
- Does India speak in all the different fora as a leader of South Asia or on behalf of just India?
- Can India leverage her enhanced global presence to seek greater economic benefits for her South Asian neighbors?

3. The globalization process is itself going through transformative changes and is moving the international economic community away from the idea of a more open, integrated economic order. The initiatives of successive US administrations and now the EU towards more protective and exclusionary practices of economic relations have led to an increase in the multiplicity of trading arrangements and terms of capital transfer across the international economy. The guiding questions for the panelists are:

- What has been the impact of these transformative changes on the countries of South Asia?
- Have they impacted the relationships between the countries?
- Is there a scope for collective action by South Asian countries to respond to these changes?

4. The growth in the politicisation of international economic relations and the weaponization of trade and investment flows as strategic resources through such instruments as economic sanctions (both primary and secondary) and the terms on which trade and investment take place has impacted negatively on all countries, but particularly the less developed ones, as seen by the fallout from the Ukraine war. The guiding questions for the panelists are:

- How are these trends impacting on South Asian countries?
- Is there a scope for greater collective action within South Asia to respond to the weaponisation of the economic instruments?

The geo strategic trends identified above and the guiding questions are only suggestive. The panelists are free to identify other trends and raise other questions.

Plenary Session A1

Multi-modal Transport (Cross-border Logistics)

Chair

Dr Dushni Weerakoon

Executive Director

Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka

Compared to other regional trading blocs around the world, South Asia has made relatively little progress in terms of multi-modal transport and cross-border logistics. It is often argued that a regional approach towards enhanced connectivity is difficult due to several political and economic factors. Hence, many argue that South Asian countries are better off moving forward with the regional integration agenda through a subregional or bilateral approach. However, over the recent years, such attempts at the subregional and bilateral levels have also seen limited success.

Guiding Questions for the Panellists

1. What are the key technical and political challenges for South Asian countries in improving multi-modal transport and cross-border logistics within the region?
2. What are the major areas of potential that the countries of the region can harness to make strides in this area?
3. What lessons can the region draw from the experiences of some recent subregional and bilateral initiatives in the recent past?

Plenary Session A2

Macroeconomic Cooperation and the Possibility of a Common Currency

Chair

Professor Sachin Chaturvedi

Director General

Research and Information System for Developing Countries (RIS), India

Several South Asian countries are facing considerable challenges in maintaining a stable macroeconomic situation. The ongoing global poly-crisis has further aggravated the situation as some countries in South Asia went for support from global institutions such as the IMF. To this end, regional cooperation can potentially support the countries in this region. Macroeconomic cooperation has been a little-discussed issue in the South Asian regional cooperation discourse. Against the backdrop of the prevailing uncertain times, a 'cooperation for learning' approach may also allow the policymakers in the region to exchange experiences and jointly learn how to address common macroeconomic policymaking challenges in the face of different types of uncertainty on a regular basis.

Guiding Questions for the Panellists

1. How can South Asian countries support each other in addressing macroeconomic challenges amid ongoing polycrisis and heightened geo-political turf war at the global level?
2. What are the key areas of macroeconomic cooperation in South Asia that hold potential?
3. What are the available institutional frameworks in the region that can push forward the macroeconomic cooperation agenda in South Asia?
4. What can South Asia learn from other regions to this end?

Plenary Session A3

Towards an Integrated Energy Grid

Chair

Dr M Tamim, Professor

Department of Petroleum and Mineral Resources Engineering
Bangladesh University of Engineering and Technology (BUET), Bangladesh

Within the South Asian countries there is a seasonal variation of demand and supply of energy. While energy-deficient countries like Bangladesh, Pakistan and Sri Lanka have been facing severe energy crises, India, Nepal and Bhutan have unutilised power generation capacity and surplus energy. However, ensuring greater national and regional energy security is possible through bilateral and trilateral energy trade and greater cooperation. This can be enabled through an integrated regional energy grid. The integrated regional grid system can help South Asian countries to access competitive, affordable, least-cost electricity, help economic extension of the grid, address seasonal energy scarcity, build larger and better grid, and expedite the promotion of renewable/clean energy development and improved energy and environmental security.

Cross-border electricity trade already exists at bilateral levels as Bangladesh, Bhutan and Nepal have bilateral cooperation models with India. In 2022, the total traded electricity energy volume was 17,202 Mega Unit (ADB 2023). Currently, India exports 1160 MW to Bangladesh, and 1000 MW to Nepal and imports 2260 MW from Bhutan. Recently, Bangladesh also signed a Memorandum of Understanding for importing 500 MW of hydropower from Nepal, using India's transmission corridor. Bhutan's Nyera Amari and Dorjilung hydropower projects are expected to be developed through trilateral cooperation between Bangladesh, Bhutan, and India.

SASEC can play a significant role in regional energy trade by improving interconnections to access large-scale electricity and natural gas sources, harnessing unused and unexplored hydropower potentials, facilitating bilateral and regional coordination mechanisms, and knowledge sharing. The India Green Energy Corridor project can support the intra-state transmission of energy which can also include clean and renewable energy with a competitive intra-state transmission cost. Such productive, solutions-oriented discussions should take place through the South

Asia Clean Energy Forum (SACEF), which aims to drive the energy sector forward and contribute to a more sustainable future for the region's citizens.

However, the absence of sufficient grid infrastructure (insufficient regional grid network and high transmission and distribution loss) stands in the way for an integrated supply chain for energy services in the region.

Guiding Questions

1. How can South Asia benefit from an integrated energy grid?
2. What are the economic, technological, regulatory and institutional barriers for an integrated regional energy grid within South Asia?
3. How can regional cooperation help reduce dependence on fossil fuel and enhance renewable energy trade in South Asia?
4. What are some of the examples of regional cooperation in energy in South Asia which can be scaled up?
5. How new and innovative investment and financing mechanisms can be established to enhance the energy market in the region?

Plenary Session B1

Climate Change and Resilience

Chair

Dr M Asaduzzaman

Former Research Director

Bangladesh Institute of Development Studies (BIDS), Bangladesh

South Asia is, like most regions of the world, suffering more and more from the adverse impacts of Climate Change like extreme heat waves, droughts as well as heavy rain causing inundations, sea level rise, tropical cyclones and glacier melting to name the most important impacts. In August 2022, it was hit by the greatest disaster caused by climate change mankind has ever seen, namely the devastating rainfalls in Pakistan when more than a third of the entire country was inundated, almost 10 million people lost their homes and 1700 even their lives. The damage was estimated to more than USD 30 billion. The heatwaves are reaching since 2021 already temperatures which even threaten human survival, and thus are overstepping the limits of adaptation to climate change. By now, these temperatures are only reached locally and timely very limited but are projected to increase considerably leaving no chance for the poor which cannot protect themselves in air-conditioned rooms.

The region is, furthermore, one of the least resilient regions against climate change and at the same time still shows the highest number of undernourished persons worldwide. Bangladesh itself is the 7th most vulnerable country to the impacts of Climate Change according to the international recognized Global Climate Risk Index published by German Watch, Pakistan is no. 8 and Nepal no. 10 on the list while India and Afghanistan are also part of the 20 most vulnerable countries to the adverse effects of climate change.

Given that huge threats resulting from the adverse effects of climate change to the entire region, it is time for the region to put aside all its internal tensions and frictions and join hands in the combat against climate change. In addition, the access to climate finance including the contribution of the private sector is imperative considering the fact that the funding necessary to win the combat against climate change outstrips by far the funding available in the region and even that what can be provided by bilateral and international development partners.

Panelists of this session will dwell on these issues and try to respond to the following questions.

Guiding Questions for the Panellists

1. What are the most important challenges arising from climate change in the region?
2. What are the possible solutions for improving the resilience against climate change?
3. Could Climate Change be a new driver for regional cooperation amid its menace leaving behind the frictions between the different countries of South Asia?
4. What are the regional synergies for and advantages of the regional cooperation on climate change?
5. Could regional cooperation on climate change even provide the opportunity to improve the economic situation?
6. What will the position of your country for COP 28?
7. How can the region better access finance, what is the role of the private sector?

Plenary Session B2

Cross-border Labour Market Management

Chair

Mr Madhu Raman Acharya

Former Foreign Secretary

Federal Democratic Republic of Nepal

South Asian labour market can be characterised by some common traits which are influenced by diverse economic, social, and political contexts within the region. Countries like India, Bangladesh, Nepal, and Pakistan have a large and growing labour force with a mixed nature of formal and informal employment. Major employment in the region is largely contributed by the agriculture sector. Meanwhile, the service sector including Information Technology (IT) and Business Process Outsourcing (BPO) have created enormous employment opportunity in India and Sri Lanka. Some countries like Bangladesh have experienced significant growth in the manufacturing sector, particularly in the ready-made garments and textile industry. Despite this positive transformation, integration of women into the labour market is still poor in this region. Gender disparities are a common issue in this region. Women often face limited access to formal employment, lower wages, fewer opportunities, etc. for career advancement. On the other hand, labour laws and regulations can vary from country to country, although often focus on issues like minimum wage, workplace safety, etc. The enforcement and effectiveness of these regulations can differ.

It is important to mention that the region is an important host of international migrants. In the recent few decades, Southern Asia has been experiencing unprecedented cross-border migration within the region as well as outside. South Asia hosted an estimated 13.9 million international migrants in 2020, out of which 10.9 million were from within the region itself (Migration Data Portal, n.d.). South Asian labour market dominates intra-regional and international migration.

Many countries like Bangladesh, Nepal, and Sri Lanka have a significant number of aspirant migrant workers who seek employment within the region, particularly in India. In fact, the cultural, religious and linguistic diversity in South Asia is the outcome of spatial interconnection between different peoples migrating within the region. Skewed economic development, unequal employment opportunities, easy accessibility due to porous borders and cultural ties have resulted in Nepal–India,

Bangladesh–India, Afghanistan–Pakistan, and India–Bhutan becoming important corridors for cross-border labour mobility.

The Indo-Nepal Treaty of Peace and Friendship (1950) allows Nepalese people to move freely across the border without a passport or visa, live and work in India, and own property or do business in India. It does not, however, afford them certain rights, including voting and access to government schemes, such as ration cards. Other South Asian countries do not have such collaboration on cross-border labour management.

Experiences of the European Union suggest that cross-border labour mobility is likely to offer a number of advantages, by allowing a more efficient matching of workers ‘skills with job vacancies and facilitating the general upskilling of workforces. Restrictions on the free movement of labour may decrease the efficient use of labour resources. On the other hand, returning migrants may give a boost to economic growth by bringing in capital, skills and new ideas acquired abroad.

Regional cooperation like the SAARC does not highlight or facilitate regional cross-border labour migration. The SAARC Heads of States/Governments have agreed to ‘collaborate and cooperate on safe, orderly and responsible management of labour migration from South Asia to ensure safety, security and wellbeing of their migrant workers in the destination countries outside the region.’ In this regard, a consensus has to be built to enhance cross-border labour migration within a region like the European Union.

Guiding Questions for the Panellists

1. What kinds of regional cooperation for cross-border migration in South Asia would be mutually beneficial for South Asian countries?
2. How to address cross-border illegal migration between South Asian countries? ‘
3. What kinds of lessons South Asian countries learn from other regional cooperation initiative such as ASEAN?

Plenary Session B3

Value Chains and Foreign Direct Investment (FDI)

Chair

Dr N. R. Bhanumurthy

Vice-Chancellor

Dr B.R. Ambedkar School of Economics (BASE) University, India

The liberalisation of trade since the 1990s facilitated South Asian countries' integration into the Global Value Chains (GVCs). Leveraging integration into the GVCs, South Asian economies have created new jobs, attracted Foreign Direct Investment (FDI), upgraded technology, and achieved significant economic growth over the years. Thanks to access to an inexpensive labour force, South Asian countries are now mostly exporters of the manufacturing industry, including textile and garment, electrical machinery, leather footwear, etc.¹ (ITC Trade Map, 2023). For instance, three South Asian countries, Bangladesh, India & Pakistan, account for around 14 per cent of global clothing exports (WTO, 2023). The combined employment in this sector (including footwear) totals approximately 25 million in these three countries (ILO, 2022). On the other hand, according to UNCTAD (2023), the total FDI inflows in South Asia stood at 55,870 million US dollars in 2022, which was 4.3% of total global FDI inflows.

Despite the advantages of GVC integration, other than India, the GVC's participation of South Asian countries remained very low (Wijesinghe & Yogarajah, 2022). Presence of multiple barriers in the region impedes the potential GVCs integration of South Asian countries and deprives them of even higher benefits. Overcoming these barriers could substantially attract FDI, thereby facilitating the adoption of new technologies that align with the abundant labour force in these countries (OECD, 2015).

One of the weaknesses of South Asian countries is their relatively low participation in GVCs of intermediate goods and capital goods; especially when goods increase the competitiveness of an economy by lowering production costs (IMF, 2022). The regional cooperation within the South Asia region that could facilitate the competitiveness of these countries is also limited (drishty, 2023). Lack of functional economic corridors in the region; conflict zones brewing mistrust between

¹However, Mineral oil product is India's one of the major exporting products.

neighbours; slow progress on trade facilitation and free trade agreements in the region; and non-tariff barriers that prevent skills and technology transfer are the key challenges that limiting the regional integration within these South Asian countries (Vaqr, Suleri, & Javed (2015). These countries face common barriers in the domains of infrastructure, regulation, and logistics (World Bank, 2017). In view of the LDC graduation of three countries, Bangladesh, Nepal, & Bhutan, the landscape of GVCs participation in the South Asia region could experience significant changes.

Guiding Questions for the Panellist

1. How can the participation of South Asia in GVCs be leveraged to draw higher FDI in the region?
2. How may the landscape of South Asia's GVC's participation change in view of the ongoing global economic crisis, climate change, 4IR, and LDC graduation?
3. What role do different South Asian regional organisations (such as SAARC, SASEC, etc.) and trade agreements (such as SAFTA) play in increasing this region's GVCs integration and facilitating FDI?
4. What are the lessons from other regions such as South-east Asia in enhancing intra-regional and inter-regional FDI in the GVCs?

Plenary Session C1

Role of Knowledge Actors in Advancing a New Political Settlement in South Asia

Chair

Dr Swarnim Wagle

Member
Federal Parliament, Nepal

Besides pursuing its main purpose of promoting evidence-based policies, think tanks around the world have played a critical role in providing a safe space for ideas or debate, legitimizing policies or ideologies, and developing future cadres of policymakers and politicians. Think tanks have often been crucial actors in shaping and influencing the political settlement processes in South Asia. Think tanks in South Asia serve as neutral forums for dialogue and collaboration between various stakeholders, including governments, civil society, and international organisations. Over the years, think tanks in South Asia have always engaged in Track II diplomacy, which complements official negotiations and helps build trust between conflicting parties. Think tanks in South Asia are also facing numerous challenges, including resource constraints, limited civic space, and the constant pressure to ensure neutrality.

Guiding Questions for the Panellists

1. What key lessons can be drawn from the historical roles of think tanks in South Asia contributing to political settlements in the region?
2. Can think tanks catalyze political settlement in South Asia in the current limited civic space across countries?
3. What are the potential future trends and challenges for think tanks in South Asia in their quest to contribute to political settlements?
4. How do think tanks navigate issues of neutrality and impartiality while working on politically sensitive topics in South Asia to uphold their credibility and effectiveness?

Plenary Session C2

Cooperation in Public Health

Chair

Dr Hossain Zillur Rahman

Chairperson

BRAC, Executive Chairman, Power and Participation Research Centre (PPRC),
Former Advisor to the Caretaker Government, Bangladesh

The health care system and access to health care vary from country to country in the South Asian region. Countries such as India, Maldives, and Bhutan have advanced in the field of health care, whereas, Bangladesh, Nepal and Sri Lanka are still lagging behind. On the other hand, Afghanistan and Pakistan will have to further strengthen their system to catch up. However, the COVID-19 pandemic has imposed pressures on health system resources causing delayed progress in achieving key Sustainable Development Goals (SDG) targets, including child and maternal mortality rates, immunisation rates, tuberculosis incidence, and HIV prevalence. Despite the pandemic, technological advancements and innovations in medical care with equitable access to healthcare services have contributed to improved health outcomes in South Asia.

One of the best indicators of health outcomes is life expectancy at birth. During the period 2011- 19 in almost all SAARC countries there has been a significant improvement in life expectancy at birth. The life expectancy of the region was 71.6 years in 2019. Maldives enjoys the highest life expectancy at birth of 78 years, followed by Sri Lanka (76.9), Bangladesh (72.3) and Bhutan (71.8). Afghanistan at 61 years has the least, whereas Nepal, India and Pakistan have 70.77 years, 69.7 years and 67.3 years respectively. However, the life expectancy still remains low compared to that of OECD countries whose average was 81 years for the same year. Similarly, the ratio of physicians per 1,000 people is also found to be low in this region compared to OECD countries. The regional average of 0.96 physicians per 1,000 people as compared to the OECD average of 3.6 signifies the need for workforce growth for this region.

In South Asia healthcare delivery has improved significantly, contributing to increased access to services. Bhutan and Bangladesh have recorded the highest growth rate in the number of physicians at 6.79 per cent and 5.78 per cent respectively between 2011-19. All countries of South Asia have increased the availability of hospital beds

over the decade with encouraging growth being visible in Nepal (34 per cent), India (31 per cent) Maldives (10.7 per cent) and Bangladesh (10.5 per cent).¹

One important factor in assessing government expenditure in the health sector is to measure the out-of-pocket spending of consumers in health services. Bangladesh has the highest out-of-pocket expenditure, 67 per cent followed by 64 per cent in Afghanistan and 62 per cent in India (World Bank, 2023). Social and private health insurance is limited in South Asia, ranging from 0 per cent of total health expenditure in Afghanistan to 7.7 per cent in India.² The low insurance coverage indicates the need to significantly accelerate progress to achieve universal health coverage (UHC) by 2030 which is the key health system challenge as of today.

South Asian Association for Regional Cooperation (SAARC's) key area of social activity is mainly through cooperation in health and population activities. For improved health services, regional foreign direct investment (FDI) could ensure the capacity building of health professionals and improve the infrastructure of this sector. Regional cooperation and skills transfer issues through standardization of standards of medical practices and services are needed. The reputation of health services in the region can be improved through a regional cooperation framework to standardize the medical practice and recognition of qualifications as well as accreditation of hospitals and other medical establishments within the South Asian countries.

Guiding questions for the panellists

1. Why South Asian countries are behind in achieving universal health coverage?
How do South Asian countries promote social health insurance systems targeting the people who are left behind?
2. What lesson can we learn from the cross-country example such as India, with regard to the harmonisation of standards of medical practices and services or regional cooperation framework to standardise the medical practice?
3. What are the possible ways and opportunities for cross-country cooperation among the South Asian region in the health sector?
4. What lessons can we learn from other regional cooperation initiatives (such as South East Asia) on enhancing partnerships to develop regional health services?

¹RIS Discussion Paper Series on Traditional Medicine in SAARC: A Regional Cooperation Framework (https://www.ris.org.in/sites/default/files/Publication/DP%20283%20Namrata%20Pathak_compressed.pdf)

²Expanding access to healthcare in South Asia (<https://www.jstor.org/stable/26948752>)

Plenary Session C3

Gender Equality and Women's Empowerment

Chair

Dr Beena Pandey

Assistant Professor

Research and Information System for Developing Countries (RIS), India

Gender equality and women's empowerment remain a significant concern within the South Asian nations as the region witnesses a substantive transformation while advancing towards extensive economic growth and development. Yet, despite the notable progress made by South Asia pertaining to physical and human capital accumulation, strengthening infrastructure as well as trade and thereby productivity, the region still struggles with continued disparities concerning women. South Asian economies must intensify their endeavours to narrow the gender inequality gap.

The South Asian Region has taken a pivotal role with the adoption of the Beijing Declaration in 1995 which was recognised by the United Nations General Assembly in 1996, to design policies, schemes, and action plans aimed at improving women's empowerment in the region (ESCAP 2015). However, women in South Asian countries are still experiencing substantial challenges due to a lack of adequate economic opportunities, sufficient access to health and education, and low levels of female labour force participation with limited representation of women in the parliament and in decision-making roles or leadership positions. Furthermore, women also lack sufficient access to finance and are subjected to a persistent wage gap while being socially disempowered with the pervasive issue of violence against women remaining a key concern.

Guiding Questions for the Panellists

1. What is the most important challenge that impedes gender equality and women's empowerment within South Asia?
2. What can be done to encourage and facilitate more women to pursue higher education?
3. What part can the digital economy play to ensure gender equality and women's empowerment?
4. How can the social infrastructure aid in enabling women to participate more in the labour force?

5. What are the necessary policies and steps that can be conducive for working mothers, enabling them to maintain a work-life balance and improve their career growth?
6. Why are women hardly seen in leadership positions?
7. What can be done to facilitate women entrepreneurs within the South Asian region?
8. Can regional cooperation help women-led businesses, in particular SMEs, in South Asia to engage in cross-border trade?
9. What possible steps can be taken to reduce the violence against women and improve women's well-being?
10. What can be done to ensure that the existing policies that facilitate more equity for women are effectively implemented?

SAES XIV

Conference Summary

Chair of the Session, Professor Rehman Sobhan, Centre for Policy Dialogue (CPD) Board of Trustees (BoT), Guests of Honour, Distinguished Speakers, Session Moderator, Visiting Fellow Travelers of South Asia, Guests from Bangladesh and Journalists and Media Representatives, we are at the end of the two-day long 14th South Asia Economic Summit (SAES).

This two-day conference allowed us to discuss various issues related to South Asia under the overall theme of the conference titled 'Reframing South Asian Regional Cooperation in the New Context: National and Global ' Dimensions'. Three plenaries, nine parallel sessions, and one inaugural session were organised during the two-day event, where 70 panellists and 70 interventions were made. All the sessions were filled with esteemed participants. We would like to extend our heartfelt thanks to all the session chairs, panellists of different sessions and participants of the session.

A team of rapporteurs led by Mr Towfiqul Islam Khan, Senior Research Fellow, CPD, has done a great job preparing the session notes within a short period. A team of CPD colleagues manages the logistics of each session. I would like to thank them for their efforts and hard work in making the sessions smooth.

I think the conference's overall focus is on moving forward with South Asian regional partnership and cooperation despite having changes and challenges in the national and international arena. Professor Rehman Sobhan, in his inaugural session's remarks, set the milestone of this journey. He urged working towards building the South Asian Community, where civil society organisations and state machinery should take collective actions in that direction.

Inaugural session of the programme

- The speakers appreciated the economic development that has taken place in South Asia over the last decades, reflected in persistent high GDP growth, except for the years affected by the Coronavirus Disease (COVID-19) pandemic. Additionally, they noted smaller gaps in domestic investment and the enhancement of cross-border energy trade. However, the growth in the region is diverse. Besides the state actors, CSOs in the region are actively working on social and human development, including poverty alleviation, gender and women's empowerment, human rights, education, and agricultural development, among others. Some bilateral partnerships, particularly in road and rail connectivity, have made good progress, including Bangladesh-India road and rail connectivity. To what extent can this growth narrative be labelled as strong regional cooperation in South Asia?
- In the face of challenges, speakers discussed bilateral tensions between countries within South Asia, shifting geopolitics, conflicts in the Middle East and Eurasia, concerns about food security and climate change, challenges faced by graduating LDCs in South Asia, including Bangladesh, Bhutan, and Nepal, persistent high-income inequality, gender disparities, unplanned urbanisation, trade restrictions — notably in the case of food — and trade barriers. Multilateral Development Agencies have

been primarily involved in single-country level projects, mainly in connectivity, but these projects have shown less focus on cross-border regional connectivity.

- Against this backdrop, the South Asian regional organisations, such as the South Asian Association for Regional Cooperation (SAARC), despite having an important role to play, made an insignificant contribution. Several SAARC-based institutions, including SAARC Development Finance, SAARC Food Bank, and SAARC Seed Bank, despite having institutional setups, are not yet operational. Cross-border road connectivity initiatives such as SAARC Road Connectivity and Bangladesh, Bhutan, India, Nepal (BBIN) Road Connectivity are still pending final approval due to political differences between the countries.

- The speakers of the inaugural session put forward several suggestions. These include:
 - a. Promoting regional cooperation and partnership despite the evolving national, regional, economic, and political context in South Asia;
 - b. Providing further assistance for the graduating Least Developed Countries (LDCs) of South Asia, mainly in the form of continued trade preferences, particularly from India and other developing countries;
 - c. Collectively working on climate change, including information sharing and cross-border disaster management;
 - d. Ensuring operationalisation of SAARC institutions such as SAARC Development Finance, SAARD Seed Bank;
 - e. The SAARC Food Bank should be activated to address the seasonal food deficit in member countries;
 - f. Avoid restrictive trade practices, especially in the case of essential food items and drugs;
 - g. Taking advantage of global and regional value chains through promoting partnerships beyond the region;
 - h. Both the public and private sectors should embrace green and sustainable finance to address climate change effectively;
 - i. Integrated basin management in South Asian River systems;
 - j. Increase investment in human capital development, with a specific focus on female empowerment.; and
 - k. Easing visa restrictions and reducing trade barriers to enhance regional trade.

The first plenary session was on ‘State of Regional Cooperation in South Asia: Revisiting Group of Eminent Persons (GEP) report, new context, challenges and opportunities’.

- The speakers at this session discussed the GEP report’s aspirations and issues that have emerged over the last 15 years.
- Since the global financial crisis 2008, world trade has failed to regain momentum, and international investments have plateaued. A phenomenon often referred to as ‘globalisation’ is being experienced.
- A focus shift from the financial economy and hyper-globalisation to the real economy has been observed. The productivity paradigm depends on structural transformation. It is essential to harness the potential of the manufacturing sector to create quality employment opportunities. Transforming structural processes is necessary, and regional value chains can be crucial in driving this transformation. Regional countries should emphasise strengthening industrial policies further.
- SAARC should not be held hostage to intergovernmental differences. SAARC can benefit from learning lessons from the Association of Southeast Asian

Nations (ASEAN). Despite bilateral tensions among ASEAN member states, they continue collaborating and moving forward with their activities towards their goals.

- Pilot projects could be started to demonstrate the benefits of regional cooperation, and then successful ones can be scaled up. Opportunities to collaborate with technical institutions to leverage their expertise and resources can be explored.
- Subregional cooperation can also focus on trade facilitation, connectivity, and disaster management.
- Given the current context, creating a new GEP has become the need of the time. The new GEP should consider lessons of the past, what has worked and what has not—for which an evidence-based assessment is required.

Parallel session A1 was on ‘Multi-modal transport (cross-border logistics)’

The speakers highlighted prospects of multi-modal transport connectivity from a geopolitical perspective, bilateral trust deficit, and progression of bilateral and subregional connectivity.

- Geopolitical issues and multiple wars worldwide are hindering the development of multi-modal transportation in South Asia. In addition, there is a lack of good governance, poor existing infrastructure, and bureaucratic obstacles to contend with. To avoid creating white elephant projects, governance issues must be addressed, and good governance must be ensured.
- There is a lack of alignment between national and regional planning efforts. Customs and logistical facilities on the borders are inconsistent on both sides, and the harmonisation among states and regions in customs procedures is widely missing. Trust deficit is a major factor prohibiting multi-modal connectivity.
- Failure to leverage existing infrastructure and opportunities is also a significant constraint. South Asian countries must utilise common rivers to promote multi-modal connectivity through riverways.
- Some progress has been made on bilateral and subregional integration in South Asia. Several national projects can be utilised to explore regional connectivity potentials. The improvement of multi-modal transport requires coordinated efforts from the governments of the South Asian region. Countries must work together to provide action plans to improve multi-modal connectivity in the long run, where SAARC can play a major role.
- It is not solely up to the government to improve multi-modal connectivity. For example, private sector airlines can facilitate port sharing with other airlines to improve multi-modal connectivity. Non-state actors should also come forward to complement the process of connectivity.
- Capacity building of human resources should be promoted to facilitate connectivity.

- An agreement on the structure, framework, and modality must be reached to finance multi-modal connectivity.

Parallel session A2 on ‘Macroeconomic cooperation and the possibility of a common currency.’

The speakers discussed issues related to the dominance of the single currency ‘The US Dollars’, exploring the possibility of de-dollarisation. They also explored the prospects of a single currency outside the US dollar, a digital currency, or a pool of currencies to replace the US dollar potentially. According to one of the panellists, the share of US Dollars in global transactions has decreased over the years — from 72 per cent in 2000 to 59 per cent in 2023. Despite that, none of the currencies are yet fully ready to take the position of US dollars.

- Fostering cooperation in South Asia requires going beyond physical connectivity. It necessitates an integration of digital connectivity, particularly in banking and finance.
- Clarity regarding the mechanics of cross-border transactions and the permissible types of current and capital account transactions are essential. Trust, safety, liquidity, settlement facilities, and system integrity are critical for sound cross-border transactions.
- Harmonising tax policies, such as customs duty rationalisation and congruent income tax policies, is essential to combat profit shifting and ensure collective efforts for fairness.
- South Asian countries, including India, as part of the Group of 77 (G77) plus China, may consider setting up a virtual currency akin to Special Drawing Rights (SDR) to promote currency independence and macroeconomic stability.
- Establishing institutional learning-sharing mechanisms, where institutions like Central Banks convene regularly, is critical. This ensures continuous discussion on inflation differentials, currency system adjustments, and interest rate fixes.

Parallel session A3 on ‘Towards an integrated energy grid.’

- Within South Asian countries, energy demand and supply variations are observed. Countries such as Nepal and Bhutan have surplus hydropower during monsoons. On the other hand, in Bangladesh, electricity demand is low during winter, so there is an additional electricity supply. So, regional integration can enhance energy security and help move towards clean energy through regional energy trade.
- There are several bilateral energy trade models within the South Asian region, but a regional institutional framework is lacking. The framework for regional energy cooperation and grid integration should be bottom-up as we proceed from

the micro- or subregional level towards a regional approach. The collaboration within the BBIN could be the starter pack, and after that, SAARC can step in for the regional cooperation.

- We must build on bilateral trade to enhance trilateral and regional trade relations. Recent cooperation among India, Bangladesh, and Nepal is a pioneering initiative. Such a cooperation framework can be replicated upon success by other countries in the region.
- The kick-start of regional cooperation for grid integration depends on two key factors. One is geopolitical will, and the other is technological transformation. India may take the lead, but excluding other countries like Afghanistan and Pakistan will not lead to regional development. In this sense, any meaningful cooperation in the South Asian region must include all the SAARC countries.
- A proper business model is required to attract the private sector to discuss regional cooperation. The government must design business-friendly policies and structures to incentivise the private sector to participate by investing in the establishment of a regional grid transmission system.
- South Asian countries need a common vision and narrative to ensure energy security and transition from fossil fuels to renewable energy. The governments should mutually decide on a renewable energy target and a plan to achieve the goal without threatening energy security.
- The economic cost of climate change is much higher than anticipated. As part of mitigating measures, necessary investment is required for energy transition. Each country should first identify the required infrastructure and technology and a skilled workforce, knowledge, and soft skills to attract investment for a smooth transition.

Plenary 2 on ‘Identifying new opportunities and new modalities for fostering regional cooperation in South Asia.’

- There was a potential agreement between India and Pakistan to confer each other the most favoured nation status, which halted in 2014 due to elections. This was a missed opportunity. The agreement needs to be revived as it would have been linked to the South Asian Free Trade Area (SAFTA), which would have decreased the adverse risk associated with exports from Bangladesh, Pakistan, India, Sri Lanka and Nepal.
- Traditional cooperation approaches are too top-down, government-led, and too focused on economic growth and development. A more people-centric approach involving non-state actors, such as civil society and the private sector, is required to develop and implement regional cooperation initiatives.
- The issue is whether regional cooperation in South Asia has evolved from an aspirational, ambitious approach to a more Realpolitik Model. In this case, implementing variable geometry may be the way forward. Rather than including everyone, include whatever works for whatever alliances.

- There is a proposal to establish a South Asian 8 (SA8), with rotational leadership and joint commitment not to break apart. The SA8 would demand differentiation from SAARC-like processes, allowing more flexibility and creating political momentum for heads of state meetings.
- Regional cooperation already focuses on infrastructure and connectivity. Two other areas that should be focused on include higher education and public health. In terms of higher education, this entails cross-border cooperation for standardised certification and accreditation and handling excess demand for higher education. As well as institutionalising the learnings from COVID-19 to address public health issues.
- SAARC is not learning from other regional groups like ASEAN, especially in trust building and clarity of purpose. There is a proposal for an extraordinary or emergency meeting of the Council of Ministers to seek political guidance and consensus within SAARC, as there is a lack of consensus on regional issues.
- Sri Lanka's experiences can serve as a lesson for its neighbours. Sri Lanka had a significant portion of its debt in the commercial market, and the transition from having concessional debt to relying more on commercial debt raised concerns about debt sustainability. The central bank was forced to suspend foreign debt payments, raise interest rates significantly to control inflation, float currency, and initiate a negotiation with the International Monetary Fund (IMF) to address the sustainability of Sri Lanka's debt. There is a need for safeguards and measures to ensure the independence and accountability of central banks.
- To improve regional trade and business growth, trade and travel logistics are critical concerns in the region. The need for further measures to improve the situation must be addressed.

Plenary Session 3 on 'Geo-strategic factors underpinning contemporary trends in South Asian cooperation'.

- Regionalism is a process that takes root in people's minds. The deficit in South Asia is that it has not taken root.
- The weaponisation of economy, culture, business, and politics suppresses cooperation. Unless this is overcome, it will be difficult to survive and play a significant role in this region.
- Multipolarity must be considered side by side with multilateralism.
- People's prosperity should come before the prospect of becoming a superpower. Therefore, South Asian countries must cooperate, coexist, and live together.
- The politics behind subregional groups need to be taken into cognisance. Within South Asia, there is another South where the states are raising their respective voices and seeking multiple alliances.
- For SAARC to survive, a reframing of the organisation is essential. It needs to have a conflict resolution mechanism. Cooperation cannot happen if people are not able to move freely.

Parallel Session B1 on ‘Climate change and resilience’

- Climate change has physical, social, and economic effects on plants, animals, rivers, woods, and soil, among other things.
- Within the South Asian Region, the cost of climate financing should be lowered.
- The government may use its powers to implement policies effectively. It is conceivable that the simultaneous implementation of adaptation and mitigation strategies might be used to address climate change challenges.
- Partnerships between vulnerable South Asian cities (with similar challenges) can be formed for regional learning and knowledge sharing.
- Cities situated in inappropriate locations or lack proper planning are disproportionately affected by the consequences of climate change. The cities of Sirajganj and Shatkhira are at a higher risk of experiencing severe damage and destruction because of floods, cyclones, and other natural calamities.
- One of the important observations is that the impact of climate change in coastal areas and the cost of damage due to climate change are poorly understood. This phenomenon hinders development in those areas.
- People in these climate-affected coastal areas need to be relocated where we can create employment opportunities for them, and policies should emphasise land use.
- In the post-COVID-19 era, amid a backdrop of sluggish economic expansion, escalating emissions, and inadequate infrastructural frameworks, the transition from focusing on quantity to emphasising quality has remained elusive.
- The Global South is missing finance, technology, and trade, which has implications for climate change.
- Countries in South Asia need the transfer of technology, green-tech solutions, and sustainable agriculture technology, among others.
- One of the important themes in the upcoming COP 28 should be water and coastal security in climate-vulnerable countries in South Asia.
- The region should join to raise the issues of climate change, loss, and damage in the upcoming COP 28.
- Since our lifestyles affect the world, we should pay attention to how much water we use, how the land changes, and how we live.
- To facilitate the adoption of eco-friendly behaviour among residents and mitigate the use of materials that contribute to carbon emissions, a range of resources and infrastructure are necessary.
- Consolidating means of implementing low-cost finance is important for mitigating the impact of climate change.
- Countries in the South Asian region have to comprehensively evaluate their respective plans and strategies to determine their efficacy in effectively tackling the challenges posed by climate change.
- Despite Nepal’s substantial commitments and efforts to enhance climate resilience, the nation is confronted with notable obstacles, including insufficient

climate data, constraints in capacity, and a lack of social and financial institutional frameworks.

- A clear action plan outlining specific targets, a climate resilience framework, and a developing financial structure will help solve the country's climate change issues. The action plan should be locally driven since every country has its local solutions to problems.
- The promotion of green energy is vital. In addition to implementing an enhanced early warning system, it is imperative to provide sufficient resources towards research and development efforts and foster regionally coordinated investment.
- The sharing of resources across nations has the potential to address challenges associated with climate change since countries with plentiful resources may provide support to more vulnerable nations.
- Managing the energy system more effectively is of paramount importance in addressing the issue of climate change. The use of effective strategies may aid in the mitigation of the repercussions stemming from the accelerated process of urbanisation.
- We should move from adaptation to resilience and from reactive to proactive approaches.
- A programme for developing urban resilience is also important since rapid urbanisation threatens climate change.

Parallel Session B2 on 'Cross-border labour market management'

- Poverty is the primary cause of unsafe migration in the region. Human trafficking is also a major concern and needs to be addressed.
- There is a large scale of undocumented regional migration happening, which is not reflected in official numbers. Workers in the South Asian region tend to migrate to the informal sector with low wages, which puts them at higher risk of discrimination. The fact that there is such a large migration indicates a demand for labour supply. However, policymakers do not pay enough attention to the issue of labour market migration.
- Although South Asian countries are experiencing enhanced industrialisation, this growth is mainly driven by one or two major sectors. National security concerns and conflicts between natives and non-natives challenge cross-border labour migration.
- A study should be conducted to examine the labour market structure in South Asia. This study should also include a skill demand analysis and explore the opportunities for cross-border migration. Considering the experience and models of ASEAN and other regional cooperations regarding labour migration is important.
- Due to the gender norms in South Asian countries, women face constraints when entering the job market and reaching the upper segments of the employment

sector. Therefore, uplifting skills should be given a distinct focus across these countries.

- A well-harmonised accreditation of workers' skills in this region could allow them to find job opportunities in cross-border labour markets. There should be a common agreement between South Asian countries regarding the minimum standard for worker benefits, such as wages and working conditions. Harmonised labour laws across South Asian countries can also ensure better worker protection.

Parallel Session B3 on 'Value Chains and FDI'

- South Asia does not have adequate integration in the global value chain due to the high cost associated with trading. Therefore, it is important to reduce the cost of trading.
- The advantage that South Asia had of providing affordable labour and resources is slowly fading away as these are becoming expensive. Therefore, there is a need for more FDI. The idea is that FDI and GVC can reinforce each other. This is because FDI can provide capital-constrained countries with the required funds, enabling them to join the GVC.
- Instead of relying on FDI, it is rather important to facilitate the growth of local SMEs and CSMEs and rely on local investors.
- The prime role of the SAARC Chambers of Commerce should be to mediate between the private sector, comprising not just the large industries but also SMEs, and the government to enhance the value chain in this region.
- The linkage between Industry and Academia needs to be enhanced. If SAARC becomes integrated, then the cost of generating knowledge will decrease.
- The possibility of reviving food corridors needs to be explored. The feasibility of sending food between countries in exchange for products should be assessed.
- South Asian countries must work together in green initiatives beyond just business. Harmonised environmental standardisation of traded products could be a possible avenue of cooperation.
- South Asia needs a predictable taxation policy and political stability, and the countries within the region need to be friendlier with each other.

Parallel Session C1: Role of knowledge actors in advancing a new political settlement in South Asia

- There has been a long-standing tradition of collaboration among think tanks in South Asia. Various coalitions of think tanks have joined forces to work collectively since the 1980s.

- The roles of think tanks include promoting evidence-based policy, providing forums for open dialogues, and complementing official processes to track progress. Additionally, think tanks can bridge gaps between policymakers and citizens.
- Think tanks face challenges such as sustainability, funding shortages, and reduced civic space. To maintain their independence, think tanks must remain objective and neutral. It is also essential for all think tanks to connect and ensure knowledge transfer in all directions. The network of think tanks can be used to benefit regional cooperation, and joint research studies across borders are commendable.
- Advancing political settlement requires various knowledge actors, such as think tanks. Researchers need to visit countries to establish networks and friendships, which can help build a strong foundation of cooperation to advance political settlements.
- Knowledge actors, universities, and think tanks should collaborate to generate innovative ideas and fellowships and facilitate knowledge transfer by exchanging students among the countries in this region.

Parallel Session C2 on ‘Cooperation in Public Health’

- Although South Asia improved in the public health sector, the situation is only better than in Sub-Saharan Africa regarding life expectancy, maternal mortality, and mortality rates.
- Sri Lanka’s comprehensive health care system provides free health care, and the quality of health care is higher than in other South Asian countries. Their free health policy shows results in life expectancy and mortality rates.
- A shortage of health professionals, a free health care system, and infrastructure fail to improve public health quality.
- The universal healthcare system should start at the country level, and regional cooperation is crucial in achieving meaningful regional integration in the healthcare system.
- Three major collaboration scopes for South Asian countries:
 1. Telemedicine is vital to achieving an inclusive healthcare system, as rural areas often lack access to quality healthcare.
 2. Collaboration in fighting diseases like Tuberculosis (TB), COVID-19, or other emerging infections by showing knowledge, skills, and medical facilities.
 3. Pharmaceutical production should be integrated regionally.
- South Asia can pull resources for Research and Development (R&D) regarding medicine, vaccine development, and the procurement process.
- Universal health care is challenging due to financing issues such as inadequate instruments, mechanisms, and support.
- Detecting common areas shared by all South Asian countries is the first step in regional collaboration.

- Scope of South Asian collaboration in public health:
 1. Joint research initiatives are needed to prevent and fight infectious diseases.
 2. In South Asian countries, drug trafficking is a major issue, as Bangladesh produces no narcotics, but narcotics are entering the country.
 3. Sharing knowledge and healthcare information systems is an area of collaboration.
- An emergency support system should be developed across the region to build capacity.
- Coordinating healthcare policy while considering other countries' challenges to fight against cross-border healthcare problems effectively.
- We need a cross-country vehicle system dedicated to the healthcare system as part of regional transportation or transport integration.
- Diseases follow and cross the border. It has been happening over the years in South Asia, and COVID-19 is a recent example.
- We do not employ the SAARC system in healthcare regional integration.
- COVID-19 was the first incident where the South Asian leaders met for the first time for an effective solution, but they did not follow up after some time. A good example is ASEAN, where the healthcare regional integration is as follows:
 1. At least one yearly meeting is dedicated to regional healthcare integration.
 2. Policy integration or administrative processes are also undertaken to facilitate the integration.
- Incidences of heart attacks post-COVID-19 have been notable, with doctors observed practising across boundaries and various states in India. This underscores the need to facilitate cross-border doctor exchanges among South Asian countries to enhance collaborative arrangements.
- Sometimes diplomacy needs to take the back door. Diplomacy is a key tool for integrating the regional public health system. SAARC should issue or facilitate visas for the healthcare system across South Asian countries.
- Integrating and developing an official payment system is crucial for regional integration in public health. Otherwise, the informal sector will arise, and the demand side will suffer.
- Collaboration in research, universities, and education curricula is crucial in South Asian countries.
- Education faced significant challenges during COVID-19, particularly as we endeavoured to decolonise knowledge. Being highly technical, public health necessitates well-trained leaders in a quality manner.
- We do not take knowledge from the community or learn from the lower ladder. However, learning from scratch is very crucial for health education.
- Health education is a shared learning process. It must not be a one-way journey from the taker to the receiver. Rather, it should be integrated with the community. The professors need to unlearn what they learned if needed.
- There is a significant disparity among South Asian countries in terms of mortality rates for children under the age of one, three, and five years.

- Without institutional capacity, sharing knowledge, skills, and capacity is impossible.
- SAARC or any regional organisation must take the initiative for regional integration in public health.
- Not all SAARC summits incorporated the discussion of public health issues into their summits.
- While there were discussions on South Asian health sector integration at the ministerial level, the extent of their implementation remains uncertain.
- The health sector encounters new challenges in globalisation, necessitating a more pivotal role for global organisations in addressing these issues.
- The key challenges are — growing interdependence between nation-states, growing involvement of a wide range of stakeholders, and so on.
- From the Indian and Sri Lankan experience, compulsory national health insurance schemes should be learned by other countries.
- A regional cooperation framework needs to be developed, and horizontal and vertical integration is necessary and crucial in policy-designing regional integration in South Asia.
- Political commitment needs to play a key role in facilitating the integration since funding and human resources shortages are major obstacles to regional integration of public health, and technology should be shared across countries to pave the path for regional collaboration and ensure quality healthcare.

Parallel Session C3 on ‘Gender equality and women’s empowerment’

- Access to information and finance are the major challenges for women entrepreneurs. They need much support in terms of training and financing, where the private sector can play a great role.
- There is a high incidence of dropouts of female students in tertiary education across South Asia due to a lack of a safe environment. Thus, it is essential to ensure the safety of women in public places. Without this, we will fail to ensure higher female participation in education and workplaces.
- Balancing work and personal life is a major challenge for women. They are the sole caregivers, so they have an unfair share of family responsibility. Changing mindsets is crucial in terms of ensuring gender equality in society. It is essential to raise girls in a manner that fosters self-belief in themselves. It is high time the discriminatory laws are identified and revised to ensure gender parity.

SAES XIV

Programme Schedules of the Summit

(As of 2 November 2023)

DAY 1: SATURDAY, 4 NOVEMBER 2023

INAUGURAL

9:30 am – 11:30 am

9:00 am – 9:30 am	Registration and Reception
9:30 am – 9:35 am	National Anthem
9:35 am – 9:45 am	<i>Welcome Address</i>
	Dr Fahmida Khatun Executive Director Centre for Policy Dialogue (CPD), Bangladesh
9:45 am – 10:05 am	<i>Brief Remarks by Co-organisers</i>
	Dr Dushni Weerakoon Executive Director, Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka

	<p>Dr Paras Kharel Executive Director, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal</p> <p>Dr Abid Qaiyum Suleri Executive Director, Sustainable Development Policy Institute (SDPI), Pakistan</p> <p>Professor Sachin Chaturvedi Director General, Research and Information System for Developing Countries (RIS), India</p>
10:05 am – 10:35 am	<i>Remarks by Distinguished Speakers</i>
	<p>Dr Yuba Raj Khatiwada Former Finance Minister and Former Governor Nepal Rastra Bank, Nepal</p> <p>Dr Ishrat Husain Former Governor, State Bank of Pakistan Former Advisor to the Prime Minister on Institutional Reforms and Austerity, Pakistan</p> <p>Dr. P. Nandalal Weerasinghe Governor, Central Bank of Sri Lanka</p>
10:35 am – 10:50 am	<i>Address by the Special Guest</i>
	Mr M. A. Mannan, MP Hon'ble Minister, Ministry of Planning, Government of Bangladesh, Bangladesh
10:50 am – 11:10 am	<i>Address by the Chief Guest</i>
	Dr. Shirin Sharmin Chaudhury, MP Hon'ble Speaker, Bangladesh Parliament, Bangladesh
11:10 am – 11:30 am	<i>Closing Remarks by the Chair</i>
	Professor Rehman Sobhan Founding Chairman, Centre for Policy Dialogue (CPD), Bangladesh
11:30 am – 12:00 pm	Refreshments

DAY 1: SATURDAY, 4 NOVEMBER 2023

PLENARY SESSION: 1

12:00 pm – 1:30 pm

Plenary 1 12:00 pm – 1:30 pm Venue: Grand Ballroom, Sheraton, Dhaka	State of Regional Cooperation in South Asia: Revisiting Group of Eminent Persons’ (GEP) Report, New Context, Challenges, and Opportunities
	<i>Chair</i>
	Professor Mustafizur Rahman Distinguished Fellow Centre for Policy Dialogue (CPD), Bangladesh
	<i>Panellists</i>
	Ms Mandakini Kaul (Online) Regional Coordinator South Asia Regional Integration and Engagement The World Bank
	Ambassador Farooq Sobhan Distinguished Fellow and Board Member, Bangladesh Enterprise Institute (BEI) and Former Foreign Secretary, Bangladesh
	Dr Nagesh Kumar Director and Chief Executive Institute for Studies in Industrial Development (ISID), India
	Ms Irosha Cooray Director, Education Security and Culture, South Asian Association for Regional Cooperation (SAARC)
	Mr Abdul Ghufuran Memon Federal Secretary, Ministry of Maritime Affairs, Government of Pakistan, Pakistan
	Dr Posh Raj Pandey Senior Economic Advisor, Ministry of Finance, Government of Nepal, Nepal.
1:30 pm – 2:30 pm	Lunch

DAY 1: SATURDAY, 4 NOVEMBER 2023

PARALLEL SESSIONS: GROUP A

2:30 pm – 4:00 pm

Parallel Session A1	Parallel Session A2	Parallel Session A3
<i>Venue</i> Annex 1, Sheraton Dhaka	<i>Venue</i> Annex 2, Sheraton Dhaka	<i>Venue</i> Nawab, Sheraton Dhaka
Multi-modal Transport (Cross-border Logistics)	Macroeconomic Cooperation and the Possibility of a Common Currency	Towards an Integrated Energy Grid
<i>Chair</i>	<i>Chair</i>	<i>Chair</i>
Dr Dushni Weerakoon Executive Director Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka	Professor Sachin Chaturvedi Director General Research and Information System for Developing Countries (RIS), India	Dr M Tamim Professor, Department of Petroleum and Mineral Resources Engineering, Bangladesh University of Engineering and Technology (BUET), Bangladesh
<i>Panellists</i>	<i>Panellists</i>	<i>Panellists</i>
Professor Dr Govind Raj Pokharel Former Vice-Chair National Planning Commission, Federal Democratic Republic of Nepal, Nepal	Dr Zahid Hussain Former Lead Economist The World Bank, Bangladesh Dr Posh Raj Pandey Senior Economic Advisor Ministry of Finance, Government of Nepal, Nepal	Dr Shankar Shrestha Executive Director Nepal Development Research Institute (NDRI), Nepal Mr Richard Kaniewski Deputy Country Director Friedrich-Ebert-Stiftung (FES) India Office, India
Dr Selim Raihan Professor of Economics University of Dhaka and Executive Director, SANEM, Bangladesh	Dr Md. Habibur Rahman Chief Economist Bangladesh Bank, Bangladesh	Mr Alias Wardak Independent Regional Power Integration Expert, Afghanistan
Mr Abdul Ghufuran Memon Federal Secretary Ministry of Maritime Affairs, Government of Pakistan Pakistan	Dr Priyadarshi Dash Associate Professor Research and Information Centre for Developing Countries (RIS), India	Mr Hartmut Behrend Project Manager Project for support of the Climate and Development Partnership Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bangladesh
Mr Chewang Rinzin Director, (Dy. Chamberlain to His Majesty The King), Royal Institute of Governance and Strategic Studies, Bhutan	Dr Abid Qaiyum Suleri Executive Director Sustainable Development Policy Institute (SDPI), Pakistan	

Parallel Session A1	Parallel Session A2	Parallel Session A3
Dr Prabir De Professor Research and Information System for Developing Countries (RIS), India Open Discussion	Dr Ahsan Habib Mansur Executive Director Policy Research Institute of Bangladesh (PRI), Bangladesh	Professor Badrul Imam Honorary Professor Department of Geology, University of Dhaka Bangladesh Mr Mbuso Gwafila Senior Energy Specialist The World Bank
Open Discussion	Open Discussion	Open Discussion
Summing up by the Chair	Summing up by the Chair	Summing up by the Chair
4:00 pm – 4:30 pm	Refreshments	

DAY 1: SATURDAY, 4 NOVEMBER 2023

PLENARY SESSION: 2

4:30 pm - 6:00 pm

Plenary 2 4:30 pm – 6:00 pm Venue: Grand Ballroom, Sheraton, Dhaka	Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia
	<i>Chair</i>
	Dr Debapriya Bhattacharya Distinguished Fellow Centre for Policy Dialogue (CPD), Bangladesh
	<i>Guest of Honour</i>
	Mr Md. Jashim Uddin President SAARC Chamber of Commerce & Industry, Bangladesh
	<i>Panellists</i>
	Dr P. Nandalal Weerasinghe Governor Central Bank of Sri Lanka, Sri Lanka
	Dr Shekhar Shah Vice Chairman Academic Advisory Council, Indian School of Public Policy (ISPP), India

	<p>Dr Ishrat Husain Former Governor, State Bank of Pakistan Former Advisor to the Prime Minister on Institutional Reforms and Austerity, Pakistan</p> <p>Ambassador Durga Bhattarai Former Foreign Secretary Federal Democratic Republic of Nepal</p>
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DAY 2: SUNDAY, 5 NOVEMBER 2023

9:00 am - 9:30 am	Registration and Reception
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PLENARY SESSION: 3
9:30 am - 11:00 am

Plenary 3 9:30 am – 11:00 am Venue: Grand Ballroom, Sheraton	<p>Geo-strategic Factors Underpinning Contemporary Trends in South Asian Cooperation</p>
	<i>Chair</i>
	<p>Professor Rounaq Jahan Distinguished Fellow Centre for Policy Dialogue (CPD), Bangladesh</p>
	<i>Panellists</i>
	<p>Dr Swarnim Wagle Member Federal Parliament of Nepal, Nepal</p>
	<p>Professor Md Shahidul Haque Professor, South Asian Institute of Policy and Governance (SIPG) and Former Foreign Secretary, Bangladesh</p>
	<p>Dr Syed Kaleem Imam Former Federal Secretary Government of Pakistan, Pakistan</p>
	<p>Dr Amena Mohsin Professor, Department of International Relations University of Dhaka, Bangladesh</p>

	<p>Dr Praveen Jha Professor Centre for Economic Studies and Planning School of Social Sciences Jawaharlal Nehru University (JNU), India</p> <p>Brig. Gen. (Retd.) Dr Sakhawat Hussain Former Election Commissioner, Bangladesh</p>
11:00 am – 11:30 am	Refreshments

DAY 2: SUNDAY, 5 NOVEMBER 2023

PARALLEL SESSIONS: GROUP B

11:30 am - 1:00 pm

Parallel Session B1	Parallel Session B2	Parallel Session B3
<i>Venue</i> Ballroom, Sheraton Dhaka	<i>Venue</i> Annex 1, Sheraton Dhaka	<i>Venue</i> Nawab, Sheraton Dhaka
Climate Change and Resilience	Cross-border Labour Market Management	Value chains and Foreign Direct Investment (FDI)
<i>Chair</i>	<i>Chair</i>	<i>Chair</i>
Dr M Asaduzzaman Former Research Director Bangladesh Institute of Development Studies (BIDS), Bangladesh	Mr Madhu Raman Acharya Former Foreign Secretary Federal Democratic Republic of Nepal	Dr N. R. Bhanumurthy Vice-Chancellor Dr B.R. Ambedkar School of Economics (BASE) Universi- ty, India
<i>Special Guest</i>	<i>Panellists</i>	<i>Panellists</i>
Mr Florian Höllen Head of Cooperation Embassy of the Federal Republic of Germany	Ms Dikshya Singh Programme Coordinator South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal	Dr Priyadarshi Dash Associate Professor Research and Information Centre for Developing Coun- tries (RIS), India
<i>Panellists</i>		
Mr Md. Anisur Rahman Senior Urban Planner (Consultant) CRISC Project, GIZ Bangladesh	Mr Raghav Chakravarthy Senior Research Associate JustJobs Network, India	Mr Shams Mahmud Former President Dhaka Chamber of Com- merce & Industry (DCCI) Honorary Consul, Federal Democratic Republic of Ethiopia

Parallel Session B1	Parallel Session B2	Parallel Session B3
<p>Dr Sabyasachi Saha Associate Professor Research and Information System for Developing Countries (RIS), India</p> <p>Mr Kshitiz Dahal Senior Research Officer South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal</p> <p>Dr A Atiq Rahman Executive Director Bangladesh Centre for Advanced Studies (BCAS), Bangladesh</p> <p>Professor Dr Babar Shahbaz Professor and Director Institute of Agricultural Extension, Education and Rural Development University of Agriculture Faisalabad, Pakistan</p>	<p>Dr Sayema Haque Bidisha Professor, Department of Economics, University of Dhaka and Research Director, SANEM, Bangladesh</p> <p>Dr Syed Kaleem Imam Former Federal Secretary Government of Pakistan, Pakistan</p> <p>Dr Praveen Jha Professor Centre for Economic Studies and Planning, School of Social Sciences Jawaharlal Nehru University (JNU), India</p>	<p>Engineer Abdul Jabbar Memon Vice President, Federation of Pakistan Chambers of Com- merce & Industry, Pakistan</p> <p>Dr Biswash Gauchan Executive Director Institute for Integrated Development Studies (IIDS), Nepal</p> <p>Ms Huma Fakhar Founder and Chairperson MAP Capital Holdings, Pakistan</p> <p>Dr Ch Priyoranjan Singh Professor Manipur University, Imphal, India</p> <p>Mr Buwaneka Perera Chief Executive Officer (CEO)/ Seretary General, The Ceylon Chamber of Commerce, Sri Lanka</p>
Open Discussion	Open Discussion	Open Discussion
Summing up by the Chair	Summing up by the Chair	Summing up by the Chair
1:00 pm - 2:00 pm	Lunch	

DAY 2: SUNDAY, 5 NOVEMBER 2023

PARALLEL SESSIONS: GROUP C

2:00 pm - 3:30 pm

Parallel Session C1	Parallel Session C2	Parallel Session C3
<i>Venue</i> Ballroom, Sheraton Dhaka	<i>Venue</i> Annex 1, Sheraton Dhaka	<i>Venue</i> Nawab, Sheraton Dhaka
Role of Knowledge Actors in Advancing a New Political Settlement in South Asia	Cooperation in Public Health	Gender Equality and Women's Empowerment
<i>Chair</i>	<i>Chair</i>	<i>Chair</i>
Dr Swarnim Wagle Member Federal Parliament, Nepal	Dr Hossain Zillur Rahman Chairperson, BRAC Executive Chairman, Power and Participation Research Centre (PPRC) and Former Advisor to the Caretaker Government, Bangladesh	Dr Beena Pandey Assistant Professor Research and Information System for Developing Countries (RIS), India
<i>Panellists</i>	<i>Panellists</i>	<i>Panellists</i>
Professor Sanjib Baruah Andy Matsui Distinguished Professor of the Humanities, Asian University for Women, Bangladesh	Dr Ganga Tilakaratna Research Fellow and Head of Poverty and Social Welfare Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka	Ms Dikshya Singh Programme Coordinator South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal
Professor Imran Rahman Vice Chancellor University of Liberal Arts Bangladesh (ULAB), Bangladesh	Dr Syed Abdul Hamid Professor Institute of Health Economics University of Dhaka, Bangladesh	Dr Faria Sultana Head of the Department Department of Economics, American International University-Bangladesh (AIUB), Bangladesh
Mr Felix Kolbitz Resident Representative Friedrich-Ebert-Stiftung (FES), Bangladesh	Dr Prabir De Professor Research and Information System for Developing Countries (RIS), India	Ms Neeru Rayamajhi Immediate Past President Federation of Women Entrepreneurs' Associations, Nepal
Mr Rinzin Wangchuk JAB Member Journalists Association of Bhutan (JAB), Bhutan		

Parallel Session C1	Parallel Session C2	Parallel Session C3
<p>Professor Dr Babar Shahbaz Professor and Director Institute of Agricultural Extension, Education and Rural Development, University of Agriculture Faisalabad, Pakistan</p> <p>Dr Sabyasachi Saha Associate Professor Research and Information System for Developing Countries (RIS), India</p>	<p>Ms Sabina F Rashid, PhD Professor Mushtaque Chowdhury Chair in Health and Poverty, BRAC James P Grant School of Public Health, BRAC University, Bangladesh</p> <p>Dr Rudra Suwal Lead/Coordinator, Economic Development Programme Nepal Development Research Institute (NDRI), Nepal</p>	<p>Barrister Rashna Imam Managing Partner Akhtar Imam & Associates, Bangladesh</p> <p>Ms Huma Fakhar Founder and Chairperson MAP Capital Holdings, Pakistan</p>
Open Discussion	Open Discussion	Open Discussion
Summing up by the Chair	Summing up by the Chair	Summing up by the Chair
4:00 pm – 4:30 pm	Refreshments	

DAY 2: SUNDAY, 5 NOVEMBER 2023

CLOSING SESSION

4:00 pm - 5:30 pm

Venue: Grand Ballroom, Sheraton Dhaka

4:00 pm – 4:10 pm	<i>Remarks by the Moderator</i>
	<p>Dr Fahmida Khatun Executive Director Centre for Policy Dialogue (CPD), Bangladesh</p>
4:10 pm – 4:25 pm	<i>Presentation of the Conference Summary</i>
	<p>Dr Khondaker Golam Moazzem Research Director Centre for Policy Dialogue (CPD), Bangladesh</p>
4:25 pm – 4:40 pm	<i>Remarks by Distinguished Speakers</i>
	<p>Professor Sachin Chaturvedi Director General Research and Information System for Developing Countries (RIS), India</p>

	<p>Dr Paras Kharel Executive Director South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal</p>
4:40 pm – 5:05 pm	<p><i>Guest of Honour</i></p> <p>Ms Irosha Cooray Director, Education Security and Culture South Asian Association for Regional Cooperation (SAARC)</p> <p>Mr Florian Höllen Head of Cooperation Embassy of the Federal Republic of Germany</p> <p>Mr Stefan Liller Resident Representative United Nations Development Programme (UNDP), Bangladesh</p>
5:05 pm – 5:20 pm	<p><i>Closing Remarks by the Chair</i></p> <p>Professor Rehman Sobhan Founding Chairman Centre for Policy Dialogue (CPD), Bangladesh</p>
5:20 pm – 5:30 pm	<p><i>Vote of Thanks by the Moderator</i></p>
5:30 pm	<p>Refreshments</p>

SAES XIV

Resource Persons

(As of 2 November 2023)

Bangladesh

Dr. Shirin Sharmin Chaudhury, MP

Hon'ble Speaker
Bangladesh Parliament

Mr M. A. Mannan, MP

Hon'ble Minister, Ministry of Planning
Government of Bangladesh

Dr M Asaduzzaman

Former Research Director
Bangladesh Institute of Development
Studies (BIDS), Bangladesh

Dr Debapriya Bhattacharya

Distinguished Fellow
Centre for Policy Dialogue (CPD),
Bangladesh

Dr Sayema Haque Bidisha

Professor, Department of Economics,
University of Dhaka and
Research Director, South Asian Network on
Economic Modeling (SANEM), Bangladesh

Dr Syed Abdul Hamid

Professor, Institute of Health Economics
University of Dhaka, Bangladesh

Professor Md Shahidul Haque

Professor, South Asian Institute of Policy and
Governance (SIPG), Bangladesh and
Former Foreign Secretary

Brig. Gen. (Retd.) Dr Sakhawat Hussain

Former Election Commissioner
Bangladesh

Dr Zahid Hussain

Former Lead Economist
The World Bank, Bangladesh

Professor Badrul Imam

Former Chairman, Petrobangla and
Honorary Professor, Department of Geology
University of Dhaka, Bangladesh

Barrister Rashna Imam

Managing Partner
Akhter Imam & Associates, Bangladesh

Professor Rounaq Jahan

Distinguished Fellow
Centre for Policy Dialogue (CPD),
Bangladesh

Dr Fahmida Khatun

Executive Director
Centre for Policy Dialogue (CPD),
Bangladesh

Mr Shams Mahmud

Former President, Dhaka Chamber of
Commerce & Industry (DCCI) and
Honorary Consul, Federal Democratic
Republic of Ethiopia

Dr Ahsan Habib Mansur

Executive Director
Policy Research Institute of Bangladesh
(PRI), Bangladesh

Dr Khondaker Golam Moazzem

Research Director
Centre for Policy Dialogue (CPD),
Bangladesh

Dr Amena Mohsin

Professor, Department of International
Relations
University of Dhaka, Bangladesh

Dr A Atiq Rahman

Executive Director
Bangladesh Centre for Advanced Studies
(BCAS), Bangladesh

Professor Mustafizur Rahman

Distinguished Fellow
Centre for Policy Dialogue (CPD),
Bangladesh

Dr Hossain Zillur Rahman

Chairperson, BRAC
Executive Chairman, Power and
Participation Research Centre (PPRC),
Bangladesh and
Former Advisor to the Caretaker
Government

Dr Md. Habibur Rahman

Chief Economist
Bangladesh Bank, Bangladesh

Dr Selim Raihan

Professor of Economics, University of
Dhaka and Executive Director, South Asian
Network on Economic Modeling (SANEM),
Bangladesh

Professor Imran Rahman

Vice Chancellor
University of Liberal Arts Bangladesh
(ULAB), Bangladesh

Ms Sabina F Rashid, PhD

Professor, Mushtaque Chowdhury Chair in
Health and Poverty
BRAC James P Grant School of Public
Health
BRAC University, Bangladesh

Ambassador Farooq Sobhan

Distinguished Fellow and Board Member
Bangladesh Enterprise Institute (BEI) and
Former Foreign Secretary, Bangladesh

Professor Rehman Sobhan

Founding Chair
Centre for Policy Dialogue (CPD),
Bangladesh

Dr M Tamim

Professor, Department of Petroleum and
Mineral Resources Engineering
Bangladesh University of Engineering and
Technology (BUET), Bangladesh

Dr Faria Sultana

Head of the Department, Department of
Economics
American International University-
Bangladesh (AIUB), Bangladesh

Mr Md. Jashim Uddin

President, SAARC Chamber of Commerce &
Industry and
Former President, Federation of Bangladesh
Chambers of Commerce & Industries
(FBCCI), Bangladesh

India**Dr N. R. Bhanumurthy**

Vice-Chancellor
Dr B.R. Ambedkar School of Economics
(BASE) University, India

Mr Raghav Chakravarthy

Senior Research Associate
JustJobs Network, India

Professor Sachin Chaturvedi

Director General
Research and Information System for
Developing Countries (RIS), India

Dr Priyadarshi Dash

Associate Professor
Research and Information Centre for
Developing Countries (RIS), India

Dr Prabir De

Professor
Research and Information System for
Developing Countries (RIS), India

Dr Praveen Jha

Professor, Centre for Economic Studies and
Planning, School of Social Sciences
Jawaharlal Nehru University (JNU), India

Dr Nagesh Kumar

Director and Chief Executive
Institute for Studies in Industrial
Development (ISID), India

Dr Beena Pandey

Assistant Professor
Research and Information System for
Developing Countries (RIS), India

Dr Sabyasachi Saha

Associate Professor
Research and Information System for
Developing Countries (RIS), India

Dr Shekhar Shah

Vice Chairman
Academic Advisory Council, Indian School
of Public Policy (ISPP), India

Dr Ch Priyoranjan Singh

Professor
Manipal University, Imphal, India

Nepal**Mr Madhu Raman Acharya**

Former Foreign Secretary
Federal Democratic Republic of Nepal

Dr Dinesh Bhattarai

Former Advisor to the Prime Minister on
Foreign Affairs and
Former Ambassador, Government of Nepal,
Nepal

Ambassador Durga Bhattarai
Former Foreign Secretary
Federal Democratic Republic of Nepal

Mr Kshitiz Dahal
Senior Research Officer
South Asia Watch on Trade, Economics and
Environment (SAWTEE), Nepal

Dr Biswash Gauchan
Executive Director
Institute for Integrated Development
Studies (IIDS), Nepal

Dr Paras Kharel
Executive Director
South Asia Watch on Trade, Economics and
Environment (SAWTEE), Nepal

Dr Yuba Raj Khatiwada
Former Finance Minister and
Former Governor, Nepal Rastra Bank, Nepal

Dr Posh Raj Pandey
Senior Economic Advisor
Ministry of Finance, Government of Nepal,
Nepal

Professor Dr Govind Raj Pokharel
Former Vice-Chair, National Planning
Commission
Federal Democratic Republic of Nepal

Ms Neeru Rayamajhi
Immediate Past President
Federation of Women Entrepreneurs'
Associations, Nepal

Dr Shankar Shrestha
Executive Director
Nepal Development Research Institute
(NDRI), Nepal

Ms Dikshya Singh
Programme Coordinator
South Asia Watch on Trade, Economics and
Environment (SAWTEE), Nepal

Dr Rudra Suwal
Lead/Coordinator, Economic, Development
Programme
Nepal Development Research Institute,
(NDRI), Nepal

Dr Swarnim Wagle
Member
Federal Parliament of Nepal

Pakistan

Ms Huma Fakhar
Founder and Chairperson
MAP Capital Holdings, Pakistan

Dr Ishrat Husain
Former Governor, State Bank of Pakistan
Former Advisor to the Prime Minister on
Institutional Reforms and Austerity, Pakistan

Dr Syed Kaleem Imam
Former Federal Secretary
Government of Pakistan

Mr Abdul Ghufuran Memon
Federal Secretary, Ministry of Maritime
Affairs
Government of Pakistan

Engineer Abdul Jabbar Memon
Senior Vice President
Federation of Pakistan Chambers of
Commerce & Industry, Pakistan

Professor Dr Babar Shahbaz

Professor and Director, Institute of
Agricultural Extension, Education and Rural
Development
University of Agriculture Faisalabad,
Pakistan

Dr Abid Qaiyum Suleri

Executive Director
Sustainable Development Policy Institute
(SDPI), Pakistan

Sri Lanka**Mr Buwaneka Perera**

Chief Executive Officer (CEO)/
Secretary General,
The Ceylon Chamber of Commerce, Sri
Lanka

Dr Ganga Tilakaratna

Research Fellow and Head of Poverty and
Social Welfare
Institute of Policy Studies of Sri Lanka (IPS),
Sri Lanka

Dr Dushni Weerakoon

Executive Director
Institute of Policy Studies of Sri Lanka (IPS),
Sri Lanka

Dr. P. Nandalal Weerasinghe

Governor
Central Bank of Sri Lanka

Afghanistan**Mr Alias Wardak**

Independent Regional Power
Integration Expert, Afghanistan

Bhutan**Mr Chewang Rinzin**

Director, (Dy. Chamberlain to His Majesty
The King)
Royal Institute of Governance and Strategic
Studies, Bhutan

Mr Rinzin Wangchuk

JAB Member
Journalists Association of Bhutan (JAB),
Bhutan

Maldives**Ms Fareeha Shareef**

Co-founder and Director
FJS Consulting, Maldives

Others**Professor Sanjib Baruah**

Andy Matsui Distinguished Professor of the
Humanities
Asian University for Women, Bangladesh

Mr Hartmut Behrend

Project Manager
Project for support of the Climate and
Development Partnership
Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH
Bangladesh

Ms Irosha Cooray

Director, Education Security and Culture
South Asian Association for Regional
Cooperation (SAARC)

Mr Mbuso Gwafila
Senior Energy Specialist
The World Bank

Mr Florian Höllen
Head of Cooperation
Embassy of the Federal Republic of Germany
Bangladesh

Mr Jan Janowski
Deputy Head of the Mission
Embassy of the Federal Republic of
Germany, Bangladesh

Mr Richard Kaniewski
Deputy Country Director
Friedrich-Ebert-Stiftung India Office, India

Ms Mandakini Kaul
Regional Coordinator
South Asia Regional Integration and
Engagement
The World Bank

Mr Felix Kolbitz
Resident Representative
Friedrich-Ebert-Stiftung (FES), Bangladesh

Mr Stefan Liller
Resident Representative
United Nations Development Programme
(UNDP), Bangladesh

Mr Md. Anisur Rahman
Senior Urban Planner (Consultant)
CRISC Project, GIZ Bangladesh



**Moments from
SAES XIV**



Participants from South Asia gathered at the Dhaka Summit and attended various sessions.



Professor Rehman Sobhan, speaking at the inaugural session.



(From Left) *Dr Fahmida Khatun*, Executive Director, CPD; *Dr Abid Qaiyum Suleri*, Executive Director, Sustainable Development Policy Institute (SDPI), Pakistan; *Professor Sachin Chaturvedi*, Director General, Research and Information System for Developing Countries (RIS), India; *Dr P. Nandalal Weerasinghe*, Governor of Central Bank of Sri Lanka; *Dr Shirin Sharmin Chaudhury*, MP, Hon'ble Speaker, Bangladesh Parliament; *Professor Rehman Sobhan*, Chairman, CPD; *Mr M. A. Manman*, MP, Hon'ble Minister Ministry of Planning, Government of Bangladesh; *Dr Yuba Raj Khatiwada*, Former Finance Minister and Former Governor, Nepal Rastra Bank; *Dr Ishrat Husain*, Former Governor, State Bank of Pakistan and Former Advisor to the Prime Minister on Institutional Reforms & Austerity, Pakistan; *Dr Dushni Weerakoon*, Executive Director, Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka and *Dr Paras Kharel*, Executive Director, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal.



(From Left) *Dr Nagesh Kumar*, Director and Chief Executive, Institute for Studies in Industrial Development (ISID), India; *Ambassador Farooq Sobhan*, Distinguished Fellow & Board Member, Bangladesh Enterprise Institute (BEI) and Former Foreign Secretary, Bangladesh; *Professor Mustafizur Rahman*, Distinguished Fellow, CPD; *Mr Abdul Ghufuran Memon*, Federal Secretary, Ministry of Maritime Affairs, Government of Pakistan; *Ms Irosha Cooray*, Director, Education Security & Culture, SAARC and *Dr Posh Raj Pandey*, Senior Economic Advisor, Ministry of Finance, Government of Nepal.



(From Left) *Ambassador Durga Prasad Bhattarai*, Former Foreign Secretary, Federal Democratic Republic of Nepal; *Mr Md. Jashim Uddin*, President, SAARC Chamber of Commerce & Industry, Bangladesh; *Dr Debapriya Bhattacharya*, Distinguished Fellow, CPD; *Dr P. Nandalal Weerasinghe*, Governor, Central Bank of Sri Lanka; *Dr Shekhar Shah*, Vice Chairman, Academic Advisory Council, Indian School of Public Policy (ISPP), India and *Dr Ishrat Husain*, Former Governor State Bank of Pakistan & Former Advisor to the Prime Minister on Institutional Reforms & Austerity, Pakistan.



(From Left) *Dr Amena Mohsin*, Professor, Department of International Relations University of Dhaka, Bangladesh; *Brig. Gen. (Retd.) Dr Sakhawat Hussain*, Former Election Commissioner, Bangladesh; *Dr Swarnim Waglé*, Member, Federal Parliament of Nepal; *Professor Rounaq Jahan*, Distinguished Fellow, CPD; *Dr Syed Kaleem Imam*, Former Federal Secretary, Government of Pakistan; *Professor Md Shahidul Haque*, Professor, South Asian Institute of Policy and Governance (SIPG), North South University and Former Foreign Secretary, Bangladesh and *Dr Praveen Jha*, Professor, Centre for Economic Studies and Planning School of Social Sciences, Jawaharlal Nehru University, India.



(From Left) *Dr Prabir De*, Professor, Research and Information System for Developing Countries (RIS), India; *Dr Dushni Weerakoon*, Executive Director, Institute of Policy Studies of Sri Lanka (IPS); *Mr Abdul Ghufuran Memon*, Federal Secretary, Ministry of Maritime Affairs, Government of Pakistan and *Dr Selim Raihan*, Executive Director of South Asian Network on Economic Modeling (SANEM).



Participants at the Parallel Session A2, discussing the possibility of a common currency in South Asia.



Participants discussed the move towards an integrated energy grid during Parallel Session A3.



(From Left) *Dr Sabyasachi Saha*, Associate Professor of Research and Information System for Developing Countries (RIS), India; *Dr A Atiq Rahman*, Executive Director, Bangladesh Centre for Advanced Studies (BCAS); *Mr Florian Höllen*, Head of Cooperation, Embassy of the Federal Republic of Germany; *Dr M Asaduzzaman*, Former Research Director, Bangladesh Institute of Development Studies (BIDS); *Professor Dr Babar Shahbaz*, Professor and Director, Institute of Agricultural Extension, Education and Rural Development University of Agriculture, Faisalabad, Pakistan; *Mr Kshitiz Dahal*, Senior Research Officer, South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal and *Mr Md Anisur Rahman*, Senior Urban Planner (Consultant), CRISC Project, GIZ Bangladesh.



(From Left) *Dr Praveen Jha*, Professor at the Centre for Economic Studies and Planning, School of Social Sciences, Jawaharlal Nehru University, India; *Dr Sayema Haque Bidisha*, Research Director of South Asian Network on Economic Modeling (SANEM); *Mr Madhu Raman Acharya*, Former Foreign Secretary of the Federal Democratic Republic of Nepal; *Dr Syed Kaleem Imam*, Former Federal Secretary, Government of Pakistan; *Ms Dikshya Singh*, Programme Coordinator South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal and *Professor Rehman Sobhan*, Chairman, CPD, to the far left.



(From Left) *Mr Shams Mahmud*, Honorary Consul of Embassy of the Federal Democratic Republic of Ethiopia; *Dr N. R. Bhanumurthy*, Vice-Chancellor, Dr B.R. Ambedkar School of Economics (BASE) University, India; *Dr Biswash Gauchan*, Executive Director, Institute for Integrated Development Studies (IIDS) and *Mr Buwaneka Perera*, CEO/Secretary General of The Ceylon Chamber of Commerce, Sri Lanka.



(From Left) *Mr Rinzin Wangchuk*, Member, Journalists Association of Bhutan; *Professor Sanjib Baruah*, Andy Matsui Distinguished Professor of the Humanities, Asian University for Women; *Professor Imran Rahman*, Vice Chancellor of University of Liberal Arts Bangladesh (ULAB); *Dr Swarnim Wagle*, Member Federal Parliament of Nepal; *Mr Felix Kolbitz*, Resident Representative Friedrich-Ebert-Stiftung (FES), Bangladesh; *Dr Sabyasachi Saha*, Associate Professor of Research and Information System for Developing Countries (RIS), India; and *Dr Shekhar Shah*, Vice Chairman, Academic Advisory Council, Indian School of Public Policy (ISPP), India.



(From Left) *Professor Mustafizur Rahman*, Distinguished Fellow, CPD; *Dr Prabir De*, Professor, Research and Information System for Developing Countries (RIS), India; *Ms Sabina F Rashid, PhD*, Professor, Mushtaque Chowdhury Chair in Health and Poverty BRAC James P Grant School of Public Health, BRAC University, Bangladesh; *Dr Hossain Zillur Rahman*, Chairperson, BRAC, Executive Chairman, Power and Participation Research Centre – PPRC, Former Advisor to the Caretaker Government, Bangladesh; *Dr Ganga Tilakaratna*, Research Fellow and Head of Poverty and Social Welfare, Institute of Policy Studies of Sri Lanka (IPS); and *Dr Syed Abdul Hamid*, Professor, Institute of Health Economics, University of Dhaka, Bangladesh.



(From Left) Dr Faria Sultana, Head of the Department, Department of Economics, American International University-Bangladesh (AIUB); Dr Beena Pandey, Assistant Professor, Research and Information System for Developing Countries (RIS), India; Ms Neeru Rayamajhi, Immediate Past President, Federation of Women Entrepreneurs' Associations, Nepal and Barrister Rashna Imam, Managing Partner, Akhtar Imam & Associates.



(From Left) Dr Fahmida Khatun, Executive Director, CPD; Dr Paras Kharel, Executive Director, South Asia Watch on Trade, Economics, and Environment (SAWTEE), Nepal; Mr Stefan Liller, Resident Representative, United Nations Development Programme (UNDP), Bangladesh; Professor Rehman Sobhan, Chairman, CPD; Mr Florian Höllen, Head of Cooperation, Embassy of the Federal Republic of Germany; Ms Irosha Cooray, Director, Education Security & Culture South Asian Association for Regional Cooperation (SAARC); and Dr Khondaker Golam Moazzem, Research Director, CPD.



Dr Fahmida Khatun, Executive Director, CPD, presenting flowers to the performers of the cultural night during SAES XIV.



Performers showcased the cultural dances of Bangladesh during the cultural night.

For the media coverage, please follow the links below:

Day 1 (4 November, 2023)

English

1. The Daily Star 1- <https://tinyurl.com/22rdupcz>
2. The Daily Star 2- <https://tinyurl.com/58fy9eed>
3. The Daily Star 3- <https://tinyurl.com/p868tfra>
4. The Daily Star 4- <https://tinyurl.com/4xpcazmx>
5. The Business Standard 1- <https://tinyurl.com/y6pz3pvr>
6. The Business Standard 2- <https://tinyurl.com/2e4pv452>
7. The Business Standard 3- <https://tinyurl.com/39hzw9mk>
8. The Business Standard 4- <https://tinyurl.com/brp5yxf3>
9. The Business Standard 5- <https://tinyurl.com/wtzc2j9a>
10. The Financial Express 1- <https://tinyurl.com/4b5ns56f>
11. The Financial Express 2- <https://tinyurl.com/3fsf524m>
12. The Financial Express 3- <https://tinyurl.com/ypxf7dsm>
13. The Financial Express 4- <https://tinyurl.com/489sa24e>
14. Dhaka Tribune- <https://tinyurl.com/2s53afnr>
15. Daily Sun 1- <https://tinyurl.com/2dy76ytj>
16. Daily Sun 2- <https://tinyurl.com/yc2bbnve>
17. UNB 1- <https://tinyurl.com/m2sfkzvj>
18. UNB 2- <https://tinyurl.com/5fyejt2d>
19. Business Post- <https://tinyurl.com/2aedy274>
20. New Age- <https://tinyurl.com/34kat3xw>
21. Bangladesh Post 1- <https://tinyurl.com/52t65prv>
22. Bangladesh Post 2- <https://tinyurl.com/ykkuvrrt>
23. Bangladesh Post 3- <https://tinyurl.com/5y79ewpt>
24. Asian Age- <https://tinyurl.com/3ur87p26>
25. BSS News- <https://tinyurl.com/nhk6xmbr>

Bangla

1. Prothom Alo 1- <https://tinyurl.com/5yenkavn>
2. Prothom Alo 2- <https://tinyurl.com/y5yua7ej>
3. Prothom Alo 3- <https://tinyurl.com/377a3376>
4. Bonik Barta 1- <https://tinyurl.com/59rwm6h>
5. Bonik Barta 2- <https://tinyurl.com/3cn6xse2>
6. Ajker Patrika- <https://tinyurl.com/4dknktm>

7. Amader Orthoneeti 2- <https://tinyurl.com/2hjr5pj>
8. Jugantor- <https://tinyurl.com/37bd3fhn>
9. Bangladesh Protidin- <https://tinyurl.com/yrmzwd9y>
10. Kaler Kantho- <https://tinyurl.com/3enbpcjr>
11. Bhorer Kagoj- <https://tinyurl.com/yc5ttzay>
12. Protidiner Sangbad- <https://tinyurl.com/38pzvbw2>
13. Sangbad- <https://tinyurl.com/3sf8kesc>
14. Sharebiz- <https://tinyurl.com/4hpjk6tp>
15. Sangram- <https://tinyurl.com/33wetdxk>
16. Alokito Bangladesh 1- <https://tinyurl.com/3crbsthn>
17. Alokito Bangladesh 2- <https://tinyurl.com/36jbuuff>
18. Sara Bangla- <https://tinyurl.com/mrywfy8>
19. Orthosongbad- <https://tinyurl.com/y8ktx5j>
20. Protidiner Bangladesh 2- <https://tinyurl.com/3y3j6jn5>

Online

1. The Daily Star (Bangla)- <https://tinyurl.com/2s38zwn3>
2. Gramer Kagoj 1- <https://tinyurl.com/2h6zux9r>
3. Gramer Kagoj 2- <https://tinyurl.com/5n6hnd39>
4. Bangi News 1- <https://tinyurl.com/4m3rksnf>
5. Bangi News 2- <https://tinyurl.com/dyefsmu7>
6. Bangi News 3- <https://tinyurl.com/2c44dukc>
7. Bangla Insider- <https://tinyurl.com/4z2wchj9>
8. Dhaka Post- <https://tinyurl.com/2dssrf3b>
9. Bd News 24 1- <https://tinyurl.com/yckspn3p>
10. Bd News 24 2- <https://tinyurl.com/y76z2ct8>
11. Prothom News- <https://tinyurl.com/mt48fnjn>
12. Kaler Alo- <https://tinyurl.com/8268jxfe>
13. News 2 Narayanganj- <https://tinyurl.com/ez2fvzu6>
14. Mymensingher Alo- <https://tinyurl.com/58uwbapd>
15. Vat Bondhu- <https://tinyurl.com/444b8zk6>

Day 2 (5 November, 2023)

English

1. The Daily Star 1- <https://tinyurl.com/yc29uxxx>
2. The Daily Star 2- <https://tinyurl.com/mr4cn4bz>

3. The Daily Star 3- <https://tinyurl.com/3jb6xt3e>
4. The Financial Express- <https://tinyurl.com/2xbu5msu>
5. The Business Standard- <https://tinyurl.com/2pac8mrz>
6. The Business Post- <https://tinyurl.com/ef8epj3t>
7. Bangladesh Post- <https://tinyurl.com/2mutvnyj>
8. Observer BD- <https://tinyurl.com/24fcnsd6>
9. Dhaka Tribune- <https://tinyurl.com/7w2hynvp>
10. UNB- <https://tinyurl.com/mv8p2snh>
11. Daily Sun- <https://tinyurl.com/mvaubuax>

Bangla

1. Kaler Kantho- <https://tinyurl.com/5n6kkbrz>
2. Jugantor- <https://tinyurl.com/yc7c4f4v>
3. Bonik Barta - <https://tinyurl.com/2s3vt28u>
4. Kaler Kantho 1- <https://tinyurl.com/3vprkt9b>
5. Kalbela- <https://tinyurl.com/schehrak>
6. Samakal 1- <https://tinyurl.com/288kjr5>
7. Ajker Patrika- <https://tinyurl.com/5akrjm32>
8. Bangladesh Pratidin- <https://tinyurl.com/y6b8z4kz>

Online

1. Bonik Barta (English)- <https://tinyurl.com/26htx8ak>
2. Share Business 24- <https://tinyurl.com/4kj92sx9>
3. Donet BD- <https://tinyurl.com/5n8vmae4>
4. US Bangla 24- <https://tinyurl.com/35793v9n>
5. Barta 24 1 - <https://tinyurl.com/3p5u9e8b>
6. Barta 24 2 - <https://tinyurl.com/3snkvncz>

For more media coverage, visit the following link: <https://saes14.cpd.org.bd/>

Fourteenth South Asia Economic Summit (SAES XIV)

During 2023, it was observed that Pan-South Asia regional cooperation was paralysed by the burden of history, the legacy of bilateral tensions and the lack of initiatives to break the status quo. There was an urgent need for a rethink as regards the modalities to take the discourse on South Asian cooperation forward, taking into cognisance the new developments—both within and outside the region—which had implications for intra-regional cooperation in South Asia.

In this context, the Centre for Policy Dialogue (CPD), along with Research and Information Centre for Developing Countries (RIS), Institute of Policy Studies of Sri Lanka (IPS), Sustainable Development Policy Institute (SDPI) and South Asia Watch on Trade, Economics and Environment (SAWTEE), organised the Fourteenth South Asia Economic Summit (SAES XIV), under the theme 'Reframing South Asian Regional Cooperation in the New Context: National and Global Dimensions'. This two-day conference took place on 4-5 November, 2023, and it saw an overwhelming number of attendees, with approximately 600 participants from both Bangladesh and countries across the South Asian region.

During this regional conference, an inaugural session, three plenaries, nine parallel sessions, and a closing session were organised, with the participation of 70 panellists. This volume contains speeches from eminent figures of the South Asian region, who shared their insights, analyses and recommendations at the event. Additionally, it includes papers from the panellists who discussed various cross-cutting and thematic issues.

It is hoped that this volume will appeal to a broad spectrum of readership who are keen to learn about the possible pathways to harness the advantages of closer cooperation in a peacefully rising South Asia.

Organised by



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