



**Summary report on the
High-level Policy Dialogue on**

**Regional Cooperation and Inclusive Development in
South and South-West Asia**

18-19 October 2012, New Delhi

Introduction

South and South-West Asia remains one of the most dynamic subregions in the world, especially in light of multiple crises and continued uncertainty in much of the world economy. Although growth is slowing in the subregion, it is still faster than in many other parts of the world. Helping South and South-West Asia sustain this dynamism, to meet its pressing development challenges, is a crucial endeavour and a key priority for ESCAP.

The Policy Dialogue on Regional Cooperation and Inclusive Development in South and South-West Asia, held on 18-19 October 2012, and the report launched during the Dialogue, focused on regional economic cooperation and the importance of inclusive and sustainable development, in line with ongoing discussions about sustainable development and the development agenda for 2015 and beyond.

The Policy Dialogue brought together over 120 participants from across South and South-West Asia, representing senior policy- and decision-makers from all 10 countries in the subregion, in addition to representation from the SAARC Secretariat, other development partners, United Nations agencies, national think tanks and civil society organizations.

Summary of proceedings

Inaugural session

One of the highlights of the inaugural session was the release and presentation of the *South and South-West Asia Development Report 2012-13* published by the United Nations Publications and Routledge for ESCAP. The inaugural session was addressed by **Dr. Nagesh Kumar**, Director, ESCAP-SSWA who delivered welcome remarks and presented the key highlights of the Report. **Dr. Noeleen Heyzer**, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP, delivered the opening keynote address. Dr. Heyzer underscored that cooperation can help spur more inclusive growth and drive the elimination of poverty in South and South-West Asia. Greater regional integration, not only increases intraregional trade, but also promotes investment in the subregion's supply chain and production networks. This creates more and better jobs, and builds productive capacity, particularly in least developed countries, Dr. Heyzer noted. Greater intraregional integration can also improve food and energy security, as well as help mitigate the impact of natural disasters. She stressed that collective regional responses and solutions are more effective in addressing these challenges than individual country approaches.

Mr. Rajeev Kher, Additional Secretary, Minister of Commerce and Industry, Government of India, delivered the inaugural address on behalf of the Minister of Commerce. He stated that India remained fully committed to the idea of regional cooperation and had been playing an active role in promoting this approach. In light of the current slowdown in the industrialized world, regional economic integration is relevant within the subregion more than ever, as the potential for South and South-West Asia to integrate with itself remained untapped, and the consumption opportunities were huge.

Following a brief Q&A session, **Ms. Lise Grande**, United Nations Resident Coordinator in India proposed the vote of thanks.

Session 1: High-level Panel on Regional Cooperation for Inclusive and Sustainable Development

The plenary session under this agenda was moderated by **H.E. Prof. Abhijit Sen**, Member, Planning Commission, Government of India. The panelists were:

- **H.E. Mr. Deependra Bahadur Kshetry**, Vice-Chairman, National Planning Commission, Nepal
- **Dr. Hafiz Pasha**, former Finance Minister of Pakistan
- **Prof. Guven Sak**, Managing Director, Economic Policy Foundation (TEPAV)
- **Dr. Saman Kelegama**, Executive Director, Institute for Policy Studies of Sri Lanka

The panelists noted the importance of inclusive and sustainable development, observing that industry, rather than mining better serves these goals. It was noted that industrialization requires collaboration, not just at the local level, but at regional level as well. Value chains need to be created across borders.

Panelists pointed out that for industrial development, connectivity were key factors. They noted that railways provide fast and competitive mode of transport linking coastal areas with the hinterland. Connectivity needs to be improved to save time and financial resources, in the wake of the post-crisis growth, since connectivity defines market-orientation and competitiveness of regional supplies.

The panelists also observed that increasing connectivity fosters integration. Different integration projects were considered, and although the modes of regional integration between the EU (integration by design) and ASEAN (integration by interaction) differed greatly, the lack or weakness of integration in South Asia appeared striking. Efforts so far have been fragmented, but the panelists suggested that the post-financial crisis may create an opportunity for renewed efforts.

The panelists considered the idea of the Modern Silk Road, which has two missing links: one in Afghanistan and one in the Caucasus. Therefore efforts need to address these two shortcomings. One remedy would be the construction of further railway lines in the Caucasus and connecting the Istanbul-Islamabad train with Afghanistan and extend it to Dhaka via Delhi and Kolkata, as proposed by the ESCAP report.

Panelists stressed that customs coordination and standardization were a must for connectivity. This would include integrating check points and developing single windows. Public-private partnerships could undertake border modernization and management.

Session 2: Regional Economic Cooperation and Connectivity in the Subregion: Potential and Challenges

The plenary session under this agenda was chaired by **Prof. Guven Sak**, Managing Director, Economic Policy Foundation (TEPAV). Presentations were made by:

- **Mr. Amrit Lugun**, Director, Economic, Trade and Finance, SAARC Secretariat
- **Dr. Esmaeil Tekyeh Sadat**, Director, Transport and Communications, ECO Secretariat

- **Dr. Saman Kelegama**, Executive Director, Institute for Policy Studies of Sri Lanka
- **Dr. M. Rahmatullah**, Senior Fellow, Centre for Policy Dialogue, Dhaka and Former Director, Transport Division, UN-ESCAP

The presenters focused on the central role of connectivity in enhancing trade and economic growth. The presentations provided an overview of connectivity initiative in progress in the SAARC and the ECO subregion, the role played by trade agreements and the challenges faced in achieving connectivity goals.

Mr. Amrit Lugun presented activities undertaken by the SAARC Secretariat in the area of connectivity, and gave a brief overview of SAARC, its objectives and functions. He noted that while the regional trade between member States had exceeded 2 billion, there was much untapped potential for further growth. He emphasized that connectivity between the SAARC member States was essential. A ministerial-level mechanism of transport Ministers had been formed to facilitate connectivity, trade and economic cooperation. This intergovernmental group, at its 2010 meeting, recommended the creation of an expert group to draft regional agreements on motor vehicle and railways, which is now under consideration. Mr. Lugun also referred to ongoing projects, such as the railway agreement, a new proposal for establishing cargo ferry services between India, the Maldives and Sri Lanka and a container train between Bangladesh, India and Nepal.

Dr. Esmaeil Tekyehsadat presented initiatives, proposals and barriers to connectivity within the Economic Cooperation Organization (ECO) subregion. He noted that South and South-West Asia had an advantage over other subregions, in terms of number of suppliers and vast customer population base. There is a huge potential for economic growth in the subregion through mutual cooperation. To enhance regional cooperation, reduce trade barriers and establish seamless physical connectivity, appropriate common legal, organizational and financial systems were essential. Dr. Tekyehsadat highlighted that ECO member countries had already signed the Transit Transport Framework Agreement (TTFA) and established four committees to facilitate the connectivity initiative. He also referred to various ECO initiatives, including the negotiations for unified ECO visa (similar to Schengen visa) and the road-rail master plan for connectivity to be implemented by 2030. He also highlighted the importance of the East-West Corridor (Istanbul-Tehran-Islamabad) and the North-South Corridor (Iran (Islamic Republic of)-Afghanistan-Tajikistan-Kyrgyzstan).

Dr. Saman Kelegama focused his presentation on the importance of regional cooperation in trade and highlighted the importance of regional trade agreements in enhancing trade and thereby economic development. He noted that the huge potential to increase intraregional trade in South Asia, based on salient features of the South Asian Free Trade Area (SAFTA) agreement and the SAARC Agreement on Trade in Services (SATIS), and highlighted related technical, political and institutional impediments. He observed that the current progress of SATIS was not satisfactory. He underscored the asymmetric responsibility and commended the positive attitude of India, which resulted in the Indo-Lanka Free Trade Agreement (ILFTA) and Sri Lanka's ability to increase its exports to India. Reference was also made to the Comprehensive Economic Partnership Agreement (CEPA), the ECO Trade Agreement (ECOTA) and BIMSTEC. Dr. Kelegama concluded that less rewarding RTAs should be put aside and focus should be placed on the ones where positive results are already visible and potential gains remain unexploited.

Dr. M. Rahmatullah stressed the importance of regional connectivity to enhance trade and thereby the economy of member States. He observed that in South Asia, connectivity remained fragmented owing to a lack of adequate cooperation between member countries. He suggested a

Regional Transit Transport Framework Agreement, similar to those adopted by member countries of ASEAN, GMS and ECO to facilitate movement between Benapole (BD)/Petrapole (India) and Attari (India)/Wagha (Pakistan). Dr. Rahmatullah encouraged ESCAP to play an instrumental and active role in operationalizing the Asian Highway and Trans Asian Rail routes within the subregion.

Session 3: Food security and Sustainable Agriculture: Policy Options for South and South-West Asia

The session was moderated by **Dr. G.K. Chadha**, President, South Asian University, New Delhi. Presentations were made by:

- **Dr. Ramesh Chand**, Director, National Centre for Agriculture Policy, Indian Council for Agricultural Research, New Delhi
- **Dr. Quazi Shahabuddin**, Professorial Fellow and former Director-General, Bangladesh Institute of Development Studies, Dhaka
- **Dr. Nandini Azad**, Chairperson, Independent Commission for People's Rights and Development, New Delhi and former Head, Outcome Monitoring Division, Planning Commission, India

Dr. Ramesh Chand presented salient features of South Asian economies and outlined sustainability challenges facing the subregion, in light of shrinking natural resources, decline in quality and thereby capacity, competing demand, climate change and rising environmental stresses, and rising sensitivity of output to weather fluctuations. Dr. Chand brought forward a range of policy options to address food insecurity, including to invest in technological changes for input saving and if needed to expand subsidies and safety net; to distinguish more clearly causal factors (both on the supply and demand side) from aggravating factors, such as trade restrictions, speculative investments in food market that contribute to volatility; and to devise different strategies to address shocks, as well as scarcity. Dr. Chand summarized options as being related to several fronts; technological, institutional, policies and traditional knowledge.

Dr. Quazi Shahabuddin outlined major issues pertaining to attaining food security through sustainable agriculture in the subregion, which faces severe problems on this front with on average over 42 per cent of children being underweight. He underscored key policy options for food security and sustainable agriculture, including short-term policy options (such as improving access to food, addressing the multiple food insecurities and economic and social access, physical access and the utilization of food), medium-term options with promoting sustainable agriculture (for example through biodiversity protection, dissemination of good practices for food security, and phasing out of subsidies for soil-depleting agrochemicals and inorganic fertilizer, and promotion of polyculture), and long-term policy options to adapt to climate change. At the international level, harnessing trade, strengthening regional cooperation, mapping food insecurity hotspots, establishing food security coalition and building a knowledge hub were among the policy measures recommended.

Dr. Nandini Azad underscored that one of overarching objectives was to attain development security to strengthen overall governance and stability in the subregion. She outlined key challenges, risks and vulnerabilities (including widening rural-urban disparities and inequality, increased food prices, crop failures, youth unemployment, water shortage, animal diseases and

other trans-boundary issues), enabling assumptions and priority strategies, including the right to food movement. Among operational strategic objectives, she stressed the importance of integrated rural development and the need to energize rural markets and promote synergy among stakeholders. She called for a multipronged strategy that would increase agricultural and allied productivity (such as through an improvement of public distribution systems) and integrated participatory rural development, based on illustrative examples from the Government (as the right to food movement and the Food Security Bill) and civil society. She drew lessons, emphasizing the centrality of empowering the underprivileged groups and women. With regards the regional perspective and regional strategies, Dr. Azad emphasized the importance of social mobilization, people-centred decentralized planning, upscaling and innovation (for example of new women cooperatives), multi-stakeholders platform building, knowledge management and engagement of the private sector.

Session 4: Regional Cooperation for energy security and disaster risk reduction in South and South-West Asia: potential and challenges

Dr. Nagesh Kumar, Director, SRO-SSWA, welcomed all delegates and underscored that the panel would be focused on regional energy security and disaster risk reduction. He highlighted the importance of these topics for the subregion and for the purpose of enhancing cooperation. He introduced the Chair to lead the discussions; **H.E. Deependra Bahadur Kshetry**, Vice-Chairman, National Planning Commission of Nepal.

Mr. Kshetry underscored the richness of the subregion, in particular with regards to its potential for generating hydroelectricity and henceforth the criticality of this issue. He introduced the first speaker for the panel, **H.E. Dr. Davood Manzoor**, Deputy Vice President of Strategic Planning and Supervision, Islamic Republic of Iran. Dr. Manzoor thanked ESCAP for successfully convening the meeting and outlined energy security and sustainable development as priorities of the global agenda. He underscored that ESCAP could play a leading role in harnessing intra- and interregional cooperation.

Dr. Ligia Noronha, Executive Director, The Energy and Resources Institute, New Delhi pointed out six domains for enhanced regional cooperation: (a) Harnessing complementarities; (b) Scaling up of usable renewable energy; (c) Joint actions on energy and resource efficiency; (d) Creation of efficient subregional markets; (e) Efficient and inclusive institutions; and (f) Joint infrastructure development. Dr. Noronha emphasized that there was a need for the region to draw on subregional, regional and global financial and knowledge-based resources in the area of renewable energy.

Professor **Santosh Kumar**, National Institute of Disaster Management, New Delhi outlined three key areas of concern: (a) Severe impact of disasters being due to a lack of development; (b) Impact of disasters on development; (c) Increased vulnerability to disasters as a result of development.

One possibility would be to assist with these processes by setting up a regional financial institution to support the subregion deal with natural disasters.

Mr. Ahmed Saleem, Permanent Secretary, Ministry of Environment and Energy, Government of Maldives noted that current mitigation measures included both short-term and long-term strategies. Short-term shore protection comes at a high cost and therefore long-term population relocation to higher islands is necessary. The latter comes with resistance from locals and since the 1990s, the population of six island only has been relocated.

Session 5: MDGs and inclusive and sustainable development: development agenda for 2015 and beyond – a South Asian perspective

Dr. Nagesh Kumar welcomed delegates and distinguished panelists to the session. He invited **Dr. Noeleen Heyzer**, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP to chair the session.

Dr. Noeleen Heyzer stated that due to significant changes taking place globally, such as the global financial crisis (GFC) and climate change, there was a need to rethink the global development paradigm and establish a new framework relevant for all but flexible enough to take into account the diverse needs of specific regions and subregions. She stated that the subregion was where the ‘drama’ was unfolding and where history was being made. She urged countries in the subregion to think big for the final push towards the MDGs and underscored that new drivers of growth had to be found to address entrenched inequality and extreme poverty, while preserving the environment.

Delivering a keynote address, **Professor Jeffrey Sachs**, Director, Earth Institute, Colombia University and Special Advisor to the Secretary-General emphasized that one of the benefits of the MDGs was that it had kept Governments’ attention focused. He stated that through cooperation, shared goals for the future were being developed and that the set of goals were to be universal and aspirational, holding all Governments accountable. We have only one planet and it is in a dire state. We are wrecking it and causing unbelievable damage at an unprecedented pace, he stated. He underscored the importance of ensuring that the three pillars of economic development, social inclusion and sustainability converge and said the subregion could only succeed as ‘one’.

H.E. Dr. Syeda Hameed, Member of the Planning Commission, Government of India stated that the Planning Commission had launched a five-year development plan focused on tapping into the huge human resources available in the country. Dr. Hameed said that first and foremost, a focus on women and child nutrition, health, minorities and the most neglected groups of society was required, including to give voice to the voiceless. She noted that while the development agenda was mostly set elsewhere, most of the critical issues were glaringly exposed in the subregion.

Dr. Hafiz Pasha, former Finance Minister of Pakistan and former Assistant Secretary-General of the United Nations, urged South Asia to become more self-reliant and to restore high levels of economic growth. In a transformed development landscape, with developed countries falling short in their aid contribution target, the time has come to focus on regional economic integration, he stated.

Professor Jayati Ghosh, Jawaharlal Nehru University, New Delhi emphasized that regardless of the development approach, five major concerns were common to South Asia countries: (a) Food security – South Asia being home to the largest concentration of people living in hunger, including owing to issues related to supply and most importantly distribution; (b) Employment security, as million people are to join the labour force but risk remaining unemployed; (c) Inequality, this being as a major issue globally; (d) Environment as overexploitation and degradation of land were serious concerns; (e) Absence of basic amenities.

H.E. Dr. Karma Tshiteem, Secretary, Gross National Happiness Commission, Bhutan drew participants’ attention to other dimensions of well-being including the importance of leading a purposeful life, and balancing mind-body- and soul, based on a holistic approach to development so as to ensure the necessary steps are taken to fulfill what is needed and people’s aspirations.

Session 6: Roundtable on Global Partnership for LDCs and LLDCs: Implementing the Istanbul and Almaty Programmes of Action in South Asia

The plenary session under this agenda was moderated by **Mr. Karma**, Chief Executive Officer, SAARC Development Fund. Panelists were:

- **Amb. Madhu Raman Acharya**, Executive Director, South Asia Centre for Policy Studies, Kathmandu
- **Mr. M.A.M. Kazemi**, Senior Adviser to the Governor of the Bangladesh Bank
- **Dr. Arjun Karki**, International Coordinator, LDC Watch, Kathmandu
- **Prof. Mehmet Arda**, LDC IV Monitor and Galatasaray University, Istanbul
- **Ms. Somali Cerise**, OECD Development Centre, Paris

Panelists discussed elements and targets of the Istanbul and Almaty Programmes of Action in South Asia, noting that in the subregion, only the Maldives had graduated so far and that other South Asian LDCs were unlikely to graduate by 2020 at the current growth rate. They stressed that there was a lack of strategy for accelerated graduation.

The panelists observed that the progress of implementation was insufficient, the quantification of goals absent and the monitoring mechanism, weak. The Istanbul Programme of Action was described as very-if not excessively- ambitious, while also not addressing structural causes of LDCs and being weak on structural transformation issues. Regarding the Almaty Programme, panelists noted that it had an overarching goal, creating a win-win situation for both transit countries and LLDCs, but the quantification of most goals was absent in this case as well, leading to weak monitoring and implementation.

The panelists pointed out that the Istanbul Programme was especially meaningful for South Asia and South Asian LDCs, given the new emphasis on supply. Compared to LDCs in Africa, the potential for structural transformation is higher in the subregion, owing to lower economic vulnerability, higher proportion of manufacturing and better physical connectivity infrastructure. However, South Asian LDCs are disadvantaged in terms of “ODA attractiveness” as compared with LDCs in Africa.

The panelists discussed ways to improve the subregion’s attractiveness for ODA. Regional international organizations and NGOs could play a leading role in this regard, promoting deeper intraregional cooperation and FDI.

They discussed the priorities of a potential new programme for LLDCs, which should include, but are not limited to: harmonization of transit policies, robust trade facilitation, and better regional integration, investment in infrastructure and implementation and monitoring.

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_4538

