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"Promoting regional cooperation for inclusive and sustainable development in South and South-West Asia"



SOUTH AND SOUTH-WEST ASIA DEVELOPMENT MONITOR



Doing Business with Afghanistan

ESCAP-SSWA prepared a study on Doing Business with Afghanistan to inform a forthcoming event on same theme. organized by the Federation Indian Chambers of Commerce and Industry in New Delhi on 18-19 November 2013. The monograph provides overview business environment and business opportunities unfolding currently Afghanistan.

Emerging from 25 years of conflict, the landlocked and least developed country, situated strategically at the heart of Asia, has demonstrated robust economic growth over the past few years, with a per capita GBP increasing by over 75 per



MDG-consistency in development planning models in South Asia examined

ESCAP-SSWA partnered with the SAARC Secretariat and the National Planning Commission of the Government of Nepal to hold an Expert Group Meeting on the development and application of MDG-consistent macroeconomic models for national development planning in South Asia.

Convened on 1-2 October 2013 in Kathmandu, the Meeting sought to enhance participants' understanding of the conceptual, practical and empirical tools and strengthen their capacity for developing MDG-consistent macroeconomic models and for modifying existing national planning models. It also considered crosscutting challenges in this connection and facilitated exchange of good practices.

"Since their adoption in the early 2000s, the MDGs have come a long way in terms of their adoption by Governments as aspirational targets against which they are judged. Governments in South Asia have begun to monitor their performance against the targets", noted Dr. Nagesh Kumar, Director, ESCAP-SSWA. "Persistent policy advocacy by the UN agencies and civil society groups has helped bring human development to the forefront of development policy and to make MDGs an integral part of planning processes".

Dr. Kumar added: "If MDGs and their successors beyond 2015 are to be part of the objective functions of the development policy and planning processes, it is important that macroeconomic models used for planning



Afghan's capacity to negotiate WTO issues boosted

The technical capacity of Afghan public and private stakeholders seize to opportunities arising from WTO membership was further enhanced with a workshop organized by the ESCAP-SSWA and the International Trade Centre (ITC), prior to 9th WTO Ministerial Conference Bali. The third in a series, the Capacity-building Workshop on Afghanistan's Accession to the WTO (28-29 October, New Delhi), brought together 25 officials from Afghanistan's Ministry of Commerce and Industries, Afghan Chamber Commerce and Industries and the Advisory Board of Entrepreneurs National Afghanistan.

It deepened understanding of multilateral trade discipline under the WTO, in particular agriculture, sanitary and phytosanitary measures, and

cent in real terms from 2002 to 2009. This has established the foundation for private sector development, the study notes. The study identifies communications and transport, construction and government services the main growth as drivers. After a brief of presentation the country's macroeconomic environment, its policy environment for promoting investment, the study describes emerging sector opportunities, such as in mineral resources: agriculture, agro-business and food processing; carpets; construction, telecommunication and IT, transport and logistics. The study underscores private sector development as а cornerstone of growth and poverty reduction, in line with the Afghanistan National Development Strategy. It provides a few tips on getting started doing business in Afghanistan, including sources of information and contacts, and recalls the enduring Indo-Afghan ties. The study concludes that abrupt aid reductions should be avoided and that reform programmes should be strengthened and stepped up in the country.

be made consistent with the MDGs, for overall coherence and consistency in the planning processes". The two-day Meeting aimed to enhance the capacity of countries in South Asia to incorporate MDG-consistency in the macroeconomic models used. Key issues and challenges in this regard were discussed and the example of a specific model examined, as developed by the National Planning Commission of Nepal, along with other modeling frameworks such as computable general equilibrium models and social accounting matrices. Fiscal sustainability, data requirements, consistency and other issues related to the post-2015 development agenda and LDC graduation were also addressed. The meeting was addressed by H.E. Mr. Ahmad Saleem, SAARC Secretary-General who thanked United Nations ESCAP for the initiative as part of enhanced cooperation between ESCAP-SSWA and the SAARC Secretariat. H.E. Dr. Rabindra Kumar Shakya highlighted the importance of incorporating the MDG consistency in the plan models and also thanked ESCAP for organizing the meeting that would contribute to capacity-building in Nepal and generally, South Asia. Participants included senior officials of planning bodies from countries in South Asia, regional modelling experts from the SAARC Secretariat, the Nepal Rashtra Bank, the Prime Minister's Office, as well as academics, among other participants. Participants also took part in the inaugural session of the SAARC Symposium on Poverty Reduction hosted by the SAARC Secretariat on 2-3 October 2013. While the countries of South Asia have already achieved or are on track to achieve MDG 6 related target on reversing the incidence of major diseases, the subregion's performance in achieving the remaining MDG varies across countries and indicators. The fastest growing countries haven't experienced the greatest human development improvements.



Photo shows: Honorable Dr. Rabindra Kumar Shakya, Vice Chairman, National Planning Commission, Nepal (centre), flanked by Mr. Puspal Lal Shakya, Joint Secretary, National Planning Commission (left) and Dr. Nagesh Kumar, Director, ESCAP-SSWA (right).

technical barriers to trade and trade remedies.

H.E. Mr. M. Ashraf Haidari, Deputy Chief of Mission, Embassy of Afghanistan stressed that such workshops build the institutional capacity direly needed in Afghanistan and encourages publicprivate dialogues, critical to addressing such complex issues. "Afghanistan used to be at the heart of the Silk Road, as the cradle of ancient civilizations," he said. "Today, the New Silk Road crisscrosses Afghanistan. We are destined to connect the East with the West and the North with the South through transit trade, global and regional investments." In his opening remarks, Dr. Nagesh Kumar, Director, ESCAP-SSWA, stressed that WTO accession for Afghanistan was extremely important as an entry point into a global, rule-based multilateral trading framework.

"There are two sides of the same coin; benefits and opportunities special, differentiated treatments and market access at favourable terms, and challenges related to complex negotiations and the need for ensuing reforms," Dr. Kumar stated. "We aim to assist Afghan understand officials the implications, undertake reforms and seize the opportunities that will arise from WTO accession. This is only the beginning of our engagement."

Outreach and networking



"Child rights, important aspect of South-South cooperation"

ESCAP was represented at the High-level Conference on South-South Cooperation for Child Rights in Asia-Pacific, held from 23 to 25 October in New Delhi, by Dr. Nagesh Kumar, Director, ESCAP-SSWA. Hosted by the Government of India, with the support of UNICEF, the Conference provided a forum to further enhance and demonstrate political commitment to child rights and for the exchange of experiences among countries in the region. It aimed to assess progress and advances on South-South cooperation to advance children's rights, support governments and other national partners

to include the promotion of child rights in their South-South cooperation activities as well as encourage the development of networks for knowledge exchange, peer learning and coordination among South-South actors for cooperation for child rights. In his address to the plenary on the subject of Regional Perspectives and Partnerships, Dr. Kumar underscored the importance of child rights in the South-South cooperation agenda and described several components of the ESCAP workprogramme that have a direct bearing on the issue of child rights. "Child rights, as enshrined in the MDGs, remain an unfinished agenda. The post-2015 development agenda should provide for right to nutrition, health care and education, and vocational training so as to equip children [and the future adults] for productive jobs to lead the region into the Asian Century", he stated.

Regional economic integration in South Asia conference: Potential and challenges



The New Delhi-based Institute for Defence Studies and Analysis (IDSA) convened the 7th session of the South Asia Conference on 30-31 October 2013, on the topic "India and South Asia: Exploring Regional Perceptions". The event aimed to identify political and economic perceptions about India in South Asia and vice versa. It sought to examine and address a few queries and issues such as perception about India's economic power, key institutions and forces shaping perceptions about India, the role of the media in the process, and ways India could manage or improve its perceptions among its South Asian neighbours. Dr. Nagesh Kumar took

part in the panel discussion on Perceptions on Regional Cooperation, held on day 2 of the Conference. His presentation focused on South Asia Economic Integration and Connectivity: Potential and Challenges. He made a case for deepening regional economic integration in South Asia in the aftermath of the global financial crisis that has changed the global economic context dramatically. He highlighted that the potential of regional economic integration remains largely unexploited due to poor land transport connectivity, denying the benefits of geographical proximity and contiguity to intraregional trade. Dr. Kumar urged to improve connectivity and trade facilitation, highlighting the work of ESCAP-SSWA in this connection.

Trade and Industry in India: Patterns, Trends and Policies

As part of the Silver Jubilee celebration of the Indira Gandhi Institute of Development Research (IGIDR), a three-day Conference was convened from 22 to 24 October 2013 in Mumbai, on the theme "Trade and Industry in India: Patterns, Trends and Policies". Dr. Nagesh Kumar delivered the keynote address on the first day of the Conference. His presentation highlighted the importance of reviving manufacturing industry to address the challenges of the growth slowdown, widening the current account deficit and employment creation. He argued that in the current context, an import substitution-based industrialization strategy offers huge development potential in view of the sizable proportion of manufactured imports. Dr. Kumar summarized some policy lessons based on the experience of other countries in the subregion for reviving the manufacturing industry in India.

Asian Media Conference explores connectivity of minds

As part of the India International Centre-Asia Project, the Asian Media Conference was organized to explore the topic of

media connectivity in Asia. The Conference titled "Speaking to Ourselves: Asian Media Conference" was held from 29 to 31st October 2013 in New Delhi. Dr. Nagesh Kumar, Director, ESCAP-SSWA addressed the inaugural session of the Conference as representative of United Nations, among other distinguished participants. He also addressed the first session on Media Connectivity in Asia. "As it promotes regional economic integration and connectivity across the vast and diverse Asia-Pacific region, ESCAP closely relates and empathize with the theme of the conference. The role of the media is key in that process of integration as the media facilitate the sharing of knowledge and supports social cohesion, as well as the bridging of trust deficit that may exist", Dr. Kumar noted. "While new technology help, people-to-people contacts are also crucial in building the Asian identity, itself pivotal to regional economic integration and the advent of the Asian Century".



Consultation meeting with SAARC Secretariat

During their recent mission to Nepal, Dr. Nagesh Kumar, Director,

ESCAP-SSWA along with Mr. Matthew Hammill, Economic Affairs

Officer, ESCAP-SSWA attended a consultation meeting with the

SAARC Secretariat, which was attended by 7 of the 8 SAARC

Directors. Significant opportunities for cooperation and synergy in

capacity building activities in South Asia were identified during the

meeting, and specific avenues discussed for institutional cooperation, building on existing MoU between ESCAP and SAARC and focusing on key development priorities in the subregion.

Symposium on Best Practices in Poverty Alleviation in South Asia

The SAARC Secretariat convened the SAARC Symposium on Best Practices in Poverty Alleviation and SAARC Development Goals: Evidence on Improvements in Policy, Programme Design and Implementation in SAARC Member States on 2-3 October 2013 in Kathmandu. The Symposium was inaugurated by the Prime Minister of Nepal and brought together rural development specialists from all countries in the SAARC subregion. ESCAP-SSWA also took part in the Symposium, where the work of ESCAP and its agenda for regional cooperation for poverty alleviation in South Asia was presented, along with other initiatives of ESCAP-SSWA towards reducing poverty. ESCAP-SSWA also participated in group discussions on technical assessments of best practice programmes for poverty alleviation.

Trade and Transport Facilitation in South Asia

The South Asia Watch on Trade Economics and Environment (SAWTEE), jointly with UNDP Asia-Pacific Regional Centre, organized the Trade and Transport Facilitation Audit in South Asia project inception meeting on 1-2 October 2013 in Nepal, in which ESCAP-SSWA chaired a session on Trade and Transport Facilitation Audit in South Asia: A Methodological Framework. Among other substantive discussions, participants of the meeting were briefed about the work of ESCAP on regional transport connectivity and trade facilitation. The meeting aimed to gather expert opinions and suggestions in order efficiently implement and increase the effectiveness of the project, impact. for maximum

ESCAP-SSWA takes part in comprehensive evaluation

The Office of Internal Oversight Services (OIOS) of the United Nations Headquarters in New York conducted a comprehensive evaluation of United Nations ESCAP in 2013. Two other regional commissions are undergoing evaluations during the same 2013-14 period, in line with a decision by the General Assembly to evaluate all secretariat programmes within an 8-year cycle. The overarching purpose of the evaluation was to determine the relevance, efficiency and effectiveness of the activities of ESCAP, in relation to its objectives and expected outcomes. More specifically, it focused on the organization's research and analytical work; and the roles and responsibilities of substantive divisions in Bangkok vis-àvis subregional offices across Asia-Pacific, with an emphasis on research and analytical function. As the newest subregional office of ESCAP to start operations, ESCAP-SSWA welcomed the OIOS team and facilitated its data collection mission in New Delhi from 16 to 24 October. The team of evaluators met with managers and key staff

responsible for select work outputs, and held focus group discussions, face-to-face or virtual meetings with a wide range of stakeholders from across South and South-West Asia. It also compiled many documents, information data, and conducted questionnaires/readership surveys on several key publications of ESCAP.

The South and South-West Asia Development Monitor looks at recent news coverage of the ESCAP South and South-West Asia Office's activities as well as items from around South and South-West Asia related to inclusive growth and MDG achievement, regional cooperation, building capacity in the region's LDCs, regional connectivity, food and energy security, and disaster risk reduction.

Inclusive Growth and Achieving the MDGs

India lags emerging economies in inclusive growth: ADB "India is an underperformer compared to other emerging market economies when it comes to making its growth more inclusive, the Asian Development Bank (ADB) said recently. The Manila-based multilateral lending agency, releasing its country partnership strategy for 2013-17 for India, said economic growth in India could be more inclusive. "Although the economy grew by more than 5% a year on average during FY1993-FY2009, the \$1.25 per day poverty rate fell only by 1 percentage point per year, which is low by emerging market standards," it said". (Source: Livemint)

Nepal to continue contributing troops to UN peacekeeping missions "Nepal's Chief of the Council of Ministers Khil Raj Regmi has applauded the United Nation's (UN) role in the maintenance of peace and security through peace keeping operations in the troubled parts of the world...According to the United Nations, Nepal has been in line in achieving the Millennium Development Goal 2015. It said that Nepal has been making desired progress in areas such as poverty reduction, food security, education, women's participation, decreasing child mortality, decreasing maternal mortality, decreasing HIV/ AIDS and malaria infection, but still has been lagging in environmental issues". (Source: Business Ghana)

New Award recognizes disability-inclusive businesses in Asia-Pacific The inaugural ceremony for the ESCAP-Sasakawa Award for Disability-Inclusive Business in Asia and the Pacific presented its first Winners today. Three companies were awarded for outstanding achievement in responding to the needs of persons with disabilities in their business operations. Disability-Inclusive Business is a pioneering concept that views persons with disabilities as an untapped workforce and a market with significant purchasing power. Persons with disabilities account for 15 per cent of the world's population. In Asia-Pacific, there are over 650 million persons with disabilities. It also makes economic sense for businesses to adapt their products and services to cater to this underserved market". Two of the three winners in different categories were from India. (Source: United Nations ESCAP)

Corporate biggies pledge more inclusive growth by 75th I-Day "Top industry leaders such as Cyrus Mistry, Kris Gopalakrishnan, Rahul Bajaj and Adi Godrej today vowed to work towards making India a more inclusive country by 2022 and have sought public cooperation to achieve the same. Calling upon the citizens to join the industry's grassroots movement aimed at a more inclusive growth with sustainable development by 2022, when India will celebrate her 75th Independence Day, these leaders made a public pledge at a CII event, marking the beginning of the 'India@75 Movement'". (Source: *Hindustan Times*)

Delaying Early Marriage for Girls Through Sacks of Chilies "It takes very little to make a difference in the lives of West Bengal's [India] rural girls....The premise is simple: When girls have access to their parents' land (even if its very modest) and the skills to use that land, they can contribute to their families and communities. They can gain some control over resources and their lives. And they can stay in school and avoid early marriage and the risk of trafficking that sometimes comes with early marriage". (Source: Huffington Post)

Food and energy security

Agro-productivity project in progress "The government [of Bangladesh] is implementing a World Bank funded project to improve agricultural productivity and ensure food security for the people of Bangladesh. The Integrated Agricultural Productivity Project would directly benefit approximately 300,000 small and marginal farmers in agro-ecologically constrained areas, says the World Bank...The project will enhance the productivity of agriculture in the flash-flood and drought-prone northern districts of Rangpur, Kurigram, Nilphamari, and Lalmonirhat; and salt-affected tidal surge areas in the southern districts of Barisal, Patuakhali, Barguna and Jhalokhati". (Source: Dhaka Tribune)

WTO to decide whether Bali meet can deliver limited pact India and the G-33 group of developing countries had earlier warned developed country members that a multilateral agreement on facilitating trade through mandatory measures, such as time-bound clearance, better infrastructure and less documentation cannot be reached without a concurrent pact on relaxing food subsidy limits to let developing countries meet their food security commitments".(Source: The Hindu Business Line)

Food security in India is not doomed after all "A study by Reetika Khera, an economist at the Indian Institute of Technology in Delhi, highlights trends in leakages for PDS-distributed rice and wheat...The study reveals that the level of diversion had increased dramatically between 1999-2000 and 2004-2005 - from 24 percent to 54 percent. This coincided with the move from a universal PDS coverage to a targeted system (Targeted Public Distribution System or TPDS), as part of economic reforms of the liberalisation period...reductions in leakages were observed in many states". (Source: *Aljazeera*)

<u>Vision 2025 to achieve desired growth rate for next decade</u> "At a meeting in Pakistan to form the 11th 5 Year Plan 2013-18 and Vision 2025, Senior Chief of Energy Farkhand Iqbal discussed the challenges for Pakistan's energy security such as declining exports, the closing of industries and declining income per capita, and the impacts on the energy sector of energy shortages. However, he emphasized that the 11th 5 year plan "would be realistic, doable and must achieve the deired growth rate for the next decade to make Pakistan an industrualised and Knowedge Economy". (Source: *Pakistan Observer*)

ADB to help import power from Bhutan The Asian Development Bank (ADB) would help Bangladesh import power from hydro-power-rich Bhutan, with the setting up of a regional power transmission line for cross-border electricity trading, an energy expert at the Bank's headquarters said...When asked on ADB's possible help in Bangladesh-Bhutan power trade, Len V. George said: "Setting up of the regional grid connecting Nepal, India, Bangladesh, Bhutan, Sri Lanka, Pakistan and Myanmar over the medium term allows greater investment and more optimal utilisation of regional energy resources, e.g. hydropower resources in the region"...Bhutan and Nepal have huge hydropower potential as the countries have a prospect of 23,000mw and 42,000mw of electricity generation from water resources respectively". (Source: Fiancial Express Bangladesh)

India Inc. Moots PPP For Coal Sector "Indian industry is seeking increased public private partnerships (PPP) for re-energising domestic coal production and wants the government to find ways to meet the current and future demand for coal, instead of delving in the past. The demand comes at a time when coal availability and India's energy security has been very uncertain since the unearthing of the coal scam close to two years ago... SK Srivastava, secretary, Ministry of Coal, claimed that the government is working on all the suggestions made by the industry. Dedicated rail-lines from coal production to consumption centres – in order to avoid supply chain inefficiencies related to coal transportation – was another demand which is seriously considered". (Source: Business World)

Indo-German biogas plant: Best of both worlds "With the wind and solar energy sector taking off in India, experts say it's time that the biogas initiative gained momentum. And with the advent of German technology coupled with Indian engineering, the synergy ensures the "best of both worlds" for the nation. According to a Ernst and Young report, the huge power deficit represents a significant opportunity for renewable sources to step in to meet this growing demand for energy, while also increasing the country's energy security by reducing dependence on coal imports". (Source: Zee News)

Coming down to earth: Why solar power isn't a big deal "The Indian government targets 20 GW of solar power by 2022. With India importing almost 75% of its crude oil and 25% of its coal needs, it is imperative that solar energy should be given high priority. The cost of solar power has fallen from Rs 18 per unit a few years ago to Rs 7.50, and is about to reach grid parity — a big accomplishment to promote clean energy. But one must look critically at India's solar energy market and its distortions". (Source: *The Economic Times*)

Facilitating regional cooperation and connectivity

Pakistan 2025 Programme to transform country into strong economy: Ahsan Iqbal "Federal Minister for Planning, Development, and Reform [of Pakistan] Ahsan Iqbal said that the Pakistan 2025 Programme will transform the country into a strong economy of upper middle income countries in ranking. While delivering lectures at Harvard University USA, Ahsan Iqbal said that by making Pakistan a hub of regional integration through regional connectivity projects, we can create three billion new markets in Asia comprising of South Asia, China, and Central Asia with great opportunities for global economy." (Source: Business Recorder)

Connectivity of north-east India with Bangladesh to be developed

"[Indian] Prime Minister Manmohan Singh has recently directed to the concerned ministries to further improve the rail, road, and air connectivity in the northeastern region. The surface connectivity between the region and Bangladesh are being developed," Oscar Fernandes, Union road transport and highways minister told reporters. He said: "The central government would accord top priority in developing road, rail and air connectivity in the northeastern region. To strengthen the economy of the northeastern region, improvement of the connectivity within the region and with Bangladesh is very essential". (Source: *TwoCircles.net*)

<u>CAREC aims greater connectivity</u> "The Central Asia Regional Economic Cooperation (CAREC) programme composed of ten countries including Pakistan, decided to develop key road and rail routes linking Central Asia to China and South Asia between now and 2020 to realise the huge trade potential between the three regions. The plan, endorsed by the CAREC ministers at the twelfth meeting in Astana, Kazakhstan, involves road, rail, logistics, and border facilities projects in priority corridors and requires an investment of \$38.8 billion in the

coming seven years". (Source: DAWN.com)

<u>Iran [Islamic Republic of]</u>, Pakistan barter trade deal yet to be finalised."The barter trade deal between Iran [Islamic Republic of] and Pakistan is yet to be finalised as Tehran has yet to send agriculture experts to check wheat quality despite repeated requests. "The Ministry of National Food Security and Research (NFS&R) has invited Iranian experts after both countries signed a barter trade agreement, a key feature under which Iran agreed to import a million ton of wheat from Pakistan at \$300 per ton," a senior official of the ministry said". (Source: *Business Recorder*)

India's region - Shared destiny "One of the five foreign policy guidelines that Prime Minister Manmohan Singh articulated this week is on the importance of re-imagining our region. The PM asked the Indian ambassadors "to recognise that the Indian subcontinent's shared destiny requires greater regional cooperation and connectivity". The idea of India's "shared destiny" with its immediate neighbours has been a consistent theme in the PM's statements over the last decade, which has seen significant expansion of New Delhi's regional engagement at both bilateral and multilateral levels." (Source: Indian Expresss)

Disaster Risk Reduction

<u>Are we prepared for disaster?</u> "According to the Global Report on Disaster Risk, Nepal ranks in the 11th position in terms of earthquake risk. Professionals worry that a catastrophe will ensue after a major quake, as the country lacks disaster preparedness and thorough planning in core as well as sub-urban areas". (Source: *The Himalayan Times*)

<u>Disaster management needs boost, says PM</u> "India needs to mainstream disaster risk reduction strategies into its development programmes as extreme weather events are on the rise, Prime Minister Manmohan Singh said... Addressing the 5th meeting of the National Disaster Management Authority (NDMA) here [New Delhi], he stressed the need to improve the country's disaster management capabilities. "Every rupee spent on disaster preparedness is a saving of expenditure on post disaster relief, rehabilitation and reconstruction measures". (Source: *The Peninsula*)

ASEM to prioritize disaster mitigation "Asian and European ministers and high-ranking officials meeting in Gurgaon, India, have agreed to prioritize collaboration in disaster risk mitigation and management, amid a trend of extreme global weather and impact of storms such as Typhoon Haiyan in the Philippines. In a final statement from the 11th Asia-Europe Meeting's (ASEM) Foreign Ministers Meeting in Gurgaon, they agreed to improve

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