

Group Presentation
Orientation program for DMC officials -
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Regional Cooperation in South
Asia

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South Asia Region

Where are we?
Who are we?



Outline

- Current regional arrangement
- Present situation of SA region
- Regional Cooperation under SAARC
- ADB's focus for country development and regional cooperation
- Opportunities
- Challenges in South Asia
- Way forward

Current Regional Arrangement

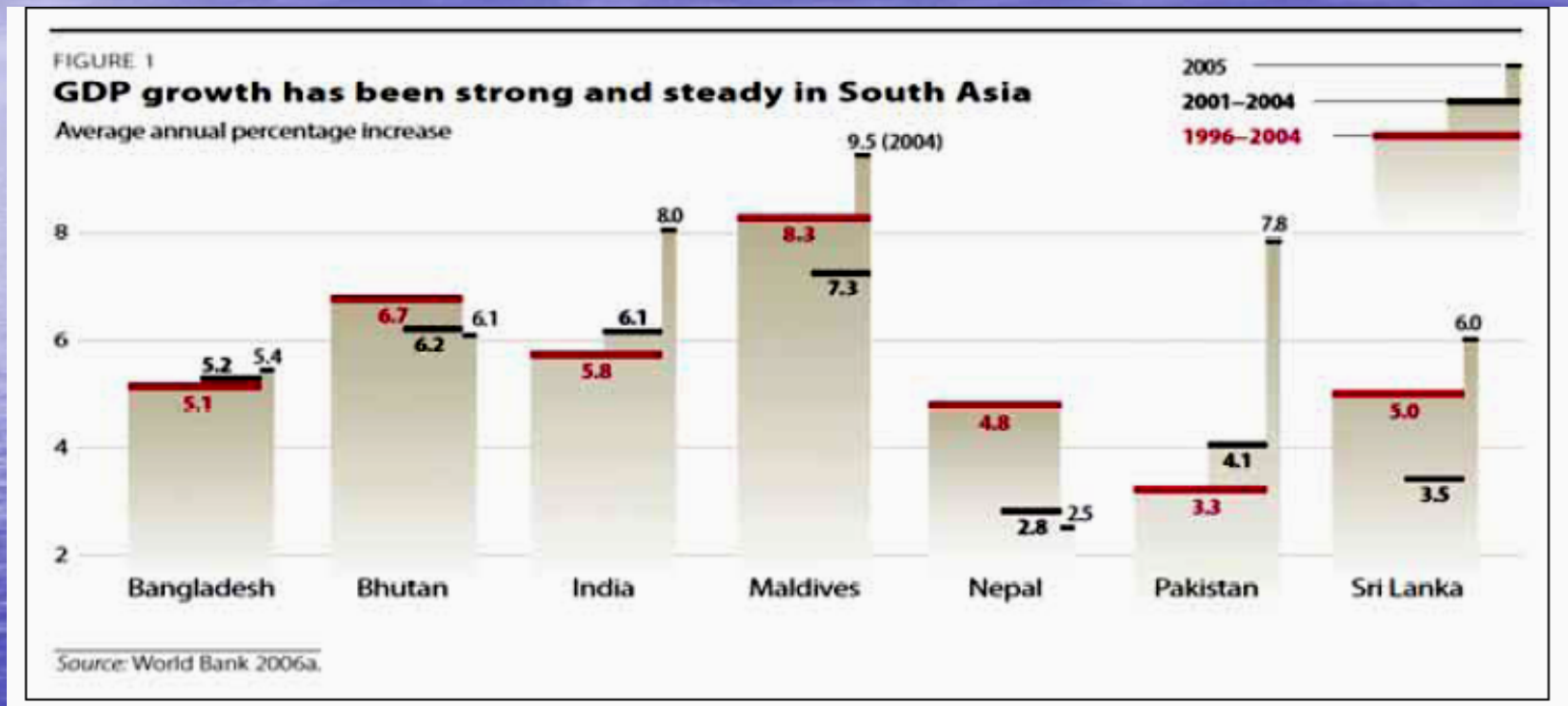
- Initiatives under SAARC
- South Asia Growth Quadrangle
- SASEC activities
- BIMSTEC
- Other Bilateral Treaties and Arrangements

South Asia Regional Cooperation Initiatives



- **SAARC** - South Asian Association for Regional Cooperation
- **SASEC** - South Asia Subregional Economic Cooperation
- **BIMSTEC** - Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation

Present Situation



Economic growth

–Fastest growing sub-region in the region. And this has opened new opportunities for regional cooperation.

Present Situation...continued

- **Energy**
 - According to the World Bank the lack of adequate and reliable energy in South Asia is emerging as a key constraint to sustaining recent strong economic growth, warns a new World Bank report
- **Transport and trade facilitation**
 - Key investments and development in areas of transport and transport infrastructure with goal of increasing access to urban and rural markets
 - Trade within South Asia can be more than doubled if appropriate regional agreements on roads, rail, air, and shipping are put in place enabling seamless movement.
 - Expansion of SAARC and implementation of SAFTA

Cross-country comparison of poverty and inequality in South Asia

	Gini index of inequality of expenditures	Poverty headcount ratio at national poverty line (% of population)	Year
India	32.5	28.6	2000
Pakistan	33	33	1999
Nepal	37	42	1996
Bangladesh	32	50	2000
Sri Lanka	47	23	2002
Maldives	42.5	18.9	2004

Source: World Development Indicators (except for Maldives, where Bank staff estimates are used)

Regional Cooperation under SAARC

- During its inception the seven South Asian countries agreed on five areas of cooperation:
 - Agriculture and Rural Development
 - Telecommunications, Science, Technology and Meteorology
 - Health and Population Activities
 - Transport
 - Human Resource Development

Achievements under SAARC

- Ratification of SAFTA
- SAARC Development Fund (SDF)
- SAARC Village in each Member State
- National Coordination Committee of SAARC members
- Independent South Asian Commission on Poverty Alleviation (ISACPA)
- SAARC Development Goals (SDG)
- SAARC Regional Multimodal Transport Study (SRMTS)
- South Asia University (SAU)
- Inter-Governmental Agreement on SAARC Food Bank

Country level focus of ADB interventions

- Emphasis on transport
- Support for the Energy sector
- Support to increasing access to social services/infrastructure in urban development
- Lending to Private sector and PPP development
- Governance – support to policy development initiatives of the countries interms of capacity development

ADB's Strategy for South Asia RCI

- Facilitate dialogue with regional initiatives and entities
- Strengthen region-wide cooperation (SAARC)
- Support ongoing subregional cooperation initiatives (SASEC)
- Promote inter-regional cooperation (BIMSTEC)
- Strengthen mechanisms to deliver cooperation projects (Working Groups)
- Strengthen coordination with other development partners

SASEC – Operational Areas and Activities of ADB

1. Improve connectivity
2. Facilitate trade and investment
3. Develop regional tourism
4. Facilitate cooperation in energy
5. Promote private sector cooperation

ADB's investment projects:

1. Information Highway Project
2. Transport Logistics and Trade Facilitation Project
3. Tourism Development Project
4. SASEC Hazardous Wastes Management Advisory TA

Opportunities in South Asia

- Fastest growing sub-region
- Similar Cultural and social values
- Kinship
- Large market
- Good connectivity
- Large workforce
- Fertile land
- Energy potentials
- Ports facilities
- Tourism potentials
- Knowledge sharing
- Strategically significant as the gateway linking the whole of South Asia to Southeast Asia and East Asia.

Trade

Potential for growth
in regional trade
through SAFTA as a
mechanism

An Overview of Inter Regional Trade among SAARC Countries

Bangladesh	-	2.5%
India	-	5.7%
Maldives	-	16.5%
Nepal	-	68.1%
Pakistan	-	4.3%
Sri Lanka	-	8.9%
Bhutan	-	-

SAARC Regional Poverty Profile (Annex-03, P-17)

Challenges in South Asia

- High poverty incidence
 - The South Asian subcontinent is home to more than half of Asia's poor. About 500 million out of an estimated 900 million poor people in Asia and the Pacific live in the region.
- Weak governance
- Political Instability
- Long-pending unresolved disputes
- Natural calamities
- Needs massive investments
- Ownerships of participation in regional cooperation
- Financing gap of regional projects

Way forward

- Expand its scope and activities; SAARC can be main basis of RCI
- Undertake projects on which have common consensus
- Increased knowledge sharing at the working groups established under SAARC and SASEC initiatives
- Explore potential energy sharing opportunities including hydro-power;
- Capacity building interventions in various areas need to be strengthened;
- Plans prepared by the Tourism Working Groups need get implemented;
- Development partners, including ADB, to help in promoting cross-border investments within the region;
- Increase the regional trade volume and help to address the trade imbalance problem of this region;
- Implement the regional transport and trade facilitation initiatives etc.
- SAARC Regional Multimodal Transport Study which was endorsed by the member countries during 14th SAARC Summit in New Delhi in 2007

Way Forward..... Contd

- Use same sort of financing modality for implementing regional projects;
- Working definitions of SARD, constituency of Executive Directorship should be harmonized with geographical definition;
- Harmonization of customs and trade procedures;
- Address the issue of regional inequalities;
- Channeling ADB resources through South Asia Fund (SAF) can be a good option for implementing regional projects.



Thank you!

Mabuhay!