



# 8<sup>th</sup> South Asia Economic Summit

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Islamabad, 7-8 December 2015

## Concept Note

**Theme: Regional Cooperation for Sustainable Development in South Asia**

**Organizers: Sustainable Development Policy Institute, Pakistan**

In partnership with

Centre for Policy Dialogue, Bangladesh

Research and Information Systems for Developing Countries, India

South Asia Watch on Trade, Economics and Environment, Nepal

Institute of Policy Studies, Sri Lanka

## 1. Background

South Asia Economic Summit (SAES) is the premier regional platform for debate and analysis of politico-socio-economic issues and problems facing South Asia. SAES is the first of its kind in the region that builds on and (based on robust evidence) contributes to South Asian Association for Regional Cooperation (SAARC) Summits. Since 2008, SAES has been bringing together stakeholders each year to review and reflect current issues and problems of the South Asian countries. The Summit develops new insights and generates ideas on policy measures for consideration of the region's decision-makers. SAES is led by a group of five think-tanks across South Asia that hosts the summit on rotational basis in one of the SAARC countries every year. The think-tanks are: Centre for Policy Dialogue (CPD) in Bangladesh, and Information Systems for Developing Countries (RIS) in India, Sustainable Development Policy Institute (SDPI) in Pakistan, South Asia Watch on Trade, Economics and Environment (SAWTEE) in Nepal and Institute for Policy Studies of Sri Lanka (IPS) in Sri Lanka.

## 2. Previous Summits

While there have been instances in South Asian history when the governments of SAARC member countries found themselves in a political deadlock, a significant development in the region has been the rise of track-II initiatives towards the promotion of regional cooperation. These initiatives have helped to keep the national governments on track as regards their promise and commitment to the people of South Asia. Many of such issues go well beyond politics or economics and include concerns like food security and livelihoods,



climate change induced natural disasters, migration, connectivity of people and places, energy and water cooperation.

Over the past seven years it will not be an exaggeration to say that this event led primarily through a civil society effort, has become the ‘South Asian Davos’ following the example of World Economic Forum at Davos. A brief summary of previous summits is given below:

<b>Events</b>	<b>Location/Date</b>	<b>Themes</b>
First South Asia Economic Summit	Colombo/28 <sup>th</sup> July to 3 <sup>rd</sup> August 2008	Economic Integration in South Asia: SAFTA and Beyond
Second South Asia Economic Summit	New Delhi/10-12 <sup>th</sup> December 2009	South Asia in the context of Global Financial Meltdown
Third South Asia Economic Summit	Kathmandu/17-19 <sup>th</sup> December 2010	Regional Economic Integration, Climate Change and Food Security: Agenda for the Decade 2011-2020
Fourth South Asia Economic Summit	Dhaka/22-23 <sup>rd</sup> October 2011	Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia
Fifth South Asia Economic Summit	Islamabad/11-13 <sup>th</sup> September 2012	Making Growth Inclusive and Sustainable in South Asia
Sixth South Asia Economic Summit	Colombo/2-4 <sup>th</sup> September 2013	Towards a Stronger, Dynamic & Inclusive South Asia
Seventh South Asia Economic Summit	New Delhi/5-7 <sup>th</sup> November 2014	Towards South Asia Economic Union

This year SAES secretariat (Sustainable Development Policy Institute – Pakistan) will make a focused effort to involve politicians and civil servants from member countries besides a number of experts already involved in Track-I and Track-II level of South Asian development agenda. The eighth Summit will take place in Islamabad in December 2015. Building on the central themes of the previous Summits and declarations adopted during the 18th SAARC Summit held in 2014, “Regional Cooperation for Sustainable Development in South Asia” has been chosen as the central theme of the eighth Economic Summit. Policy recommendations from this summit would focus on 19<sup>th</sup> SAARC Summit which would take place in Pakistan in 2016.



### 3. Objectives

While South Asia remains one of the least integrated and least developed regions in the world, these countries have emerged as major contributors to extra regional initiatives. These initiatives include the membership in Chinese-led Asian Infrastructure Bank and New Development Bank (formally known as BRICS Development Bank). In July 2015, India and Pakistan also became full members of Shanghai Cooperation Organisation (SCO).

With a new and stable government in Afghanistan; China, India, Pakistan and the US are making major investments to connect the region through trade, electricity, gas and transport networks. Initiatives such as CASA-1000<sup>1</sup>, TAPI<sup>2</sup> pipeline, and CAREC<sup>3</sup> are important examples where multilateral bodies have pledged financial resources in improving the region's connectivity.

There have been important developments in transit and transport across South Asia. These include: Bangladesh, Bhutan, India and Nepal (BBIN) motor vehicle agreement, revisions in Afghanistan-Pakistan Transit Trade Agreement and possible extension of this agreement for Tajikistan. The agreement on energy cooperation signed in 2014 also includes development of major supply chain linkages in cross border movement of natural resources, oil and power.

The rising trade in services in education, health, tourism and IT across South Asia also provides an important opportunity for the skilled human resource in the region to exercise their innovation and entrepreneurship. Services trade can be a major driver of foreign direct investment in the region. Already the region has seen Indian and Pakistani investors trying their luck in Afghanistan, Bangladesh and Sri Lanka.

Against this backdrop, the key objectives of the Summit are:

- To identify, analyse and prioritise opportunities and challenges for deepening regional integration with equal focus on inclusive economic growth, broad-based social development, environmental protection and respect for natural resources.
- To discuss roles of, among others, public sector, private sector and regional/multilateral organizations for broadening and deepening cooperation for sustainable development.
- To bring the SAARC thought leaders under one umbrella to serve the official SAARC summit process.

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<sup>1</sup> Central Asia South Asia Electricity Transmission and Trade Project

<sup>2</sup> Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline

<sup>3</sup> Central Asia Regional Economic Cooperation

#### **4. Approach to SAES Partnerships**

The Summit will bring together independent experts, academics, government representatives, politicians, civil society actors, media and the business community from South Asia to examine the issues of regional cooperation from diverse perspectives. Experts outside the region will be invited to share their experiences. This will be expected to promote greater understanding of the opportunities and challenges of post-2015 development landscape.

SDPI and its consortium have been receiving highly encouraging support from the bilateral/multilateral organizations, private sector, and other stakeholders. We are approaching various bilateral/multilateral development partners, SAARC Chamber of Commerce and Industries for partnership in 8<sup>th</sup> SAES. We have also requested Planning Commission, Government of Pakistan to join us as a knowledge partner for this Summit.

The Summit will have an inaugural session with keynote speakers which include representatives of political brass across South Asia. The plenary sessions will host transdisciplinary audience for broad based understanding of collective issues. There will be parallel sessions to cover wide variety of themes discussed below. A tentative programme is annexed with the concept note.

#### **5. Themes**

Within the broader theme of economic growth that results in social development without compromising the environmental conservation, the Summit will cover a wide range of issues and areas pertaining to trade, investment, connectivity, energy and water security, disaster risk management, agriculture and food security, poverty reduction and climate change. These aspects are vital to deepen cooperation among South Asian countries for sustainable development, especially beyond 2015.

##### **5.1. Trade Cooperation**

As SAFTA completes 10 years of signing, there has been substantial reduction in tariffs across the region, however intra-regional trade is only five per cent of total trade and often curtailed by various non-tariff barriers (NTBs). SAARC's Expert Committee Meeting was held in July 2015, to look into issues related to rules of origin, NTBs, SAARC Agreement on Trade in Services (SATIS), and future vision of SAFTA. The SAARC leaders at Kathmandu summit have called for expedient operationalization of SATIS which has the potential to attract foreign direct investment in the region.

Key issues that may be discussed at SAES include trade facilitation, trade in goods and services, NTBs, sensitive lists under South Asian Free Trade Area (SAFTA), harmonisation of standards, customs procedures, transport connectivity, trade financing, and exchange rate policies. Moreover, South Asia faces a challenge of making trade and its gains inclusive and to link trade policies with the poverty reduction strategies of the South Asian governments.

## **5.2. Cooperation on investment and technology**

Regional cooperation on investment can contribute to increased access to necessary resources for sustainable development. Regional capital markets, cooperation in banking system, establishment of South Asian Development Bank, can contribute to developing and sharing technology. Capacity building in emerging technologies like biotechnology, nanotechnology and information and communication technologies (ICT) can also become a shared activity across the region. SAARC Centres can also carve out a niche for cooperation in technology for disaster management, early warning system, glacier monitoring and green technologies, etc.

## **5.3. Climate change**

Climate change and environmental degradation are trans-boundary in nature. It is, therefore, important for the South Asian countries to work together to combat both these challenges. Regional cooperation will also help promote climate resilient activities and behaviours. Some of the pertinent issues include adaptation and mitigation measures, regional agenda against climate change and environmental degradation, technology transfer, research and development (R&D), and knowledge sharing. For the region to move towards becoming climate resilient economies, SAARC countries will require policies and institutions for applying green technologies, climate resilient innovations in agriculture, water, energy and natural resource management.

## **5.4. Agriculture and food security**

The livelihood of about 60 per cent population of South Asia is dependent on Agriculture. Though a large proportion of the population is engaged in agricultural activities, food security and malnutrition have been a major problem in the region. Through increased agricultural investment, technical cooperation and R&D in agriculture, the productivity may be increased. However, that is only one pillar for improved food security. The region also has to think on improving socio-economic access to food (food banks, learning from each other on effective social safety nets, seed banks, etc.) and food absorption (investment in clean drinking water, sanitation, health, etc.).



### **5.5. Women's Economic Empowerment**

The ratio of female to male labour force participation in South Asia declined from 43% in 1990 to 39% in 2011. The school completion rates for female still remain lower than male population in most South Asian countries. The women's share in self-employment is miniscule and a large proportion of women entrepreneurs continue to do business in the informal sector due to regulatory and institutional constraints in South Asian economies. In South Asia, over 80% of women in non-agricultural jobs are in informal employment. Women tend to have less access to formal financial institutions and saving mechanisms. This gap is largest among South Asian and North Africa economies. There is a need for regional women entrepreneurship networks and mentorship programmes to build supply chain linkages between women-led businesses. Initiatives such as SAARC Chamber Women Entrepreneurs Council also need to be upscaled. SAARC Development Fund can play a major role in supporting region-wide women SMEs.

### **5.6. Infrastructure and Connectivity**

Several research studies have pointed out that South Asia region has inadequate and poor quality infrastructure and connectivity facilities such as transport, irrigation, ICT, and energy. It is also estimated that South Asian countries need to invest approximately US\$2.5 trillion to bridge their infrastructure gaps. Some of the pertinent issues and areas include connecting the countries by roads and railways, enhancing quantity and quality of transport networks, trans-boundary production and distribution networks of electricity, among others. These investments will not materialize unless there is robust financial intermediation across the region. South Asia Development Bank and SAARC Development Fund can bridge some of the financing gaps. Additionally SAARC member countries need to explore the potential of: a) public private partnerships across the region, and b) attracting FDI from abroad.

### **5.7. Energy and Water Security**

South Asia continues to remain an energy deficient region. There is an urgent need to diversify sources of fuel supply, create policies that attract investment in renewable energy, and fix energy governance issues that increase the cost of generation, transmission and distribution. The agreement on electricity trade signed during the SAARC meeting at Kathmandu is an important milestone. The agreement has inclusive gains as Bhutan and Nepal will be able to export their hydropower resources to Bangladesh, India, Pakistan and Sri Lanka. The implementation of this agreement now requires technical and institutional cooperation across the region. It is also important to strengthen SAARC Energy Centre as a mechanism for information sharing, regional planning, and capacity building.



Water sector in South Asia is another area that requires extensive study. The rivers flowing from China and inside South and Southeast Asia provide water, food and energy supplies for nearly four billion people. However, the fast depletion of these transboundary resources to meet consumption and production demands can trigger economic, social and environmental difficulties. Cooperation in water sector can be split into three phases: i) water resource development (sharing of data related to flood forecasting, warning, rainfall, and water flow data; joint management of river with shared vision – joint study teams, participatory fact finding missions), ii) sharing of benefits (apart from sharing of water, equally important is to share the benefits from sustainable water use, e.g. in the form of hydro-power, agriculture, flood control, navigation, trade, tourism, etc.; multilateral dialogues, basin wide approach and development of resilient institutions such as Mekong Committee, Nile basin initiative, etc.), and iii) multi-track diplomacy (focus on track-II and track-III diplomacy to create an environment of trust and cooperation).

### **5.8 Disaster Risk Management (DRM)**

South Asian countries face a range of different natural hazards, including earthquakes, cyclones, tsunamis, floods, landslides, sea rise, and droughts. Environmental degradation and climate change have increased exposure to these hazards in the recent decades, resulting in more frequent and more intense natural disasters. While SAARC has developed a Comprehensive Framework on Disaster Management and Disaster Prevention in 2005 and established a number of SAARC centres to implement the framework, progress to build the DRM capacities of South Asian countries through regional cooperation has been slow. The regional DRR mechanisms need to be made effective so that the member states make their national DRM capacities helpful during the time of crisis.

### **5.9 Agenda for Peace and Prosperity in South Asia**

Keeping SAARC's collective conscience of "promoting peace, stability, amity and progress in the region ..., particularly respect for the principles of sovereign equality, territorial integrity, national independence..." in mind, a mutual respect for each other's solidarity echoes through the efforts made over the years to achieve sustainable peace in the region. It is hoped that the forthcoming SAARC Summit 2016 will witness once more regional commitment to the cause that "... economic, social and technical cooperation among the countries of South Asia would contribute significantly to national and collective self-reliance." A plenary session around a collective agenda for peace and security in South Asia will be organized. This will also be inaugural session of Eighteenth Sustainable Development Conference.



### **5.10 Role of Media in Regional Cooperation**

The role of media in promoting a regional understanding of issues facing the SAARC member countries is critically important. Past efforts of partnerships between media organizations across South Asia have yielded important results. We need further understanding of how media in future may be able to contribute towards creating a constituency for change, which in turn brings about a shared vision of South Asia. Past media collaborations have been limited to track-II realm. It may be an important step to form future partnerships with the track-I where Ministries of Information and Broadcasting in the region may be persuaded to become knowledge partners in promoting role of media for regional cooperation.

### **6. Output**

Discussions and deliberations during the Summit will help identify specific problems and prospects of cooperation and common agenda within the areas discussed above (and beyond). Common understanding of some contentious and complex regional issues and problems will emerge from the Summit. It will be expected to influence the policy agenda of South Asian governments. The deliberations at the Summit will be documented in a comprehensive report. **The recommendations for the 19<sup>th</sup> SAARC Summit will be circulated to all SAARC member countries through their foreign office by 23<sup>rd</sup> December 2015.**

### **7. Participants**

A wide range of dignitaries from academics, government, civil society, private sector, politics, media, including independent experts will participate in SAES. The expected number of distinguished panellists is around 75-80. Over the two days, approximately 2,500 audience members will join the summit for various sessions. SDPI's web television ([www.sdpi.tv](http://www.sdpi.tv)) aims to live stream all sessions. The TV team will be assisted by a dedicated social media unit responsible for live blogging and tweeting. We will receive questions and comments from all over the globe through our social media hashtag [#SAES15](https://twitter.com/SAES15). Apart from the four plenary sessions, there will be 9-10 parallel sessions covering key themes relevant for the region.



**8TH SOUTH ASIA ECONOMIC SUMMIT #SAES15**  
Islamabad, 7-8 December 2015

**Tentative Agenda**

**Theme: Regional Cooperation for Sustainable Development in South Asia**

**Organizers: Sustainable Development Policy Institute, Pakistan**  
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Centre for Policy Dialogue, Bangladesh  
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**Day 1**

**Inaugural Session (9:30am – 10:00am)**

Welcome address: Dr. Abid Q. Suleri, Executive Director, SDPI  
Book/Report Launch

- South Asia Economic Summit Anthologies
- Special Issue of South Asia Economic Journal (SAEJ)

Remarks by the Chief Guest (TBC)

**Plenary-I (10:00am – 11:30 pm)**

Promoting Sustainable Industrialization and Fostering Competitiveness in South Asia

**Refreshments (11:30pm to 12:00pm)**

**Concurrent Sessions (12:00pm - 02:00pm)**

A1: Intra-SAARC Trade Cooperation in South Asia	A2: Regional Cooperation for Energy Security	A3: Achieving Gender Equality and Empowering Women in South Asia
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**Lunch (2:00pm – 3:00pm)**

**Concurrent Sessions (3:00pm - 5:00pm)**

A4: Intra-regional investment and supply chains in South Asia	A5: Regional Cooperation for Water Security	A6: Sustainable Agriculture in South Asia
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**Refreshments (05:00pm – 05:30pm)**

**Day 2**

**Plenary-II (09:30am – 11:30am)**

Securing Peace & Prosperity in South Asia

**Refreshments (11:30am – 12:00pm)**



<b>Concurrent Sessions (12:00pm - 02:00pm)</b>		
B1: SDGs and Post-2015 Development Agenda: Perspectives from South Asia	B2: Services Trade and FDI in South Asia	B3: Regional Cooperation on Disaster Risk Management in South Asia
<b>Lunch (2:00pm - 3:00pm)</b>		
<b>Concurrent Sessions (3:00pm - 5:00pm)</b>		
B4: Role of Media in Regional Cooperation	B5: Political Economy of Transit Trade in South Asia	B6: Soft Diplomacy: Prospects for South Asia
<b>Refreshments (05:00pm - 05:30pm)</b>		
<b>Plenary-III (07:00pm to 08:30pm)</b>		
Sustainable Transportation and Logistics Corridors in South Asia		
Presentation of summary of proceedings		
Speech by Chief Guest (TBC)		
Vote of Thanks: Dr. Vaqar Ahmed, Deputy Executive Director, SDPI		
<b>Dinner &amp; Musical Gala (08:30pm - 10:30pm)</b>		

For further details:

**Dr. Vaqar Ahmed**

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