

World Bank OneSouthAsia Webinar Series



How can Regional Cooperation Support COVID Recovery in South Asia?



Inaugural Webinar **2 September 2020** | Wednesday

#OneSouthAsia Webinar Summary

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The World Bank launched the [#OneSouthAsia](#) series of webinars as a platform to exchange views and build consensus about joint actions South Asian countries can take to address shared problems and strengthen regional institutions, infrastructure, and trade links. We invite you to participate in the webinars and to read about our work at www.worldbank.org/OneSouthAsia.

Context: Like the rest of the world, countries across South Asia are seeking an economic revival. And today, regional cooperation is more critical than ever in the world's least-integrated region. Evidence shows that regional integration has the potential to produce significant gains in the countries of South Asia, especially in intraregional trade, energy, and transport. But at the same time national governments are increasingly focusing inward with export restrictions, trade disruptions, and plans for self-reliance.

Summary of Discussion:

Hartwig Schafer, the World Bank's vice president for the South Asia region, opened the webinar describing how national lockdowns temporarily halted most manufacturing and services. Supply disruptions and lack of effective demand will result in the region's worst economic performance in more than 40 years and shrink the economy in 2020. World Bank research in the spring projected the regional economy will contract by 2.7 percent in 2020 instead of growing by 5.5 percent as forecast prior to the pandemic. Today in South Asia, like 70 years ago in Europe, the regional integration agenda is important, he said. The World Bank's regional cooperation work in South Asia has accomplished much during the past 10 years with landmark investments in the Central Asia-South Asia Transmission project (CASA-1000), cross-border transmission capacity between Bangladesh-India and India-Nepal, and the \$50 million Plastic-free Rivers and Seas for South Asia project.

Cecile Fruman, the World Bank's director for regional integration and engagement in South Asia, emphasized the bank's commitment to help countries work together on shared problems. "The magnitude of the challenges requires countries to work together," she said. The bank recently updated its [regional integration, cooperation and engagement \(RICE\) strategy](#) in South Asia as a framework for the bank's regional projects, regional trust funds, and engagement with key development partners. The strategy has three focus areas: enabling regional connectivity, reducing vulnerabilities and managing resilience, and investing in human capital.

Panelists **Rubana Huq** of Bangladesh, Amb. **Shyam Saran** of India and **Swarnim Wagle** of Nepal shared ideas how regional cooperation can support social and economic recovery from COVID-19 amid other challenges such as climate change, natural disasters, and border tensions. Huq is a businesswoman and president of Bangladesh Garment Manufacturers and Exporters Association. Saran, a former Indian foreign secretary and diplomat, is a senior fellow at the Centre for Policy Research. Wagle, a former vice-chairman of the National Planning Commission of Nepal, is chairman of the Institute for Integrated Development Studies.

Saran urged the audience to acknowledge that the current health and economic crisis coincides with renewed political tensions in South Asia, reflected mainly in India's relations with neighbors such as Pakistan and Nepal. "The question is whether COVID-19 offers some opportunity to alter these negative trends since no meaningful regional cooperation, let alone integration, is possible without a minimal level of trust and mutual confidence," he said. Huq agreed, saying, "there is trust deficit in this entire region." She noted that while nations are looking inward because of COVID-19, "it's also important to understand that no one single country can act in isolation." Wagle talked about turning crisis into an opportunity: "As the trust is low, COVID-19 presents an opening to repair this rupture."

The panelists identified three potential areas for cooperation: trade, health care, and finance.

Trade - "A temporary suspension of non-tariff trade barriers could jump-start economies, especially in South Asia's smaller countries," Wagle said. Such a move would boost trade within South Asia, which lags ASEAN and other regions in intraregional trade. He praised India for demonstrating good will with trading partners by waiving the financial penalties Nepal incurred for buying less electricity than contracted. Saran said with rising protectionism and shrinking overseas markets, the South Asian Free Trade Area (SAFTA) trade pact could become an economic lifeline for the region. Huq agreed that non-tariff barriers have impeded trade for too long, and SAFTA should remain open, vibrant, and flexible. She noted that regional value creation should be a priority in South Asia.

Health care - Saran suggested advancing a regional agenda by cooperation on COVID-19. Once an effective vaccine becomes available, he India's expertise and large pharmaceutical capacity could be mobilized to manufacture the vaccine for South Asia. Wagle noted that India is home to the Serum Institute in Pune, the world's largest maker of vaccines, and said declaring a COVID-19 vaccine as a regional public good would make it universally available and suspend any commercial or patent rights. Huq said India could take a similar role leading regional production of fabric for personal protection equipment such as masks and gloves.

Finance - Currency swaps are another tool of regional cooperation to help countries when funding in their local currency becomes difficult. For example, India's central bank earlier this year extended a \$400 million currency swap facility to Sri Lanka to boost the island economy's foreign exchange reserves and financial stability. "India has large and comfortable foreign exchange reserves which may enable swap facilities for South Asian neighbours who may be under balance of payment pressures," Saran said. Wagle added that concessional lines of credit could also be offered to countries facing liquidity and balance of payment problems, which would "instill a lot of confidence at a regional level."

Speakers raised other ideas for potential regional cooperation, including:

- Sharing data about cross-boundary problems such as air pollution and marine pollution to make better policy decisions;
- Sharing pharmaceutical expertise to develop and process medicinal plant products for consumers;
- Promoting digital collaboration, possibly with an e-learning or e-marketplace site available throughout South Asia;
- Expanding the South Asian Association for Regional Cooperation (SAARC) food bank, which now holds about 500,000 tons of grain; and
- Exploring a region-wide skills testing and certification program to make it easier for skilled workers to move across South Asia.

Discussing different areas of collaboration, Huq said, “Industry, knowledge and governance are never aligned. For regional cooperation to happen, we need think tanks to come together, industry bodies to convene and governments to get aligned”.

Fruman closed the discussion, re-affirming the World Bank’s commitment to regional cooperation. “Regional cooperation is not nice to have, it’s a compulsion, there is no alternative,” she said. “COVID-19 brings opportunities in areas never thought of in the past – vaccine development, e-health, digital applications, education, online businesses, trade facilitation, to name a few. As we re-orient toward resolving these newer challenges, it is important to not lose the core of the regional cooperation agenda, which is opening borders, facilitating cross-border trade and free movement of people, strengthening regional institutions, and tackling climate change.”

The #OneSouthAsia dialogue was recorded and is available [here](#). Below are questions from the audience that could not be answered during the webinar because of time constraints.

Audience Questions

<p>What role can and should the World Bank play in convening governments and stakeholders around the table? We have seen a lot of demand for regional discussion on educational challenges, particularly during COVID-19.</p>	<p>The #OneSouthAsia series is a platform for dialogue and we hope it will bring stakeholders together for conversations to guide policy choices and actions. The World Bank has promoted regional cooperation in South Asia since 2010. We have found that convening stakeholders in a collaborative environment and sharing data can lead to new ways of thinking, consensus building, and coordinated action. For more details, see our updated Regional Integration, Cooperation and Engagement (RICE) strategy: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/116411598021247454/world-banks-approach-to-south-asia-regional-integration-cooperation-and-engagement-sa-rice-2020-2023</p>
<p>The region’s unprecedented level of nationalism prior to COVID-19 continues to divide communities. What roles should individual economies, regional institutions such as SAARC and BBIN, and multilateral entities such as the World Bank take to manage emerging regional crises for better outcomes?</p>	<p>The World Bank uses analysis, data, and other evidence to inform stakeholders’ views of regional challenges and the roles of neighboring countries. More was discussed about this in the webinar, which was recorded and posted at: https://live.worldbank.org/how-can-regional-cooperation-support-south-asia-covid-19-recovery#discussion</p>

<p>Access to digital space, tools, and technologies are critical in moving forward after COVID-19 but the digital gender gap in South Asia is abysmal. How do we help women and girls so they don't continue falling behind?</p>	<p>The World Bank is committed to the economic empowerment and inclusion of women and our projects routinely include gender equality. Additionally, our South Asia Gender Innovation Lab contributes research to shape gender equality policies and programs. It produces evidence on what works best to address gender inequality. Read more about the lab's work at: https://www.worldbank.org/en/programs/world-bank-south-asia-region-gender-innovation-lab</p> <p>We also recommend reading: https://blogs.worldbank.org/endpovertyinsouthasia/wepower-helps-bangladeshs-largest-power-distribution-company-boost-its-female</p> <p>https://blogs.worldbank.org/endpovertyinsouthasia/empowering-minority-women-india-stories-resilience-and-hope-during-covid</p>
<p>How could collaboration address resource constraints that countries in the region face because of reduced revenue collection from businesses?</p>	<p>The ASEAN and EU experiences show that regional integration can produce significant economic and welfare gains for participating countries. Similar gains are possible in South Asia, especially in sectors such as trade, energy, and transport. For example, intraregional trade is at only one-third of its potential with a gap estimated at \$23 billion. Read more here: https://openknowledge.worldbank.org/handle/10986/30246</p>
<p>Since tourism is a common thread that runs through the region, what can these countries do (as a region) to revive this sector that supports livelihoods of the tens of millions?</p>	<p>South Asia's tourism industry has lost more than 10 million jobs and \$52 billion in GDP to COVID-19, according to recent World Bank estimates. Tourism ministries, business groups, and travel businesses throughout South Asia can stretch scarce government resources and private sector budgets by working together on common goals. Read more in our latest brief at: https://openknowledge.worldbank.org/handle/10986/34050</p>
<p>How might collaboration be fostered in the areas of human development, especially in (a) higher education while noting the information exchange on research in health/pandemic related issues? And, (b) inter-regional migration of workers?</p>	<p>Regional cooperation holds immense potential for education, research, and job mobility. One option discussed during the webinar is to explore a region-wide skills testing and certification program for plumbers and electricians. Many other ideas are in a 2019 World Bank report at: http://documents1.worldbank.org/curated/en/735021553593295199/pdf/South-Asia-Challenges-and-Benefits-of-Research-Collaboration-in-a-Diverse-Region.pdf</p> <p>You may also be interested in this: https://blogs.worldbank.org/endpovertyinsouthasia/covid-19-boosts-digitization-higher-education-bangladesh</p>
<p>India, to become a true leader of South Asia, needs to address the demands of its neighbors on trade, connectivity, migration of workers, technology transfer, and well-knit regional cooperation.</p>	<p>To know more, read some of our latest blogs: https://blogs.worldbank.org/endpovertyinsouthasia/how-did-indias-rural-economy-fare-through-covid-19-lockdown-and-re-opening</p> <p>https://blogs.worldbank.org/endpovertyinsouthasia/protecting-and-investing-south-asias-people-more-important-now-ever</p> <p>https://blogs.worldbank.org/endpovertyinsouthasia/empowering-minority-women-india-stories-resilience-and-hope-during-covid</p>

<p>Could the World Bank coordinate a city-level engagement across South Asia to maintain the clean air benefits from lockdowns while navigating the economic fallout and related challenges?</p>	<p>South Asian cities are known hotspots for unhealthy air pollution. Unusually clear skies and cleaner air followed lockdowns that attempted to curb the COVID-19 virus. As countries respond longer term to the coronavirus, they have a unique opportunity to plan greener economies for a cleaner environment. Countries can use fiscal stimulus spending for green projects that support economic recovery and improve the air, water, and soil. Read more at: https://openknowledge.worldbank.org/bitstream/handle/10986/28723/9781464811555.pdf https://blogs.worldbank.org/endpovertyinsouthasia/air-pollution-aggravating-covid-19-south-asia</p>
<p>Very often, the private sector can go ahead on its own on the regional front. I understand that a pharma company in Bangladesh is cooperating with the Serum Institute of India for priority supply of vaccines. Can private companies in Nepal and other countries do the same? This could kick start the regional agenda.</p>	<p>The private sector can play an influential role in the regional agenda, and advocating changes in policy. This was discussed by panelist Swarnim Wagle during the webinar, which was recorded and posted at: https://live.worldbank.org/how-can-regional-cooperation-support-south-asia-covid-19-recovery#discussion</p>
<p>Can the World Bank help develop a South Asia Vaccination Programme?</p>	<p>As discussed during the webinar, regional cooperation could help address several big issues in the health care sector, including a fair distribution plan for the eventual COVID-19 vaccine throughout South Asia. Globally, the World Bank is working with partners to speed up the development and deployment of an affordable vaccine available to all countries, as described in our June paper about COVID-19 at: http://documents1.worldbank.org/curated/en/136631594937150795/pdf/World-Bank-Group-COVID-19-Crisis-Response-Approach-Paper-Saving-Lives-Scaling-up-Impact-and-Getting-Back-on-Track.pdf</p>
<p>Challenges are many. We cannot handle all. Can we pick a few and try to make a difference? For example: infrastructure for education at home for students; preparation for food security in future which might become an issue in cross-border supply chain logistic.</p>	<p>The World Bank's regional approach has identified areas of joint action and an incremental approach to regional collaboration. For more details, see our updated Regional Integration, Cooperation and Engagement (RICE) strategy at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/116411598021247454/world-banks-approach-to-south-asia-regional-integration-cooperation-and-engagement-sa-rice-2020-2023</p>
<p>How can digital technologies support regional integration in South Asia? What is the role of infrastructure sharing (internet broadband, data centers, etc.) and collaboration on digital solutions addressing the COVID-19 health crisis?</p>	<p>Going forward, digital will be at the core of most regional work. As discussed in the webinar, now is the time for countries to explore ideas to promote digital collaboration, possibly with an e-learning site or e-marketplace site available throughout South Asia. Read more at: https://blogs.worldbank.org/endpovertyinsouthasia/covid-19-highlights-need-digitizing-and-automating-trade-south-asia https://blogs.worldbank.org/endpovertyinsouthasia/covid-19-boosts-digitization-higher-education-bangladesh</p>
<p>How can restrictive measures such as lockdowns and prohibitory orders coexist with the opening of the</p>	<p>You may be interested in watching a recent World Bank webinar devoted to the impact of COVID on the informal sector in South Asia, which has the highest rate of informal employment among</p>

<p>economy to take care of the daily wage earners and migrant workers? Is the trade-off inevitable or avoidable?</p>	<p>developing regions. Informal workers are not protected by labor laws and are more likely to lose their jobs and face extreme poverty as the pandemic continues. A recording is available at: https://live.worldbank.org/expert-panel-informality-and-covid-19-south-asia</p>
<p>We have been hearing about non-tariff barriers and non-tariff measures many years. What is the key reason why they persist?</p>	<p>Non-tariff barriers have long hindered intraregional trade in South Asia. Lack of capacity on either side of the border to negotiate to reduce non-tariff barriers has always been a challenge in the region. Additionally, India's asymmetric size adds to the concerns of companies in smaller countries. For details, see World Bank's report, A Glass Half Full: The Promise of Regional Trade in South Asia: https://openknowledge.worldbank.org/handle/10986/30246</p>
<p>Can a country focus on its recovery priorities when multiple regional cooperation organizations exist?</p>	<p>Collaboration is an opportunity that should be tapped at all levels – regional as well as sub-regional. One level of collaboration does not and should not rule out the scope of other collaborations.</p>
<p>A well thought out global response has been largely absent in addressing the COVID-19 crisis. What is the World Bank doing to address the concerns of developing countries?</p>	<p>The World Bank is helping more than 100 developing nations with the COVID-19 crisis by providing up to \$160 billion in financing for health, economic, and social impacts from the pandemic. Read more about our global work at: https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list</p>
<p>How can more regional and sub-regional cooperation on shared natural resources like trans-boundary rivers and associated value chains help South Asia region #BuildBackBetter?</p>	<p>Shared management of the Indus, Ganges, and Brahmaputra river basins can increase fair and inclusive development and climate change resilience. Collaboration is also important for the environmentally fragile Sundarbans, the vast wetlands along the border of Bangladesh and India. The World Bank and its partners, including the South Asia Water Initiative, provide funding and analyses to promote regional collaboration in managing trans-boundary rivers and groundwater. Read more at https://www.worldbank.org/en/programs/south-asia-regional-integration/water</p>