

Enhancing regional economic cooperation in South Asia

# SOUTH ASIA REGIONAL TRADE INTEGRATION PROGRAM

SARTIP (2012-2018)

Program Completion Report World Bank



WORLD BANK GROUP

DFID

Department for  
International  
Development



**Regional cooperation and integration has brought transformative change to many regions of the world.** It powered economic growth and trade in East Asia, and the experience of the European Union shows that regional integration can provide a foundation for peace.

Regional integration is also critical for growth and shared prosperity in South Asia - commonly referred to as the least economically integrated region in the world - reflecting historical political tensions and mistrust. This lack of integration directly impacts the region's economic development and greatly hinders the utilization of its vast hydro power resources as well as its trade and investment potential.

To this end, the United Kingdom Department for International Development (DFID) partnered with the World Bank (WB), the International Finance Corporation (IFC), the Asian Development Bank (ADB), and other partners in 2012 to establish the South Asia Regional Trade and Integration Program (SARTIP). The program sought to leverage the strength of each partner to enhance cross-border, sub-regional, and regional economic cooperation across South Asia, with further links to Central Asia and East Asia.

Under the SARTIP umbrella, the Bank's activities focused on sectors where we believe the gains are highest, namely energy, trade and transport connectivity. We have seen demonstrable progress in this six-year period. South Asian countries have increasingly embraced regional solutions, which have allowed development partners to take bolder steps.

In energy, the platform developed through the Central Asia South Asia Transmission Project (CASA-1000) led four countries in Central and South to forge a partnership to trade existing surplus hydropower in Kyrgyz Republic and Tajikistan to energy deficient Afghanistan and Pakistan – constituting a fundamental building block for the creation of a Central Asia-South Asia Regional Electricity Market (CASAREM).

In transport, SARTIP activities helped inject momentum into reviving inland waterways transport (IWT) connectivity, which could eventually realize a vision of river transport for freight and passengers from Sadiya in the far eastern corner of Assam to Allahabad in Uttar Pradesh – transiting on Bangladeshi rivers.

Furthermore, SARTIP-funded project preparation work and technical assistance played a pivotal role in developing the WB's regional lending program. The WB leveraged around US\$3 billion for regional projects, including over US\$2.3 billion from the World Bank's International Development Association (IDA). It also enabled the Bank to broaden stakeholder engagement, including with the private sector, through convening platforms for dialogue and debate to raise awareness, inform and influence policy making, and conceive and support regional projects and programs.

In addition to providing much-needed financial resources through SARTIP, DFID must also be acknowledged for its important technical contributions, coordinated advocacy in diplomatic and political circles, and for its leadership role in bringing together multilateral and bilateral partners to deepen collaboration on regional integration.

SARTIP has laid an important foundation for long-term impacts on this high risk-high reward development issue in South Asia. As SARTIP partners are about to commence on the new Asia Regional Trade and Connectivity Program (ARTCP), this report provides emerging lessons and an assessment of the Bank's contribution to SARTIP results and impacts.

**Robert J. Saum**  
*Director Regional Integration and  
Partnerships, World Bank*



**Regional cooperation provides a transformative path for South and Central Asia through its ability to boost economic growth, reduce poverty, and support broader stability.** Repeating the positive experiences of other geographical regions is by no means certain in what is still the world's least economically integrated region; concerted efforts by a wide range of parties at national and regional level are required to continue to build on recent successes in the region. South Asia Regional Trade and Integration Program (SARTIP) has transformed the UK Government's engagement in the region and the partnerships on which it is based.

From the perspective of the UK Government operating in the region SARTIP has been highly successful, delivering key results on transport and energy connectivity, boosting investment, economic cooperation and trade (especially in energy), and supporting the development of a conducive environment for deeper collaboration. Its successful implementation has been underpinned by the strength of the partnerships with the World Bank Group, the Asian Development Bank, the national governments of the region, and other partners. All have come together to identify and implement key opportunities for the benefit of citizens in the region; it has shown that it is possible to deliver on this complex agenda through a combination of diplomatic, technical, and financing interventions.

The success of interventions under SARTIP has led to increased ambition by all partners for the next phase of work under the umbrella of a new program, the Asia Regional Trade and Connectivity Program (ARTCP). ARTCP will see increased financial commitment, expanded geographical and sectoral focus - to include information technology and financial connectivity. This increased ambition reflects key opportunities and increased confidence as to what can be delivered where partners align behind a common vision and key results, and play to their key strengths.

The sustainability of the region's economic future and the management of its natural resources are heavily dependent on its ability, and willingness, to co-operate across national boundaries. Through work with our partners we believe that connectivity and regional economic cooperation can be delivered and at an increasing pace to meet the increasing expectations of all its citizens. We look forward to continuing playing our part.

## **Duncan Overfield**

*Regional Economic Development Lead  
DFID Asia Regional*

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ADB	Asian Development Bank
ASA	Advisory Services and Analytics
ASEAN	Association of South East Asian countries
BBIN	Bangladesh, Bhutan, India, Nepal
BE	Bank-Executed
BRI	Belt Road Initiative
CAEWDP	Central Asia Energy Water Development Program
CAGR	Compounded Annual Growth Rate
CASA-1000	Central Asia South Asia Transmission Project
CASAREM	Central Asia South Asia Regional Electricity Market
CPEC	China-Pakistan Economic Corridor
CSP	Community Support Projects
DFAT	Department for Foreign Affairs and Trade
DFID	Department for International Development
GESI	Gender and Social Inclusion
GHG	Greenhouse Gas
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IGC	Intergovernmental Council
KwH	Kilo-watt hour
IsDB	Islamic Development Bank
IWT	Inland Water Transport
JICA	Japan International Cooperation Agency
JWG	Joint Working Group
MVA	Motor Vehicle Agreement
MoU	Memorandum of Understanding
NTMs	Non-Tariff Measures
PACT	Program for Asia Connectivity and Trade
PDF	Project Development Facility
PIWTT	Protocol on Inland Water Transit and Trade
PPMKIN	Public Procurement Managers Knowledge and Information Network
RE	Recipient Executed
REIP	Regional Ecological Integrity Platform
RGAP	Regional Gender Action Plan
SAARC	South Asian Association for Regional Cooperation
SAEC	South Asia Economic Conclave
SAES	South Asia Economic Summit
SAESM	South Asia Economic Students Meet
SAPIA	South Asia Procurement Innovation Award
SAR	South Asia Region
SARPPN	South Asia Regional Public Procurement Network
SARRP	SARRP South Asia Region's Regional Partnerships team

# ABBREVIATIONS AND ACRONYMS

SARTIP  
2012-2018

SARTFP	South Asia Regional Trade Facilitation Program (DFAT funded)
SARTIP	South Asia Regional Trade Integration Program (DFID funded)
SCO	Shanghai Cooperation Organisation
SDF	SAARC Development Fund
TA	Technical Assistance
TF	Trust Fund
VfM	Value for Money

# Executive Summary







**SARTIP's unique approach involved improving the in-country and cross-border enabling environment through partnerships and networks, strengthening institutions and infrastructure through technical assistance and knowledge, and leveraging finance to support regional integration projects. It was delivered through a Trust Fund partnership between DFID and the World Bank.**

**This Project Completion Report provides a summary overview of the World Bank's delivery of the South Asia Regional Trade and Integration Program SARTIP<sup>1</sup>. Funded through a DFID-World Bank Trust Fund partnership (US\$24.8 million, 2012-18), SARTIP was designed to support regional economic integration in South Asia. This final report provides the Bank's assessment of key achievements within a dynamic and challenging context, and reflections on the effectiveness of the process and emerging lessons.**

**The South Asia Regional Trade Integration Program (SARTIP) supported the World Bank Group's vision for 'One South Asia'. Its emphasis was on enhancing cross-border, sub-regional, and regional economic cooperation across South Asia, with further links to Central Asia and East Asia.**



**SARTIP Countries**



**US\$24.8 million**  
2012 - 2018

1 DFID had similar Trust Fund partnerships with International Finance Corporation (IFC) and the Asian Development Bank under the SARTIP umbrella.





# The Context



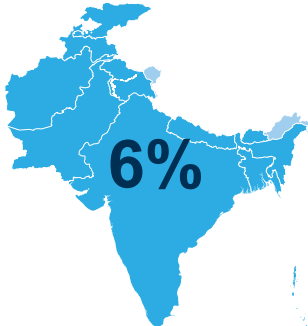
**1.67**  
billion people



**7.1%**  
economic growth

South Asia, a dynamic region with a population of over 1.67 billion, has experienced impressive economic growth of over 7.1 percent over the last decade making it one of the fastest growing regions of the world.

Faced with a growing and young population, the region's continued growth is contingent upon increasing demand being met for energy, infrastructure, basic services, job creation and income opportunities. However, there are several missed economic opportunities as South Asia remains one of the least integrated regions in the world. Intra-regional trade accounts for only 6 percent of South Asia's total trade, compared to 25 percent in the Association of South-East Asian countries (ASEAN), while intra-regional investment is less than 1 percent of overall investment. Cross-border energy trade remains well below its potential despite significant resource synergies and unmet demand. Less than 20 percent of the region's hydropower potential has been realized, and a dependence on coal and imported oil to meet energy needs is unsustainable in the long term.

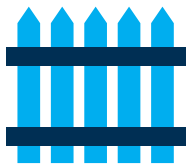


South Asia's intra regional trade



ASEAN countries intra regional trade

**Opportunities for growth through regional trade and transport connectivity remain largely untapped.** Foreign policy continues to overshadow and shape trade and economic relations amongst the countries in South Asia.



A history of cross-border conflict



Mutual distrust



Security concerns



Negative perceptions

A history of cross-border conflict, mutual distrust, security concerns, and negative perceptions about neighboring countries perpetuates myths and has traditionally clouded bilateral and regional cooperation efforts. The relative asymmetry in size among the South Asian countries significantly affects regional power dynamics and trading relationships. Barriers to trade and connectivity further limit people's ability to participate in, and benefit from regional trade. Transport connectivity is limited, trade costs are high, border crossings cost time and money, and logistics and regulatory impediments constrain movement of goods and services. The region also lacks sufficient policy-relevant analytical work on the gains from regional trade and investment, or vocal champions to support the agenda. Institutional capacity is also variable with limited incentives for cross-border cooperation.



Transport connectivity is limited



Trade costs are high



Land port/border crossing



Logistics and regulatory impediments constrain movement of goods and services

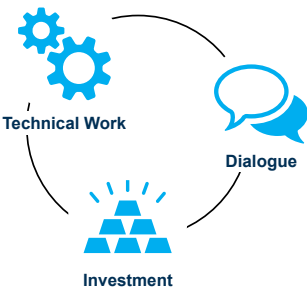


# The Approach

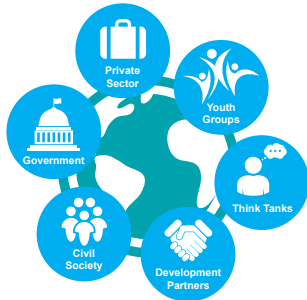


**SARTIP sought to address these barriers, and was strongly aligned with the World Bank’s overall efforts to support South Asia’s progression towards closer regional economic integration.**

It was implemented during a period of growing recognition amongst South Asian countries - backed by evidence from SARTIP and other studies - that regional integration can be a powerful driver of economic growth, employment generation and poverty reduction, and contribute towards the sustainable management of shared resources.



SARTIP provided the resources to address critical development challenges within a complex political economy context through dialogue, technical work and investments. SARTIP also enabled the Bank to work in partnership with a range of stakeholders - government, development partners, private sector, civil society, think tanks, and youth groups - to leverage a wider sphere of influence.

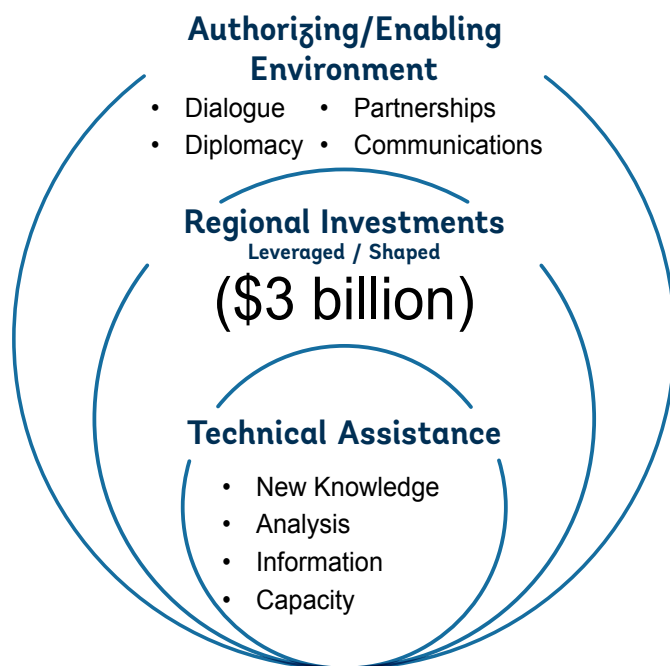


This enabled the Bank to strengthen expertise on tackling regional integration as well as to harness and embed regional integration knowledge, partnerships and approaches within its country programs. Regional integration is now reflected in all Country Partnership Strategies, and an integral and prominent part of SAR Regional strategy. **SARTIP played a pivotal role in enhancing the World Bank’s ability to make a meaningful impact on a high risk-high return development issue in the region.**





Figure 1: SARTIP's approach to regional integration



Through its investments, combined with broader diplomatic and strategic engagement, the Bank played a central role in building consensus around - and leveraging additional donor financing for - cross-border operations. This support enabled the Bank to leverage around US\$3 billion for regional projects, including over US\$2.3 billion in concessional financing from the International Development Association (IDA).

**The complexities of regional integration in South Asia required SARTIP to adopt a new way of working to tackle previously intractable (adaptive) challenges.** As such, SARTIP's strategic approach has been two-fold.

**1. A long-term approach to improve the authorizing environment for regional cooperation:** through SARTIP, the Bank sought to build wider understanding of the mutual benefits of regional cooperation through knowledge generation, convening platforms, and communications. It aimed to broaden stakeholder engagement through convening platforms for high-dialogue and debate to raise awareness within country systems, inform and influence policy making, and conceive and support projects and programs that could build momentum for closer regional economic cooperation; and,

**2. Responding to emerging demand, and catalyzing new opportunities:** an extensive program of project preparation, analytical, and capacity building activities was implemented in sectors with the most potential for regional gains. In energy, SARTIP supported countries to engage in mutually beneficial cross-border trade of surplus power thereby relieving energy shortages and reducing the need for investment in new generation capacity. SARTIP also supported countries to tap the enormous hydropower potential of South and Central Asia. In transport connectivity and trade facilitation, SARTIP aimed to strengthen trade facilitating infrastructure, and support policy frameworks and institutional arrangements to move South Asia towards ASEAN levels of intra-regional trade and investment. SARTIP helped countries to harness the potential of their Inland Waterways which could lead to better trade, cleaner and more efficient transportation, and bring economic opportunities for local communities.



## SARTIP's strategy of a sub-regional approach has been effective.

While the overarching goal was to advance regional economic cooperation across South Asia, SARTIP focused on promoting cooperation on a sub-regional basis – one sub-region being Bangladesh, Bhutan, India, Nepal (BBIN) and Myanmar, and a second comprising Pakistan, Afghanistan, Tajikistan, and Kyrgyz Republic.

This approach, which also included bilateral steps towards sub-regional cooperation, was partly based on practical realities rooted in the sub-continent's political environment and way of managing risks deriving from the possible eruption of political tensions in any one part of the sub-continent. This approach enabled the program to demonstrate successes that can be scaled up, get wider stakeholder buy-in, and form the building blocks for the

potential expansion trade in goods and electricity between South, Central, and East Asia.

## SARTIP strived to adapt to the challenges presented by the dynamic and transient regional relationships, but some efforts have stalled.

For example, the India-Pakistan relationship, which had taken a positive turn at the start of SARTIP, prompted work on a cross-border transmission inter-connector. However, this could not be taken forward due to a deterioration of the bilateral relationship in 2014, that eventually also led to the cancellation of the South Asian Association for Regional Cooperation (SAARC) Heads of Summit in 2016.

## The Bank's approach of building sustained partnerships, creating and using the power of regional networks through SARTIP has started to pay dividends.

This helped to strengthen institutional capacity and confidence of regional stakeholders, build trust through shared information and regional platforms for informal dialogue, and help move forward actionable projects. The Bank used its convening power to bring together practitioners, policy-influencers and thinkers to strengthen awareness and alignment and to champion win-win opportunities. Commonly referred to as the champions process, this initiative was initially constituted to help shape the Bank's regional integration strategy, but has since helped, inter alia, broker the Power Trading Agreement between Nepal and India, facilitate Bangladesh-India-Nepal Electricity Trade, and close the CASA-1000 commercial agreements. It spawned the South Asia Power Secretaries Forum which is building awareness around shared challenges and opportunities for cooperation. In a complex political environment, the champions process remains a powerful mechanism to maintain informal dialogue and channels to reach foreign and economic policymakers. Other crucial external partners included think-tanks in the region, private sector chambers, and other key influencers. Partnerships were fostered not only for delivery of outputs, but to consciously create capacity and "bench strength" for working on regional integration issues.





# The Future Regional Outlook for South Asia

## REGIONAL OUTLOOK FOR SOUTH ASIA



### The potential for the region

#### Reduced trade friction can:



Increase India-Pakistan trade from <\$3BN to \$20BN.



Raise Bangladesh exports to India by 300%.



Reduce prices and enhance access for landlocked regions like Nepal, Bhutan, Northeast India, and Afghanistan.

#### Looking ahead, the narrative and rationale for regional integration remain strong.

Studies estimate that intra-regional trade in goods in South Asia alone could increase from current levels of **US\$23 billion** to **US\$67 billion**. SARTIP's quantitative analysis indicates that regional electricity coordination and trade could generate roughly **US\$9 billion per year** of cost savings relative to the status quo (with lower savings in early years but larger savings in later years as interconnection and trade expanded). The present value of the net gains from expanded regional cooperation and trade over **25 years (2015 – 2040)** are almost **US\$100 billion**.

#### A progressive momentum is building, particularly towards sub-regional integration.

The Eastern sub-region, particularly the four BBIN countries<sup>2</sup> are making significant progress towards regional economic collaboration. Additionally, bilateral relationships between Bangladesh and India have been on an upswing, with over **20 cooperation agreements** signed **since 2015**. India continues to be pivotal to the regional relationships and cooperation efforts in South Asia. Its Act East Policy is aimed at promoting regional integration including a more pro-active engagement with ASEAN countries<sup>3</sup>. This is particularly relevant for India's North-Eastern States, and focuses on boosting their productivity and scope for participation in the new economic opportunities that will arise as a result of better connectivity to ASEAN markets, including through Bangladesh.

<sup>2</sup> Bangladesh, Bhutan, India, and Nepal

<sup>3</sup> Thailand, Vietnam, Indonesia, Malaysia, the Philippines, Singapore, Myanmar, Cambodia, Laos and Brunei.

## BOX 1

### EXAMPLES OF COOPERATION AMONGST SOUTH ASIAN COUNTRIES DURING THE SARTIP PERIOD.

- Bangladesh, India and Nepal are moving ahead with the Motor Vehicles Framework Agreement (MVA, June 2015) which will ease restrictions on cross-border road transit for vehicles, passengers and cargo.
- Bangladesh-India relations are on an upswing with over 20 cooperation agreements since 2015.
- The renewal of the Protocol on Inland Water Transit and Trade (PIWTT), offers promising new opportunities for reviving waterways connectivity between Bangladesh and India (as well as with Bhutan and Nepal).
- The Agreement on Coastal Shipping (June 2015) allows goods to move by sea from the eastern seaports of India to Chittagong Port in Bangladesh.
- India's Act East Policy is aimed at promoting regional integration including a more pro-active engagement with ASEAN countries.
- Jointly with Myanmar, India has accelerated work on the Kaladan multi-modal (road, river, seaway) corridor connecting its Northeast to Thailand and Singapore via Myanmar.
- India opened up its market in 2012 to all the least developed countries in South Asia—Bangladesh, Bhutan, Maldives, Afghanistan and Nepal.
- The political environment for regional electricity trade has improved significantly, as evidenced by commissioning of the first Bangladesh-India and Nepal-India high voltage interconnectors and the development of the Central Asia South Asia Transmission Project (CASA-1000).
- Several potentially path breaking developments came to fruition, notably the Power Trade Agreement between Nepal and India and the SAARC Agreement for Energy Cooperation which provides a framework for a staged development of a regional energy market.

### **Prospects for sustaining and strengthening collaboration remain positive, but are not without its challenges.**

Political tensions and regional security issues have complicated the Afghanistan-Pakistan-India relationships. Bilateral tensions between India and Pakistan have escalated, stalling progress on cross-border electricity connectivity and trade. However, new opportunities are emerging on Central-South Asia cooperation on trade and connectivity. The SARTIP-supported Khyber Pass Economic Corridor Project (IDA: US\$460 million) is expected to help increase the level of trade and investment between Pakistan, Afghanistan, and the Central Asian Republics – and increasing the integration of all countries into global value chains. Newly SARTIP commissioned work on Central Asia – Afghanistan connectivity may also open new opportunities in the western sub-region. Pakistan has offered seaport access to landlocked Afghanistan and Central Asian countries, and the planned Pakistan-Afghanistan-Tajikistan Transit trade agreement could in the future unblock opportunities for growth, stability and shared prosperity.

**China's increasing role in the sub-region is likely to affect regional dynamics.** Most notably, the flagship Belt Road Initiative (BRI), which proposes to connect Asia and Europe through rail, road, and sea, and its US\$46 billion investment in the China-Pakistan Economic Corridor (CPEC) which will connect western China with the ports of Karachi and Gwadar.

**Conclusion:** Think Big, Start Small, Scale Up. The SARTIP model worked well, provided flexibility, and demonstrated that the regional strategy and approach are delivering results. It allowed the Bank to make meaningful impact on a high risk-high return development issue in the region, and to develop a substantial and growing Regional Integration Project portfolio.

Although progress has been incremental, SARTIP's successes have helped to build confidence and trust among regional partners in the prospects for balanced, "win-win" cooperation over the medium and longer term. It is expected that this positive trend will continue (*ceteris paribus*).

However, building political momentum and ownership on cross-border initiatives takes time. Staying the course over the longer term is likely to deliver significant benefits for the region.





## BOX 2

### SARTIP - HIGHLIGHTS OF ACHIEVEMENTS

#### 1. Innovative analysis and knowledge opened new frontiers towards regional integration



#### KNOWLEDGE AND IDEAS

- New knowledge, such as the Energy Security Study, provided evidence on mutual benefits from regional integration.
- New report – A glass half full: the promise of regional trade in South Asia - unpacked the critical barriers to the lack of effective integration in South Asia and of the unmet potential in trade. It covered tariffs, nontariff barriers, high costs of connectivity, and the trust deficit in South Asia. It brought new evidence to light, and provided a practical approach to address key barriers.
- SARTIP helped to build political awareness and provided critical technical support to progress transformational regional projects, such as CASA 1000.
- Technical studies on the Bangladesh Inland Water Transport found new ways to towards regional collaboration.

#### 2. Platforms for dialogue, diplomacy and strategic communications reframed debates, built consensus, and evolved the regional narrative



#### DIALOGUE AND DIPLOMACY

- Forums such as the Champions Network, Power Secretaries, and Regional Ecological Integrity Platform (REIP) helped to communicate new ideas, debate issues and build consensus on regional integration.
- Champions became active brokers of change, often engaging in ‘development diplomacy’ both in-country and with regional partners.
- Communications (e.g. SARConnect policy note series, One South Asia newsletters, One South Asia blog series, dedicated One South Asia webpage, social media etc), reached and informed multiple regional stakeholders, helping to positively alter perceptions and bust myths.
- Outreach to the student community through South Asia Economics Students Meet (SAESM), a core constituency for the regional integration narrative.

#### 3. Leveraged resources and directed investments of US\$3 billion



#### FINANCIAL INVESTMENTS

- SARTIP improved quality and accelerated the delivery of cross-border projects, including:
  - Leveraged over US\$1.5 billion of World Bank transport projects in South Asia by providing critical design inputs and support, including Inland Water Transport (IWT) projects worth US\$735 million.
  - Supported and informed over US\$1.3 billion of World Bank energy projects in South Asia.

## BOX 3

### SARTIP - HIGHLIGHTS OF ACHIEVEMENTS

4. Building Blocks are laying the foundations for the future.



#### TRANSITIONS

- Facilitated shifts towards efficient investments in energy and connectivity, such as the development of export-oriented Hydropower projects in Nepal, and Inland Water Transport in India and Bangladesh.
- Quick-wins helped to progress regional initiatives. For instance, the Border Haats study has informed Government of India's MoU with Bangladesh.
- Technical Assistance brought a sustainable development approach oriented to benefit local populations. For instance, the design of the CASA-1000 community support program for local community access to improved social infrastructure.





# Introduction





## 1.1 How to Read This Report

The DFID-funded SARTIP was a six-year (2012-2018) partnership with the World Bank, IFC, ADB and other partners, all of which contributed to a common results framework (logframe). The World Bank administered and delivered its activities (US\$24.8 million) through a Trust Fund arrangement. This Project Completion Report provides a final summary overview of the World Bank's SARTIP portfolio of 31 activities over the implementation period from June 2012 to June 2018.

**Section 2:** Program effectiveness against each of the 3 thematic pillars; and cross-cutting themes (gender, climate change).

**Section 3:** Program and Financial Management, and Value for Money.

**Section 4:** Lessons and risks.

Supporting Annexes include: Summary progress against outcomes and outputs in the DFID logframe (Annex 1); Statement of Expenditure (Annex 2).

## 1.2 SARTIP's Strategic Objectives

cooperation across South Asia, with further links to Central Asia and East Asia. A sub-objective was to develop and test a framework that facilitates inclusive growth, whilst ensuring that local communities living along transport and electricity transmission corridors and border areas can access a fair share of benefits from regional cooperation.

The Trust Fund portfolio was structured around 3 complementary pillar themes from the World Bank's Regional Integration Strategy:

- (i) **Pillar 1:** Development of a regional energy market
- (ii) **Pillar 2:** Transport and economic corridor development; and
- (iii) **Pillar 3:** Strategic engagement and convening platforms

These three pillars were closely aligned with the World Bank's long-term Regional Integration Strategy in South Asia which aims to expand regional economic cooperation by fostering innovative, high quality and sustained dialogue, engaging policy influencers and the private sector to sharpen awareness, strengthening coalitions for action within and across countries, and opportunistically exploiting windows of opportunity through Project lending and Advisory Services and Analytics (ASA) in priority areas. The geographical coverage of SARTIP included the Western sub-region comprising Pakistan, Afghanistan, Kyrgyz Republic and Tajikistan, and the Eastern sub-region where activities spanned the four BBIN countries (Bangladesh, Bhutan, India, Nepal), and Myanmar.

**The Trust Fund added value to the World Bank's substantial and growing portfolio of regional projects in South Asia.** It enabled the Bank to: (i) develop new knowledge and analytical work that responded to and informed decision makers; (ii) use technical entry points to engage with regional issues beyond its standard operating model; (iii) start to build institutional capacity that is critical to the successful delivery of cross-border initiatives; (iv) advance momentum on regional cooperation by building broader awareness and coalitions to systematically improve policies and practices; (v) leverage investments, including private sector engagement, for regional connectivity and trade; and, (vi) coordinate across activities to harness learning, maximize gains and ensure an approach whereby the poor and vulnerable are able to benefit from increased regional economic integration.



## 1.3 Program Approach

SARTIP grant funds supported beneficiary countries to undertake enabling actions towards regional cooperation. It deployed a mix of instruments, including:

**(i) Analytical work** that developed technical and policy options, informed and shaped design of policies and regional integration strategies and programs. This approach was useful, particularly where technical knowledge was limited, or where analytics were used to inform choices of decision makers.

**(ii) Technical assistance** and advisory services, using local and international expertise, were oriented towards strengthening capacity, scoping, appraising and developing infrastructure projects (energy and transport) and turning them into lending investments by the Bank and other IFIs.

**(iii) Convening power was oriented towards catalyzing and supporting in-country and cross-border dialogue.** The Bank used wider collaborative networks, and deployed high-end consultancy services for politically sensitive consensus building, catalyzing change agents, and supporting in-country action.

**(iv) Development of lending operations** to finance (and leverage financing for) investment in infrastructure and institutions for regional transport and electricity connectivity, cooperation and trade.

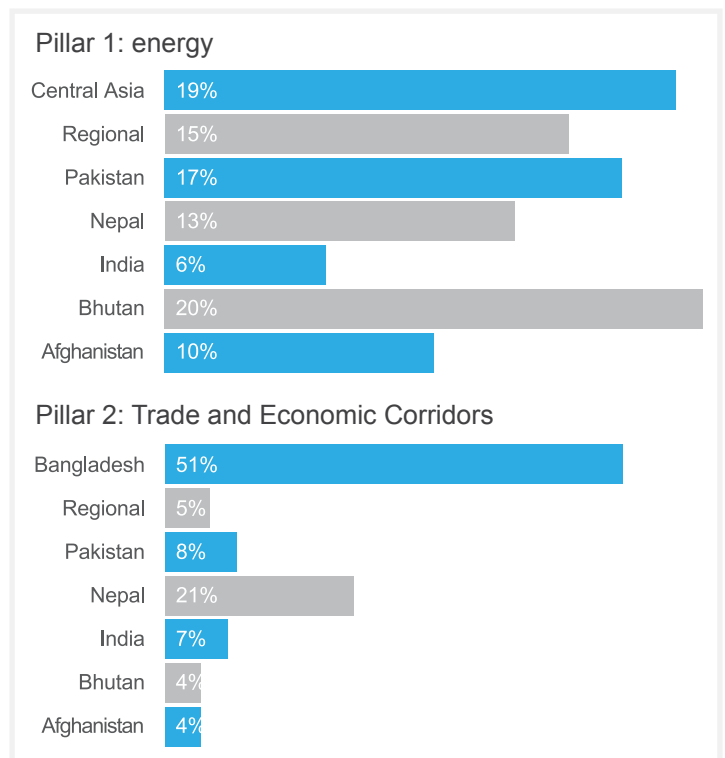
**(v) Communications helped to build awareness and support for win-win opportunities through a regional integration approach.** The Bank used its own in-country staff, resources, and networks to help build and advance momentum towards regional integration.

## 1.4 The Portfolio

SARTIP comprised of 31 activities across its 3 thematic areas. Of these, 25 activities were Bank-executed (BE), whilst 2 activities (Pillar 2) were Recipient-executed (RE). Bank Executed Activities largely included: project preparation and implementation support, policy related analysis, institutional design and capacity building; knowledge generation, dissemination and communication; and, developing networks of practice. Recipient Executed Activities included: studies, technical assistance and project preparation.

Pillar 3 on strategic engagement and convening platforms, included regional and cross-cutting activities that were not intended to be country-specific. As such, a comparative diagrammatic representation of country-level allocation is not included in Figure 2 above.


Figure 2: Portfolio Allocation by Country



# Program Impact







SARTIP-funded detail design study of Sheola Land Port.

## 2.1 Assessment of Objectives

Overall SARTIP delivered its main objectives, often exceeding its targets, and its performance was consistently of high quality. SARTIP made a significant contribution to the logframe outcome of: “Improved intra-regional trade through increased electricity connectivity, reduction in border transit times, and broader policy and institutional development.” During the implementation period, South Asia witnessed positive trends, with estimates that intra-regional trade in electricity nearly doubled - from 8,629 GWh to over 16,000 GWh. However, despite an increase in trading volumes, from less than US\$2 billion in 2012 to over US\$23 billion in 2016, South Asian intra-regional trade in goods remained largely untapped. Estimates suggest that total merchandise trade potential in South Asia could be as high as US\$67 billion. There were also several external shifts in bilateral relationships between countries in South Asia during the SARTIP implementation period. More details on the logframe assumptions are reported in Annex 1. The flexibility of a Trust Fund arrangement enabled the program to flexibly adapt and respond to emerging opportunities and navigate challenges as they arose. There is evidence that SARTIP’s approach contributed towards a positive trajectory, most particularly through the following mechanisms:

**(i) Influencing governments’ prioritization in favor of cross-border trade/transport connectivity projects (vis national interventions).** The most significant and effective influencing strategy came about through the Bank’s high-level engagement and dialogue with key policy makers, through informal ‘energy diplomacy’, using members of the champion’s network as intermediaries between policy makers across countries, and by adopting an incremental approach that delivered quick-wins to build confidence among stakeholders. New knowledge, analysis and targeted policy briefs provided evidence, information and options to decision makers that reinforced the potential win-wins from greater trade and investment openness. Notable examples of influence include progressing discussions with four countries on the CASA-1000; supporting a process to reach political consensus in Nepal on hydropower export to India; and working with Bangladesh and India to develop cleaner IWT projects.

**(ii) By contributing new analysis and technical assistance, SARTIP activities enhanced quality and accelerated delivery of cross-border projects.** SARTIP provided capacity building taking into account asymmetric differences across countries, technical, commercial and legal support, hand-holding support to implementing agencies, and exposure to practices in other countries. For example, the Bank organized an exposure visit in October 2014 (attended by high-level Indian and Bangladeshi government officials) which helped facilitate the in-principle agreement between the Land Ports Authorities of India and Bangladesh to pilot a collaborate border management model, which is being implemented under WB-financed Bangladesh Regional Connectivity Project. New analysis developed under SARTIP, helped to open dialogue on trade constraints and links between South Asian countries, with a view to eventually strengthen connectivity with Myanmar and beyond.

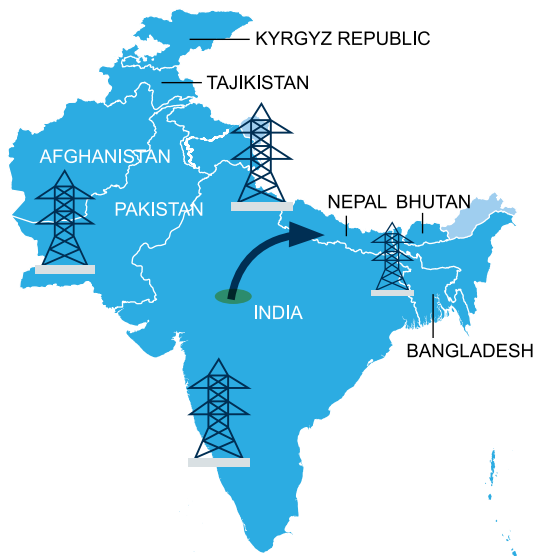
**(iii) SARTIP successfully leveraged US\$1.5 billion (energy) and US\$1.5 billion (transport) for regional projects, including over US\$2.3 billion of IDA financing.** In contributing and informing design of these new investments, SARTIP played a significant role in helping to identify and address new ways of approaching previously intractable problems. For instance, SARTIP’s analysis identified measures to tackle trade facilitation gaps and reduce costs, helped to address transport and logistics gaps, and to streamline border management procedures.

## 2.2 Assessment Against SARTIP's Pillars

### 2.2.1 Pillar 1: Establishing the Building Blocks of a Regional Electricity Market

**Objective:** To put in place critical building blocks towards enabling South Asian countries to make the transition towards regional electricity markets. Energy resources in South Asia are unevenly distributed, largely untapped, with limited cross-border trading and connectivity. Regional electricity demand is expected to grow at more than 8.6%<sup>4</sup> CAGR until 2020. While Bhutan's and Nepal's hydropower resources are in excess of domestic power needs, rapidly growing economies of India, Pakistan, and Bangladesh are facing energy shortages, especially during periods of peak demand.

**Approach:** The program focused on putting in place the essential building blocks for a more inter-connected regional electricity market, including : (a) facilitating investments in transmission projects that link countries with surplus energy resources to countries and areas with shortages and growing demand, including some of the poorest parts of the world; (b) institutional and commercial preparedness for power trade, including leveraging private sector expertise and investments; (c) analytical, policy and investment support to Nepal, Afghanistan and Bhutan to develop and scale up their hydropower potential for domestic and regional benefit; and, (d) fostering partnerships and approaches to help improve the well-being of local communities in project areas (the CASA transmission line is one such example). These efforts were complemented by strategic engagement and energy diplomacy.



#### South and Central Asian Regional Electricity Market – SARTIP sub-projects:

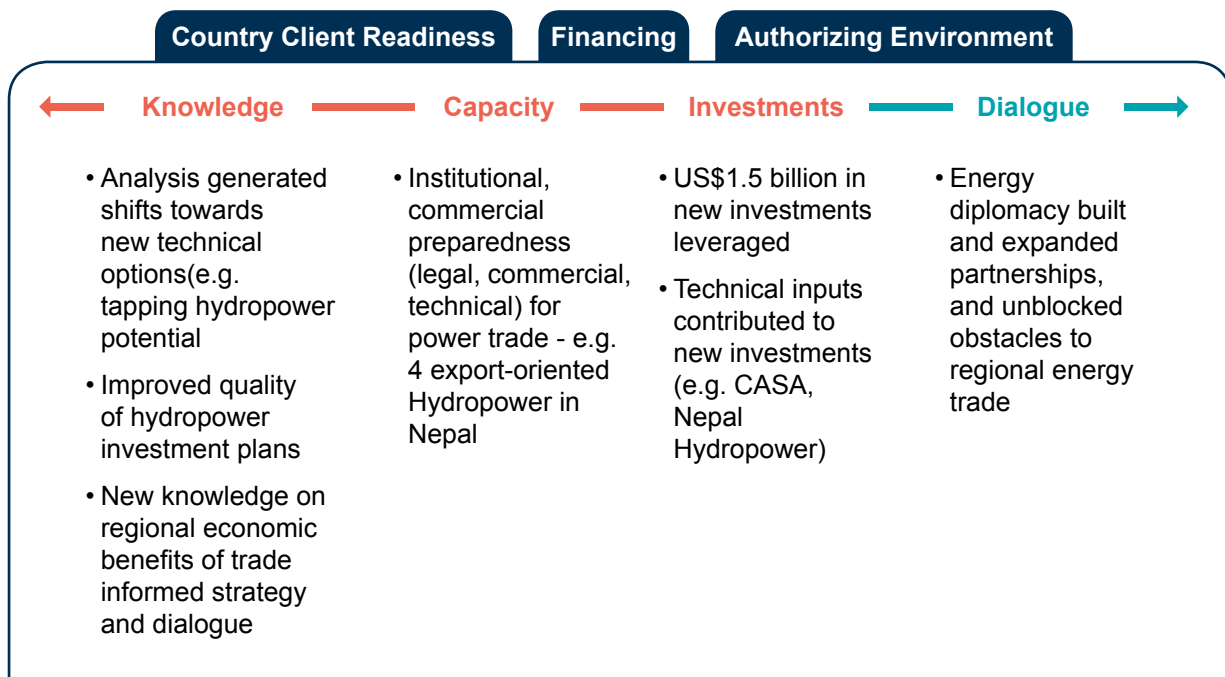
1. BBIN Hydropower Development for Regional Trade in Clean Energy (US\$850,000)
2. Regional Interconnection options for Myanmar (US\$115,000)
3. Promoting Global Best Practices in Advanced Metering Infrastructure/Smart Metering in Electricity Grid Networks (US\$290,000)
4. Fostering Hydropower Scale-Up in Nepal (US\$656,000)
5. Pakistan-India Power Interconnection (US\$202,000)
6. CASA-1000 TA (US\$1.9 million)
7. Pakistan - Strategic Analysis of Regional Energy Connectivity Options (US\$145,000)
8. South Asia Energy Security and Energy Trade Study (US\$300,000).



<sup>4</sup> Compound Annual Growth Rate (CAGR).



Figure 3: SARTIP building blocks approach for regional energy market



## Key Results:

**Influence: SARTIP activities made progress in influencing governments' priorities in favor of cross-border energy projects.** In the Eastern Sub-Region, SARTIP's efforts contributed towards a positive momentum for sub-regional cooperation. For instance, some 425MW of electricity is being exported from India to Nepal, of which 150MW is through the Bank-financed Nepal-India Electricity Transmission and Trade Project. Additional capacity of 850MW is expected at project completion.

In Nepal, technical assistance through the **Fostering Hydropower Scale-Up in Nepal activity** completed technical due diligence of four large, export-oriented hydropower projects, and consensus building among major political parties, resulting in a joint statement signed on April 10, 2014 by leaders from across 7 major political parties to support sustainable hydropower development. Subsequently, a large hydropower pipeline (3000MW of export-oriented hydropower, and 570MW of domestic power) have been developed<sup>5</sup>. A pre-feasibility study that explored options for the interconnections between Pakistan and India power systems was intended as an input to a proposed India-Pakistan Cross Border transmission line project. Although this seemed promising around 2013, the investment project was put on hold due to changes in the bilateral relationship over cross-border tensions.

<sup>5</sup> Nepal's export-oriented projects, at various stages, include: i) Kabeli A (37.6 MW) with private investment; ii) PDAs for two hydro-power projects (900MW each); and, (iii) two export-oriented projects, 600 MW and 650 MW respectively, are under negotiations for PDA. For Nepal's domestic power supply, PDAs have been signed for the Upper Trishuli Hydropower project (216 MW), whilst the Upper Arun Project (356 MW) is under preparation.

In the Western Region, a significant outcome was the development of the CASA-1000 project (US\$1,026 million) – the first of its kind power trading arrangement for surplus hydropower (1,300 MW) to flow from Central Asia (Kyrgyz Republic, Tajikistan) to energy deficient South Asia (Afghanistan, Pakistan) during the summer months. This partnership constitutes a fundamental building block for the creation of a Central Asia-South Asia Regional Electricity Market (CASAREM). The technical assistance provided under SARTIP included legal, commercial and technical support to the Intergovernmental Council (IGC) and its Secretariat and the Joint Working Group (JWG) comprising senior officials from the four countries. It also facilitated the completion of key technical studies such as the Tajikistan Grid Strengthening Report, Community Benefit-Sharing Studies in all four countries, and supported work towards developing the Open Access Rules and Procedures for the CASA-1000 Transmission System.



- Leverage: SARTIP investments have directly leveraged US\$1.5 billion in new regional projects in the energy sector.** WB financed projects included CASA-1000 (US\$1,026 million, of which IDA financed US\$526 million<sup>6</sup>); Nepal India Electricity Transmission and Trade Project (US\$138 million); Kabela-A Hydroelectric Project (US\$103 million); and Power Sector Reform and Sustainable Hydropower Development (US\$20 million).
- Enhanced Quality / Delivery: New knowledge helped to improve the quality of regional hydro-power investment plans.** SARTIP’s technical assistance and championing work, including through the Power Secretaries Forum, played a significant role in advancing non-IDA projects such as the Bangladesh–India Electrical Grid Interconnection Project (US\$112 million, ADB-financed). SARTIP activities also laid the groundwork for additional Bangladesh-India electricity interconnectors, potentially a second Nepal-India interconnector, and hydropower development in Nepal and Bhutan for export to Bangladesh and India. **The BBIN Hydropower Development for Regional Trade in Clean Energy** activity supported preparation of hydropower projects in Bhutan for export to Bangladesh and India through developing a Cumulative Impact Assessment of the Kuri-Gongri River Basin, which includes key hydropower projects under tri-lateral discussion between Bangladesh, India and Bhutan (Dorjilung, 1,125 MW), and bi-lateral discussions between India and Bhutan (Kuri-Gongri 2,500 MW). Moreover, the river basin includes another 15 potential future hydropower projects for export of clean electricity to the region. The Cumulative Impact Assessment is an international good practice pre-requisite preparation for hydropower projects, and is an important step towards creating regional assets serving millions of people across BBIN countries, and contribute to the development of the South Asia regional power pool.

<sup>6</sup> Other financiers included European Investment Bank, European Bank for Reconstruction and Development, Islamic Development Bank, United States, and United Kingdom.

The **South Asia Energy Security and Energy Trade Study** made a strong case for regional cooperation, and is informing the Bank's work in the region. Four analytical papers looked at the potential benefits from improved regional power system integration, as well as increased extra-regional energy imports; and how barriers to realizing such improved integration could be lowered. It concluded that regional cooperation could generate over US\$225 billion of cost savings over 2015 – 2040, amounting to about US\$9 billion per year. Furthermore, in considering expanded power cooperation, the study estimated that the present value of fuel and operating cost savings would exceed the net increase in generation and investment costs by more than 5-to-1. The sector's carbon emissions would also be significantly lowered as a consequence of replacing coal with hydropower (and potentially other renewables this program expands). The **Regional Energy Efficiency** activity<sup>7</sup> supported energy efficiency and demand-side measures that aim to reduce growth in electricity consumption, focusing on the adoption of Advanced Metering Infrastructure in the region. In terms of exploring the potential of connecting South Asia's electricity grid to East Asian markets, the **"Regional Interconnection options for Myanmar"** study identified options for Myanmar to benefit from regional electricity trade with its neighboring countries, and was discussed with senior decision makers in government.

## 2.2.2 Pillar 2: Transport and Economic Corridor Development

**Objective:** To create the overall conditions for expanded intra-regional trade and investment in goods and services. Despite being the fastest growing regional economy, South Asia's intra-regional trade is less than 6% and mainly constrained by high trade costs arising from policy and non-tariff barriers, restrictions on cross-border transit, poor logistics performance and weak infrastructure connectivity. The relative size asymmetry amongst the countries, distrust, misinformation, and lack of recent credible analytical work, further exacerbate the problem. Higher intra-regional trade could enable these countries to benefit from increased market opportunities, better prices and quality of goods / services, especially for land-locked segments of the region.

**Approach:** The program focused on tackling challenges and leveraging benefits through: (i) promoting multimodal transport (including inland waterways) and economic corridors that address last mile connectivity gaps for passengers and increase safe transport options for women and other vulnerable groups; (ii) reducing trade and transit barriers; (iii) improving long-distance freight transport and cargo logistics performance whilst enhancing employment and income opportunities for local communities along these regional corridors; and, (iv) improving trade competitiveness and operational efficiency through modernization of infrastructure, border management systems, and procedures, to decrease trade-related border crossing transactions, transit time and cost.

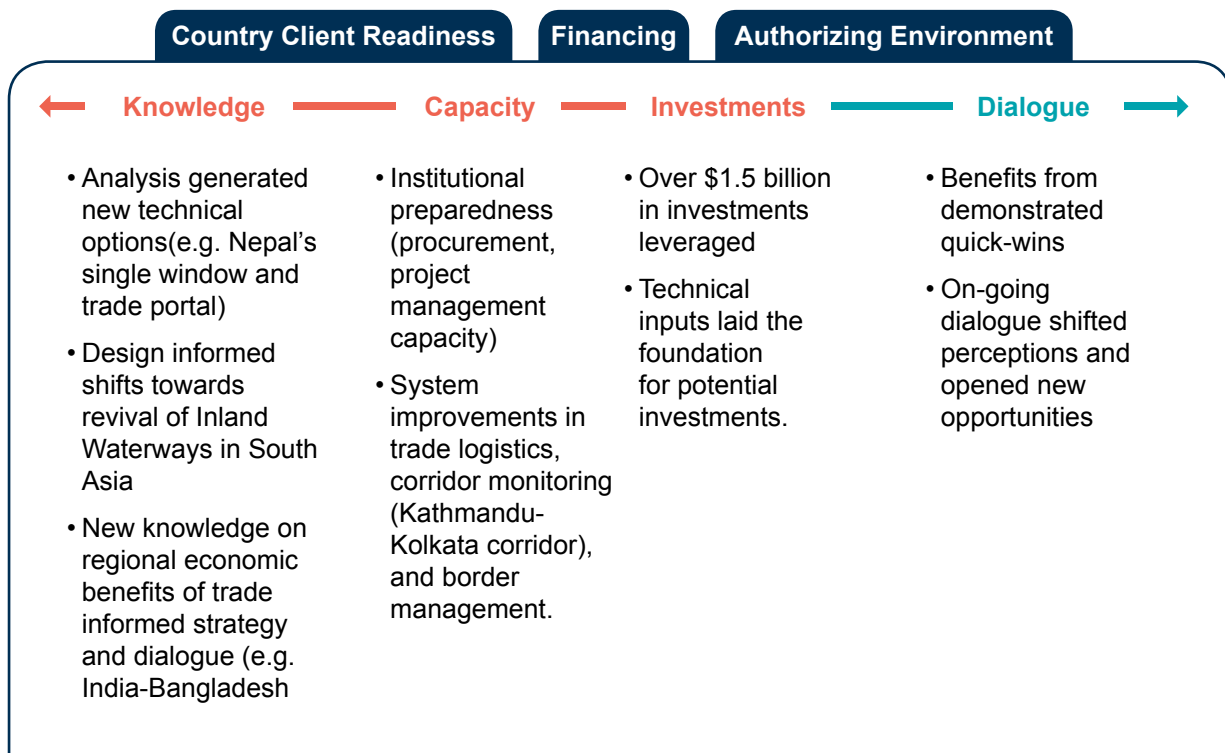


### Transport and Economic Corridor Development - SARTIP sub-projects:

1. Eastern Corridor TA Program (US\$2,890,000)
2. Bangladesh Modal Shift Strategy (US\$250,000)
3. Afghanistan Connectivity Study (US\$150,000)
4. BBIN Regional Road Safety Study (US\$428,000)
5. CASA Trade Corridors Study (US\$145,000)
6. Understanding CPEC: Prospects and challenges for regional integration (US\$150,000)
7. Nepal Regional Trade Program (US\$1,435,000)
8. Bangladesh Regional Transport Studies (US\$4,295,000)
9. Bhutan Regional Trade Study (US\$465,000)
10. Pakistan Regional Connectivity Study (US\$140,000)

<sup>7</sup> Activity name: Promoting Global Best Practices in Advanced Metering Infrastructure/Smart Metering in Electricity Grid Networks

Figure 4: SARTIP creating



Key Results:

- **Influence:** SARTIP has had measured success in influencing governments' priorities in favor of cross-border trade and transport projects. Most notably, SARTIP influenced and helped to progress the revival of Inland Water Transport (IWT) in Bangladesh and India, and supported a modal shift from highways to waterways (see box 3). Position papers and capacity building activities on collaborative border management to support seamless regional transit and reduced border crossing time led to the in-principle agreement between India and Bangladesh to pilot co-located land ports, which is being implemented under the Bank's on-going Bangladesh Regional Connectivity Project (US\$150 million).
- **Leverage:** SARTIP was pivotal in developing the World Bank's regional connectivity program lending portfolio, which grew from zero to over US\$1.5 billion during the SARTIP implementation period. Significant gains are likely to emerge in the long-term, including energy efficient and environmental gains from cleaner transport (IWT), increased freight volumes, reduced transport time and logistics costs, and improved connectivity and safe transport options for women and the poor. Feasibility studies and other analytical work undertaken by SARTIP's Bangladesh Trade and Transport Studies activity (RE) informed the design of new Bank investments, namely: (a) Bangladesh Regional Waterway Transport Project 1 (US\$360 million); and, (b) Bangladesh Regional Connectivity Project 1 (US\$150 million); (c) an innovative study on improving tribal trade is informing the Mizoram State Roads II Regional Transport Connectivity Project (US\$107 million). Other SARTIP studies were key to the design of: (d) Nepal-India Regional Trade and Transport Project (US\$99 million); (e) India: Capacity Augmentation of the National waterway 1 Project (US\$375 million), and (f) Khyber Pass Economic Corridor Project (US\$460 million).





**Quality of investments:** Several SARTIP activities enhanced the quality and delivery of larger World Bank regional investments, and helped to build capacity of client partners and prioritize actions towards cross-border projects. Recipient Executed projects (mentioned above) generated strategic reports and feasibility studies, helping to fast track regional projects. This was complemented by upstream Bank Executed analytical work and technical assistance to enhance project design quality and timeliness, and client readiness. For instance, the Bangladesh Trade and Transport Study (RE) brought new innovative approaches: a performance-based contracting approach for maintenance dredging in the Bangladesh Regional Waterway Transport Project 1, and piloting a co-located management approach for land port management in the Bangladesh Regional Connectivity Project 1. The Bhutan Regional Trade Study (RE) established feasibility and developed the detailed design of the Inland Container Depot at Pasakha, the main investment component of the Bhutan Regional Connectivity Project which was subsequently put on hold due to a government decision.

The Nepal Regional Trade TA financed preparation studies for the development of a national single window and trade portal, developed Master Plans for trade facilitation and logistics and for customs infrastructure, undertook feasibility studies of container freight stations and for multi-functional laboratories in Kathmandu, and conducted training for stakeholders on border post design and management. These informed the design of the Bank-funded Nepal-India Regional Trade and Transport Project which seeks to bring a 20 percent reduction in travel time between Kathmandu and Kolkata, a vital transport artery for Nepal.

## BOX 4

### INLAND WATERWAYS REVIVAL

- Inland waterways offer enormous potential for climate-friendly, reliable, and cost-efficient transport of goods and people in Bangladesh and India. Endowed with a combined waterways network extending nearly 40,000kms, the two countries have placed great importance on reviving this oldest mode of mechanized transport which use to carry over 70 percent of bilateral goods and passenger traffic. SARTIP played a catalytic role in kick-starting this revitalization through strategic dialogue, feasibility and design studies, technical studies, and TA which led to Bank's first IWT project in South Asia in decades. The Bank delivered two IWT projects totaling US\$735 million, which aim to increase regional trade and transit traffic on IWT, and reduce travel time and cost on the Dhaka-Chittagong waterways corridor in Bangladesh and on National Waterway 1 in India.





**The Eastern Corridor Trade and Transport Facilitation TA (focused on BBIN countries) supported regional transport studies, exposure visits,** and analytical work in support of the Bangladesh Regional Waterways Transport Project 1; its good practice toolkits informed the Capacity Augmentation of India's National Waterway 1; and border post assessments, feasibility studies, and exposure visits helped to fast-track and prioritize actions on the Bangladesh Regional Connectivity Project 1 (US\$150 million). In the Western sub-region the Pakistan Regional Connectivity Study contributed to the design of the Khyber Pass Economic Corridor Project (US\$460 million). The Afghanistan Connectivity Study brought a holistic approach to trade and transport connectivity assessment to help government prioritize investments that have the most potential to enhance Afghanistan's access to regional and global markets.

**Building on previous World Bank analytical work,** this SARTIP study provided new technical knowledge on Afghanistan on the links between transport connectivity and trade potential, costs of development and magnitude of potential impacts, and contribution to network resilience within the broader regional developments on connectivity. Additional TA activities - CASA Trade Corridors Study and Understanding CPEC: Prospects and challenges for regional integration – which were commissioned towards the end of the SARTIP period - will build on the successes achieved in Central Asia-South Asia electricity trade with the aim of opening new opportunities for enhanced inter-regional economic cooperation, including with China



### 2.2.3 Pillar 3: Strategic Engagement and Convening Platforms

**Objective:** To support a more informed policy debate and dialogue on specific regional trade and investment themes in South Asia, through knowledge generation, convening, capacity building and communications. Challenges to deeper collaboration in South Asia are mainly due to complex historical relationships between the countries, entrenched positions and differing perceptions that fuel distrust, and the lack of well-functioning regional platform which limits interaction between relevant stakeholders for dialogue and follow up. Despite the large body of knowledge on trade and regional integration in South Asia, there is a paucity of in-depth, policy relevant research, or clearly communicating this to policy makers and other critical stakeholders. Together, these act to constrain dialogue and collaborative action.

**Approach:** SARTIP's approach to tackling the region's adaptive challenges was intended to promote a more informed and positive view of regional economic cooperation amongst South Asian stakeholders, so as to enable pragmatic and sustainable cooperation initiatives, by creating a positive feedback loop between positive news, regional projects and relevant analysis.



#### Strategic Engagement and Convening Platforms, Sub-Projects:

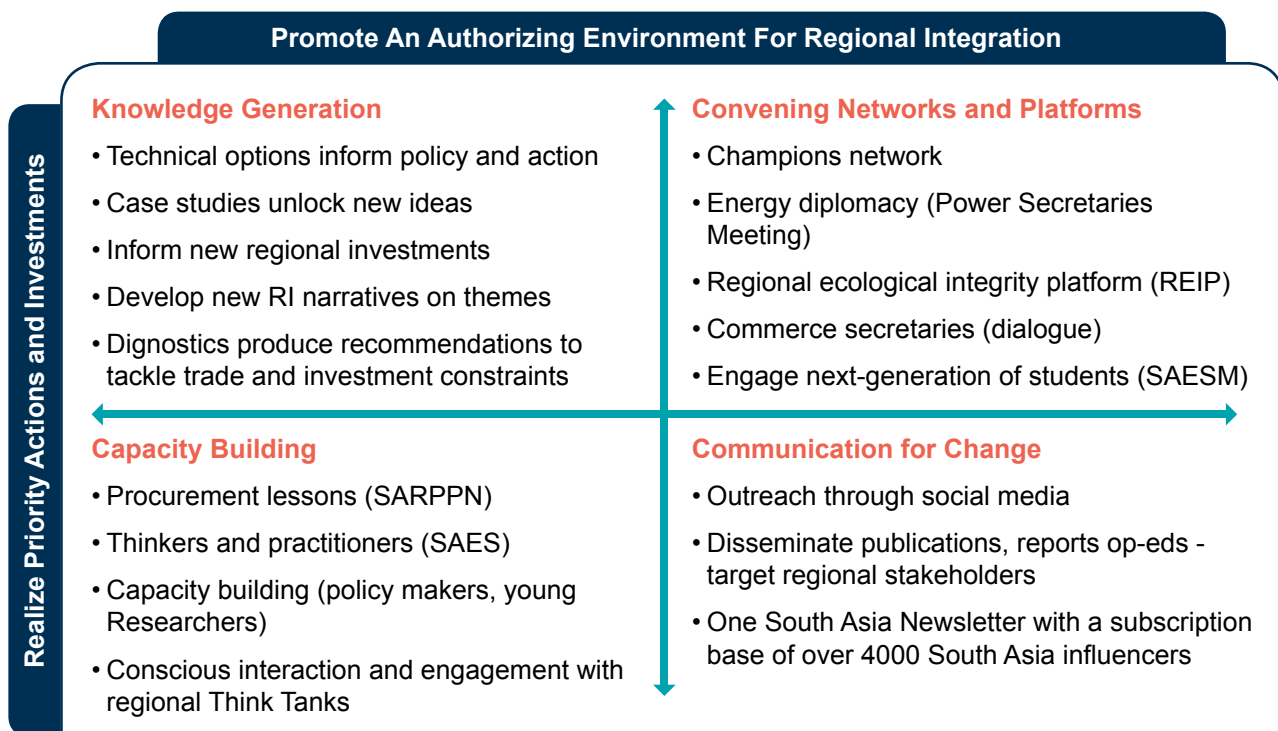
1. South Asia Regional Integration Champions Platform (US\$565,000)
2. South Asia Regional Public Procurement Network Strengthening (US\$325,000)
3. South Asia Power Secretaries Network (US\$480,000)
4. Regional Ecological Integrity Platform (REIP) (US\$300,000)
5. Strategy and workplan for Regional integration and cooperation (US\$526,000)
6. Transforming and Projecting the Narrative (Ph 1&2) (US\$4,350,000)
7. Capacity Strengthening of SAARC Development Fund (Ph1&2) (US\$162,000)
8. Enhancing Pakistan's Regional Trade and Investment Relations (US\$ 1,925,000)

#### SARTIP approached this as follows:

- **Creating a collaborative environment by engaging key stakeholders in new levels of thinking, creative direction, and coordinated action.** The establishment of a high-level regional Champions group, with support systems in each country helped generate momentum for bolder steps towards regional cooperation within its members' respective countries, introduced new and innovative ways of addressing challenges to regional development, and catalyzed demand for Bank involvement in key regional integration operations. The Bank also incubated dialogue and knowledge sharing among different practitioners, including parliamentarians, self-employed women and youth.

- By establishing and nurturing a Narrative program, which cut across all strategic pillars, the Bank undertook multi-track programmatic TA program to support a more informed policy debate and dialogue on regional integration. Comprising knowledge generation, convening platforms, capacity building and communications, the program delivered a series of analytical pieces, policy notes, high profile conferences and communications products - thus building a sustainable foundation for regional integration.

Figure 6: New narratives and networks



### Key Results:

- Leveraging Networks:** The Champions Network has been one of the most successful outcomes of SARTIP. This informal, yet influential dialogue of senior South Asian policy advisors and influencers, helped to build a positive narrative on regional cooperation, provide strategic thought leadership in the context of the rapidly evolving geo-political landscape, and expand the ‘authorizing environment’ for regional cooperation. Members of the Champions Network come from backgrounds that span economic, security, diplomacy and international relations which helped bring a stronger political lens to complement the Bank’s strengths (technical, financial).

For instance, members include: Adviser to the President (Afghanistan); a former High Commissioner (Bangladesh); former Power Secretary (India); former Foreign Secretary (India); former Finance Secretary (Nepal); former Ambassador (Pakistan); former Permanent Secretary, Foreign Affairs (Sri Lanka). Over time, the process has become bolder as the group has built trust with each other. The network has evolved from its initial purpose of providing strategic advice to the Bank on emerging opportunities for regional integration, towards acting as intermediaries with policy makers, thereby helping to both influence the authorizing environment and to move forward several priority actions.

**This network has helped to deepen regional integration by advancing key actions, including the following:**

- Signing by all countries of the SAARC Framework Agreement for Energy Cooperation;
- India's issuance of Policy Guidelines for Cross-Border Electricity Trade and subsequent consultations to iron out differences;
- In-principle agreement by Bhutan, India and Bangladesh to proceed with the first trilateral hydropower project in Bhutan;
- Revival and restoration of Inland Waterway connectivity between India and Bangladesh;
- Agreement of technical, commercial and institutional structure of the CASA-1000 Project, and political support by Pakistan and Afghanistan;
- Successful implementation of 500MW of electricity export from India to Bangladesh; and the establishment of a joint venture company between India and Bangladesh;
- Developing political consensus towards an export-oriented hydropower strategy in Nepal.

## BOX 5

### VALUE ADDITION OF THE CHAMPIONS NETWORK:

- Deeper understanding, local knowledge and nuances, and access to extended influential networks, that provides deeper insight into regional constraints, perspectives, and opportunities;
  - Using members influence to gain interest and traction both in-country and with regional partners;
  - A platform for cross-member informal engagement within the Champions group to identify and promote actionable win-win interventions;
  - Building local ownership that creates demand for regional integration, and sustains momentum in the long-term (rather than donor driven);
  - Harnessing the knowledge, people and networks to inform the Bank's forward strategy and portfolio.
- **Extended influence: Two other sub-groups subsequently emerged from the Champions process, namely:**
    - **The South Asia Power Secretaries Forum**, a peer network of senior energy sector officials from across the South Asia Region and Myanmar, which is leading to a better mutual understanding of national priorities and neighboring countries' authorizing environments, as well as to increased demand and national ownership of regional integration initiatives, such as cross-border grid connectivity and electricity trade; and,
    - **Regional Ecological Integrity Platform (REIP)**, which brings together Champions, select thought leaders, environmental experts and activists. The group met 3 times since 2016 (most recently in March 2018) to discuss actions and recommendations from two papers on the Mountain Economy and Ocean Economy developed for the REIP Platform.
  - **The strengthening of public procurement systems, capacities and performance is a critical element in ensuring effective and efficient governance and public expenditure.** By bringing together regional public procurement specialists in an annual forum, the South Asia Region Public Procurement Network (SARPPN) provided rich interaction, knowledge and experience exchange between the South Asia Region's Heads of Public Procurement and other key stakeholders in terms of cross-border procurement.

- **The Narrative Program influenced policy through knowledge and strategic communications:** Policy-relevant knowledge generation activities built upon ongoing World Bank research and analysis of South Asia regional cooperation issues. This initial phase of knowledge generation focused on four priority areas, namely: study of the implications of regional cooperation for poverty reduction, job creation and growth; expanding the knowledge base for creation of a regional energy market; analysis of cross-border and regional trade and investment, including the obstacles to formation of economic corridors along key transport routes; and country-centered analysis of the implications of enhanced regional and cross-border openness.

The new flagship report – A glass half full: the promise of regional trade in South Asia – analyzed the very large gap between current and potential trade, and unpacked some of the critical barriers that have held back trade within South Asia. The report's approach of undertaking four specific, in-depth studies has allowed more precise, actionable recommendations that policy makers find more useful than generic suggestions. The four studies have produced detailed, and new, on-the-ground knowledge. The report provides a context for future work on trade and investment within South Asia. It will also be used as the basis for follow up work in the next phase of the work program.

The report will provide a context for future work on trade and investment within South Asia. It will also be used as the basis for follow up work in the next phase of the work program. Analytical work helped to build an alternative narrative on regional integration, identify new opportunities, and make progress towards collaborative actions. The narrative program also informed the Bank's country strategies in Bangladesh, India, Nepal and Pakistan, the preparation of the regional strategy for South Asia, and influenced Trade and Competitiveness engagements in Bangladesh, Sri Lanka, Pakistan and India.

## BOX 6

### TOWARDS MORE EFFICIENT PUBLIC PROCUREMENT (SARPPN)

The SARPPN annual conferences (since 2014) enabled heads of public procurement, procurement specialists and key stakeholders to come together for mutual learning, knowledge exchange, and sharing of good practice examples on procurement reforms. This has been fundamental towards better governance, procurement of public works, and trade of goods and services in the region. Most recently, the fifth conference on "Public Procurement and Service Delivery" was hosted by the Government of India (February 2018) and inaugurated by the Minister of Finance, Government of India indicating high-level support to these issues. Over 100 participants attend these events, including procurement representatives from ADB, IsDB, JICA and World Bank. Previous conferences have contributed to learning on operationalization of electronic procurement systems as countries are at different stages of introducing these systems.

Topics of discussion have included: end-to-end procurement systems; generic models for contract management, establishment of a South Asia Regional Procurement Institute; establishment of certification programs; creation of MIS databases that can be accessed across countries; and grievance redressal systems. Feedback notes that the presentations, topics of discussion, ideas, and exchange of best practices have been highly appreciated; and regional Heads of Procurement have benefitted from learning visits to other countries on budgeting and planning for procurement, introduction to e-procurement systems, and monitoring systems. The introduction of a South Asia Procurement Innovation Award (SAPIA), presented at the 4th and 5th conferences, is helping to incentivize innovation in procurement approaches. The development of a new App – Public Procurement Managers Knowledge and information Network (PPMKIN) is helping to link Heads of Procurement from across South Asian countries.





For instance, the Border Haat study was used by the Indian Ministry of Commerce to revise its Memorandum of Understanding with Bangladesh and to expand the initiative, and led to follow-on requests from both governments for technical inputs from the Bank on operational guidelines and infrastructure improvements. In Bangladesh, the Diagnostic Trade Integration Study informed the Bank's approach to the private sector agenda in the country – including the design of the export diversification project and a recently approved umbrella facility for private sector development for the next six years. Other elements of the work have seeded the Pakistan-specific TA that is ongoing on Pakistan's trade and investment policy. Other notable outputs included studies on bilateral air services liberalization in South Asia, successful cross border direct investment (case studies), and Non-Tariff Measures (NTMs) in bilateral trade.

The Narrative program's strategic communications approach was oriented towards raising the profile of, and creating a more favorable environment for, regional integration. Findings from these knowledge activities were disseminated through engagement with, and among, a critical mass of key influencers including, policy-makers, business leaders, policy and academic research communities and journalists across South Asian countries. Dissemination involved a variety of platforms, both physical (e.g. high-level conferences) and virtual (e.g., social media), and the design and content of dissemination efforts were tailored to engage each of these different key audiences. SARTIP also convened platforms such as Pakistan India Joint Business Forum, Afghanistan-Pakistan Business Council, South Asia Economics Students Meets, South Asian Economic Summits, and the South Asia Economic Conclave. The latter convened high-level government officials, top industrial leaders, and key members from civil society to discuss region-wide collaboration and promote regional trade and investment.

## BOX 7

### **SOUTH ASIA ECONOMIC CONCLAVE: ACHIEVING INCLUSIVE GROWTH THROUGH DEEPER ECONOMIC INTEGRATION:**

SARTIP funded the first South Asia Economic Conclave (SAEC), organized by Confederation of Indian Industry (CII) in New Delhi during September 28-30, 2015. SAEC was a pioneering initiative to bring policy makers, business leaders, media professionals and cultural ambassadors from the eight SAARC countries on a common platform to further the vision of "One South Asia". It was a breakaway from past SAARC-focused conferences, in that the private sector led the deliberations to identify cross-border partnership opportunities – with active participation of policy makers. The SAEC was attended by eight senior ministers, including four from India, all directly involved in trade or trade-related infrastructure, and this high-level participation enabled meaningful conversations between leading private sector players and senior ministers and other officials.



SARTIP's Pakistan's Regional Trade and Energy Program delivered analytical pieces and political economy papers to help advance Pakistan's energy, trade and investment relations with its neighbors in South Asia and Central Asia. With a heavy focus on convening and strategic engagement, the program helped facilitate a number of positive developments, including accelerating the CASA-1000 electricity transmission line project; facilitating dialogue on energy cooperation between India and Pakistan; deepening the championing process by establishing a complementary private sector focused Pakistan "champions" group, and establishing a long-term technical assistance program with the Pakistan Ministry of Commerce. Analytical work on competitiveness of the auto industry informed the Pakistan Auto Policy (2016-2021), and presentations on reform priorities in trade policy and facilitation were made to Pakistan's Commerce Minister in August 2016. Furthermore, the program supported several studies aimed at exploring the potential of regional heritage tourism, including studies on security, infrastructure gaps, pre-feasibility, ancestral home visits, and diaspora potential, etc. These supported the preparation of the Punjab Cultural Heritage project.

## 2.3 Cross-Cutting Issues

### 2.3.1 Gender and Social Inclusion (GESI)

**SARTIP engaged in sectors (energy, transport, and trade) that are traditionally gender-blind, which presented both challenges and opportunities** to integrate gender and social inclusion into the regional integration agenda in South Asia. Despite impressive growth performance, South Asia suffers from persistent and multiple forms of economic, gender and social exclusion; low levels of women's workforce participation; and risks from climate change and natural disasters. Trade, infrastructure and connectivity are traditionally male-dominated sectors, and action on gender has been limited partly due to lack of available data and analysis, competing priorities that take precedence, and weak representation of women and other socially disadvantaged groups in decision making processes amongst others.

**At the corporate level, the Bank has established procedures and guidelines for gender integration and safeguards in its lending operations.** Internally, the World Bank has a corporate target requiring that 50% of all its operations are gender tagged<sup>7</sup>. However, for the South Asia Region (SAR), gender has been strongly championed by the World Bank's Regional Vice President, who set a 100% gender tag target for all operations in the region. The World Bank's Regional Strategy for South Asia (2016 – 2020) strongly prioritizes regional integration and gender equity. Furthermore, women's economic empowerment is a central pillar of the Bank's Regional Gender Action Plan (RGAP) (2016-2021) for South Asia which prioritizes closing gender gaps and improving human capital outcomes, spurring economic empowerment, and giving women voice and agency.

<sup>7</sup> The World Bank's gender tagging requires all 3 criteria to be met for projects to be rated as gender-informed, including: (a) analysis to identify project-relevant gaps; (b) specific actions to address gender gaps; and (c) Monitoring and Evaluation (M&E) plans to include indicators to track progress from actions identified.





The cornerstone of this plan is to help increase female labor force participation rates; create more and higher-skill jobs for women; and make finance, trade, and private enterprise more inclusive of women. The Bank's South Asia Gender website (internal) was launched in April 2017, and serves as a platform for knowledge sharing and learning within the Bank.

SARTIP's progress on Gender Equality and Social Inclusion Strategy (GESI) has been incremental: although initially lacking a gender-approach the program, over time, initiated a stronger approach to tackling gender issues. There are positive examples where gender is beginning to inform larger policies, investments and actions; but it is difficult to directly attribute SARTIP's work to ultimate impacts for women and vulnerable groups. SARTIP was set up in 2012, before the UK's International Development (Gender Equality) Act came into effect in 2014. Although the DFID logframe did not specify gender indicators at the outset, the SARTIP portfolio increasingly included gender informed approaches and analysis over the implementation period.

**Some examples of how SARTIP's GESI approaches contributed to the Bank's operations and to addressing the challenges in South Asia, include the following:**

**(i) Influencing Policy and Action: SARTIP's project-specific analysis helped to make components more gender responsive and community-oriented.** The CASA-1000 TA facilitated the completion of technical Community Benefit Sharing Studies in all four countries. This informed the design of the CASA-1000 investment, including specific action through Community Support Projects (CSP) that will engage local communities build ownership, improve their livelihoods, social and economic infrastructure, and increased shared prosperity associated with the Transmission Lines that pass through their areas. For instance, in the Kyrgyz Republic alone this is expected to positively impact over 300,000 people. In addition, as they are implemented, the CSPs will help establish the channel through which CASA-1000 will deliver a benefits-sharing mechanism that has been agreed among the four governments, i.e., a portion of project revenue from each unit of energy exported/imported during the commercial phase of CASA-1000 is to be allocated for community development Procurement and other key stakeholders in terms of cross-border procurement.

**Pro-poor and gender-sensitive analysis has informed the Bank's sector strategies and design of investments. For example:**

- **By promoting shifts towards Inland Water Transport, a key focus area under SARTIP, the Trust Fund has the potential to significantly contribute towards poverty reduction.** For example, a substantial portion (over 12 percent) of the rural population in Bangladesh only has reasonable access to the transport system through IWT, and will be directly affected by the availability of IWT services.
- **The South Asia Regional Eastern Corridor Trade and Transport Facilitation Activity funded analytical and TA activities in Bangladesh, Bhutan, India and Nepal that informed sector strategies and the design of a US\$1.5 billion portfolio of transport connectivity investment projects.** SARTIP's analysis was aimed at improving safe transport options for women and other vulnerable groups, designing climate-resilient infrastructure, and decreasing transport time and costs to ultimately increase trade for all the residents of these four countries (beneficiaries include passengers, producers, traders and transport services providers). Improvements for women and vulnerable groups were especially a focus in the analytical and design work of the Bank's larger portfolio.



- **The Study on Border Haats** specifically looked at the positive impact of informal local markets on the Bangladesh-India border, and sought to quantify their impact on income and employment generation, with a view to enhancing their efficiency and positive impact on poor women.
- **The trade integration and border poverty study** developed a better understanding of the impact of enhanced trade and regional integration on poverty, including in border areas.
- **The Bangladesh Regional Trade and Transport Studies activity** (Recipient Executed) supported preparation of the Bangladesh Regional Connectivity Project (US\$150 million) that will seek to decrease trade-related border crossing time and cost by establishing and/or modernizing selected land ports and customs check-posts (infrastructure, management systems, and procedures) which facilitate Bangladesh's trade with India and Bhutan. The investment project will also support Customs Modernization and National Single Window development. This is likely to bring significant benefits for women traders and entrepreneurs in terms of time and cost reduction, and being able to benefit from the gains of trade. The project has also built in a gender component (US\$5 million) that will pilot activities to help address barriers to women becoming more integrated into regional and global supply chains and trading opportunities.

## 2.3.2 Climate Change

The Bank's Regional Integration Strategy for South Asia recognizes the importance of regional cooperation on shared climate change-related challenges to ensure sustainable growth and development. There are several imperatives for engaging on Climate Change concerns. Firstly, South Asia shares a wealth of ecological assets which are increasingly threatened by climate change and environmental degradation; and, secondly, with increased regional economic growth activity and the expansion of new infrastructure, there is a need to take environmental and climate change impacts into design of new interventions. SARTIP recognized the need for bilateral and regional cooperation to effectively deal with these threats but also to leverage assets for sustainable development nationally and in the region. The nature of the Trust Fund has meant that although environmental concerns were built into the activities and their associated investments, the benefits are indirect and only likely to emerge in the medium to long term.

**SARTIP contributed to addressing climate change concerns through two complementary approaches:**

**(i) Climate-change concerns and approaches were integrated into SARTIP activities and informed associated Bank investment programs. Some examples included the following:**

- SARTIP studies informed the design of IWT projects in Bangladesh, thus promoting a transition to energy efficient and clean transport. Inland Waterways is globally recognized for energy efficiency and environmental benefits – studies estimate that for every tonne-KM transported on water, the GHG emission is estimated to be 25 percent of that by road.
- **Design of climate-resilient infrastructure.** Feasibility studies in Bangladesh, included climate resilience measures such as elevated infrastructure (e.g. Sheola land port).
- Studies highlighted the **benefits of multi-modal transport**, including freight and logistics, which could reduce travel distances, emissions and costs.



- **SARTIP activities encouraged countries to tap clean energy sources such as hydropower development,** and to promote cross-border trade of surplus electricity thus reducing the need for developing more generation capacity.
- **Supported the adoption of global practices in smart metering (India)** – a technology that is an essential building block to mainstreaming energy efficiency and demand-side measures that aim to reduce growth in electricity consumption.

**(ii) SARTIP convened regional forums to maintain momentum on climate change.** As mentioned under Pillar 3 (section 2.2.3 above), through SARTIP, the Bank convened a sub-group of regional integration champions and thought leaders – the Regional Ecological Integrity Platform (REIP) - that shapes and facilitates collaborative activities to safeguard South Asia's ecological integrity. So far, the group has met three times (July 2016, February 2017, April 2018), and continues to progress priority actions on two thematic pillars of Mountain Economy and Ocean Economy. REIP's emphasis is on: (a) identifying common and shared problems, and raising awareness more widely; (b) identifying and undertaking actions with other institutions for policy impact – such as addressing knowledge gaps, and facilitating knowledge sharing; and, (c) promoting the agenda through regional outreach events targeted at policy makers.

## 2.4 Sustainability

There is strong likelihood of activities sustaining beyond the Trust Fund. Some key reasons include the following:

**(i) Positive actions from SARTIP have begun to spur further momentum towards cross-border cooperation.**

There are several positive examples of progress towards regional cooperation and this is likely to continue in the interim, giving further buoyancy to joint cooperative actions as confidence builds and win-win results become evident. The World Bank and DFID are also committed to and engaged with this agenda. In recognition that this requires a sustained and long-haul effort, the World Bank and DFID's continued partnership through a new Program for Asia Connectivity and Trade (PACT) will provide a critical vehicle to continue to build momentum on regional integration.

**(ii) India's leadership matters.** India has significant regional presence, and is taking action to advance its Act East policy with its neighborhood and beyond to ASEAN countries. These efforts are likely to intensify, providing an enabling environment for SARTIP activities to take root.

**(iv) Leveraging the Bank's resources and networks.** A significant majority of SARTIP activities were linked to the development of wider World Bank investments and Country Strategies, and remain closely aligned with priorities in the region. The Bank's outreach and engagement strategy of building and sustaining its in-country and regional networks and platforms (e.g. the Champions Network, Power Secretaries Meeting) has involved both key regional actors and country stakeholders which is critical to sustaining dialogue and debate on the regional trade and integration agenda.

**(v) Building an environment for institutional readiness.** The role of regional institutions in South Asia has so far been limited, but is rapidly evolving. Sub-regional cooperation mechanisms such as BIMSTEC and BBIN are emerging as important drivers for regional economic cooperation, and will be important partners in the next phase of the WB-DFID partnership. Furthermore, SARTIP's support to the SAARC Development Fund (SDF) contributed to the operationalization of its economic and infrastructure financing windows, which can provide catalytic financing to regional projects in the future.

# Program Management

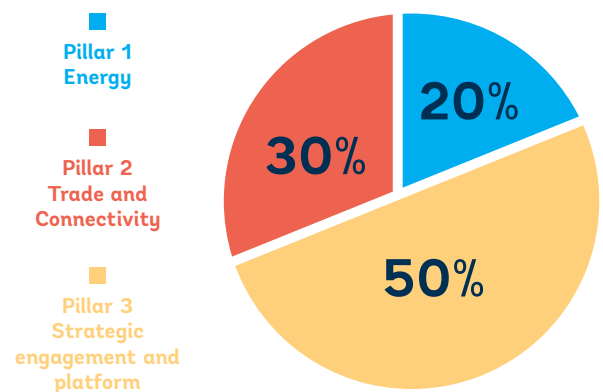


## 3.1 Financial Management

SARTIP disbursed 99 percent of the total contribution against the 31 activities in the Trust Fund (TF). By completion, the TF had an undisbursed balance of US\$241,000. The World Bank has strong financial management systems in place, and has regularly made financial information available to DFID.

All SARTIP funds were fully committed to activities as these arose during the program. The allocation of funds for activities falling within the 3 pillar areas is approximately as follows: Pillar 1 – Energy, Pillar 2 – Trade and Connectivity; and, a cross-cutting Pillar 3 – Strategic engagement and platforms. This split is broadly consistent with the strategic intent of each of the pillars, emerging demand, and the ability to work with opportunities as these arose.

Figure 7: Allocations against pillars



## 3.2 Value for Money (VfM)

The primary cost drivers for SARTIP included consultancy (firms and individuals), staff travel costs, and regional events (that enable stakeholder participation). These were in line with the Bank’s fee rates and international standards for procurement of high-level technical expertise. World Bank staff time for program management was included in the administrative costs of 10%, as agreed in the original Trust Fund Administrative Arrangement. However, this was kept at around 3.6% for the duration of the Program.

Although no Value for Money framework was formally defined at the start of the program, the Bank used its own standards and processes to ensure delivery of VfM. This is reported against the three measures of Economy, Efficiency and Effectiveness (3Es) as follows:

**(i) Economy.** SARTIP was administered in accordance with the World Bank’s established procedures to ensure that funds were spent efficiently, effectively and accordingly to transparent standards and safeguards. SARTIP had effective systems in place to ensure competitive procurement processes and that due diligence measures were applied and followed. Nearly all of SARTIP’s activities were Bank-Executed (25 activities), and managed in line with the processes and procedures applicable for the Bank’s own budget resources. The two Recipient-Executed activities were undertaken in accordance with the World Bank’s guidelines on “Procurement under International Bank for Reconstruction and Development (IBRD) Loans and IDA Credits” and the World Bank’s guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” jointly referred to as the “Procurement and Consultant Guidelines.”

SARTIP’s unit costs were benchmarked against standard arrangements for World Bank Trust Funds, and the Bank’s established systems of fee rates for consultants were applied. SARTIP used a judicious mix of both international and national consultants, particularly where it made best strategic sense. For instance, SARTIP engaged high-value national consultants that were well regarded and trusted in the region. These individuals were successfully able to liaise with government and regional counterparts, facilitate and progress discussion where it would otherwise not have been possible to do so, and provided timely hand-holding support. The Bank also applied standard guidelines for travel, potential conflicts of interest, fraud and corruption.

**(ii) Efficiency.** SARTIP demonstrated efficiency through timely delivery of project activities accordingly to budget. SARTIP was part of the Bank’s wider regional effort in South Asia and leveraged the Bank’s technical and financial investments at regional and country level to have a greater multiplier effect (as compared to a stand-alone initiative).

SARTIP benefitted from senior level attention by virtue of being managed within the World Bank's South Asia Region's Regional Partnerships (SARRP) Team, headed by the South Asia Director. Task Team Leaders for each of the activities were located across the Bank's Global Practices (Energy, Trade and Competitiveness, Transport, Social Development, Environment etc.) which facilitated access to strong global technical expertise across Global Practice groups, brought deeper insights into shaping these activities, and promoted cross-learning.

In terms of external facing measures, SARTIP undertook measures to strengthen more efficient public procurement practices by convening **the South Asia Region Public Procurement Network's (SARPPN)** annual conferences (since 2014) (also reported in Section 2.2.3 above). This platform enabled Heads of public procurement, procurement specialists and key stakeholders to come together for mutual learning, knowledge exchange, and sharing of good practice examples on procurement reforms.

**(iii) Effectiveness.** The extent of SARTIP's influence and leverage can be taken as a measure of its effectiveness. The knowledge and analytical products had good uptake, with several positive examples of where these have informed decisions and investments – the CASA 1000 project, the Economic Corridors work, and the Nepal hydropower technical assistance.

The Bank's convening power in terms of being able to bring together the highest level of decision makers, change agents and thinkers, has improved the effectiveness of SARTIP in terms of policy discussion, development and action. Regional platforms, such as the Champions Network, the Power Secretaries Meeting, and REIP provided opportunities for key stakeholders to come together to discuss pragmatic options and solutions, as well as for using evidence generated through SARTIP (e.g. the SARConnect Policy Notes) to influence key stakeholders. However, the uncertain external political economy has meant that these results were incremental, that much progress was made in laying the building blocks towards regional integration, but that this remains work in progress.

In addition to DFID resources, several of SARTIP activities were jointly funded from other sources, built upon approaches that were previously funded from other sources, or initiated processes that have been subsequently continued or scaled up by others. For instance, the CAEWDP program and CASA-1000 are multi-donor initiatives, with SARTIP playing a lead shaping role. Stakeholders from the regional REIP forum have helped to advance the agenda in other countries, and have used other mechanisms (such as the Brahmaputra dialogue on river basins, funded by DFID's South Asia Water Initiative) to get more acceptability among stakeholders. Similarly, the Border Haats work has pursued stronger gender opportunities, and continues to advance discussions with government and other stakeholders in the region under an Australian-funded Trust Fund. SARTIP funded two South Asia Economic Summits, with funding for subsequent summits coming from other donor resources. SARTIP also significantly leveraged World Bank investments: the Trust Fund's Technical Assistance of approximately US\$25 million has been linked to around US\$3 billion of investments, representing a leverage of \$1:\$120. Trust Fund activities have also laid the foundation for private sector funds to be brought into investments.

### 3.3 Program Management

**Program Management:** SARTIP was an important and strategic instrument for the World Bank in South Asia, and the management and progress monitoring mechanisms worked well. As the program evolved, and following some internal restructuring, the Bank put in place stronger program management arrangements: (a) the Director of the SARRP maintained strategic oversight and read-across with the Bank's other regional investments; (b) Task Team Leaders reported on-going progress to the Bank's Global Practice Managers who maintained technical oversight and ensured coherence with the Bank's sector strategies in the region; and, (c) at the operational level, SARTIP was managed by the Bank's Senior Operations Officer who acted as Program Manager for the Trust Fund with responsibility for its quality delivery, including progress reporting, administration and financial management. The World Bank team actively participated in regular progress and consultation meetings with DFID and other development partners in the region.



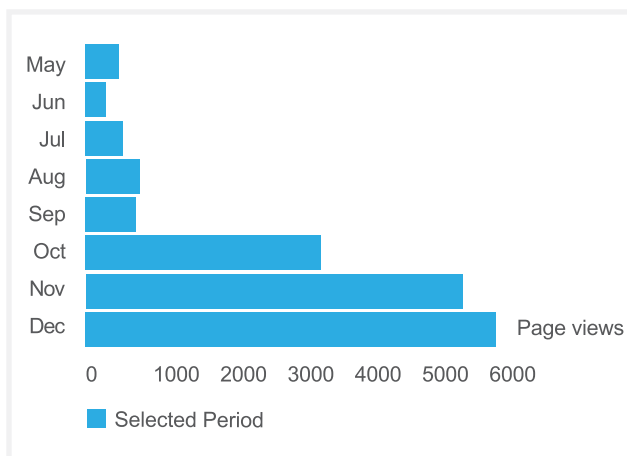
**Partnerships:** SARTIP adopted a strategy of engaging with partners at multiple levels; which proved to be an effective approach given the levels of diversity and complexity within and across sectors, agencies, interest groups and geographies. At the project / activity level, SARTIP worked closely with lead government partners to ensure buy-in, ownership, and uptake; with other related sectoral ministries to promote coherence; and coordinated across other stakeholders including the private sector, inter-governmental ministries, and civil society groups. In support of the wider enabling environment, SARTIP engaged with cross-regional influencers (Champions) and other agents of change, including beyond the traditional sectors with which the Bank usually engages, in order to bring in foreign policy, security and other geo-political perspectives. Additionally, the strategy of extended outreach (such as through the South Asia Economic Summit) helped to inform wider debates and to engage with a broader constituent group. Coordination with development partners took place through in-country platforms, regular meetings, and multi-donor investments.

**Monitoring, and Evidence:** The DFID logframe (revised in 2017 following the extension) was used as the guiding framework for monitoring and reporting progress. For its quarterly and annual reporting to DFID, the Bank was consistent in its use of the standard reporting format (introduced by DFID in 2013). This aligned with the key outcome level results, outputs and activities. A final completion summary report against the logframe outcomes and outputs is at Annex 1. The main assumptions in the Theory of Change remained the same. Evidence, including that emerging from SARTIP analysis, has suggested that a twin-track approach of supporting the authorizing environment and creating an alternative narrative for long-term change, whilst providing technical analysis and support to investments, is a suitable means of approaching the complex adaptive challenges in South Asia.

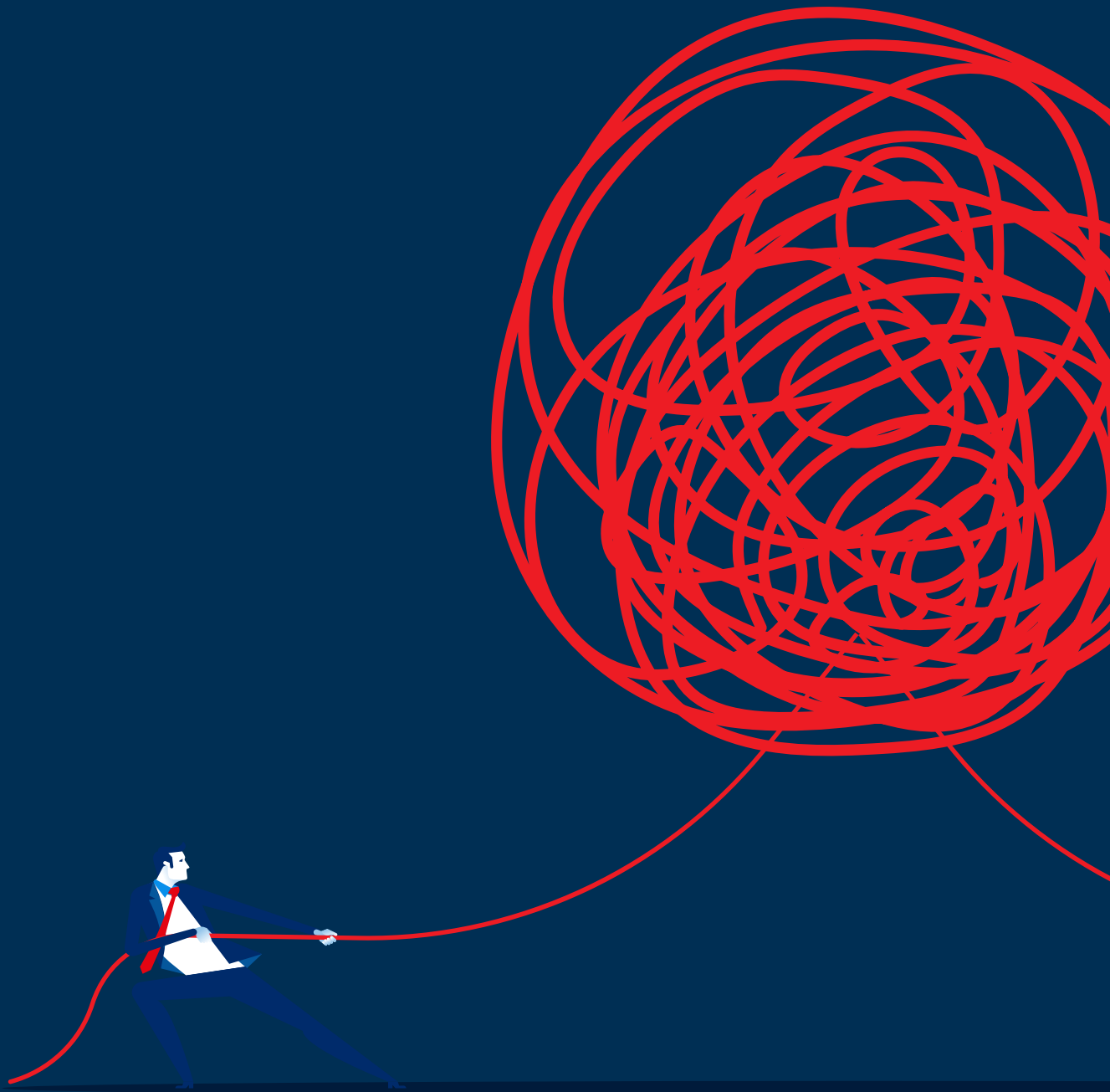
**Knowledge Management and Communications:** SARTIP increasingly advanced its communication and outreach strategies through multiple channels. A wide range of knowledge products were developed, including 8 publications, videos and briefs, available on the SARTIP website ([www.worldbank.org/onesouthasia](http://www.worldbank.org/onesouthasia)) which serves both as a knowledge repository and dissemination platform. This has been widely accessed by external audiences – reaching 6000 hits in December 2017.

Additionally, SARTIP’s communication and social media strategy, enabled the program to extend its reach. This included a growing presence on Facebook, twitter, and readership of its blog series and op-eds, videos and infographics, and a monthly newsletter which reached a readership of 2000 people. The SARConnect Policy Note Series, aimed at informing policy makers, produced four notes, including: a) opening up markets to neighbors: potential gains for smaller countries in South Asia; b) how regional integration has taken place elsewhere – lessons for South Asia; c) the security and trade nexus: international trends and practices; and d) the security and trade facilitation nexus: options for South Asian countries. As also reported under Pillar 3 (section 2.3.3 above), SARTIP also helped to convene platforms such as **Pakistan-India Joint Business Forum, Afghanistan-Pakistan Business Council, and Secretaries of Commerce Forum** which brought diverse stakeholders together in an informal setting. Recommendations from **the annual South Asia Economic Summits (SAES)** have gone to the SAARC Secretariat as an input into the Heads of State Summit, outreach to the next generation of thinkers was done through the **South Asia Economics Students Meet (SAESM)**, and **the South Asia Economic Conclave (SAEC)** has enabled public-private dialogue on regional trade and investments, between government, top industrialists, and civil society representatives.

**Figure 8: Analytics from OneSouthAsia website (external hits)**



# Risks And Lessons



## 4.1 Risks

Overall, SARTIP risks were considered to be **Medium**, as nearly all of the activities were World Bank-executed (BE) and analytical in nature. There were no significant changes in the risk rating since the last annual report. The key risks were as follows:



**(i) Political risks (Medium-High):** The main risk was around unanticipated political shifts, changes in government policy, and reduced appetite for regional economic cooperation which threatened to limit the impact of SARTIP activities, both during implementation and beyond. For instance, following a deterioration in Pakistan-India relations, negotiations were stalled on the proposed transmission line and SARTIP's analytical work did not move beyond pre-feasibility stage. Similarly, SARTIP financed feasibility studies for a proposed Bhutan Regional Connectivity Project which was dropped during appraisal stage at the request of the government for reasons linked to the political economy around regional integration.

Trade liberalization is especially subject to these political economy risks given the tensions between many countries and the tendency in South Asia to embed trade and commercial relations within foreign policy. While this risk could not be entirely mitigated, there remains a growing momentum towards deepening bilateral ties amongst many of the countries in the region, most notably amongst the BBIN countries.

A sub-regional approach also helped to manage emerging risks from political tensions in any one part of the subcontinent. The Bank's and other partners' efforts to promote wider understanding of the mutual benefits of regional cooperation helped to reduce this risk.



**ii) Institutional (Medium):** Varied capacities of partners / implementing agencies across the South Asian region placed risks on the pace of delivery and uptake of SARTIP's work. This risk was somewhat reduced as most activities were Bank-executed, and undertaken in close coordination with the relevant line ministries. Capacity building and project preparation support was also provided to partners. For instance, the process of the comprehensive technical due diligence of the four large hydropower projects provided an excellent capacity building opportunity for project staff in all major technical aspects of large hydropower projects. At a broader level, the Bank invested in procurement capacity of regional stakeholders through the South Asia Regional Public Procurement Network (details in Section 2.1, Pillar 3).



**(iii) Economic (Medium):** South Asia's macro-economic outlook remains stable, and there is some positive movement towards increasing participation of the private sector in regional collaboration projects.

For instance, SARTIP supported the completion of technical due diligence in Nepal which eventually led to the financial closure for 2 hydropower projects of 900MW each.



**(iv) Operational risks (Low):** The Bank's execution of activities limited the risk of delays, particularly those related to procurement which can be the biggest bottleneck for recipient executed activities.

SARTIP sat within the South Asia Region's Regional Partnership team, which brought additional benefits of cross-learning and cross-engagement with the Bank's other regional initiatives in South Asia.



**v) Security:** Regional incidents did not directly affect SARTIP implementation. However, security uncertainties in Afghanistan continue to remain important, particularly if transmission infrastructure is to be built. Perceptions of a weak security environment could deter prospective financiers and potential contractors to undertake the infrastructure works.

## 4.2 Lessons

### What worked well



**(i) The flexibility of the Trust Fund instrument and the alignment of SARTIP's activities with the World Bank's larger investment operations worked well.** This approach enabled the Bank to strategically engage on emerging opportunities as the political space for these opened up. Alignment with the Bank's larger investment portfolio added significant technical value, leveraged resources, and remains critical to ensuring long term sustainability. Alignment between the Bank's regional efforts and country level operations helped to gain access to a wider set of decision makers and networks.



**(ii) The process of consensus building was equally important to advancing regional economic integration in South Asia.** The process of consensus building was equally important to advancing regional economic integration in South Asia. The Champions brought valuable insights of local issues and acted as powerful intermediaries in moving forward actionable projects. However, looking ahead, the continuity of this forum beyond SARTIP and the challenge of how to institutionalize an informal process needs to be further explored.

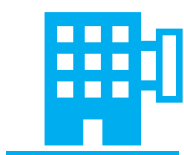
Other positive examples relate to TF activities that successfully supported consensus building among major political parties in Nepal, resulting in a joint statement signed on April 10, 2014 by 7 major party leaders to support sustainable hydropower development. In Myanmar, the Bank used technical entry points to initiate discussions with senior political leaders and cross-departmental heads, presenting options for Myanmar to import electricity from its larger neighbours towards meeting its shortfall in energy demand.



**(iii) Technical knowledge acted as a useful entry point to engage with processes and stakeholders on sensitive regional issues across South Asia.** Analytical work helped to undertake feasibility studies, develop options, enhance quality and timely design of larger investments, support client readiness, and support technical due diligence thus enabling decision makers to take more informed actions. For instance, SARTIP helped to fast-track the delivery of the Nepal-India Regional Trade and Transport project (the first regional trade and transport project in South Asia), Bangladesh Regional Waterway Transport Project 1, Bangladesh Regional Connectivity Project 1, Mizoram State Roads II Regional Transport Connectivity Project, and India: Capacity Augmentation of the National waterway 1 Project.



**(iv) Upstream analytical work and technical assistance was critical in enhancing project design quality, timeliness and client readiness.** SARTIP has several positive examples of this, most notably in advancing the two export-oriented Nepal hydropower projects, and the Inland Water Projects, and the successful preparation and initiation of implementation for the Nepal-India Regional Trade and Transport Project.



**(v) Capacity building helped to build confidence of client partners in bilateral and regional negotiations.** Exposure to international best practice, targeted training on technical skills, and capacity development through working alongside expert consultants helped to build client confidence in bilateral and regional negotiations, and capacity in terms of progressing investment implementation plans.

For example, the Bank organized an exposure visit in October 2014 (attended by high level Indian and Bangladeshi government officials) which helped facilitate the in-principle agreement between the Land Ports Authorities of India and Bangladesh to pilot a collaborate border management model.





(vi) **Regional coordination mechanisms, such as those established under the CASA 1000 project**, were key to building ownership and political momentum on multi-country, multi-region infrastructure and trade projects. SARTIP's technical support to the Joint Working Group (with representation from the four CASA countries), provision of technical resources to participating countries, facilitation of constructive dialogue with multiple stakeholders, and the rapid mobilization of adequate capacity to support the participating countries helped to shape future implementation and address any possible challenges at an early stage.

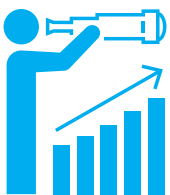
## What worked less well



(i) **In some cases, complex procurement processes took longer than expected leading to delays.** The RE Bangladesh Regional Trade and Transport Studies activity was extended twice due to drawn out procurement processes, in part due to the Client's capacity constraints and unfamiliarity with the Bank's procurement rules. Similar challenges arose in the Bhutan Regional Trade and Transport Studies activity. Delays occurred due to the complexity of the studies - which included detailed design of the Dry Port and ancillary facilities, and involved complex hydrology and safeguards considerations - requiring the Bank, Client counterpart team, and consultants to have several rounds of discussions (including in-person workshops) with subsequent revisions of the studies.



(ii) **Institutionalization of processes and system strengthening was incremental and slow.** Change processes take time and may not immediately follow capacity building measures. For SARTIP, this depended on several factors which varied across countries, such as institutional readiness for the uptake, asymmetries in relation to partners, and incentives. Depending on the country context and demand, the World Bank responded by adopting various pathways to capacity strengthening such working closely alongside partners, exposure visits to demonstrate how this works elsewhere, and hand holding support by engaging international technical consultants.



(iv) **Regional integration is a long-term endeavor, and results may not be evident annually.** Furthermore, the gains in any one year could be reversed due to political shifts or deterioration in bilateral / regional relations. This was challenging, but staying the course over the longer term is likely to demonstrate benefits.

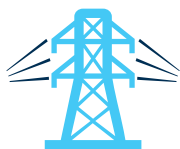
# Annex 1: Progress Against The Logframe (Outcomes And Outputs)

## (OUTCOMES AND OUTPUTS)

### Summary Overview

The World Bank has made strategic use of the Trust Fund resources to effectively contribute towards SARTIP's objectives and long-term impact. As one of several partners on the DFID-funded program, the World Bank Trust Fund has delivered its objectives to a high quality, and has either met or exceeded its allocated targets as set out in the logframe.

**The logframe assumptions have held during the program period.** Political considerations dominate economic considerations for any cross-border trading endeavours and this is likely to continue in the foreseeable future. The political and economic enabling environment in South Asia has remained positive during the SARTIP implementation period, particularly for regional electricity trade. Progress towards regional integration in the Eastern sub-region has been significant, there are excellent examples of progress in the Western sub-region's connectivity with Central Asia through the CASA-1000 transmission project, but a deterioration in India-Pakistan relations have reversed and halted plans for electricity connections between India and Pakistan.



At the Impact level, World Bank studies (funded through SARTIP) have highlighted the benefits of regional electricity markets and trade/transport connectivity on sustainable growth, thus reinforcing the need for continuation of this approach. Intra-regional trade **in electricity connectivity has grown from 8629GwH (2011 baseline) to over 16,000 GwH (May 2018).**

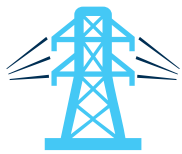


However, although trading volumes have increased, from less than **US\$2 billion in 2012 to over US\$23 billion in 2016**, South Asian intra-regional trade in goods remains largely untapped due to man-made barriers. **SARTIP studies suggest that total merchandise trade in South Asia could be as high as US\$67 billion.**

At the Outcome level, World Bank Trust Fund activities have had significant success in helping to advance cross-border trade (including electricity) and economic connectivity in South Asia, and between South and Central Asia; in improving broader institutional capacity and client readiness to improve the quality of delivery of large projects; and in leveraging financial resources for cross-border investments in energy, transport and trade. Strategic engagement through the Power Secretaries Forum and "championing" activities have also played a central role in achieving these outcomes.



## (OUTCOMES AND OUTPUTS)



**(i) Outcome Indicator 1: Progress on energy connectivity has been significant both in the eastern and western sub-regions.** These positive measures are building confidence of regional stakeholders and setting the stage for further cross-border energy trade.

- **The target of 1765MW additional cross-border transmission capacity has been exceeded.** This includes the following: (a) 1,160MW between Bangladesh and India (Bahrampur-Bheramara). The Bank has played a central role in building consensus around - and leveraging additional donor financing for the ADB financed Bangladesh-India Electricity Transmission project; (b) 775MW between India and Nepal comprising: the Bank-financed Nepal-India Electricity Transmission Project which supports the Dhalkebar-Muzaffarpur transmission line (500MW); Kataiya-Kushwaha (120MW), Tanakpur-Mahendranagar (30MW); Ramnagar-Gandak (25MW); and half a dozen 66kv and 33 kV lines (100MW).
- **TA has laid the groundwork for further investments in energy trade, and the building blocks towards regional market linkages with Central Asia and with South-East Asia.** In the BBIN sub-region this includes: commissioning of high voltage interconnectors between Bangladesh-India and Nepal-India; Power trade agreements between Nepal and India; and developing hydropower in Nepal and Bhutan for export to Bangladesh and India. In the Western corridor, the potential demonstration impact of CASA-1000 is significant and is expected to act as an important building block for the creation of a Central Asia-South Asia Regional Electricity Market (CASAREM). The first of its kind, CASA-1000 is bringing together four countries (Afghanistan, Pakistan, Kyrgyz and Tajikistan) in a trading partnership for existing surplus hydropower,
- **The World Bank's SARTIP investments have directly leveraged US\$1.3 billion in new regional projects in the energy sector** which include: (i) CASA-1000 (US\$1,026m); (ii) Nepal-India Electricity Transmission and Trade Project (US\$138m); (iii) Kabeli-A Hydroelectric Project (US\$103m); and (iv) Power Sector Reform and Sustainable Hydropower Development (US\$20m).
- **TA is helping South Asian countries to make a shift towards clean energy by tapping the region's vast hydropower potential (over 300MW under development) which will bring mutual benefits of helping to meet South Asia's rising demand for energy, revenues from sale of electricity, and environmental benefits.** SARTIP TA has advanced the preparation of a pipeline of 3000MW in Nepal including: (a) Kabeli-A (37.6 MW) with private investment, reached financial closure in 2014, and construction started in March 2017; (b) facilitated the signing of two PDAs in 2015 for two export-oriented hydropower projects of 900MW each (Arun-3 and Upper Karnali); two further export-oriented projects, 600 MW and 650 MW respectively, are under negotiations for PDA. Furthermore, 570MW of domestic supply is under negotiation for the Upper Trishuli (216 MW), and the Upper Arun (356 MW).



**(ii) Outcome Indicator 2: Progress on trade, transport and logistics connectivity has been incremental.** Trade and connectivity have progressed in the Eastern sub-region, and particularly between Bangladesh and India owing largely to the positive bilateral relationships between these two countries, and there is some positive movement on a western corridor project.

- **SARTIP has been pivotal to developing the Bank's regional connectivity program lending portfolio, which has grown from zero to over US\$1.5 billion during SARTIP.** Trust Fund activities have helped in securing World Bank financing for new investments to improve cross-border trade and connectivity. These include: (a) Bangladesh Regional Waterways Transport Project – 1 (US\$360m); (b) Bangladesh Regional Connectivity Project (US\$150m); (c) Mizoram Roads II Regional Connectivity Project (US\$107m); (d) Nepal-India Regional Trade and Transport Project (US\$99m); (e) India: Capacity Augmentation of the National waterway 1 Project (US\$375m); and (f) Khyber Pass Economic Corridor Project (US\$460m).



## (OUTCOMES AND OUTPUTS)

- **SARTIP’s TA strongly complement, and are linked to, Bank investments.** Feasibility studies and TA activities were critical in developing investments (e.g. Inland waterways projects). Position papers on collaborative border management to support seamless regional transit and reduced border crossing time, coupled with knowledge exchange activities, led to the in-principle agreement between the governments of India and Bangladesh to pilot co-located land ports, to be financed by the Bank’s Bangladesh Regional Connectivity Project.
- **Analytical and TA activities are having a wider impact beyond investments,** including by informing sector strategies (e.g. ports sector strategy for Bangladesh) and regional studies (e.g. South Asia Regional Ports Study), and by influencing regional agendas such as the regional waterways.
- **There has been some emerging progress on transport and logistics connectivity, including from SARTIP-supported IDA projects.** The Trade portals in Nepal and Bangladesh (IFC) are operational, there are improvements to trade logistics infrastructure (e.g. Inland Container Depots in Nepal), and road improvements of the Kathmandu-Birgunj-Kolkata corridor. While time reduction at some border crossings has been recorded between Nepal and India (IFC/SARTI assessments), delays of 5+ days at the busiest border points in the region are not uncommon, especially at key Bangladesh-India land border posts which saw significant increase in trade and traffic volumes.
- **Anticipated long-term benefits arising from linked investments include:** reduced travel time from improved multimodal transport connectivity options that address last mile connectivity gaps; improved safety and transport options for women and other vulnerable groups; reduced transport time and logistics costs for trade between Nepal and India; improvement in freight volumes and truck clearance times at select land ports (Bangladesh-India); reduction in cost of cargo traffic by inland waterways; improved transport connectivity with regional trade corridors in India’s North East Region; climate-resilient infrastructure; and, improved sector management and sustainability for inland waterways and ports.



**Outcome Indicator 3: Progress on broader policy and institutional development has been incremental, reflecting the dynamic political realities of South Asia.** The narrative work has mainly contributed to this indicator.

- **The World Bank has used its own networks,** reach and SARTIP’s technical resources to successfully establish broader partnerships, including with regional institutions, and to advance regional initiatives. The “champions’ network have acted as intermediaries between policymakers across countries to help realize regional initiatives (refer Pillar 3, Box 4 in main report).
- **Policy change and institutional development remains is a long-term process, although SARTIP has made a good start.** To help improve the authorizing environment and build wider support for cross-border trade and connectivity, SARTIP has used several mechanisms. These include engaging, convening and bringing together multiple stakeholders in various forums and platforms. Additionally, SARTIP has invested in a range of instruments, including much needed capacity building, targeted communications to inform wider audiences, and policy notes and briefs to provide stakeholders with informed options for decision making. In particular:
- Capacity Strengthening of the SAARC Development Fund (SDF) was oriented towards helping to operationalize project financing under its infrastructure and Economic windows, develop a M&E framework and system, and augment technical skills and knowledge of the staff through provision of capacity building/training activities. This support has contributed to the operationalization of SDF’s economic and infrastructure financing windows, which can provide catalytic financing to regional projects in the future.

## (OUTCOMES AND OUTPUTS)

- SARTIP's TA has also been oriented to help progress cross-border efforts in the western region. For instance, TA has focused on helping to advance Pakistan's energy, trade and investment relations with its neighbors in South Asia and Central Asia by facilitating business-to-business linkages between Pakistan and its neighbors; identifying sectors and specific business entities which could benefit from cross-border, sub-regional and regional collaboration, the potential benefits and costs, and the barriers to collaboration; refine existing strategies and develop and take forward new strategies (using the Bank's convening power, analytical capabilities and investment support) to foster trade (including energy trade), investment and business-to-business relations; and assist the Government of Pakistan and other governments to continue to improve the policy environment for regional economic cooperation centered around the private sector.

### PROGRESS AGAINST RELEVANT LOGFRAME OUTPUTS (WORLD BANK-SPECIFIC ACTIVITIES)

<p><b>Output 1:</b></p> <p>Improved Electricity Connectivity</p>	<p><b>Summary Progress: Achieved</b></p> <p>TA informed the design of investments, helped to orient a shift towards clean hydropower and cross-border sharing of existing electricity, and has provided evidence, new knowledge and options to inform policy makers. Successful agreement on projects and their potential win-wins, coupled with energy diplomacy, outreach, communications and knowledge, helped to build confidence of regional stakeholders towards engaging on trade in electricity.</p>
<p><b>Indicator 1.1:</b></p> <p>No of studies conducted on eastern corridors that effectively underpin improved power connectivity</p>	<p><b>Target of 10 exceeded. 12 studies were conducted:</b></p> <ol style="list-style-type: none"> <li>How Much Could South Asia Benefit from Regional Electricity Cooperation and Trade?"</li> <li>South Asia Energy Security and Energy Trade Study: The Benefits of Expanding Cross-Border Electricity Cooperation and Trade in South Asia.</li> <li>Institutional arrangements for the promotion of regional integration of electricity markets : international experience.</li> <li>Contracting for the second best in dysfunctional electricity markets.</li> <li>Pakistan-India Electricity Interconnector – Pre-feasibility study.</li> <li>Review of Strategic Natural Gas and Electricity Import Options.</li> <li>Myanmar Electricity Trade Options.</li> <li>Technical due diligence report - four hydropower projects in Nepal (Tamakoshi (650 MW), Upper Karnali (900 MW), Upper Marshyangdi (600 MW), and Arun-3 (900 MW)).</li> <li>Cumulative Impact Assessment (CIA) of the Kuri-Gongri River Basin in Bhutan.</li> <li>Strategic Roadmap Report for Bhutan's Hydropower Potential.</li> <li>Myanmar Import Option Study.</li> <li>Report on Advanced Metering Infrastructure (Regional Energy Efficiency</li> </ol>
<p><b>Output 2:</b></p> <p>Improved trade and transport facilitation across all regions (Trade Facilitation)</p>	<p><b>Summary Progress: Achieved</b></p> <p>SARTIP's analytical work assessed the state of inland waterways in Bangladesh, and informed the design of the first inland water transport project for the Bank and for South Asia in decades. Analytical work on multimodal connectivity in India informed the design of the inland waterways projects in India. SARTIP also developed a toolkit on good sustainable practices in management of the inland waterway sector. Other studies provided regional connectivity options through road and rail modes, as well as on collaborative border management to support regional transit and reduced border crossing time and transit time among the BBIN countries, which is being implemented under the Bangladesh Regional Connectivity project. This also included work on improving multi-modal connectivity to support the logistics system in India and the region. Analyses informed the ports sector strategy for Bangladesh, and served as input into the South Asia Regional Ports Study.</p>

### Output 2:

Improved trade and transport facilitation across all regions (Trade Facilitation)

### Summary Progress: Achieved

Studies on trade and transport facilitation in Bhutan assessed inland waterway transport connectivity, assessed the impact of infrastructure development on the economic growth of Bhutan and the region, and facilitated a South-South knowledge exchange with East Asia on how to develop and manage National Trade and Transport Facilitation Committees, National Trade Information Portals, National Single Windows, Inland Container/Clearance Depots, in addition to on-demand technical assistance. SARTIP studies also supported improving trade outcomes in Nepal (which accounts for about 40% of Nepal's GDP) and informed the design and implementation of the Nepal-India Regional Trade and Transport Project, which supports a regional transport corridor and border posts (accounting for 90% of Nepal's trade).

#### Target of 30 exceeded. 34 studies were conducted:

These TA activities have informed sector strategies and the design of a US\$1 billion plus portfolio of World Bank investment projects that focus on improving multimodal transport connectivity options that address last mile connectivity gaps, improving regional collaboration on cross-border issues, increasing regional integration, increasing safe transport options for women and other vulnerable groups, designing climate-resilient infrastructure, and improving sector management and sustainability for inland waterways and ports. Studies include the following:

May-October 2013:

1. National Single Window and Trade Information Portal
2. National Trade Facilitation and Logistics Strategy and Master Plan for Nepal
3. Customs Infrastructure Master plan (CIMP)
4. Assessment of Nepal's Customs environment
5. Feasibility Study of Logistics or distribution hubs/CFS (Container Freight Stations) or ICD (Inland Clearance Depot) facility in Kathmandu
6. Feasibility Study of Inland Clearance Depot at Dodhara-Chandani, Far Western Region
7. Feasibility Study of proposed multi-functional laboratories at Kathmandu and six border check points.

#### Indicator 2.1:

Number of strategic or feasibility studies on eastern corridors (USD 5.3 million)

November 2013 -May 2014:

8. Policy Note on Strategic Options for Improving Trade and Transport Facilitation in Bhutan
9. Wagah-Attari Land Border Crossing: A Diagnostic Assessment
10. Mizoram Tribal Trade Improvement Study

June-October 2014:

11. Karnafuli Container Terminal pre-feasibility study
12. Inland Water Transport (IWT) Dredging pre-feasibility study
13. IWT Assessment in Assam
14. Border post assessments between Bangladesh and India (5 completed)

November 2014-May 2015:

15. Bay Terminal Pre-Feasibility Study (Chittagong Port)
16. Dhaka-Chittagong Freight Corridor Study
17. Efficiency study for Chittagong Port

November 2014-May 2015:

18. Study on Indigenous People's Trade Practices in NE India and Bangladesh
19. Bhutan: Pre-Feasibility study on the Development of Brahmaputra/Jamuna Tributaries for Inland Water Transport
20. Nepal SPS and Customs Labs Study and Strategic Plan

## (OUTCOMES AND OUTPUTS)

<p><b>Indicator 2.1:</b></p> <p><b>Number of strategic or feasibility studies on eastern corridors (USD 5.3 million)</b></p>	<p>November 2015-May 2016</p> <ol style="list-style-type: none"> <li>21. Regional Railway Freight Corridor Diagnostic Study</li> <li>21. Dhaka-Chittagong rail study</li> <li>22. Economic Impact study of regional transport routes in Bhutan</li> </ol> <p>June 2016-May 2017</p> <ol style="list-style-type: none"> <li>23. Bhutan: Feasibility and design study for an Inland Container/ Clearance Depot at Pasakha</li> <li>24. Bhutan: Feasibility and options design study for redundant telecommunications connectivity</li> <li>25. Bangladesh: Dredging feasibility and design study for prioritized IWT routes</li> <li>26. Bangladesh: Surveys for Category A Prioritized Routes</li> <li>27. Bangladesh: Feasibility, design and safeguards studies for Land Ports</li> <li>28. Bangladesh: Feasibility study of route options to connect Thegamukh and Chittagong Port, including environmental and social screening</li> </ol> <p>June 2017 - June 2018</p> <ol style="list-style-type: none"> <li>29. Greening Inland Water Transport in Bangladesh</li> <li>30. Bangladesh Modal Shift Strategy</li> <li>31. Afghanistan Connectivity Study</li> <li>32. BBIN Regional Road Safety Study</li> <li>33. CASA Trade Corridors Study</li> </ol>
<p><b>Indicator 2.2:</b></p> <p><b>Number of meeting/ network of practice facilitated on the western corridors of South Asia focussed on Pakistan and relations with India and Afghanistan</b></p>	<p><b>The target of 12 meetings was met, including:</b></p> <p>May-October 2013</p> <ol style="list-style-type: none"> <li>1. Meeting between Government of Pakistan Secretaries, senior officials and donors on regional integration, Pakistan's competitiveness, and economic corridors (October 2013)</li> <li>2. A series of meetings were held on Pakistan Regional Trade Framework with the Secretary for Commerce, Privatization and Textiles, as well as with representatives from Pakistan India Joint Business Forum task forces BBIN Regional Road Safety Study CASA Trade Corridors Study</li> </ol> <p>November-May 2014</p> <ol style="list-style-type: none"> <li>3. Special session held on Indo-Pak trade with members of the Regional Policy Advisory Group.</li> <li>4. Seminar on Indo-Pakistan trade with Parliamentarians (February 2014).</li> </ol> <p>June-October 2014</p> <ol style="list-style-type: none"> <li>5. A series of sessions and consultations held with the Ministry of Commerce and Ministry of Foreign Affairs on Regional Policy Work.</li> <li>6. Meeting of foreign policy experts and the private sector held to discuss opportunities in the Western corridor.</li> </ol> <p>November 2014-May 2015</p> <ol style="list-style-type: none"> <li>7. Secretaries of Commerce Forum was held in Dubai in March 2015 (attended by Ministers from Afghanistan, Tajikistan, Kyrgyz Republic, Turkmenistan, Kazakhstan and Uzbekistan).</li> <li>8. Meeting of senior Pakistan officials in Commerce and trade (February 2015)</li> <li>9. Meeting of CASA ambassadors (February 2015)</li> <li>10. A series of consultations of Ministry of Finance and Ministry of Commerce with senior officials on the Western side have been held.</li> <li>11. A meeting of the Pakistan Afghanistan Business Council (May/June 2015).</li> </ol> <p>June 2015-October 2015</p> <ol style="list-style-type: none"> <li>12. Two high-level meetings were facilitated between the Minister of Commerce, Ambassadors and Heads of Donor Agencies.</li> </ol>



<p><b>Indicator 2.3:</b></p> <p><b>Number of meetings of South Asia Champions and complementary strategic networks</b></p>	<p><b>The target of 9 has been exceeded.</b> The Bank has convened the following: a) six Power Secretaries Forums (7th forum planned for May/June 2018) with representation of senior officials and the private sector from Afghanistan, Bhutan, India, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka); b) three meetings of the Regional Ecological Integrity Platform (REIP); and, c) eight general champions meetings (9th meeting planned for May 2018). Additionally, the Bank has also convened 5 Public Procurement Conference since 2011. SARTIP has organised the meetings in Sri Lanka (2017) and in Delhi (2018).</p>
<p><b>Output 3:</b></p> <p>Strengthening the evidence base on the links between regional economic integration and poverty reduction</p>	<p><b>Summary Progress: Achieved</b></p> <p>SARTIP knowledge products and analytical work have highlighted evidence in support of the significant benefits from expanded cross-border trade and economic integration. This is starting to influence investment projects, wider debates, and policy choices. Continued efforts are required over the long term for the results to become evident.</p>
<p><b>Indicator 2.3:</b></p> <p><b>Studies undertaken into the benefits of regional trade, including the poverty benefits of increasing trade and investment, and the perceptions of businesses from improved trade openness</b></p>	<p><b>The target of 10 has been exceeded.</b> TThe Bank undertook 14 analytical pieces which are being disseminated, including: (i) Survey of Perceptions of Regional Integration; (ii) Analysis of Media portrayal of Regional Integration; (iii) SARConnect Policy Notes; (iv) India and her Neighbours project; (v) Chapter on Boosting Trade and Prosperity in South Asia (2016), (vi) Article on links between Trade and Investment (2016); (vii) Pakistan Auto Industry Competitiveness; (viii) Study on Non-Tariff Measures in bilateral trade; (ix) Study on border markets between India and Bangladesh; (x) Paper on Tariffs and para-tariffs in South Asia; (xi) Air travel liberalization between India and Sri Lanka: lessons for the region; (xii) Trade integration and border poverty; (xiii) potential for e-commerce in select countries; and (xiv) a major output of the program—a Regional Trade report, which is a compilation of 4 analytical studies, along with a synthesis chapter, and will be published by August 2018. One more report, on FDI (not counted in the 14), will be completed in FY19. In addition, publication of the Bangladesh DTIS was in part supported through this program.</p>