

SUBPROJECT COMPLETION REPORT
RETA 6337: Development Partnership Program for South Asia

Subproject 2: South Asia- Study on Intraregional Trade and Investment in South Asia			Amount Approved: \$320,000		
			Revised Amount: N/A		
Executing Agency: Asian Development Bank		Source of Funding: Australia-ADB South Asia Development Partnership Facility	Amount Undisbursed: US\$ 37,774.62	Amount Utilized: US\$ 282,225.38	
Subproject Approval Date: November 2006	TA Signing Date: N/A	Fielding of First Consultant: March 2007	SP Completion Date Original: March 2008	Actual: Sept 2009	
			Account Closing Date Original: N/A	Actual: N/A	
Description:					
<p>Appreciating the critical role of regional cooperation and integration (RCI) in attaining the Millennium Development Goals, RETA 6337; Subproject 2 aims to facilitate RCI in South Asia, particularly to contribute to regional policy debate on trade in goods and services and investment. It showcases the benefits of regional integration and presents an array of policy recommendations to maximize and realize such gains. To cover the different facets of South Asian economic integration, three parallel initiatives are necessary: reduction of non-tariff barriers to deepen SAFTA; expansion of SAFTA's scope to include investments and services; and focus on key industries to be able to succinctly demonstrate the process and benefits of reforms. These translate into nine component studies:</p> <ul style="list-style-type: none"> • The Role of Trade Facilitation in South Asian Economic Integration; • Study on Potential for trade in Services under SAFTA; • Country Investment Studies for Bangladesh, India, Nepal, Pakistan, and Sri Lanka; and • Industry Studies on Textile and Clothing Industry; and Automobile Industry. 					
Expected Impact, Outcome and Outputs:					
<p>The expected impact of this study is to guide SAARC's policy formulation towards enhanced regional cooperation and integration in South Asia. The expected outcome of the study is a better understanding by SAARC policy makers and relevant SASEC working groups of the viable policies on trade and investment in goods and services for South Asia. This outcome is to be supported by the following set of outputs: (i) country-specific policy recommendations to boost trade and promote investments in South Asia; (ii) framework for exploring potential of trade in services under SAFTA, and for addressing its constraints; and (iii) trade policies for specific key industries.</p>					
Delivery of Inputs and Conduct of Activities:					
<p>The project commenced in March 2007 with the identification of experts/consultants who shall be engaged to undertake the component studies of this RETA 6337- except for Research and Information System for Developing Countries (RIS) in India which has clearly been singled out in the RETA as the most suited consulting firm to come up with the Trade in Services study under SAFTA. There was difficulty in identifying an automobile consultant as there were hardly any studies done in South Asian Automobile Industry.</p>					
<p>After the engagement of consultants, respective studies proceeded. However, there was much difficulty to stick to the prescribed schedule as studies went back and forth between ADB and the consultants with quite a number of editing and revisions. Problems with the quality of the drafts were apparent in some of studies- particularly the Automobile Industry study and the India Country Investment Study. Completion dates were revised, and the initial completion date of March 2008 had to be moved to March 2009.</p>					

A publication consultant was engaged to minimize repetitions, condense the text and consolidate the nine components as a single manuscript. After which a copyeditor was engaged to prepare the study for dissemination at the scheduled policy workshop. The copyeditor was not originally prescribed in the RETA but was deemed necessary at this stage of the project.

A Policy Workshop was organized and successfully held in December 2008 in Kathmandu, Nepal. The workshop was well attended with Government representatives from South Asia. Discussions were lively, with enough participation, exchange of ideas and recommendations.

Further editing, revisions and updates were necessary after the workshop. This again took more time than expected that completion date had to be moved again to September 2009.

It was decided that the Automobile Industry Study did not have enough substance to merit a separate chapter on its own. The Study on Potential for Trade in Services under SAFTA and the Pakistan Country Investment Study have been excluded in the final publication as requested by SAARC Secretariat and CWRD-ADB, respectively.

Evaluation of Outputs and Achievement of Outcome:

The Policy workshop was well-received, with enough interest and active participation. The disseminated publication attracted a lot of interests within and outside the ADB. Internal and external launching of the report was organized in November and December 2009, respectively. In December 2009, the study was launched at the at Second South Asia Economic Summit in New Delhi.

A follow-up project, not included in the present RETA, may be necessary to sustain the interest and to further lead and guide SAARC policymakers towards enhanced and more effective intraregional policies on trade and investment in goods and services.

Overall Assessment and Rating:

RETA 6337: Subproject no. 2 is successful since even if not all target outputs are achieved, the final publication is still of substance and relevance, and the interest and active participation garnered at the workshop shows latent possibilities of further cooperation and commitment.

Major Lessons:

RETA development should primarily take into consideration the policies of the executing, collaborating, and consulting agencies. Policies on jurisdiction and ownership should be clear to all agencies involved.

The clear unavailability of expert consultants or the engagement of ineffectual consultants should be dealt with more aggressively as problems become apparent.

With the engagement of numerous consultants to come up with an integrated study, the scope, structure and time bounds should be clearly set in the respective TORs for consistency.

Recommendations and Follow-Up Actions:

It is recommended that a follow-up project be undertaken to sustain the interest and to further lead and guide SAARC policymakers towards enhanced and more effective policies on trade and investment in goods and services among South Asian countries.