

RETA 6417: Supporting Network of Research Institutes in South Asia Phase II – Selection of the Next Set of Research Proposals

RETA 6417 is designed to promote high quality research on topics highly relevant to the agenda of South Asia Association of Regional Cooperation (SAARC), helping thereby to facilitate transport, trade, investment and other forms of cooperation among the eight member countries. RETA 6417 is supported by the Asian Development Bank and is being implemented through two research networks:

- South Asia Center for Policy Studies (SACEPS); and
- South Asia Network of Economic Research Institutes (SANIE).

RETA 6417 provides \$500,000 for research studies and an additional \$250,000 for workshops, seminars and conferences. The average size of research grant per study is approximately \$35,000.

The first set of research studies, approved by the Project Steering Committee in October 2008, is as follows:

SACEPS Research Institute Members:

- Regional Consultative Process on Labor Migration from South Asia, Refugee and Migratory Movements Research Unit, University of Dhaka
- Vertical and Horizontal Industrial Integration in South Asia, Institute of Policy Studies, Sri Lanka

SANIE Research Institute Members:

- Liberalization of Trade in Services under SAFTA: Prospects and Challenges for Pakistan, Foreign Trade Institute of Pakistan
- Measuring the Barriers to Trade in Services in South Asia: An Empirical Exercise, International Management Institute, New Delhi
- Infrastructure Development in South Asia: Role of Foreign Direct Investment, ICRIER and Institute for Economic Growth
- Food Security in South Asia: Strategies and Programs for Regional Collaboration, Pakistan Institute of Development Economics, Islamabad

During the Mid-Term Review Workshop for the above studies, held 23-24 April 2009 in Kathmandu, extensive comments and recommendations were made. The revised and more complete drafts will be considered at another workshop at the end of June. It is expected that the first set of six studies were be finalized by the end of September 2009, followed by a Conference to present the findings.

A second set of study proposals will be considered during the above mentioned workshop at the end of June. To give greater structure to study proposals, the Project Steering Committee has decided to adopt a building-block approach to the study series. By this is meant a closely coordinated set of research papers and associated policy briefs on a topic or a limited number of topics central to SAARC's agenda. It has been

further agreed that relevance to SAARC's agenda is of paramount importance. Under the overall theme of Moving SAARC Forward in Key Areas/Issues, current research studies and new research proposals will be selected and grouped according to three topics:

- (i) Trade and Investment/ Technology;
- (ii) Human Dimension of Regional Cooperation; and
- (iii) Economic and Social Impact of the Financial Crisis.

New research proposals must fit within these three topics and, to the extent possible, seek to complement current studies or network with other research proposals to form a building-block approach. Selection by the Steering Committee will primarily depend on the quality and relevance of the proposals. That is:

- the relevance of the policy issues to be addressed;
- linkages to SAARC's strategic agenda;
- possible entry points to Track 1 initiatives (of the member governments);
- the clarity and thoroughness of the research methodology, facilitating independent verification of the results of the research; and
- the qualifications of the proposed research team.

Following is the grouping under these topics of current research studies and brief outlines of possible areas for new research:

Trade and Investment/ Technology

Studies currently in progress relevant to this topic include the following:

- Vertical and Horizontal Industrial Integration in South Asia
- Liberalization of Trade in Services under SAFTA: Prospects and Challenges for Pakistan
- Measuring the Barriers to Trade in Services in South Asia: An Empirical Exercise
- Infrastructure Development in South Asia: Role of Foreign Direct Investment

Research proposals for the second set of studies relevant to this topic have so far included the following:

- Liberalization of Air Services in South Asia: Prospects and Challenges
- Cost of Non-cooperation in Transport in the SAARC Subregion
- Measuring the Cost of Non-Cooperation in SAARC

Without limiting the scope of possible subjects, the following are highly relevant to the SAARC agenda:

- Analysis of the impact of SAFTA since 2006, including methodologies for determining trade creation/diversion and labor impact
- The global economic and financial crisis and the impact on trade relations in South Asia
- The trade/investment/technology nexus and SAARC gaps in supporting the nexus

New research proposals under this topic will be submitted by mid June, 2009 and the selected proposals for support under the Project will be announced by the end of June. Completion of new research studies under this topic is expected by January 2010.

Human Dimension of Regional Cooperation

Studies currently in progress relevant to this topic include the following:

- Regional Consultative Process on Labor Migration from South Asia
- Food Security in South Asia: Strategies and Programs for Regional Collaboration

Research proposals for the second set of studies relevant to this topic have so far included the following:

- A Special Development Fund for the Least Developed Countries of South Asia.

Without limiting the scope of possible subjects, the following are highly relevant to the SAARC agenda:

- Survey analysis of public opinion about regional cooperation/integration in South Asia
- Labor force characteristics in South Asia and opportunities for cross-border production chains based on these characteristics
- Labor force winners and losers from regional cooperation/integration

New research proposals under this topic will be submitted by mid June, 2009 and the selected proposals for support under the Project will be announced by the end of June. Completion of new research studies under this topic is expected by January 2010.

Economic and Social Impact of the Financial Crisis

This third topic has been added in consideration of the impact of the Global Financial Crisis on South Asia, as well as the relevance of appropriate policy responses across the region and at a sector level. A well coordinated regional approach is desirable, both in terms of the regional and global interest.¹ The focus of the third topic will be optimal regional responses or regionally-coordinated national actions that, adopted jointly, would help maintain trade openness and avoid negative spillover effects. As an example, a study on safety net coverage through an income support program across countries in South Asia has been proposed.

So as to ensure timeliness of studies under this topic, the Steering Committee has determined the selection and completion process for them should be fast-tracked. Accordingly, the Project Steering Committee will meet in late June 2009 to review the proposals. It is expected that research studies under this topic should be completed by mid September, 2009.

¹ See SAARC Ministerial Statement on Global Economic Crisis on 29 February 2009.