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REPORT

**BANGLADESH, BHUTAN, INDIA AND NEPAL
ENABLING A POLITICAL ECONOMY DISCOURSE FOR MULTI-MODAL CONNECTIVITY**

Project Inception and Project Advisory Committee cum
Partners' Webinars

July, 2020

Executive Summary

It is frequently a most reiterated fact that South Asia is one of the least integrated and the least connected regions in the world. However, of late, political will for infrastructure and regulatory coherence for seamless connectivity, across standalone as well as inter-operable infrastructural nodes, is particularly anchored through the Bangladesh, Bhutan, India and Nepal (BBIN) group of countries.

A seamlessly connected BBIN sub-region is getting more and more important for greater intra and inter-regional connectivity in South Asia and with Southeast Asia, respectively. However, supporting connectivity efforts of multi-modal dimensions in the sub-region will require clear understanding of ground level challenges to physical and digital infrastructure, policy and regulatory coherence.

In this connection and with support from the United Kingdom's Department for International Development under its Asia Regional Trade and Connectivity Programme and in partnership with Unnayan Shamannay, Bangladesh, Bhutan Media and Communications Institute and Nepal Economic Forum, CUTS International together with its partners is implementing the '**Bangladesh, Bhutan, India and Nepal: Enabling a Political Economy Discourse for Multi-Modal Connectivity**' (BBIN M-Connect or the M-Connect) project over this and the next year.

The Asian Development Bank is a knowledge partner as this project will complement the work of its Transport Division in the South Asia Sub-regional Economic Cooperation (SASEC) region. The project will also seek to receive regular technical advice from the South Asia Department, Japan International Cooperation Agency, as its 'Observer.'

With this, the project has been formally launched with a series of three 'Project Inception' and one 'Project Advisory Committee cum Partners' webinars in July, 2020. More than 400 participants within and outside of the BBIN Sub-region took active part in these Webinars.

The overall objective of the Project Inception Webinars was to:

- Understand comparative conditions and factors responsible for successful regional, sub-regional, bilateral intermodal and multi-modal connectivity initiatives in Central Asian and Southeast Asian countries
- Discuss how multi-modal connectivity could help BBIN countries address the pandemic-exposed supply chain deficiencies and in future insulate them from a resultant economic crisis
- Gauge the imperative for BBIN countries to consider multi-modal connectivity as a development necessity, particularly for the revival of jobs and livelihood opportunities

Based on the above, the following sections provide key inputs as well as takeaways.

I. Enabling a Political Economy Discourse for Multi-Modal Connectivity

*This was the Inaugural Webinar of a series of three Project Inception Webinars and was organised on July 7th, 2020. The series began with the Welcome Address by **Pradeep S. Mehta**, Secretary General, CUTS International. Speakers of the Inaugural Webinar included **Duncan Overfield** (Deputy Head, Department for International Development, Asia Regional), **Kuancheng Huang** (Senior Transport Specialist, Asian Development Bank) and **Bipul Chatterjee** (Executive Director, CUTS International). It was attended by more than 150 participants who took part from different parts of the sub-region and beyond.*

Summary

- The panel emphasised that multi-modal connectivity should be a key development necessity for Eastern South Asian countries of Bangladesh, Bhutan, India and Nepal (BBIN) to come out of Covid-19 induced economic vulnerabilities. It underscored its criticality as a response to Covid-19 induced supply-side shocks which can fast spill over to the demand side, resulting in large-scale unemployment and associated developmental challenges.
- BBIN countries are particularly vulnerable as they are yet to experience the peak of the pandemic. The need of the hour is large-scale job creation and infrastructure is one such sector where much more focus is thus required. The panel up-fronted that, irrespective of legitimate concerns regarding the protocols for the regulations of the movement of passenger, personal and cargo vehicles, the signing of the BBIN Motor Vehicles Agreement in 2015 has been instrumental in shaping consensus for creating an enabling environment for seamless connectivity.
- Fortunately, there is sufficient trust and understanding to build consensus over the diversified political opinions among the BBIN countries. It was noted that the project is timely and relevant because its agenda can help address broader issues of poverty, growth and stability. The panel opined that in the post-Covid world, connectivity needs to be looked into from a more holistic point of view rather than just physical infrastructure.
- It was recommended that bio-security measures should become integral to revive and expedite cross-border trade in the sub-region. The 'Safe Trade' initiatives by the United Kingdom can be looked into to balance the economic and health needs of grassroots stakeholders associated with the cross-border trade.

- The M-Connect project is complementary to the South Asia Subregional Economic Cooperation (SASEC) programme of the Asian Development Bank. It was pointed out in the context of incredible centrality of the BBIN countries as being well-positioned to provide a geographical interface between Southeast Asia, South Asia, Central Asia and West Asia with a potential to emerge as global value and supply chain hub for these regions and beyond.
- BBIN countries are pursuing increased usage of inland waterways. In the context of development of multi-modal logistics hubs such as in Jogighopa, there is a tremendous scope to maximise multi-modal connectivity possibilities. Chattogram and Mongla ports in Bangladesh have been used for moving goods in India and providing shipping routes as an alternative to long and congested land transport. Furthermore, it was noted that an early operationalisation of the BBIN MVA will be a game changer for the transport sector in the subregion.
- The panel noted that there has been an excellent growth of bilateral connectivity linkages between India and Bangladesh. India's thrust on infrastructure transformation across all nodes is gaining momentum as old waterways and railways linkages are being revived and new initiatives are being undertaken.
- It was also suggested that the project should look beyond BBIN, particularly in reference to India's Act East Policy and think of a 'BBIN plus regional paradigm' based on emerging Indo-Myanmar corridors of inter-regional connectivity.

Takeaways

- Trade diversion from 'congested overland crossing between India and Bangladesh such as Petrapole-Benapole to other infrastructure nodes as waterways and railways', is critical in catalysing favourable discourse for multi-modal connectivity. For that, there is a need to enable investment in reviving, for example, the dysfunctional railway routes between India and Bangladesh.
- The ground realities encompassing political economy factors need to be taken into account, particularly those related to possible job losses due to introduction of innovative measures such as off-border customs clearance. Also, measures to ensure women safety and decrease illegal trade need to be taken while promoting cross-border trade and transit.

II. Comparative Learnings for Multi-Modal Connectivity

*This was the Second Webinar and was organised on July 14th, 2020. Speakers of the Webinar included **Bipul Chatterjee** (Executive Director, CUTS International), **Tariq Karim** (Former High Commissioner of Bangladesh to India and Former Advisor to the World Bank for Regional Integration, South Asia Region), **Kuancheng Huang** (Senior Transport Specialist, Asian Development Bank), **Mustafizur Rahman** (Distinguished fellow, Centre for Policy Dialogue, Bangladesh), **Sreeradha Datta** (Centre Head, Neighbourhood Studies and Senior Fellow, Vivekananda International Foundation), **Yubak Dangol** (Director, Nepal Intermodal Transport Development Board), **Julian Michael Bevis** (Senior Director, Group Relations, South Asia, A.P. Moller Maersk) and **Constantino Xavier** (Fellow, Foreign Policy, Brookings India). It was attended by more than 100 participants who took part from different parts of the sub-region and beyond.*

Summary

- The panel discussed the need to re-discover and re-orient the infrastructure landscape, and go back to the pre as well as British-era roots to revive the old notions about the sub-region being water-linked with contiguous linkages with roadways and railways. Revival of the waterways are of particular importance as they are the most economic and environment-friendly mode for improving connectivity in the BBIN sub-region.
- In order to shape a seamless, yet resilient, transport infrastructure connectivity, particularly in a post-Covid world, the BBIN countries need to cross-fertilise useful learnings from contiguous Southeast Asian countries to their east and extended Central Asian countries to the west.
- There exist opportunities such as multi-modal routes connecting port gateways with land-locked Bhutan, Nepal and India's northeast region, improving maritime connectivity, developing multi-country tourism circuits, among others. Covid-19 has also increased opportunities to leverage digital technology under the "New Normal."
- The development of transport and logistics projects will require efforts that reflect the changing environment, increase private sector participation, patience and persistence, more time and effort and more intensive policy dialogue with consistent follow-up for policy and regulatory reforms, as well as building mutually acceptable cost and benefit-sharing mechanisms.

- The panel noted that for improving transport connectivity, a significant amount of institutional coordination is required in terms of developing intermodal transport protocols as well as embrace the path towards practice and process standardisation. It was also noted that the changing Indo-Bangladesh infrastructure linkages have tremendous potential to transform Nepal, Bhutan and Northeast India from “land-locked” to “land-linked” countries.
- The panel expressed that, at the sub-regional level, there is a need for ideas and perspectives that can simplify the quagmire of technicalities and regulations to enable larger dividends of seamless connectivity.

Takeaways

- It was discussed that a number of initiatives, including in the BBIN sub-region, can help in fostering multimodal connectivity at the sub-regional level and more opportunities can be identified with time and support of the partners. Towards this aim, the project should aim to highlight a lot of ground-level challenges by deepening the grassroots-level approach which would help indicate the full potential of the BBIN countries.
- The ground realities encompassing political economy factors need to be taken into account. While the governments have decided to implement projects, the ground reality has not complemented the process. There needs to be enough study on the grassroots-level before starting a process of taking forward the project.
- Well-sequencing of things, ‘what after what’ is also very important for a sense of clarity. Also, there is a significant gap in the discourse between the top-level policy-making and the grassroots, which is needed to be bridged in a language understandable by the common people.
- The panel discussed that, it is essential to understand the value of less than full reciprocity. Peace, stability, security and prosperity to the people of this sub-region need to be thought of as significant outcomes of these initiatives. A major portion of issues can be resolved if there is a mechanism in place for greater understanding of regulatory issues for border crossing.
- To enable seamless flows of trade, investment, logistics and people, transforming transport corridors into economic corridors, is essential. It will require a lot of coordination and sequencing to build trust and momentum for institutions that help create enabling mechanisms, including with regard to dispute settlement. Furthermore, in a post-Covid scenario, facilitating innovative and alternative physical and digital infrastructure investment opportunities that are also environmentally and ecologically inclusive is an imperative.

III. Infrastructure and Development Needs for Multi-Modal Connectivity

*This was the final webinar and was organised on July 21st, 2020. Speakers of the webinar included **Bipul Chatterjee** (Executive Director, CUTS International), **Swarnim Wagle** (Chairman, Institute for Integrated Development Studies and Former Vice Chairman of the Planning Commission of Nepal), **Shohei Hara** (Director General, South Asia Department, Japan International Cooperation Agency), **Arun Roy** (Expert on River Engineering and IWT Operations), **Selima Ahmad** (Member of Parliament, Bangladesh, and President, Bangladesh Women Chamber of Commerce and Industry), **Shakti Sinha** (Director, Atal Bihari Vajpayee Institute of Policy Research and International Studies, MS University, Vadodara, India), **Rajeev Singh** (Director General, Indian Chamber of Commerce), **Sandeep Raj Jain** (Economic Affairs Officer, Transport Division, UNESCAP), **Ugyen Penjore** (Chief Editor, Kuensel Newspaper, Bhutan) and **Apekshya Shah** (Assistant Professor, Department of International Relations and Diplomacy, Tribhuvan University, Nepal). It was attended by more than 100 participants who took part from different parts of the sub-region and beyond.*

Summary

- The panel underlined three important points which emerged from previous two webinars. First is a realisation that connectivity comes before trade and there is a greater political will for establishing multimodal connectivity in the sub-region. Second is about the need of synergising as well as optimising the interoperability aspects of the number of infrastructure connectivity initiatives going on. Third, while the benefits of these developments are known, there is uncertainty about the political, environmental, social and economic costs.
- It was discussed that, in the aftermath of the Covid-19 pandemic, the emerging paradigms of trade and investment need to focus on normalising as well as further scaling up people-to-people linkages in a sustainable manner, while addressing quality and efficiency challenges.
- The panel insisted on bolstering shared infrastructure investments, financial cooperation and digitalisation efforts, including emboldening of soft power through more people-to-people ties. There is a need to focus more on clean and renewable energy, while managing the regional commons from Himalayan waters to regional eco-systems.
- There is a need for initiatives not just to normalise but maximise the positive impact of current and potential infrastructure to achieve sustainable growth and

development, raise economic efficiency in view of life-cycle cost, integrate environmental considerations in infrastructure investments, build resilience against natural disasters and other risks and build-in social considerations in infrastructure investments other than strengthening the overall infrastructure governance.

- The panel agreed that it is important to improve national and sub-national access as well as to maximise their linkages with the larger world in a cost-effective and environmental-friendly manner. It is also important to focus on micro-connectivity initiatives such as those by smaller boats between India and Bangladesh to boost public confidence. Furthermore, there is a need to optimise sub-regional linkages between operational waterways and industrial corridors.
- The panel agreed it is essential to adopt an incremental approach to figure out and address implementation challenges facing the sub-region. Other than improving project and process values, it is to be done amid varying political economy considerations of the countries involved.
- Connectivity is increasingly becoming one of the most important tools to reduce poverty and maintain stability in the sub-region. In doing so, there is a need to manage influencing interests who pose challenges to the grassroots needs and the larger political will.
- It is becoming crucial to get more digitalised and focus on addressing ground realities and prioritise, or even augment, the implementation of the projects which are long-promised but yet to be implemented.
- BBIN sub-regional initiative is a positive step towards greater concentration of economic development efforts, which will mutually benefit all the member countries. The entire process requires policy coordination at different levels, which is complicated but needs to be managed and these countries should focus on durable relations rather than opportunistic arrangements.

Takeaways

- Need to mainstream the G-20 Principles for Quality Infrastructure Investment as a fundamental response to address the development challenges and as a way to advance infrastructure connectivity, sustainably.
- The solution to address the real challenge lies in the extent to which the local stakeholders are consulted and engaged in the infrastructure development projects.

Taking all stakeholders at the ground-level on board and helping them connect to a larger picture is the need of the hour.

- Electronic systems with tracking capabilities can be developed to enable seamless transit of transport vehicles in the BBIN sub-region. Association of Southeast Asian Nations (ASEAN) is already developing one just as ASEAN Customs Transit System (ACTS). If there can be a similar system in BBIN, these two regions can be linked seamlessly by leveraging these enabling technologies.

IV. Project Advisory Committee cum Partners Meeting

*The meeting was organised to discuss the outcome of the three project inception webinars and seek key recommendations from the PAC and partners. It was conducted over a zoom call on July 30, 2020 and moderated by **Tariq Karim** (Former High Commissioner of Bangladesh and Adviser to the World Bank for Regional Integration, South Asia region). Discussants of the webinar included **Atiur Rahman** (Chairperson, Unnayan Shamannay, Bangladesh), **Pushpa Chhetri** (Director, Bhutan Media & Communications Institute) and **Sujeev Shakya** (Chairman, Nepal Economic Forum). It was followed by the suggestions of PAC members comprising more than 40 members.*

Summary

- There are three fundamental points which have been realised from the webinars. First, there is political realisation for better goods and connectivity. Second, a number of initiatives have been undertaken to promote connectivity by governmental and non-governmental organisations but these need to be synergised. Third, the welfare impact and ground reality need to be understood as part of these initiatives. The welfare impact needs to be maximised and the people who may suffer or are 'losers' due to the initiatives need to be taken care of.
- Agriculture and food processing would constitute a significant share of trade among the BBIN countries. Hence, bio security measures are of critical importance for ensuring safe transportation of goods.
- Road-based connectivity alone will not suffice considering the growing economic vibrancy of the sub-region. With proper nurturing, waterways connectivity can become a viable alternative. Water transportation combined with land transportation can become an even better alternative.
- Also, ecommerce requires strong support of logistics and supply chain. Furthermore, financial connectivity should also be integral to multi-modal connectivity.

Takeaways

- Prepare a compendium of all mobility and trade agreements in the BBIN, define the role of stakeholders, and connect with trade and business bodies.
- Need to analyse the impact of Covid-19 in the region to find common positions in areas, such as environment, e-commerce and tourism.

- Need to foster consensus about developing common protocols for Multimodal Transport Operators and a proper dispute settlement mechanism.
- Need to have a speedy bureaucratic mechanism and a gapless regulatory framework.
- Since Covid-19 has underscored the importance of digital connectivity that requires high technological infrastructure, there is a need to foster mutual trust and cooperation, both at political and at bureaucratic level, apart from substantial capital investment. Country-specific studies regarding the existing technological infrastructure were also suggested.

V. The Way Forward

Based on the above, the project is well-informed to employ and undertake corridor-specific assessments to identify barriers to sub-regional multi-modal transport potential. The project teams and partners will go beyond than just looking at the larger initiatives to decipher the depth of political will.

In doing so, besides assessing the status and scope for infrastructural and regulatory inter-operability, the teams will get on the ground to bring about economic, environment and social costs and benefits as well as those related with other influencing interests.

It would help make a case for alternative and innovative potential of contemporary infrastructure connectivity initiatives to maximise the welfare impact without aggravating the concerns. The project will also attempt to create corridor-specific trade profiles including for the communities involved to gauge the magnitude of welfare impact with regard to consumers, private sector as well as people on the ground.

VI. Enclosure (s) : Presentations:

- **Bipul Chatterjee**, Executive Director, CUTS International (for [Project Inception Webinar](#) and [PAC cum Parnters' webinars](#))
- [Kuancheng Huang, Senior Transport Specialist, Asian devleopment Bank](#)
- [Shohei Hara, Director General, South Asia Department, Japan International Cooperaiton Agency](#)
- [Arun Roy, Expert on River Engineering and IWT Operations](#)
