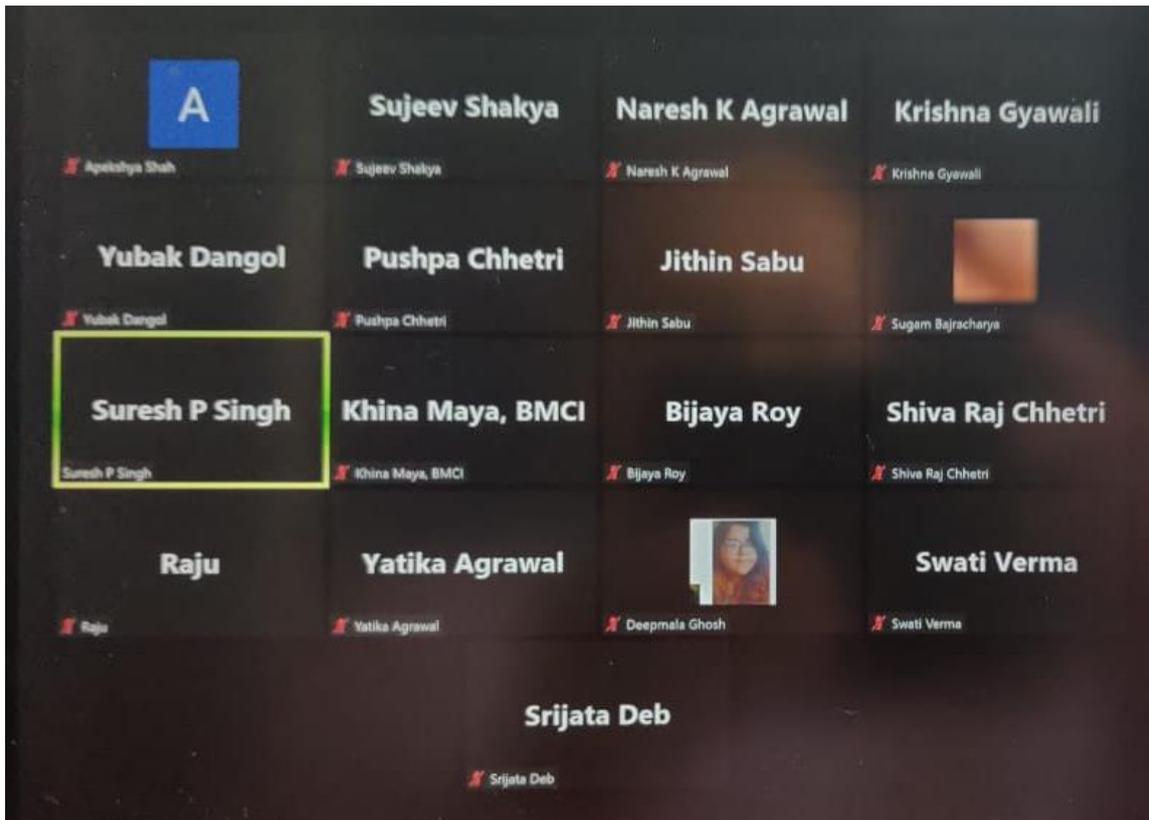


## Event Report

# Nepal National Reference Group Meeting

**Project: Enabling a Political Economy Discourse for Multimodal Connectivity  
in the BBIN Sub-region (M-Connect)**

September 07, 2021



**Organised by**



NEPAL  
ECONOMIC  
FORUM

**Partnership with**



Unnayan Shamannay



BMC  
Bhutan Media & Communications Institute



**With the support of**



UKaid  
Foreign, Commonwealth  
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Asian Development Bank

## Background

The Bangladesh, Bhutan, India and Nepal Motor Vehicles Agreement (BBIN MVA) was signed in 2015 to promote sub-regional connectivity and trade by enabling seamless movement of passenger and cargo vehicles across BBIN. The Agreement is aimed at bringing four countries closer along with aiding the trade and economic integration of the BBIN sub-region. However, while the protocols for its implementation have been drafted, it is yet to be implemented. With transport connectivity and trade being considered critical for inclusive development of the sub-region, particularly in its post-pandemic recovery efforts, the facilitation of early implementation of this Agreement is crucial.

Nepal Economic Forum (NEF) in partnership with CUTS International, India, Unnayan Shamannay, Bangladesh and Bhutan Media and Communications Institute, with support from the Foreign, Commonwealth and Development Office (FCDO), UK and facilitation from the Asian Development Bank (ADB), was engaged in a study titled “Enabling a Political Economy Discourse for Multi-modal Connectivity in the BBIN Sub-region”. The study aimed to create an enabling environment for a political economy discourse on multi-modal connectivity through roadways, railways, and waterways in the BBIN sub-region and generate evidence and create knowledge for better political and social tractions at the ground level for fostering multi-modal connectivity in the sub-region.

In this regard, Nepal’s National Reference Group (NRG) Meeting was organised by NEF to update the stakeholders of multi-modal connectivity on the progress of the project, outputs produced, and to gather feedback, inputs and recommendations from them on effective dissemination of findings among the concerned stakeholders, particularly policymaking bodies at the national and sub-national levels, private sector bodies, and civil society organisations. Representatives of multi-lateral bodies, think tanks, customs agencies, business associations and government agencies were present in the NRG meeting.

Open discussion: Key points from the discussion-

- Political will and intent are necessary for the successful implementation of the BBIN MV
- Building pressure on political authorities required to ensure political ownership, commitment, and support
- Reviewing and updating of existing laws and policies necessary
- The waste management component should be incorporated into the study
- Alternatives to the ECTS, such as the RFID, should be looked into to reduce logistics costs
- The Rohanpur-Singhabad-Biratnagar corridor should be studied for railway connectivity between Nepal and Bangladesh
- The drafting of laws regarding multi-modal connectivity at the local/provincial level should be pushed

- Establishment of a BBIN office in all four countries to speed up implementation recommended

## Introduction

In association with CUTS International, Nepal Economic Forum organised the Nepal National Reference Group Meeting on “Enabling a Political Economy Discourse for Multi-modal Connectivity in the BBIN Sub-region” virtually on September 07, 2021. The meeting was chaired and moderated by Sujeev Shakya, Chairperson of the Nepal Economic Forum.

The Nepal NRG meeting was attended by stakeholders from different private sector organisations and business associations such as the Nepal Freight Forwarders Association and the Nepal Chamber of Commerce and Customs Agents Association. Representatives from relevant government agencies like the Nepal Intermodal Transport Development Board and the Railway Department were also present. Similarly, the meeting was also attended by representatives from partner organisations, including CUTS International, India, Unnayan Shamannay, Bangladesh and Bhutan Media and Communications Institute.

Yubak Dangol, Director of Nepal Intermodal Transport Development Board; Kailash Kumar Bajimaya, CEO of Nepal Chamber of Commerce; Naresh Agarwal, Vice President of Nepal Freight Forwarders Association; Pushpa Chhetri, Director of Bhutan Media and Communications Institute; Krishna Gyawali, Former Secretary of the Government of Nepal; Apekshya Shah, Assistant Professor at Department of International Relations and Diplomacy, Tribhuvan University, and senior fellow at Nepal Economic Forum; Suresh P. Singh, a fellow at CUTS International and Raju Tuladhar, Project coordinator on behalf of Nepal Economic Forum actively participated in the discussion.

## Welcome Remarks



**Sujeev Shakya**, Chairperson of Nepal Economic Forum, started the meeting by welcoming all the participants and representatives. He briefly introduced Nepal Economic Forum, talking about how the organisation had been involved in the BBIN studies for the past six years. Shakya mentioned how connectivity is core to improving trade and accelerating economic growth, especially for Nepal.

## Overview of the Project

**Suresh P. Singh**, *Fellow, CUTS International*

Suresh P. Singh started by mentioning how far behind the BBIN sub-region was in terms of integration compared to the world standard or the standards of other regional groups. Since all

four countries in the sub-region located within a distance of 150 Kms, the countries must identify corridors that can help improve connectivity and trade. He went on to say that high logistics costs posed severe challenges to the region's trade integration and connectivity.



The objective of this project was to understand and map the connectivity requirements of BBIN to build proper integration and economic relationships while reducing logistic costs. It would positively impact gross domestic product (GDP) and improve the economy and the lives of the people in the trade corridors. Singh further mentioned that presentation of the findings from field surveys and research works in the National Reference Group meetings might prove helpful in making recommendations to all the countries regarding the necessary interventions.

## Keynote Presentation

**Sujeev Shakya**, *Chairperson, Nepal Economic Forum.*



Presenting the key findings and critical observations of the study, Shakya provided an overview of the activities undertaken to conduct the research, followed by the overall objectives of the study. Getting into the major findings of the study, he shared the present scenario of the policy, practice, and institutional framework, which included the initiatives furthered by Nepal so far for the BBIN connectivity, Nepal's efforts towards moving to a paperless trade, and efforts towards moving to low pollutants. He presented the issues and challenges of the logistics and transport infrastructure in Nepal's trade corridors and the key infrastructural developments required for efficient multi-modal connectivity. Likewise, speaking about stakeholder engagement and perspectives, Shakya mentioned how stakeholders saw the BBIN initiative as a possible threat to their job opportunities and how they also voiced their concerns regarding the preferential treatment towards Indian laborers and trucks over Nepali ones. Talking about skill development and capacity building requirements, he mentioned how vocational training to increase participation of youth and women in cross-border trade and trainings for handling procedures and new technologies were needed.

Similarly, he stated how incentives and interventions to increase coordination and collaboration between various private sector stakeholders and government agencies were crucial for the BBIN initiative to move ahead. Furthermore, lack of awareness and dissemination of information on the issues and developments in the ICDs and ICPs also hindered progress in the initiative. He stressed the role of big media houses and online portals to spread awareness.

Speaking about building political and economic consensus for the initiative, Shakya mentioned how the lack of common threats in the sub-region, disproportionateness in power, perceptions around unbalanced gains, limited integration of value chains, asymmetry in regulations,

presence of vested interest groups, and political conflicts could be considered as some of the key challenges. Similarly, he highlighted the opportunities arising from political and economic consensus, such as integration of value chains, sustainable trade, consumer welfare and financial or technical assistance from development partners.

Lastly, to ensure consensus, Shakya highlighted the need to create awareness among all the stakeholders, technical and capacity-building support, the need to use technology, and improved coordination among private and government stakeholders working towards formalisation of trade and enhancement of connectivity. Moreover, the need for a BBIN dispute settlement mechanism and the establishment of BBIN research institutes in each of the countries was also highlighted.

## Open Discussion

**Yubak Dangol**, *Director, Nepal Intermodal Transport Development Board.*



Yubak Dangol appreciated the study's recommendations regarding the infrastructural requirements in the ICDs and the ICPs. He mentioned that the NITDB was also planning on similar infrastructural developments in the areas. He mentioned that the ICD in Kathmandu would come into operation in a few months as construction had been completed and the board was coordinating to install customs and quarantine facilities. Similarly, he stated that the land between the ICD and ICP in Birgunj had been acquired by the government, which the board plans to use to handle dusty cargo. The Department of Customs has also been carrying out studies for installing vehicle screening machines in the ICDs. As per Dangol, the NITDB is also carrying out studies for the management and treatment of solid waste in all the ICDs and ICPs. Furthermore, implementation of health and safety measures in all ICDs and ICPs, such as providing workers with jackets and helmets, is also underway.

**Naresh Agrawal**, *Vice President, Nepal Freight Forwarders Association.*

Naresh Agrawal stressed that the BBIN MVA depended on political will and relations among the countries. He mentioned that Nepal hardly has any business relationship with Bhutan or Bangladesh despite the BBIN MVA. Nepal is in the process of formulating a logistics policy, so Agrawal hopes that the policy also addresses BBIN issues. The policy must include mechanisms on how Nepal would address multi-modal connectivity issues in the region and the various service agreements between the countries regarding the movement of all types of containers and the participation of private operators. He also suggested that Nepal look into railway connectivity with Bangladesh connecting the Rohanpur- Singhabad corridor through Biratnagar since the Biratnagar ICD and ICP are soon connected by railway.



Likewise, he acknowledged the importance of technology in implementing the BBIN MVA but stressed that the cost of logistics does not increase. He expressed concerns over how although the Electronic Cargo Tracking System (ECTS) was already in use from the Kolkata and Vishakhapatnam ports to Nepal, it had not been reviewed at all. The implementation of the ECTS in the India-Nepal route increased the cost of logistics. Therefore, Agrawal stressed that cheaper alternatives for the ECTS that serve the same purpose, such as the Radio Frequency Identification (RFID) should be looked into.

Agrawal also stated that it was high time Nepal worked towards paperless trade. The Nepal National Single Window System has been implemented; however, several documents are still required to be physically submitted and stamped. Therefore, alternatives for physical stamps need to be used to operate the NNSW system in real-time. Lastly, he mentioned that awareness needed to be created among the countries and the stakeholders involved about how the BBIN MVA will benefit them. At the same time, to ensure that the BBIN MVA is implemented and the work is sped up, he suggested setting up BBIN offices in all four countries.

**Pushpa Chhetri**, *Director, Bhutan Media and Communications Institute*



Pushpa Chhetri raised concerns over how the study overlooked environmental concerns and waste management issues. As much as the project talks about increasing and easing trade, it failed to include issues regarding waste management. Therefore, she was curious about how the environment and waste management components could be incorporated into the study.

**Krishna Gyawali**, *Former Secretary, Government of Nepal.*

Krishna Gyawali highlighted the need to take the political economy considerations into account for the smooth implementation of the BBIN initiative. He believed that unless there is political ownership and commitment from the decision-making authorities, the bureaucracy, the private sector, or civil societies alone would not effectively take the initiative forward. Political ownership, commitment, and support are essential, so it is necessary to keep building pressure on the political authorities to get things done.



He mentioned how it was pitiful to know that the logistic situation in Nepal was abysmal in terms of trade. He hoped that the ministries in all the respective countries, especially Nepal, would develop robust roadmaps to push the BBIN agenda forward. Similarly, he mentioned how the inactivity of the South Asian Association for Regional Cooperation (SAARC) also limited the desired progress of the BBIN MVA.

**Apekshya Shah**, *Assistant Professor at Department of International Relations and Diplomacy, Tribhuvan University; Senior Fellow, Nepal Economic Forum*



Apekshya Shah pointed out how information sharing and awareness generation were going to be crucial as concerns regarding how each country would gain from the BBIN initiative were widespread. As per Shah, disseminating information in local languages could go a long way in clarifying the people the initiative would benefit. Besides focusing on the agreed requirements at the international level, she believed pushing local and provincial governments to draft laws regarding multi-modal connectivity would also be necessary. She also mentioned the importance of having a precise mechanism for dispute settlement, which would be one of the most crucial points to take forward. Besides that, she considers it important to identify individual countries' concerns to build consensus as the initiative moves forward.

**Suresh P Singh**, *Fellow, CUTS International*

Suresh P Singh stated that countries like Nepal and Bhutan have genuine concerns regarding implementing the BBIN initiative, whether regarding the loss of jobs or the number of vehicles that would move across the countries. Therefore, spreading awareness as to how this Agreement takes care of several of their concerns and benefits them is vital. All the concerns regarding the agreements and cooperation of the countries and how they would take care of people's concerns, especially regarding the environment, need to be highlighted. Also, he stressed how interventions need to be made from the government side to ensure that there is no environmental degradation because of the BBIN MVA.



**Raju Tuladhar**, *Project Coordinator, Nepal Economic Forum.*



Raju Tuladhar highlighted that although the BBIN agreement had been signed five years ago, the modalities of the protocols were still being discussed. Some policies have been drafted, and the ECTS had also been implemented years ago. However, there are still no mechanisms to review these systems and check whether they are really feasible or only increase costs. He mentioned how Nepal had a multi-modal transportation act since 2006. Still, it has not looked back to see how the Act is being implemented or if it is even feasible in the present context with digitisation taking over. The government has been working on developing infrastructures. However, by the time these infrastructures are completed, the trade volume would have surged so high that these infrastructures would become inadequate to cater to the rise in trade volumes.

Tuladhar also mentioned that the awareness on the field regarding the BBIN initiative was deficient, as truckers, laborers, and other stakeholders had only heard about what BBIN is. Nevertheless, the whole perception about BBIN was that it is being led by India and has many

vested interests for India. They do not understand the benefit of the whole Agreement. Therefore, he believes that a lot of awareness generation is required.

### **Vote of Thanks**

Shakya wrapped up the meeting by giving the concluding remarks and expressing his gratitude towards all the participants and discussants for providing their valuable inputs on the way forward. He summarised the points put forth by the NRG members stating how there were no alternatives to connectivity and that both the private sector and the government would need to forge partnerships to remove the impediments.



In conclusion, Shakya highlighted that while political will and intent from the top level are essential, disseminating information and generating awareness on the ground are equally crucial, and that is where the focus would be in the coming days.