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FACILITATING REGIONAL CONNECTIVITY IN SOUTH ASIA

INDO-PACIFIC ECONOMIC CORRIDOR FINAL REPORT



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FACILITATING REGIONAL CONNECTIVITY IN SOUTH ASIA

INDO-PACIFIC ECONOMIC CORRIDOR FINAL REPORT

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Cover photo: A Bangladeshi official participates in a discussion at the IPEC Conformity Assessment Workshop in New Delhi, India, in May 2017. (Credit: AMEG IPEC)

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ACRONYMS

ACTI	USAID ASEAN Connectivity through Trade and Investment program
ADB	Asian Development Bank
AMEG	Asia and Middle East Economic Growth Best Practices project
ASEAN	Association of Southeast Asian Nations
BAB	Bangladesh Accreditation Bureau
BBIN MVA	Bangladesh-Bhutan-India-Nepal Motor Vehicle Agreement
BIMSTEC	Bay of Bengal Initiative for Multi-Sectorial Technical and Economic Cooperation
BTFA	USAID/Bangladesh Trade Facilitation Activity
BUILD	Business Initiative Leading Development of Bangladesh
CCU	Kolkata's (India) airport
CII	Confederation of Indian Industry
CUTS	Consumer Unity & Trust Society
DAC	Dhaka's (Bangladesh) airport
DFID	U.K. Department for International Development
FSSAI	Food Safety and Standards Authority of India
IPEC	Indo-Pacific Economic Corridor
MARCA	Multilateral Arrangements for Recognition of Conformity Assessment
NSW	national single window
NTBs	non-tariff barriers
NTMs	non-tariff measures
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asia Free Trade Agreement
SANEM	South Asian Network on Economic Modeling
SARSO	South Asian Regional Standards Organization
SASEC	South Asia Sub-regional Economic Cooperation
SCCI	SAARC Chamber of Commerce and Industry
SMEs	small to medium enterprises
SPS	sanitary and phytosanitary
TBT	technical barriers to trade
WTO	World Trade Organization

EXECUTIVE SUMMARY

South Asia possesses one of the world's most dynamic regional economies. Buoyed by India, the region enjoyed 7 percent economic growth in 2015 and has the fastest-growing economy in the world. As the region's economy grows, innovative startups and a burgeoning middle-class are providing new market opportunities for U.S. companies, while generating new jobs and elevating incomes. These general trends elicit optimism, yet hundreds of millions of South Asians remain in poverty; according to the World Bank, more than 200 million live in slums. Efforts to reduce poverty in South Asia are compounded by the fact that the region — which comprises the eight members of the South Asian Association for Regional Economic Cooperation (SAARC) — has the lowest proportion of intraregional trade of any regional trade bloc in the world. This lack of regional integration inhibits the development of regional supply chains and holds back growth, particularly outside India. There are many non-tariff barriers (NTBs) to regional integration, but public and private sector leaders are committed to promoting integration even if existing SAARC institutions are unable to do so. The creation of the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement is a result of such commitment.

In this context, the U.S. Agency for International Development (USAID) and the U.S. State Department launched a two year, \$1.86 million activity as part of the broader Indo-Pacific Economic Corridor (IPEC) initiative. Implemented by the USAID Asia and Middle East Economic Growth Best Practices (AMEG) project, IPEC partnered with leading private sector organizations across South Asia — such as the Confederation of Indian Industry (CII) and the Business Initiative Leading Development in Bangladesh (BUILD) — to promote increased trade, investment, and private sector engagement within South Asia and between South and Southeast Asia. USAID, the State Department, and AMEG worked together to implement IPEC in three phases, beginning in 2015 and ending in September 2017.

“The region is home to almost 1.7 billion people and the economies of South Asia collectively generate \$2.6 trillion in annual GDP. While that number sounds impressive, we know that it should and that it can be much, much higher.”

— ATUL KESHAP,
U.S. AMBASSADOR TO
SRI LANKA AND MALDIVES

Phases I and II. In Phase I, IPEC conducted a coordinated analysis with the State Department, USAID, the Office of the United States Trade Representative, and the Department of Commerce. The analysis aimed to glean understanding of ongoing initiatives, review previously conducted research, and develop the foundation for IPEC programming. Conducted remotely from the United States, the analysis considered various ways that the U.S. government can play a more influential role in fostering regional trade integration in South and Southeast Asia. In Phase II, AMEG conducted an in-depth field assessment to confirm Phase I findings, prioritize NTBs, and identify opportunities for the IPEC initiative to enhance efforts to promote intraregional trade in South Asia. USAID, the State Department, and AMEG engaged host-government counterparts, international financial institutions, donors, regional trade organizations, and the private sector to develop a prioritized action plan for addressing key NTBs that the U.S. government has a comparative advantage in helping to address.

Phase III. Through Phase III, IPEC partnered with private sector organizations in South Asia (see text box) to jointly design and implement a series of activities to tackle the priority NTBs identified in Phases I and II. Specific activities evolved over the course of Phase III and were directed by some opportunities unforeseen in Phases I and II. The first of seven Phase III activities started in August 2016:

CHANGE BEGINS WITH THE PRIVATE SECTOR

A key to IPEC's success was leveraging a small group of passionate South Asian private sector organizations, placing them in leadership roles to identify opportunities and aid in IPEC implementation. Not only do these organizations understand the real challenges facing the business community, they are also committed to facilitating change in the long run.

- *National trade portal and single window forum, August 2016.* With the ratification of the World Trade Organization (WTO) Trade Facilitation Agreement, developing countries across the world are looking to develop or enhance national single windows (NSWs) to facilitate trade. To support South Asian nations in this effort, IPEC organized a regional forum that brought together stakeholders from Bangladesh, India, Nepal, and Sri Lanka to learn from their peers and explore possibilities for creating a regional single window. The forum shared best practices and lessons learned, particularly leveraging the recent experience of Southeast Asia in developing NSWs that integrate into a regional ASEAN (Association of Southeast Asian Nations) single window.
- *Bangladesh non-tariff barrier action planning workshop, December 2016.* At the recommendation of the IPEC Phase II assessment team, AMEG organized a one and a half day National NTB Action Planning workshop in December 2016 in Dhaka, Bangladesh. AMEG jointly organized the workshop with BUILD, a Bangladeshi organization that advocates trade and business environment reform. More than 60 workshop participants prioritized NTBs, identified concrete actions for addressing those NTBs, and shared other key lessons with the IPEC team that shaped the design and implementation of IPEC activities carried out in 2017.
- *Expanding options for express courier shipments, February-August 2017.* In close collaboration with CII and BUILD, IPEC designed a pilot that would demonstrate the viability and impact of expanding the availability of express courier shipments, currently restricted to the airports, to the Benapole-Petrapole land port between India and Bangladesh. IPEC conducted economic research about the potential impact of the pilot and facilitated the creation of a task force to oversee the pilot's implementation. At a task force workshop in August 2017, Bangladeshi and Indian government leaders reacted favorably to the proposed pilot, which DHL hopes to implement before the end of 2017, pending official government approval.
- *Bangladesh-India conformity assessment dialogue, May 2017.* Throughout Phases I and II, private sector leaders, government officials, and donors continuously pointed to conformity assessment challenges as one of the most pressing barriers to South Asia's regional integration. AMEG and CII worked together, along with BUILD, to organize a two day workshop with private and public sector leaders from five priority sectors in Bangladesh and India. The workshop was held in Delhi, India, and had the following aims: 1) discuss the legislative, implementation, and capacity gaps related to conformity assessment challenges preventing increased trade flows; and 2) conduct training of trainers to help private and public sector leaders better understand existing standards and conformity assessment policies.

- *Sri Lanka workshop on national single window best practices with lessons from Southeast Asia, August 2017.* Building on the NSW and national trade portal forum held in 2016, IPEC organized a second, more focused workshop for the Sri Lanka Trade Facilitation Committee, which includes representatives from 12 government agencies involved in trade facilitation and seven private sector representatives. AMEG held the Sri Lanka Workshop on NSW Best Practices with the help of speakers and facilitators from the USAID ASEAN Connectivity through Trade and Investment (ACTI) program; the World Bank; and the governments of Cambodia, Indonesia, Malaysia, and the Philippines.
- *Pilot for Bangladesh/India (Tripura) advocacy dialogue to reduce NTBs, August 2017.* Through this activity, AMEG partnered with CUTS International to facilitate targeted public-private dialogue in both Bangladesh and India to identify and reduce or eliminate specific NTBs inhibiting greater trade of four agricultural commodities between Bangladesh and the northeastern Indian state of Tripura: potato, green chili, tomato, and brinjal (aubergine). The NTB Action Plan resulting from this activity proposes solutions, actors, and timelines for implementation of actions for improving trade of these four commodities.
- *Business needs assessments, Dhaka Airport and Benapole-Petrapole land port, July-August 2017.* To support efforts to remove NTBs, AMEG worked with a local Bangladeshi organization, the South Asian Network for Economic Modeling (SANEM), to identify trader needs at three areas of operation: Courier Section Dhaka Custom House in Bangladesh, Benapole Custom House in Bangladesh, and Petrapole Custom House in India. The assessments identified trader needs and provided private sector input on key priorities at these border posts. Findings included the need for adjustments to operating hours, enhanced use of risk management, and investments in modern technology.

Opportunities moving forward. Over 12 months, IPEC Phase III implementation laid the groundwork for future U.S. government assistance to promote regional connectivity in South Asia and open markets for U.S. businesses to benefit from this fast-growing, dynamic region. Among several recommendations for future U.S. government assistance to South Asia regional integration is the creation of a private sector-led “Borderless Alliance” — a successful model used by USAID in West Africa that the IPEC team customized to the South Asian context. Rather than create another broad regional institution, AMEG recommends that the South Asia Borderless Alliance be a lean, opportunistic mechanism for: 1) identifying priorities having a high probability of being changed; and 2) mobilizing task forces that focus on concrete NTBs and develop time-bound plans for addressing them, and then implementing those plans until change is realized. Other ideas for U.S. government assistance, such as risk management technical assistance for Sri Lanka Customs, are outlined in Section 5 of this report. The IPEC team is grateful for the opportunity to partner with USAID and the State Department in this important endeavor. The momentum built by IPEC can be harnessed to eliminate NTBs, strengthen U.S.-South Asia ties, and alleviate poverty across the region.

INTRODUCTION

A. UNITED STATES VISION OF AN INDO-PACIFIC ECONOMIC CORRIDOR

The economic future of the United States is inextricably linked to South and Southeast Asia. In 2014, the United States exported more than \$100 billion in goods and services to South and Southeast Asia, and about 7 percent of U.S. imports come from these two regions.¹ The United States is committed to increasing its economic relationship with South and Southeast Asia and ensuring that the benefits are broadly shared among the regions. This shared prosperity depends on sustainable inclusive growth, which cannot happen without increased trade, investment, and integration throughout the regions.

The United States envisions an Indo-Pacific Economic Corridor (IPEC) that bridges South and Southeast Asia to promote regional stability and economic prosperity. As part of the IPEC vision, the U.S. government implemented a series of activities to foster greater regional economic connectivity in Asia. USAID, in collaboration with the U.S. State Department — which funded this activity with its centrally managed funds for advancing regional cooperation in South Asia — implemented a two year, \$1.86 million activity with four main objectives:

- Foster economic growth and regional trade in South Asia
- Increase private sector competitiveness in the region by enhancing the business environment
- Engage the private sector on economic issues, particularly regional trade, in South Asia and trade between South and Southeast Asia
- Encourage stronger economic integration between South and Southeast Asia, engaging with regional institutions and international financial institutions as appropriate

The overall IPEC vision includes improved physical infrastructure, strengthened energy markets, trade integration, and increased people-to-people ties. This final report focuses solely on one component of the broader IPEC initiative — economic integration through trade, investment, and private sector engagement. USAID engaged Asia and Middle East Economic Growth Best Practices (AMEG), a regional program based in Washington, D.C., as the lead implementing partner for the trade integration support of IPEC.

B. ORGANIZATION OF THIS REPORT

To present AMEG's contributions to the broader IPEC initiative, the report summarizes the implementation of IPEC over three phases. Phases I and II are consolidated into Section 2, given that both phases constituted the assessment portion of the initiative. Section 3 summarizes the activities implemented under Phase III, as well as some activities attempted but not implemented due to factors outside the control of USAID and AMEG. Section 4 identifies lessons learned and best practices based on AMEG's experience. Lastly, Section 5 makes recommendations for USAID, the State Department, and any other institutions

¹ <http://www.trademap.org/>

seeking to promote South Asia regional trade integration. It includes specific opportunities for additional assistance, building on momentum generated over the course of this two year initiative.

C. IPEC TEAM AND ACKNOWLEDGEMENTS

There are many people to thank for their contributions and inputs to the implementation of IPEC. Given that Phase I and Phase II staff are acknowledged in those respective reports, we would like to note the team members who led the technical and operational implementation of Phase III activities: Blerta Picari, Heather Tomlins, Isaiah Oliver, Kaitlyn Bacca, and Stephen Wade. We would also like to thank our private sector partners in South Asia, namely Ferdaus Ara Begaum of the Business Initiative Leading Development (BUILD) in Bangladesh and Pranav Kumar of the Confederation of Indian Industry (CII). Finally, we must thank our many USAID, State Department, and other U.S. government colleagues for their valuable input and support during all the phases of IPEC. In particular, we thank Lori Rakoczy from USAID's Asia Bureau and Heather Jacobsen from the State Department's Bureau of South and Central Asian Affairs for their guidance and support throughout the implementation of IPEC.

D. ABOUT AMEG

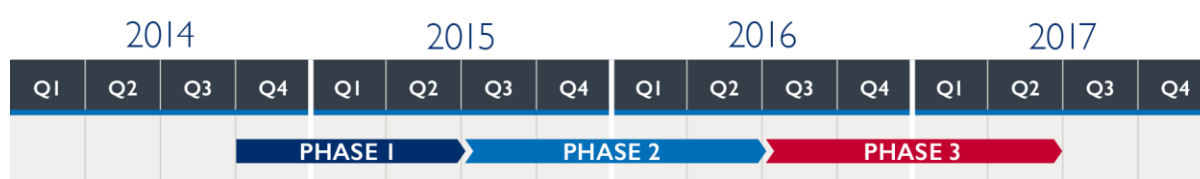
The AMEG project was designed to support USAID missions in developing effective, efficient economic growth programs that address technical and strategic challenges specific to countries in Asia and the Middle East where USAID operates. Through AMEG, USAID conducted rapid and strategic economic growth assessments, piloted innovative approaches in economic growth programming, and consolidated and disseminated best practices in economic growth projects from USAID implementation throughout the world. After five years of implementation, AMEG ended in September 2017.

SECTION 2

IPEC PHASES I AND II ASSESSMENTS

USAID engaged AMEG in late 2014 as the lead implementing partner for the trade, investment, and private sector engagement activities of IPEC. Under Phases I and II, AMEG conducted coordinated regional trade assessments with three primary objectives: identify ongoing work by the U.S. government and other donors, review existing data and research to identify regional trends and non-tariff barriers (NTBs) to trade, and design/prioritize potential U.S. government activities that remove or alleviate barriers to intraregional trade in South Asia and interregional trade between South and Southeast Asia. Phases I and II spanned from the beginning of 2015 to early 2016. Phase III began in mid-2016 and concluded in September 2017, as shown in Exhibit I.

EXHIBIT I. TIMELINE OF IPEC IMPLEMENTATION



A. PHASE I

AI. KEY FINDINGS

South Asia is among the least integrated regions in the world. It remains the least integrated regional bloc on the globe, with only 5.69 percent of exports from South Asian countries going to other countries in the region. The stakes for regional economic integration in South Asia are high and the prospects are bright, but significant challenges remain. Given the reduction in tariffs over the past two decades, expanding market access depends on trader compliance with regulatory measures — such as sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) — in the destination market. Furthermore, in an increasingly connected global economy, high trade and logistics costs resulting from NTBs reduce supply chain efficiency and the ability of South Asian countries to compete in regional and global supply chains. With the reduction in traditional trade costs, non-tariff measures (NTMs), including the lack of efficient trade facilitation and logistics, are often now the primary obstacles to increasing trade and realizing economic potential among South Asian countries.

PHASE I RESEARCH METHODS

Under Phase I, AMEG conducted an initial analysis of barriers to trade, challenges, and potential opportunities for the U.S. government to support enhanced trade across IPEC. To collect information, a research team reviewed existing literature and conducted extensive consultations with U.S. government officials, private industries, think tanks, donors, and other stakeholders.

A2. RECOMMENDATIONS

The Phase I assessment team identified several key interventions to promote regional connectivity in the Indo-Pacific region. In selecting these recommendations, the study considered impact, feasibility, U.S. comparative advantage, ability to address immediate and prohibitive gaps in trade integration, and cost and/or cost-sharing potential. The assessment team's five primary recommendations are listed below:

- *Incorporate an IPEC trade facilitation component into USAID and State Department activities.* For the short term, a South Asia trade focal point, either an individual or small group of individuals, at USAID to promote trade facilitation. Also for the short term, a South Asia trade facilitation component integrated into the Feed the Future initiative to support regional trade integration to agricultural markets in the region.
- *Enhance donor coordination on regional integration and trade activities.* At the time of the assessment, there were several donors actively working on issues of trade integration within IPEC countries and across the region. The U.S. government could partner with the World Bank Group to: 1) co-host dialogues with the World Bank's South Asia Regional Connectivity Unit on soft connectivity initiatives, with an initial focus on East India-Bangladesh connectivity; and 2) partner in a Doing Business initiative in South Asia to promote accountability. In addition, it was recommended that the U.S. government participate in the U.K. Department for International Development-led Coordination Working Group on South Asia Regional Connectivity, as well as co-host conferences on NTBs in IPEC countries with the International Finance Corporation, where specific deliverables could be agreed to by participating countries.
- *Focus on SPS/TBT harmonization and development of standards.* Existing research and stakeholder interviews indicate that SPS and TBT harmonization would have substantial impact on regional trade in South Asia. Indeed, this may be the most important NTB preventing regional trade integration. For the short term, the U.S. government could pursue opportunities to build the capacity of the recently created South Asian Association for Regional Cooperation's (SAARC's) Regional Standards Organization (SARSO). For the long term, the U.S. government could pursue a joint partnership with the Asian Development Bank's South Asia Sub-regional Economic Cooperation (SASEC) initiative on country-specific SPS/TBT initiatives.
- *Explore opportunities to provide capacity building to the Bay of Bengal Initiative for Multi-Sectorial Technical and Economic Cooperation (BIMSTEC).* BIMSTEC is the regional institution best situated to support interregional trade between South and Southeast Asia, given that it is a regional institution with country representatives on both sides of the Bay of Bengal. Yet the recently created BIMSTEC Secretariat has weak organizational capacity and has been ineffective thus far. The U.S. government should explore opportunities for capacity building and provide technical assistance, but only if BIMSTEC proves its ability to be an effective institution.
- *Launch a U.S. government-led "Borderless Alliance" among South and Southeast Asian countries.* Lack of accountability is a primary reason that South Asian nations have not adhered to and realized the benefits of regional trade agreements. The cause of this is complex but includes a lack of public-private dialogue and transparent information to

identify priorities. A potential flagship initiative, a U.S.-led Borderless Alliance, would improve public-private dialogue on trade issues, increase the quality and amount of data to hold governments accountable, and help promote an integrated Indo-Pacific Economic Corridor.

B. PHASE II

BI. KEY FINDINGS

Among the many NTBs in South Asia, standards are the most disruptive barrier to increasing trade among South Asian countries, along with para-tariffs, port restrictions, policy barriers, and trade facilitation.

Based on the literature review, stakeholder interviews, and World Bank data, many NTBs in South Asian countries regarding agriculture products consist of SPS and TBT measures. The most prevalent such measures, in terms of frequency, are product quality or performance requirements, testing requirements, labeling requirements, packaging requirements, conformity assessment, and certification requirements. The

second most frequent category of NTBs are under the purview of para-tariffs, such as surcharges, excise taxes, and charges assessed in addition to tariffs at the border and added directly to the costs of trade. Port restrictions are adopted mainly by India and discourage trade and affect small to medium enterprises (SMEs) disproportionately. Also, there are a range of other policy measures from export subsidies, import licensing requirements, and quota restrictions that deter regional trade. Finally, the assessment team's interviews revealed a lack of coherent trade information on regulations governing imports and exports (e.g., preregistration and licensing requirements for imports).

Other major obstacles to reducing transaction costs to regional trade include customs and border-related measures. South Asia is characterized by inefficient or weak customs procedures that increase clearance time, excessive paperwork requirements, a lack of standardized documents, and a lack of transparency in inspection and documentation requirements. Recent United Nations Regional Commission survey findings show that South Asia had the least progress in cross-border paperless trade, based on measures relating to exchange of information between countries and e-commerce. This finding was reflected in AMEG's discussions with customs officials and traders; although informal sharing of information occurs across border posts between customs actors, there is almost no formal exchange and no electronic data exchange. This is of particular concern for efforts to encourage intraregional trade in South Asia. Every national customs agency in South Asia is in the complex phase of transitioning from manual processing to automation. This transition often increases compliance and administration costs as traders and officials deal with both hard copies of documents and an electronic declaration. In addition, border agencies have historically not shared information with each other and resist automation.

The NTBs discussed above have the highest impact in terms of exports and investment, yet agriculture plays an important role in the South Asian economy and is a major employer. Agriculture employs 30, 47, and 74 percent, respectively, of workers in Sri Lanka,

PHASE II RESEARCH METHODS

AMEG conducted an in-depth field assessment in Bangladesh, India, and Sri Lanka to confirm Phase I findings and develop a prioritized action plan for addressing key NTBs that impede intraregional trade and investment in South Asia and that the U.S. government has a comparative advantage in helping to address. In addition, Phase II explored the feasibility of a borderless alliance for facilitating public-private dialogue and advancing reform efforts that would deepen South Asia regional integration.

Bangladesh, and Nepal. Agriculture is also extremely critical in providing livelihoods and food security for large segments of rural populations, particularly for those communities along the long, porous borders between India and its smaller neighbors. Yet agriculture attracts the most potent barriers — such as SPS/TBTs and para-tariffs — that have a major effect on trade, production, and livelihoods across the region. AMEG’s interviews confirmed earlier research that TBT technical regulations and standards are a key obstacle to forming value chain linkages in sectors such as textiles, leather, and chemicals among India, Bangladesh, and Sri Lanka.

The shortlist of NTBs also draws significant donor interest and public sector buy-in. There is a renewed sense of urgency by the central focal points in bilateral and multilateral trade negotiations. Particularly, the ministries of commerce in Sri Lanka, Bangladesh, and Nepal are keen to resolve the most binding NTBs in the countries that make up SAARC. Moreover, the prime minister of India has indicated a willingness to accommodate the trade interests of neighboring countries as part of his administration’s five-year plan toward regional integration. This renewed sense of accommodation of regional interest was echoed by the private sector in India, which has close associations with the government.

With regard to donor support, the Asian Development Bank (ADB) supported SASEC in establishing a regional SPS working group under the SASEC Trade and Transport Committee. This complements GIZ’s efforts to set up NTB desks to support advocacy efforts. The World Bank recently initiated a deeper assessment of NTBs on key products of interest to Bangladesh-India and Nepal-India. The IFC has shown an interest in supporting public-private dialogue in India. Meanwhile, there is also a higher donor engagement and interest on trade facilitation issues by the ADB, DFID, and the World Bank. ADB and the World Bank, in particular, have concentrated their assistance on enhancing trade through land borders, generally with the goal of promoting intraregional trade, with only the occasional port facilitation initiative. There are other accounts of ADB and World Bank assistance in supporting trade and transit facilitation, including the recent Bangladesh-Bhutan-India-Nepal Motor Vehicle Agreement (BBIN MVA).

The current public-private dialogue architecture to resolve regional NTBs in South Asia is weak. A number of private sector advocacy and public-private dialogue mechanisms to resolve regional trade exist throughout South Asia, but their effectiveness varies and, in many cases, key stakeholder interests are not fully reflected. NTB issues are currently dealt with under an intergovernmental stakeholder consultative framework under the South Asia Free Trade Agreement (SAFTA) and bilateral intergovernmental meetings. The development of a more effective framework for intraregional trade, particularly to address NTBs, should ensure a systematic and harmonized approach to designing, implementing, coordinating, monitoring, and evaluating advocacy initiatives. The framework would provide common reference and guidelines to multiple stakeholders, including government agencies, business organizations, development partners, media organizations, the private sector, and other relevant institutions.

B2. RECOMMENDATIONS

The Phase II assessment team recommended a two-tiered strategy to address NTBs: 1) facilitate a supporting mechanism (or architecture) for NTB reporting, monitoring, and advocacy, currently weak in South Asia; and 2) identify specific interventions to address the high-priority NTBs identified in report. Exhibit 2 presents recommended activities.

EXHIBIT 2. IPEC PHASE II RECOMMENDED ACTIVITIES TO PROMOTE REGIONAL INTEGRATION

OVERARCHING INTERVENTIONS

Support the regional NTM agenda by organizing a workshop to design policy objectives and operational architecture for a new regional NTM desk, to be hosted at the SAARC Secretariat or the SAARC Chamber of Commerce and Industry (SCCI).

Coordinate with DFID and other donors to explore seed funding to establish a web-based NTM reporting mechanism, to be hosted at the SAARC Secretariat or the SCCI. Management of the portal could be assumed by either of these bodies.

SPS/TBT

Support SARSO to develop rules for the Conformity Assessment Board and its technical committees to prepare for the implementation of the SAARC Agreement on Multilateral Arrangement of Conformity Assessment (MARCA).

Support a mapping exercise to describe the location and capacity of all conformity assessment and accreditation bodies by sector and border crossing against the certification requirements of priority products traded within SASEC.

Support the ADB to convene and establish the SASEC SPS/TBT subgroup through one or more events, for example, by hosting a deep dive for a regional audience on the findings of the SPS Country Diagnostic Studies, expected to be completed by the end of 2017. USAID could present the results of the mapping study of conformity assessment and accreditation bodies.

TRADE INFORMATION

Support a workshop in each country (India, Nepal, and Bangladesh) and invite all relevant public and private stakeholders. The workshop agenda should be geared toward communicating the efficacy of the portal and securing buy-in from all stakeholders.

Initiate discussions with the IFC/World Bank and ADB to support the development of the web portal in Sri Lanka and refine the existing portal in India.

OTHER NTBS (PORT RESTRICTIONS, EXPORT SUBSIDIES, IMPORT LICENSING)

Support white papers targeted at the public sector to address the shortlist of identified NTBs, through a domestic reform champion, such as the CII in India. The white papers will target the public sector to build and secure its buy-in.

Support robust regional public-private dialogue through a regional workshop/seminar presenting the findings of white papers, complemented by other research from the Consumer Unity & Trust Society (CUTS), the South Asian Network on Economic Modeling (SANEM), and the Institute of Policy Studies.

CUSTOMS AND TRADE FACILITATION

Host an event with National Trade Facilitation Committee representatives from across South Asia and the Association of Southeast Asian Nations (ASEAN) to share experiences planning and implementing trade facilitation reform.

Arrange a risk management workshop in Dhaka for border agency representatives and risk management experts to discuss evidence and increase awareness of risk management.

Arrange single-window best practices conference for officials from border agencies in India, Bangladesh, Nepal, and Sri Lanka. Experts from ASEAN countries could be invited to present on operational and technical issues.

BORDERLESS ALLIANCE

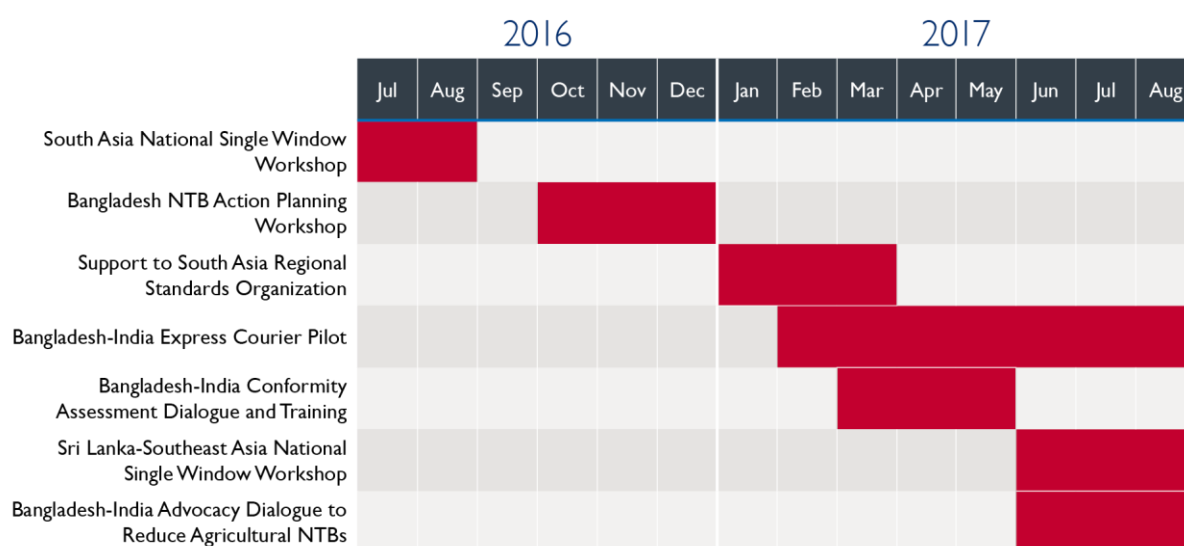
Support the establishment of a bilateral border-crossing working group for the Benapole-Petrapole border crossing to expedite border-crossing times and decrease costs. USAID could follow up by hosting a series of workshops under the sponsorship of the U.S. Consul General in Kolkata and the U.S. Embassy in Dhaka. The private sector members of the working group could form the pilot Bay of Bengal Borderless Alliance

SECTION 3

IPEC PHASE III ACTIVITIES

In Phase 3, AMEG designed and implemented a series of programs in partnership with its private sector counterparts in South Asia. Each activity was designed with a focus on the priority NTBs identified in previous IPEC assessments. Phase III began in mid-2016 and concluded at the end of AMEG, September 2017, as can be seen in the timeline (Exhibit 3). A summary matrix of Phase III activities, including the cost of implementation, can be found in Annex A.

EXHIBIT 3. DETAILED TIMELINE OF IPEC PHASE III



A. SOUTH ASIA–SOUTHEAST ASIA NATIONAL SINGLE WINDOW BEST PRACTICES WORKSHOP

Development challenge. The lack of system integration within South Asian countries and across borders results in unnecessary delays and opportunities for corruption. The experience of South Asia and the Association of Southeast Asian Nations (ASEAN) in promoting a unified single window, on the other hand, shows the potential for South Asian countries to adopt platforms that are more efficient, transparent, and predictable. In addition, the WTO Trade Facilitation Agreement requires member countries to use e-solutions for sharing the rules and regulations governing cross-border trade. Notably, India, Bangladesh, and Sri Lanka are individually adopting national trade portals and a national single-window (NSW) platform.

Activity description. To share the lessons of a number of ASEAN countries and promote dialogue among South Asian countries, AMEG held a National Trade Portal and Single-Window Best Practices Forum in Colombo, Sri Lanka. The forum brought together representatives from the USAID ASEAN Connectivity through Trade and Investment (ACTI) program and USAID/Bangladesh Trade Facilitation Activity (BTFA) to present different perspectives on implementing trade projects in the

region. AMEG hosted 55 trade officials from India, Bangladesh, Nepal, Bhutan, and Sri Lanka from customs agencies, other government officials dealing with trade issues, private sector organizations, and prominent trade-related think tanks.

Outcome. The forum created a great opportunity for networking, exchanging information, and ensuring cross-pollination of ideas among a number of key actors from several countries. The ASEAN speakers engaged the audience by sharing their practices and challenges, and provided a realistic timeframe required to implement a fully operational and integrated trade portal and national single-window platform. This initial forum led to an AMEG-organized training and knowledge sharing event specifically focused on Sri Lanka the following year (see Section F below).

B. BANGLADESH NON-TARIFF BARRIER ACTION PLANNING WORKSHOP

Development challenge. Despite signing the South Asia Free Trade Agreement in 2004, South Asia remains among the least integrated regions. As a percentage of total South Asia exports in 2013, only 5.69 percent were destined for other countries in the region — lower than any other major regional economic bloc. Resolving NTBs is key to achieving regional integration. A recent study indicated that removing South Asian NTBs could yield an aggregate savings of \$1.22 billion a year. These internally and externally created NTBs impact all South Asian countries, including Bangladesh. In a 2015 International Trade Center survey of NTBs in Bangladesh, 998 exporters and importers identified 364 NTMs affecting agricultural exports and 1,094 NTMs affecting manufactured exports. The majority of these NTMs were related to conformity assessment, but also included such issues as taxes, fees, and rules of origin. Local think tanks have further documented many NTBs and NTMs preventing Bangladesh from reaching its full economic potential.



PHOTO: AMEG IPEC

Cargo trucks await clearing at the Benapole-Petrapole border crossing between Bangladesh and India.

Activity description. At the recommendation of the Phase II assessment team, AMEG organized a one and a half day National NTB Action Planning workshop on December 7 and 8, 2016, in Dhaka, Bangladesh. More than 60 participants attended the workshop, which was organized jointly by AMEG and the Business Initiative Leading Development in Bangladesh, or BUILD, a Bangladeshi organization that

advocates trade and business environment reform. While the majority of the participants represent Bangladesh’s private sector, key government of Bangladesh entities were also represented, including the Ministry of Commerce, the Bangladesh Accreditation Bureau (BAB), and SARSO. The AMEG team used a participatory methodology to discuss the root problems underlying NTBs, prioritize the barriers inhibiting trade between Bangladesh and its neighbors, and brainstorm ideas for addressing those NTBs. Given the recent International Trade Center survey and other existing NTB research, the workshop and the resulting action plan focused on opportunities for action, rather than problem identification.

Outcomes. In the end, the NTB Action Planning workshop generated two important outcomes. First, it provided an opportunity for private sector leaders to voice their top priorities for increasing Bangladesh’s economic integration with India, Nepal, and other regional partners. Second, the workshop generated ideas for addressing priority NTBs. Workshop discussions focused on four categories of high-priority NTBs: 1) anti-dumping duties, countervailing duties, and para-tariffs; 2) conformity assessment; 3) trade facilitation; and 4) rules of origin. Overarching priorities identified by participants and documented in the NTB action plan — something the government of Bangladesh lacked previously — include improving intergovernmental coordination; strengthening cooperation and coordination between the government of Bangladesh and its neighbors, particularly India; and in general, helping elevate Bangladesh’s negotiating capacity. The plan included the following specific actions:

- Facilitate cross-border workshops at major land ports between the government of Bangladesh and its neighbors to tackle high-priority issues, such as the synchronization of office hours, systems, and processes
- Assist the private sector to elevate its cost accounting systems so that the government of Bangladesh and private sector organizations can make stronger arguments against countervailing and anti-dumping duties imposed on Bangladeshi exports
- Roll out ASYCUDA World in all land ports with proper facilities and support

Another key takeaway from the workshop is that future efforts to removing NTBs must be more focused. The participants frequently lamented that in recent years there have been many meetings, studies, and projects from multiple donors on increasing intraregional trade, but resulted in little actual implementation on relaxation of NTBs in South Asia. Likewise, participants cited “lack of focus” as a primary cause of this poor implementation record. For this reason, the NTB action plan recommends that all future action be conducted using a task force methodology that adheres to international best practice. The methodology attacks clearly defined NTBs, ensuring all action is as focused as possible on tangible outcomes with concrete timeframes for implementation.

C. SUPPORT TO THE SOUTH ASIA REGIONAL STANDARDS ORGANIZATION

Development challenge. Problems with conformity assessment — including procedures, capacities, and technical regulations — are among the most significant barriers to regional trade integration in South Asia. For example, India, the largest

economy in South Asia, rarely accepts certificates issued by an accredited conformity assessment body located within another SAARC member state. In 2008, SAARC members agreed to establish SARSO; the founding agreement was ratified in 2011 and its director general was appointed in April 2014. SAARC and SARSO have established a number of sectoral technical committees to review existing standards and harmonize them across SAARC. To date, SAARC sectoral technical committees have started to harmonize standards of 29 commonly traded goods. SARSO follows the “Code of Good Practice for the Preparation, Adoption, and Application of Standards,” contained in Annex 3 of the WTO Technical Barriers to Trade Agreement.

SARSO reported during an in-person meeting with the IPEC team in December 2016 that the SAARC Agreement on Multilateral Arrangements for Recognition of Conformity Assessment (MARCA) was fully ratified by all SAARC member states and entered into force as of October 2016.² With MARCA ratified, SARSO will assume a greater leadership role in promoting and ensuring harmonized standards are implemented and recognized across the region. MARCA establishes a conformity assessment board under SARSO that will approve conformity assessment bodies in each member state to provide another member state with testing and inspection reports for one or more products from a list of products (to be agreed upon by all members). When MARCA is fully implemented, countries will have an incentive to improve their national conformity assessment bodies’ capacity in order to be recognized under the agreement. MARCA will also provide greater assurance for members that they will not be required to accept imports that do not meet commonly agreed conformity assessment standards.

Activity description. AMEG entered discussions with SARSO about proposed technical assistance that would prepare a roadmap for the implementation of MARCA, as well as identify other opportunities to enhance the capacity of SARSO, a nascent institution. Specific objectives included:

- Review the current status of MARCA and develop a roadmap toward MARCA implementation, focusing on Bangladeshi institutions.
- Validate roadmap draft with SAARC representatives to enhance understanding and ownership of MARCA across the region.
- Identify SARSO’s organizational capacity building needs, particularly as they relate to successful MARCA implementation.
- Identify opportunities for future research and additional donor assistance to SARSO, whether from USAID or other donors active in South Asia, particularly related to MARCA implementation.

Outcomes. AMEG developed a detailed activity scope of work and, in February 2017, received positive feedback on the proposed assistance during a teleconference with USAID and SARSO. Before beginning implementation, however, SARSO indicated that it would need to receive official approval from the SARSO Governing Board. In early March 2017, AMEG was unexpectedly notified that the proposed activity

² USAID and AMEG representatives on the Phase II assessment team met with SARSO in February 2016 in Dhaka, Bangladesh, to discuss potential assistance with the implementation of MARCA.

needed additional review and approval by the the SAARC Secretariat in Kathmandu. In addition, Dr. Syed Humayun Kabir, SARSO director general, stepped down in March 2017. Unfortunately, AMEG and the SARSO Secretariat, which continued to show interest in USAID assistance until the end of AMEG, could not overcome these bureaucratic hurdles. AMEG strongly recommends that the U.S. government and other donors recognize SAARC-related bureaucratic hurdles, as well as limitations to MARCA (see text box) before considering future assistance to SARSO.

LIMITATIONS OF MARCA

Several months after proposing assistance to SARSO with MARCA implementation, the AMEG team found out that MARCA does not include agricultural authorities and, therefore, is not relevant for trade in agricultural goods. Agricultural commodities and food products should be the most important focus for any donor initiatives aimed at standards integration, given the challenges facing the sector. Future U.S. government programming should recognize the limited impact of MARCA implementation.

D. BANGLADESH-INDIA EXPRESS COURIER SHIPMENTS PILOT

Development challenge. In South Asia, e-commerce is growing rapidly — a February 2016 *Dhaka Tribune* article cited growth rates above 30 percent annually — through portals such as eBay, Amazon, Flipkart, and many others. This phenomenon has greatly expanded market opportunities for SMEs in both Bangladesh and India; however, its growth is hampered by the high cost of product delivery. Currently, costs for courier and postal shipments between the two countries are unnecessarily high because courier and regular mail packages are only allowed to flow via airports. They are not allowed to use cheaper land transportation through routes such as the Benapole-Petrapole border crossing. This policy not only limits regional economic integration, but also deprives the postal systems in both countries of new revenue sources to replace those lost to email and other technologies. The impact of such a policy change would be amplified by the expected implementation of the Bangladesh-Bhutan-India-Nepal Motor Vehicle Agreement, which will allow trucks of any one of these nations to travel and carry freight on the roads of any of the other three.

Activity description. AMEG implemented an activity with the primary objective of demonstrating the viability and positive impact of allowing express shipments through land ports between Bangladesh and India. AMEG conducted research and organized a cross-border India-Bangladesh task force to design and agree on a demonstration pilot. The pilot would allow customs-sealed trucks to run from Kolkata airport to Dhaka airport (and vice versa) for licensed couriers in both countries to demonstrate a workable solution for lowering shipping costs and increasing revenues for both courier companies and postal systems. The demonstration would entail Indian Customs at CCU (Kolkata's airport) sealing a delivery truck to enable it to cross the Benapole-Petrapole land port (see text box, next page) with no processing other than a customs seal check. On arrival in Dhaka, the truck would be unsealed by Bangladesh Customs at DAC (Dhaka's airport). Another truck sealed by Bangladesh Customs at Dhaka's airport would run unfettered in the opposite direction for unsealing by Indian Customs at CCU.

WHY BENAPOLE-PETRAPOLE?

Benapole-Petrapole is one of the largest land ports in South Asia by volume and an important border crossing for further regional integration, as highlighted by IPEC's earlier research. The final Phase II assessment recommended that USAID support the establishment of a bilateral working group for the Benapole-Petrapole border crossing to expedite border-crossing times and decrease costs. Subsequent discussions in Dhaka highlighted the importance of Benapole-Petrapole as well: participants of the Bangladesh Non-Tariff Barriers Action Planning Workshop in December 2016 recommended a cross-border workshop at Benapole-Petrapole to increase coordination and identify opportunities to work together more effectively.

Outcomes. AMEG implemented this activity from February to August 2017, starting with a field assessment in Bangladesh and India in early March. During these initial consultations, some representatives within the government of Bangladesh expressed skepticism that the regularization of express courier shipments through the Benapole-Petrapole border would in fact benefit the Bangladeshi economy. To ensure we were promoting evidence-based policy reform, AMEG engaged SANEM to conduct economic research to predict the impacts of expanded options for express courier shipments on the Indian and Bangladeshi economy. Although there remains much to be learned through the implementation of the dual trial run, our research indicated that the economic gains for both Bangladesh and India are significant. For Bangladesh, the economic research predicts a rise in real gross domestic product by 0.32 percent, employment by 0.21 percent, exports by 0.82 percent, and imports from India by 0.45 percent. During the course of AMEG's work, the team discovered that Indian law limits the use of express courier shipments to airports and to only one border crossing: the Benapole-Petrapole land port. Clearly others previously have seen the logic of this reform effort.

To facilitate approval of the proposed pilot, AMEG sought to organize a task force workshop in Kolkata, India, with key stakeholders from the governments of India and Bangladesh, as well as express courier companies (e.g., DHL and FedEx) and e-commerce firms. A champion within the Government of India's Ministry of Road Transport & Highways indicated that he would be able to organize participation of key Indian stakeholders to participate in a workshop, but only if the government of Bangladesh indicated its support for the idea. As of May 2017, it seemed there was insufficient political will in Bangladesh to support the proposed pilot, and AMEG was considering canceling the activities. The results of AMEG's research, along with the hard work of BUILD, yielded support from a senior advisor to Prime Minister Sheikh Hasina of Bangladesh. The one day workshop was held in August 2017 and both governments expressed support for the pilot, once it went through official channels for approval. USAID/Bangladesh, along with CII and BUILD, plan to continue supporting the endeavor after the close of AMEG.

E. BANGLADESH-INDIA CONFORMITY ASSESSMENT DIALOGUE AND TRAINING WORKSHOP

Development challenge. Throughout Phases I and II, private sector leaders, government officials, and donors continuously pointed to conformity assessment challenges as one of the most pressing barriers to South Asia’s regional integration. AMEG’s research indicates that one major problem is India’s reluctance to accept certificates issued by an accredited conformity assessment body located in another SAARC member state. Yet, informant interviews conducted over the course of IPEC tell two very different stories. From the perspective of Indian stakeholders, the government is not discriminating against importers, but rather trying to elevate standards and protect consumers, not unlike any other developed country. Conversely, traders from India’s neighbors have complained that India applies these standards inconsistently and uses them to extract bribes and restrict market access.



PHOTO: AMEG IPEC

BUILD Chief Executive Officer Ferdaus Ara Begum participates in bilateral discussions between Bangladesh and India on standards-related barriers to trade.

Activity description. The Confederation of Indian Industry, or CII, is one of India’s leading private sector organizations and played a key leadership role in the design and implementation of IPEC’s Phase III activities. Based on CII’s recommendation, AMEG and CII worked together, along with BUILD in Bangladesh, to organize a two-day workshop with private and public sector leaders from the following five priority sectors in Bangladesh and India: agriculture and agribusiness, textiles and ready-made garments, leather, jute, and plastics. The workshop was held in Delhi, India, and had two main objectives: 1) discuss the legislative, implementation, and capacity gaps related to conformity assessment preventing increased trade flows; and 2) conduct training of trainers to help private and public sector leaders, identified by CII and BUILD, better understand existing standards and conformity assessment policies and procedures. AMEG and CII designed the activity to reflect the so-called “N+I approach” (see text box). After the workshop between Bangladesh and India, replicating this bilateral dialogue and training event between India and Sri Lanka would be beneficial.

N+I: REPLICATING WITH SRI LANKA

One of AMEG’s key lessons learned over the course of IPEC is, more often than not, donors should take an incremental approach that addresses bilateral NTBs and then gradually scales the intervention to other countries. With this in mind, AMEG sought to replicate the Conformity Assessment Dialogue and Training Workshop by organizing a second meeting focused on bilateral issues between Sri Lanka and India. According to AMEG partner CII, the government of India is keen on doing this. Due to an unexpected tragedy, AMEG’s Sri Lanka organizational partner was unable to help organize the dialogue and training workshop before the end of AMEG. However, such a workshop is something that the U.S. government should consider for the future, as discussed in Section 5.

Outcomes. The two-day event took place in May 2017 in New Delhi, India. Officials from Indian’s key standards setting bodies — including the National Accreditation

Board for Certification Bodies, the National Accreditation Board for Testing & Calibration Laboratories, the Export Inspection Council, and Food Safety and Standards Authority of India — designed and led training presentations on the first day of the event. During the second day, AMEG facilitated discussion between Bangladesh’s private sector and standards authorities and India’s standard setting bodies to highlight areas of confusion and concrete opportunities for improvement. Ultimately, most conformity assessment challenges between India and Bangladesh stem from a lack of trust between standards authorities in Bangladesh and India, and the final report for this activity lists concrete steps identified by workshop participants for reducing conformity assessment NTBs and enhancing trade between these two regional economies.

F. SRI LANKA WORKSHOP ON NATIONAL SINGLE WINDOW BEST PRACTICES WITH LESSONS FROM SOUTHEAST ASIA

Development challenge. In IPEC Phase II, AMEG identified key NTBs that impede regional trade within South Asia. The recommendations highlight the importance of transparent trade-related information and the need for more efficient systems that reduce private sector costs associated with border and documentary compliance, including national trade portals and NSWs. In addition, the WTO Trade Facilitation Agreement requires member countries to use e-solutions — e.g., National Trade Portals and NSWs — for sharing the rules and regulations governing cross-border trade. As of August 2017, Sri Lanka is in the early stages of designing a NSW, which it hopes to implement in the coming years with assistance from the World Bank.

Activity description. In May 2017, AMEG met with Sri Lanka Customs’ Additional Director General Rajendran Sabaratnam, who expressed support for a workshop that leverages the experience of ASEAN member states (see text box). Mr. Rajendran recommended inviting the National Trade Facilitation Committee, which comprises 19 members — 12 government agencies involved in trade facilitation and seven private sector representatives. AMEG worked again with the USAID ACTI program, implemented by Nathan Associates, to design a two day workshop with the objective of facilitating peer-to-peer knowledge exchange between the government of Sri Lanka and its ASEAN counterparts, share international best practices and lessons learned, and help Sri Lanka develop a single window that facilitates trade with ASEAN. The team met with the World Bank before finalizing the activity to ensure this workshop complements their planned support for Sri Lanka’s NSW, scheduled to begin in the fall of 2017.

ASEAN SINGLE WINDOW

ASEAN is addressing trade facilitation issues through its ASEAN Single Window and ASEAN Trade Repository program, in which member states are establishing national single windows with assistance from USAID. Single windows provide platforms and processes for an electronic exchange of trade information between stakeholders within the supply chain. These platforms create a unified approach to trade, enhancing supply chain security, improving border management coordination and customs compliance, and reducing opportunities for petty graft. As part of the ASEAN Trade Repository, member states are creating online portals of trade regulations for use by traders everywhere.

Outcomes. AMEG held the Sri Lanka Workshop on NSW Best Practices in August 2017, with the help of speakers and facilitators from the USAID ACTI program, the World Bank, and the governments of Cambodia, Indonesia, Malaysia, and the Philippines. The majority of NSW discussions held before the workshop were led by

Sri Lanka Customs. Many Sri Lanka government agencies attended this workshop to learn what a NSW entails and what needs to be done for Sri Lanka to implement an NSW. Several important messages were communicated clearly by the panelists and NSW experts. Participants learned that an NSW is far more than a technology project, and that it requires fluid cross-agency coordination and systems integration, as well as strong high-level political will to ensure government ministries and agencies are able to resolve disputes and work together effectively. In addition, as participants learned firsthand from the experiences of Southeast Asia, the details are important and the Sri Lanka government must take a thorough, sequenced approach if it hopes to achieve long-term success. These lessons will kick-start NSW efforts as the World Bank begins developing a NSW blueprint.



PHOTO: AMEG IPEC

Single Window Expert Dennis Pantastico (left) of the USAID ASEAN Connectivity through Trade and Investment project confers with a workshop panelist from Malaysia and a participant from Sri Lanka on national single window best practices.

G. PILOT FOR BANGLADESH/INDIA (TRIPURA) ADVOCACY DIALOGUE TO REDUCE NON-TARIFF BARRIERS

Development challenge. Given the geographic proximity of Bangladesh and India, and similarities in their cultures and consumption patterns, greater connectivity and trade in agricultural products makes economic sense. CUTS International, an Indian NGO, completed an Asia Foundation-funded case study in 2016 that identifies a specific set of agricultural commodities — potato, green chili, tomato, and brinjal (aubergine) — as important opportunities. With these four commodities, the study looked at: 1) legitimizing and potentially increasing bilateral trade between Bangladesh and the northeast Indian state of Tripura; 2) increasing commercial connectivity between these two areas; and 3) dramatically reducing the cost of these important staples of consumer diets in the region.

Activity description. Through this activity, AMEG partnered with CUTS International to facilitate targeted public-private dialogue in both Bangladesh and India to identify and reduce or eliminate specific NTBs inhibiting greater trade of the four agricultural commodities between Bangladesh and Tripura. While this activity focused on trade between Bangladesh and the northeastern Indian state of Tripura, the results of the activity have the potential to more broadly impact trade with the rest of India, including other states in India’s northeast. Furthermore, because of the pivotal position of Bangladesh on primary trade routes between South and Southeast Asia, the initiative proposed squarely supports the United States’ vision of an IPEC that bridges these two key regions of Asia to promote regional stability and economic prosperity.

Outcomes. The first dialogue event took place in early August 2017 in Dhaka, bringing together a Bangladeshi-focused stakeholder group to look at each of the four commodities, in turn, to identify NTBs impacting trade. More than 40 stakeholders participated, including representatives from SARSO, Unnayan Shamannay, Bangladesh and Tripura Chambers of Commerce, India-Bangladesh Chamber of Commerce and Industry, Bangladesh's Department of Agricultural Extension, and other key players from the private and public sectors. During the event, participants broke into four groups and discussed in detail one of the selected products, developing a shortlist of NTBs and solutions. CUTS facilitated a general discussion and report-out of the group findings, then worked with AMEG to develop a narrower technical focus for the following dialogue event held in New Delhi a week later. The India dialogue, which had some returning participants from Dhaka, also included representatives from the National Accreditation Board for Certification Bodies of India and the Indian Food Safety and Standards Authority, among others. The New Delhi event divided stakeholders again into four small discussion groups, but focused each group on a specific NTB in order to solicit concrete proposed solutions. These topics included: 1) leveraging MARCA to facilitate trade; 2) capacity gaps in food safety regulations; 3) market access through inclusion in plant quarantine regulation; and 4) key infrastructure hurdles.

The NTB Action Plan resulting from this activity focuses on these four specific areas, and proposes solutions, actors, and timelines for implementation. Given the evidence, consensus, and recommendations, CUTS shared the NTB Action Plan with all stakeholders and proposed short- and medium-term collaborative activities to move forward, including involving other development partners, business chambers, and private sector players to push for action at the government level.

H. BUSINESS NEEDS ASSESSMENTS: DHAKA AIRPORT AND BENAPOLE CUSTOMS HOUSE

Development challenge. The USAID/Bangladesh Trade Facilitation Activity works with Bangladesh Customs to address NTBs that limit trade with India and the rest of the world. For several years, BTFA has worked to address NTBs at the Dhaka Customs House, which manages express courier express shipments sent through the Dhaka airport. Private sector traders complain about delays stemming from burdensome processes, inconvenient operating hours, and insufficient human resources of border agencies. Anecdotal information supplied by garment sector leaders suggests that these NTBs could be costing Bangladesh's garment industry \$1 billion per year in lost orders. BTFA is also working to address NTBs with the Benapole Customs House at the Benapole-Petrapole land port, Bangladesh's highest volume land border with India. While the situation is different at the Benapole-Petrapole land port, private sector firms complain about similar delays resulting from, for example, operating hours that differ from the officially posted hours, on both sides of the border.

Activity description. To support efforts to remove NTBs and facilitate regional trade integration, AMEG worked with a local Bangladeshi organization, SANEM, to conduct business needs assessments that identify trader needs at three areas of operation, Courier Section Dhaka Custom House, the Benapole Custom House, and the Petrapole Custom House in India. The assessments aimed to compare the current status quo with potential changes of border agency operations. For

example, the assessments were designed to help Biman Airlines, Bangladesh Customs, and India Customs determine staffing levels based on customer needs and technological investments that could reduce the time and cost required to process shipments. The research focused on changes with the greatest “return on investment,” that is, where a relatively small investment by the government of Bangladesh or India would yield substantial time and cost savings to the private sector.

Outcomes. SANEM conducted the field survey in July 2017, which highlighted major challenges at each of the three custom houses. At the Benapole-Petrapole border, top priorities identified by private sector traders included:

- *Infrastructure development.* Previous studies have highlighted the need for significant infrastructure at the Benapole-Petrapole land port, so the need for infrastructure development did not come as a surprise. Specific challenges cited include inadequate storage space, poor equipment facilities, narrow roads, and a weak transport system.
- *Digital and advanced technology.* The increased use of technology is key to reducing the time and cost of trading through the Benapole-Petrapole border crossing. At the Benapole border crossing, priorities included the absence of a computerized system, an integrated risk management system, and internet connectivity. Likewise, the Petrapole Custom House would benefit greatly from improving its risk management system at the Integrated Check Post, which was inaugurated in 2016.
- *Workforce capacity.* On both sides of the border, government officials lack requisite training to use digital and advanced technology and implement an integrated security system.
- *Business operation hours.* As suspected, survey results highlighted a major challenge in facilitating cross-border trade: a mismatch in operating hours of Bangladesh and India Customs. Likewise, there are significant discrepancies between posted hours and actual operating hours. The governments of India and Bangladesh should install systems and policies that hold people accountable for operating the border at the stated hours of operation.
- *Rent-seeking outside of border agencies.* On the India side of the border, several trade barriers are linked to rent-seeking behavior by local officials and other vested interests. Local politicians benefit from congestion at the border because high demurrage costs benefit their constituents. For instance, municipal officials have made it mandatory that trucks use a public warehouse at Kalitala, Bongaon.

The Courier Section of the Dhaka airport shares some challenges with the Benapole-Petrapole land port, including the need to upgrade its technology systems and implement a robust security system. The current security system still depends significantly on manual checks. In terms of operating hours, the airport is understaffed during the night shift and Dhaka Customs should attempt to adhere more strictly to the posted 24/7 operating hours.

SECTION 4

LESSONS LEARNED

This section presents high-level recommendations based on lessons learned over the course of IPEC's implementation. IPEC, as with any international development program, faced a variety of technical, logistical, and contextual challenges. Although some challenges were outside the manageable control of AMEG and USAID, they are presented below to help USAID and the State Department in increasing the effectiveness of future regional integration programs in South Asia.

Section A focuses on contextual and technical lessons learned, most of which are outside the manageable control of the U.S. government but are difficult to avoid and should be recognized when designing and implementing development programs. Section B presents lessons learned related to program design and management, both of which can be addressed by the U.S. government and its future implementing partners.

A. FACILITATING TRADE REFORMS IN SOUTH ASIA

A1. AVOID BROAD RESEARCH AND DIALOGUE BY FOCUSING ON SPECIFIC BARRIERS TO TRADE

Regional economic integration in South Asia has been a topic of discussion for many years and donors, think tanks, and governments have spent a great deal of time and resources conducting research and attending events to discuss the barriers, primarily NTBs, standing in the way. Participants in IPEC workshops lamented that there have been many meetings, studies, and projects from multiple donors on increasing intraregional trade, but little actual implementation of reforms to relax NTBs. Likewise, participants cited “lack of focus” as a primary cause of this poor implementation record. Furthermore, the experience of IPEC demonstrated that policy makers in South Asia have no problem expressing their disdain for NTBs inhibiting intraregional trade. Yet when AMEG pushed to design and implement specific reforms targeting NTBs, excuses for inaction and bureaucratic roadblocks were far too common.

Recommendation. Rather than spending lots of time researching problems and discussing general priorities, AMEG recommends that the U.S. government and other donors take an opportunistic approach that quickly identifies and focuses on narrowly defined NTBs that: 1) are impeding intraregional trade; and 2) have the private sector support and political will needed for implementation. AMEG has documented a “task force methodology” (for more detail, see the Borderless Alliance Blueprint on USAID's Development Experience Clearinghouse) that attacks clearly defined NTBs, ensuring all action is focused on tangible outcomes. When facilitating dialogue or developing action plans, AMEG recommends the creation of time-bound task forces that comprise only the stakeholders who are needed to design, enact, and implement needed changes. Donors should still support research, but only when it fills specific information gaps critical for moving task force reform efforts forward.

A2. FOCUS ON REFORMS WHERE CROSS-BORDER INTERESTS ARE ALIGNED

According to the World Bank, India's economy is the seventh largest in the world and by far the largest in the region. At the end of the day, future efforts to promote integration depend on India's leadership and cooperation in reform efforts. AMEG's experience indicates that, in general, the government of India recognizes the importance of regional integration and is motivated to promote necessary reforms. However, at the same time, it is extremely difficult for Bangladeshis, Nepalese, Sri Lankans, and other South Asian private sector leaders to convince India to implement reforms that are solely in the interest of India's neighbors, unless perhaps there is something that those countries can do in return that benefits India.

Recommendation. To the extent possible, the U.S. government and other donors should focus on regional integration initiatives for which private sector interests align across borders and for which there are advocates in both countries pushing for mutually beneficial reform. For example, by focusing on areas of overlap between Indian importers and Bangladeshi exporters, the U.S. government can support private sector leaders with shared cross-border interests.

A3. WORKING WITH THE SOUTH ASIAN REGIONAL STANDARDS ORGANIZATION

Background. The IPEC team met with SARSO, a relatively new institution focused on the harmonization of standards across SAARC, at several points throughout project implementation. SAARC members ratified the agreement to create SARSO in 2011 and its first director general was appointed in April 2014. Headquartered in Dhaka, SARSO has received some donor support and its four-person team has recently upgraded offices. As of early 2017, SARSO had established a number of sectoral technical committees to review existing standards and harmonize standards across SAARC.

Proposed IPEC support. In early 2017, the AMEG team discussed with SARSO a proposed assistance package through which AMEG would work with SARSO to develop a roadmap for implementation of the Agreement on Multilateral Arrangements for Recognition of Conformity Assessment, or MARCA. With MARCA fully ratified in late 2016, SARSO is poised to assume an even greater leadership role in promoting and ensuring harmonized standards are implemented and recognized across the region. MARCA establishes a conformity assessment board under SARSO that will approve conformity assessment bodies in each member state, thereby creating a system for verifying the technical capacity of labs and legitimacy of conformity assessment stamps. When MARCA is fully implemented, countries will have an incentive to improve their national conformity assessment bodies' capacity in order to be recognized under the agreement. MARCA will also provide greater assurance for members that they will not be required to accept imports that do not meet commonly agreed conformity assessment standards.

Challenges. The AMEG team had several positive meetings with the SARSO director general and his team in late 2016 and early 2017. In February 2017, AMEG shared a

scope of work outlining the proposed assistance package for developing a roadmap to MARCA implementation. USAID and AMEG had a positive discussion with SARSO and the director general seemed eager to receive the proposed assistance, but notified AMEG that the SARSO governing board would need to approve the assistance at the end of February. In March, AMEG learned that the governing board had sent our proposed assistance package to Kathmandu for additional SAARC Secretariat approval. These bureaucratic roadblocks eventually led to the cancellation of the proposed activity. It is possible that this process would have been smoother had the SARSO director general not stepped down in March, but regardless the U.S. government should be aware of bureaucratic roadblocks to working with SARSO before investing time and energy designing assistance packages.³

Recommendations. Given the challenges with SARSO and the reported ineffectiveness of SAARC, AMEG recommends that the U.S. government focus on regional integration initiatives with fewer players and a higher probability of taking action — for example, bilateral or smaller groups of countries, such as Bangladesh, Bhutan, India, and Nepal. AMEG does not recommend ignoring SARSO and other SAARC institutions, but the U.S. government should acknowledge challenges of working through them and mitigate risks. For example, AMEG engaged SARSO in the Dhaka and Delhi dialogue events focused on Tripura-Bangladesh trade in targeted agricultural commodities. In doing so, SARSO participated in the process, but AMEG was able to avoid bureaucratic approval delays. Opportunities for broader regional initiatives may arise but, with limited time and resources, current political realities call for a focused, pragmatic approach.

B. LESSONS LEARNED: DESIGN AND MANAGEMENT OF REGIONAL TRADE PROGRAM

BI. LEVERAGE PRIVATE SECTOR PARTNER ORGANIZATIONS

Recommendation. One of the keys to IPEC’s success was an approach that leveraged a small group of passionate South Asian private sector organizations — placing these groups in leadership roles to identify opportunities and aid in IPEC implementation. AMEG recommends that USAID and the State Department repeat this strategy for future activities focused on South Asian regional integration. Specifically, AMEG primarily partnered with CII in India and BUILD in Bangladesh. While the two organizations’ capacities differed,

KEY BENEFITS: PRIVATE SECTOR PARTNERSHIPS

- Access to the private sector. Working with business associations, the project can consistently involve businesses to identify priorities and advocate for change.
- Understanding of policy reform. Private sector partners bring existing relationships with policy makers, as well as an understanding of local politics and how to enact reform.
- Incentive to find opportunities. By using a flexible partnership model, the USG can create incentives for partners to search for opportunities that have a high probability of success and will yield significant impact.

³ Although working with SARSO in a formal capacity is challenging, it is possible to engage them on other initiatives. SARSO participated in all of IPEC’s standards-related activities, including the Bangladesh-India Conformity Assessment Dialogue and Training Workshop and the Pilot for Bangladesh/India Advocacy Dialogue to Remove NTBs. Since AMEG did not provide direct technical assistance to SARSO as an institution, no bureaucratic approvals were needed.

these two entities provided direct access to private sector leaders and helped navigate the national governments. To successfully improve trade policy, it is critical to recruit the most influential private sector actors and the key public sector officials for designing, approving, and implementing needed reforms. Working through chambers of commerce and business associations allowed IPEC to reach this audience much more efficiently than would otherwise be possible, especially considering that AMEG did not deploy a permanent, long-term team to South Asia to support IPEC implementation.

B2. ESTABLISH A PERMANENT PRESENCE IN SOUTH ASIA

As presented in Sections 2 and 3, IPEC took a three phase approach to implementation. Through Phases I and II, AMEG conducted in-depth assessments to identify NTBs inhibiting intraregional and interregional trade, as well as opportunities for U.S. government assistance. In Phase III, AMEG took action on some of these key priorities and proposed activities. Implementation was managed remotely from the United States, with several trips to South Asia by the AMEG program team leader and the IPEC technical team leader. This approach presented some challenges, particularly due to the 10 to 11 hour time difference (depending on the time of year and SAARC country), the fact that the Bangladeshi workweek is Sunday to Thursday, and the need of developing relationships with counterparts remotely. As one USAID official noted, “you can make as much progress in 100 emails as one tea shared in person.”

Recommendation. As mentioned in Section 3, AMEG partnered with local private sector associations such as CII and BUILD for Phase III implementation, which helped immensely with the management challenges stemming from the geographic and time differences between South Asia and the United States. These organizations were able to help organize workshops and meet with stakeholders as needed. Yet there are limitations to this approach (see text box). As discussed in Section 5A, AMEG recommends that the U.S. government take an opportunistic approach in the future that constantly seeks openings to remove narrowly defined NTBs inhibiting regional integration. To maximize this approach, the program must have a permanent team based in South Asia. This team does not necessarily need to be large, but must have the technical and political acumen to gain the respect of government and private sector counterparts and the programmatic expertise to design activities that are likely to result in meaningful impact.

INVOLVE THE “RIGHT PEOPLE”

IPEC’s experience demonstrated that it is relatively easy to organize a workshop or dialogue event focusing on key barriers to interregional trade. Outside of India, it is relatively easy to secure participation from key government and private sector counterparts. Yet, to achieve meaningful progress, it is critical that USAID workshops have the “right people” in the room — those who understand the nuances of the problems and have the authority or influence to enact change. Many of the “right people” are extremely busy and interested in attending an event only if they are confident it will be productive. A permanent project presence in South Asia would help: 1) identify these critical stakeholders; 2) build trust with them; and 3) ensure project events have the mix of participants necessary to maximize impact.

SECTION 5

LOOKING AHEAD: OPPORTUNITIES FOR ADDITIONAL ASSISTANCE

Over 12 months of implementation, the Phase III of IPEC made significant inroads and laid the groundwork for future U.S. government assistance to promote regional connectivity in South Asia and between South and Southeast Asia. IPEC established strong partnerships with private sector leaders in the region and stimulated discussion on some of the most important NTBs preventing further integration. In addition to the overarching lessons learned and recommendations presented in Section 4, AMEG identified concrete opportunities for U.S. assistance to promote regional integration and reduce poverty, while also opening markets for U.S. businesses.

A. ESTABLISHING A BORDERLESS ALLIANCE FOR TRADE INTEGRATION

The AMEG team of trade economists, trade lawyers, and trade facilitation experts who led the IPEC Coordinated Regional Trade Assessments recommended that the U.S. government consider supporting the creation of a “borderless alliance.” This idea stems from a successful model used by USAID in West Africa, but would be heavily customized to fit the South Asian context. Put simply, the borderless alliance would be a private sector led, cross-border initiative to prioritize NTBs, identify information gaps, generate data needed to design and advocate for reform, and mobilize advocates across the region to hold governments accountable for facilitating increased trade. Furthermore, the alliance could serve as a platform for identifying future opportunities where U.S. government technical assistance would yield significant impact in removing barriers to regional trade integration.

From the outset, AMEG and USAID acknowledged that the model for a private sector alliance in West Africa would need to be tailored to the South Asian context. Importantly, the IPEC team wanted to avoid the creation of another regional institution, given the preponderance of existing institutions that were created to facilitate regional economic integration. At the government level, there is SAARC, BIMSTEC, and BBIN, among other regional bodies. As a first step to testing the feasibility of a borderless alliance in South Asia, AMEG decided to partner with CII, the chair of a regional private sector organizing body, the South Asian Economic Conclave. Launched with support from the World Bank in 2015, the South Asian Economic Conclave faced immediate political challenges because India and Pakistan were unwilling to participate in the same forum.

Recommendations. AMEG developed the document “Borderless Alliance Blueprint,” detailing a plan for creating this regional network in South Asia. Rather than create another broad regional institution, AMEG recommends that the South Asia borderless alliance be a lean, opportunistic mechanism for: 1) identifying priorities

that have a high probability of being changed; and 2) mobilizing task forces focusing on concrete NTBs, developing time-bound plans for addressing those NTBs, and then implementing those plans until change is realized. Once success is achieved, the task forces would be disbanded. Too often in South Asia, dialogue events have too many people involved, resulting in a dilution of focus and lack of accountability. The task forces would be extremely and specifically focused — for example, “import delays on express courier shipments from India to Bangladesh,” not “SPS challenges between Bangladesh and India.” This approach encourages the program managers and South Asian counterparts to focus on specific problems and actionable solutions. If additional research is necessary, it is because specific information gaps are preventing progress of the reform efforts. For more information, please see the Borderless Alliance Blueprint on USAID’s Development Experience Clearinghouse.

B. HARMONIZATION OF SPS AND TBT

Throughout IPEC, private sector leaders, government officials, and donors continuously pointed to conformity assessment challenges — including procedures, capacities, and technical regulations — as one of the most significant barriers to South Asia’s regional integration. One major problem is India’s reluctance to accept certificates issued by an accredited conformity assessment body located within another SAARC member state. Yet, informant interviews conducted over the past two years tell two very different stories: from the perspective of Indian stakeholders, the government is not discriminating against importers, but rather trying to elevate standards and protect consumers, not unlike any other developed country. Conversely, traders in Bangladesh and Sri Lanka complain that India applies these standards inconsistently and use them to extract bribes and restrict market access. The recently ratified SAARC Agreement on MARCA aims to promote mutual recognition of conformity assessment across the region (however, MARCA has limitations as noted in the text box in Section 3C, page 16).

In addition to problems with mutual recognition of conformity assessment, testing facilities are often located far from ports of entry; for example, samples of imported food consignments arriving in India at Petrapole are tested in Kolkata, which is a three hour drive away. Test results take a minimum of three days to obtain, even for perishables, and are often measured in weeks. Demurrage costs were estimated by one trader at 7 to 8 percent of the value of the goods. Certification for imports into northeast India take longer due to the lack of quality infrastructure in the area; for example, couriering samples from the Bangladesh border with Assam to the nearest lab takes four days in each direction. This is of particular importance for India, which wants to improve market access with the Seven Sisters in northeast India.

IPEC activities. As outlined in Section 4, AMEG implemented multiple activities to promote the harmonization of regional standards and the removal of NTBs related to conformity assessment. While some progress was made at the Bangladesh-India Dialogue Event on Conformity Assessment in Delhi, IPEC lacked the time needed to address the priorities and recommendations identified by stakeholders at the event.

Recommendations. A series of potential activities are listed below:

- *Promote conformity assessment training and dialogue on agriculture standards between countries.* When AMEG designed the Bangladesh-India Conformity Assessment Training and Dialogue workshop (see Section 3E), the IPEC team and its Indian partner, CII, hoped this event would become a model that could be replicated between India and other neighboring countries facing similar standards-related challenges, such as Nepal and Sri Lanka. AMEG attempted to organize an agricultural standards forum between Sri Lanka and India, focused narrowly on specific challenges facing the trade of agricultural and food products. AMEG’s Sri Lankan partner, the Institute for Policy Studies, expressed interest in the endeavor, but faced an unexpected tragedy and was unable to help organize the training and dialogue event before the end of AMEG.
- *Facilitate cooperation between the Food Safety and Standards Authority of India (FSSAI) and the Bangladesh standards authorities.* In terms of bilateral trade between India and Bangladesh, one of the biggest standards challenges inhibiting trade is simple, yet difficult to resolve: a lack of trust. There exists an opportunity for the U.S. government to work toward FSSAI formally recognizing Bangladeshi conformity assessment solutions. This would alleviate the duplication of testing in India for imported Bengali food products. Based on discussions with Indian counterparts, U.S. government assistance should facilitate a meeting between the two sides, starting with Bangladesh Accreditation Bureau, so that FSSAI can better understand the capacity of BAB and trust the quality of its work. This should be followed by a formal request to the Indian government (see text box), which will then require significant follow-up to ensure the request reaches the right people.
- *Support the government of Bangladesh to formally request additions to India’s plant quarantine list.* Following dialogue events focused on four specific crops — potato, green chili, tomato, and brinjal (aubergine) — the U.S. government could support the implementation of the NTB elimination plan generated with input from public and private sector participants from those dialogue events. One specific action is working with the government of Bangladesh to craft a request from the government of Bangladesh to the government of India for the addition of these crops to their plant quarantine list. A similar approach could help Sri Lanka, Nepal, and other neighbors tackle India-specific conformity assessment challenges.

JUST ASK!

India has expressed repeatedly its commitment to supporting regional integration by removing trade barriers with its neighbors. According to several Indian counterparts, however, Bangladesh, Nepal, and Sri Lanka rarely submit formal requests to the government of India to address NTBs. According to these counterparts, India will listen and take action if its South Asian neighbors make requests. They just need to ask!

C. OTHER NON-TARIFF BARRIERS

EXPRESS COURIER SHIPMENTS PILOT THROUGH LAND PORTS

Currently, a Bangladeshi SME cannot send small shipments via ground transportation to India using postal or international express delivery services (e.g., UPS, FedEx, and DHL). These shipments must travel via air, which significantly inflates shipping costs

and impedes Bangladeshi SMEs' ability to serve India's burgeoning middle class and the opportunities presented by the rapid expansion of e-commerce through such services as Amazon, Ebay, and Flipkart. AMEG, in partnership with DHL, proposed a pilot project to the governments of India and Bangladesh to demonstrate the viability and impact of expanding express shipments to land ports. Section 3D presents a detailed explanation of this activity, as well as the pilot blueprint, which can be found on USAID's Development Experience Clearinghouse.

Next steps and opportunities. After the task force workshop held in August 2017, AMEG worked with its private sector partners CII and BUILD and with DHL to finalize and formally submit a proposal to conduct the pilot to the governments of Bangladesh and India. The USAID Bangladesh Trade Facilitation Activity (see text box) and USAID/Bangladesh offered to provide continued support needed to implement the demonstration pilot, which should take place before the end of 2017, assuming no major bureaucratic delays. Given the pilot moves forward and resources are available, the U.S. government should: 1) document lessons learned from the demonstration pilot; 2) develop a strategic communications plan to disseminate information about the pilot and its potential impact; and 3) provide follow-on support to the governments of India and Bangladesh to regularize express courier shipments at the Benapole-Petrapole border crossing (after the BBIN MVA has been ratified and implemented).

REGIONAL INTEGRATION STARTS WITH BANGLADESH AND INDIA

IPEC focused heavily on addressing barriers to trade between India and Bangladesh for several reasons. These countries represent two of the biggest economies in the region, do not have any major political disputes, and form a geographic bridge to Southeast Asia. Furthermore, IPEC had a natural partner in Dhaka with the USAID Bangladesh Trade Facilitation Activity, as well as a country that faces a lot of major trade facilitation challenges.

BBIN MOTOR VEHICLES AGREEMENT

In the short term, the Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement presents the greatest opportunity for increased regional connectivity. The impact of the Express Courier Shipment Pilot, described above, is closely tied to the implementation of the BBIN MVA. The economic impact of allowing express courier shipments to pass through the Benapole-Petrapole land port will be much greater if trucks do not need to transship (i.e., move cargo from a Bangladeshi truck to an Indian one) at the border crossing. More generally, the BBIN MVA would significantly reduce the amount of traffic at land ports, which create congestion that increases the time and cost of regional trade.

Next steps and opportunities. In April 2017, Bhutan declared that it will not ratify the agreement in the short term, but signaled to the other signees — Bangladesh, India, and Nepal — that they are free to move forward with implementation. According to World Bank data, the Bhutanese economy is approximately 1 percent the size of the Bangladeshi economy, which itself is about 10 percent of the size of the Indian economy. The primary point is that the economic impact of the BBIN MVA can be realized regardless of Bhutan's participation in the agreement.

The State Department is currently overseeing a program focused on implementation of the BBIN MVA. CUTS is the implementing partner and is currently completing work on the early phases of the project. They are conducting a broad assessment of the region and a campaign to influence policymakers to move forward with the BBIN MVA. So far, they have engaged in preliminary meetings and the development of questionnaires to send to policymakers to gain their views. Although additional opportunities for supporting the ratification and implementation of the BBIN MVA are unclear at this time, the IPEC team believes this should be a top priority for U.S. government assistance moving forward, whether in the form of diplomatic or technical assistance.

RISK MANAGEMENT IN SRI LANKA

Enhancing the use of risk management in border management, a major emphasis of the WTO Trade Facilitation Agreement, is one of the most important steps for South Asian countries to reduce the time and cost of trading across borders. At the conclusion of the project, IPEC sponsored a two day national single window workshop in Colombo, Sri Lanka, in partnership with Sri Lankan Customs. Through this process, Additional Director General Rajendran Sabaratnam indicated the need for technical assistance in the area of risk management. More specifically, Mr. Rajendran noted that his team had previously received classroom-style risk management training. He noted that the previous assistance was valuable, but pointed out the need for more hands-on technical assistance to integrate improved risk management into the operations of Sri Lanka Customs.

Next steps. USAID or the U.S. State Department should reach out to Mr. Rajendran to develop a more specific scope of work for risk management technical advisory services. Based on the limited information currently available, the IPEC team envisions three to six months of on-site consulting services for the updating and creation of risk profiles, followed by technical assistance with the implementation of the new risk management policies.

ANNEX A. IPEC PHASE III ACTIVITY MATRIX

ACTIVITY DESCRIPTION	OUTCOME	APPROXIMATE COST
ACTIVITY 1: NATIONAL TRADE PORTAL AND SINGLE WINDOW FORUM		
<p>AMEG held a two day National Trade Portal and Single-Window Best Practices Forum in Colombo, Sri Lanka. Approximately 55 trade-related officials attended the event from India, Bangladesh, Nepal, Bhutan, and Sri Lanka. These officials learned about best-practices and lessons learned from the experience of ASEAN in developing and implementing a regional single-window. The forum was held in August 2016.</p>	<p>The forum brought together key actors from across South Asia and created a great opportunity for networking, exchanging information, and cross-pollination of ideas. ASEAN speakers engaged the audience by sharing their challenges faced, and provided a realistic timeframe required to implement a fully operational and integrated trade portal and national single window platform. This forum led to a Sri Lanka specific training event that was organized by AMEG the following year.</p>	\$225,000
ACTIVITY 2: BANGLADESH NTB ACTION PLAN WORKSHOP		
<p>AMEG organized a one and a half day National NTB Action Planning workshop in December 2016 in Dhaka Bangladesh. More than 60 participants attended the workshop, which was organized jointly by AMEG and BUILD, a Bangladeshi organization that advocates trade and business environment reform. While the majority of the participants represent Bangladesh's private sector, key government of Bangladesh entities were also represented. The AMEG team used a participatory methodology to discuss the root problems underlying NTBs, prioritize the barriers inhibiting trade between Bangladesh and its neighbors, brainstorm ideas for addressing those NTBs.</p>	<p>The workshop provided an opportunity for private sector leaders to voice their top priorities for increasing Bangladesh's economic integration with India, Nepal, and other regional partners. The workshop also generated ideas for addressing priority NTBs. Overarching priorities identified by workshop participants include: improving inter-governmental coordination; improved cooperation and coordination between the government of Bangladesh and its neighbors, particularly India; generally, helping elevate Bangladesh's negotiating capacity and power. One key takeaway from the workshop is that future efforts to removing NTBs must be more focused.</p>	\$196,000

ACTIVITY DESCRIPTION	OUTCOME	APPROXIMATE COST
ACTIVITY 3: BANGLADESH-INDIA EXPRESS COURIER SHIPMENTS PILOT		
<p>This activity aimed to demonstrate the viability and positive impact of allowing express shipments through land ports between Bangladesh and India. AMEG conducted research and organized a cross-border India-Bangladesh task force to design and agree on a demonstration pilot. The pilot would allow customs-sealed trucks to run from Kolkata airport to Dhaka airport (and vice-versa) for licensed couriers in both countries to demonstrate a workable solution for lowering shipping costs and increasing revenues for both courier companies and postal systems.</p>	<p>To promote evidence-based policy reform, AMEG engaged SANEM to conduct economic research to predict the impacts of expanded options for express courier shipments on the Indian and Bangladeshi economies. Although there remains much to be learned through the dual trial run, the research indicated that the economic gains for both Bangladesh and India are significant. For Bangladesh, the economic research predicts a rise in real gross domestic product by 0.32 percent, employment by 0.21 percent, exports by 0.82 percent, and imports from India by 0.45 percent. In August 2017, AMEG organized a one day task force workshop where both governments expressed support for the pilot, once it goes through official channels for approval. USAID/Bangladesh, along with CII and BUILD, agreed to continue supporting the endeavor after the close of AMEG.</p>	\$280,000
ACTIVITY 4: BANGLADESH-INDIA CONFORMITY ASSESSMENT DIALOGUE AND TRAINING WORKSHOP		
<p>AMEG and the Confederation of Indian Industry worked together, along with BUILD in Bangladesh, to organize a two day workshop with private and public sector leaders from the following five priority sectors in Bangladesh and India: agriculture and agribusiness, textiles and ready-made garments, leather, jute, and plastics. The workshop was held in Delhi, India and had the following aims: 1) discuss the legislative, implementation, and capacity gaps related to conformity assessment preventing increased trade flows; and 2) conduct training of trainers to help private and public sector leaders better understand existing standards and conformity assessment policies/procedures.</p>	<p>Officials from Indian’s key standards setting bodies designed and lead a series of training presentations on the first day of the event. During the second day of the workshop, AMEG facilitated discussion between Bangladesh’s private sector and standards authorities and India’s standard setting bodies to highlight areas of confusion and concrete opportunities for improvement. Most conformity assessment challenges between India and Bangladesh stem from a lack of trust between standards authorities in Bangladesh and India and the final report for this activity lists concrete steps for reducing conformity-assessment NTBs.</p>	\$225,000

ACTIVITY DESCRIPTION	OUTCOME	APPROXIMATE COST
ACTIVITY 5: SRI LANKA WORKSHOP ON NATIONAL SINGLE WINDOW BEST PRACTICES WITH LESSONS FROM SOUTHEAST ASIA		
<p>In cooperation with Sri Lanka Customs, AMEG organized a follow-on national single window training for the National Trade Facilitation Committee of Sri Lanka. AMEG worked again with the USAID ACTI program, implemented by Nathan Associates, to design this two day workshop with the objective of facilitating peer-to-peer knowledge exchange between the government of Sri Lanka and its ASEAN counterparts, share international best practices and lessons learned, and help Sri Lanka develop a single-window that facilitates trade with ASEAN.</p>	<p>AMEG organized this workshop in August 2017, with the help of speakers and facilitators from the USAID ACTI program, the World Bank, and the governments of Cambodia, Indonesia, Malaysia, and the Philippines. A wide variety of Sri Lanka government agencies attended this workshop to learn what a NSW entails and what needs to be done for Sri Lanka to implement a NSW. Several important messages were communicated clearly by the panelists and NSW experts, which will help the country avoid unnecessary challenges as it begins designing its NSW in the fall of 2017, with assistance from the World Bank.</p>	<p>\$144,000</p>
ACTIVITY 6: PILOT FOR BANGLADESH/INDIA (TRIPURA) ADVOCACY DIALOGUE TO REDUCE NTBS		
<p>AMEG partnered with International to facilitate targeted public-private dialogue in both Bangladesh and India to reduce/eliminate specific NTBs inhibiting greater trade of four specific agricultural commodities – potato, green chili, tomato, and brinjal (aubergine) – between Bangladesh and the Northeast Indian state of Tripura. Because of the pivotal position of Bangladesh on primary trade routes between South and Southeast Asia, the initiative proposed herein squarely supports the United States’ vision of an Indo-Pacific Economic Corridor that bridges these two key regions of Asia to promote regional stability and economic prosperity.</p>	<p>AMEG and CUTS worked together to organize two productive dialogue and advocacy workshops in August 2017. The NTB Action Plan resulting from this activity focuses on these four specific areas, and proposes solutions, actors, and timelines for implementation. Given the evidence, consensus, and recommendations, CUTS shared the NTB Action Plan with all stakeholders and proposed short- and medium-term collaborative activities to move forward, including involving other development partners, business chambers, and private sector players to push for action at the government level.</p>	<p>\$170,000</p>

ACTIVITY DESCRIPTION	OUTCOME	APPROXIMATE COST
ACTIVITY 7: BUSINESS NEEDS ASSESSMENTS – DHAKA AIRPORT AND BENAPOLE CUSTOMS HOUSE		
<p>To support efforts to remove NTBs and facilitate regional trade integration, AMEG worked with a local Bangladeshi organization, SANEM, to conduct business needs assessments that identify trader needs at three areas of operation, Courier Section Dhaka Custom House, the Benapole Custom House, and the Petrapole Custom House in India. The assessments aimed to compare the current situation — the status quo — with potential changes of border agency operations. For example, the assessments were designed to help Biman Airlines, Bangladesh Customs, and India Customs, determine staffing levels based on customer needs and technological investments that could reduce the time and cost required to process shipments.</p>	<p>SANEM conducted the field survey in July 2017, which highlighted major challenges at each of the three custom houses. At the Benapole-Petrapole border, top priorities identified by private sector traders included: infrastructure development, use of advanced technologies, workforce capacity (know-how and man power), operating hours, and rent seeking behavior. The Courier Section of the Dhaka Airport shares some challenges with the Benapole-Petrapole land port, including the need to upgrade its technology systems and implement a robust security system. The current security system still depends significantly on manual checks. In terms of operating hours, the airport is understaffed during the night shift.</p>	<p>\$40,000</p>

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