

REGIONAL FORUM ON FOSTERING GROWTH IN SOUTH ASIA

FEBRUARY 12-13, 2020 (DELHI, INDIA)

South Asia accounts for one-fifth of the world's population and contributes to over 15 percent of global growth. Despite the recent slowdown, the region is expected to play a key role in the global economy going forward with a still sizable demographic dividend, while peer economies decelerate. Yet, to realize its potential, South Asia will need to accelerate its reform efforts and leverage on all sectors of the economy in a balanced way. With support from the Regional Office for Asia and the Pacific (OAP) and the South Asia Regional Training and Technical Assistance Center (SARTTAC), the IMF is organizing a regional forum to bring together country officials, academics, development partners, and technical experts from South Asia and peer countries to share their insights on country experiences and perspectives on the key elements of a sustainable and inclusive growth agenda for the region. The forum's findings and discussions will inform the ongoing research agenda of the IMF on South Asia, with key chapters to be featured on a book on "Fostering Growth in South Asia" in late 2020.

Day 1: Wednesday, February 12

9:00-9:30 AM	Arrival and registration
9:30-9:40 AM	Introduction by Sukhwinder Singh, Director, IMF SARTTAC
9:40-9:50 AM	Opening Remarks by Anne-Marie Gulde-Wolf, Deputy Director, Asia and Pacific Department, IMF
9:50-10:00 AM	Group photo
10:00-10:30	Tea/Coffee break

SESSION I. PROMOTING SOUND MACRO-FINANCIAL MANAGEMENT

I-A. Upgrading Monetary Policy and Financial Frameworks in South Asia

Chair: Ranil Salgado, Assistant Director and IMF's Mission Chief for India, Asia and Pacific Department, IMF

10:30-10:45 AM	<p>Presenter: Chetan Ghatge, Professor in the Economics and Planning Unit, Indian Statistical Institute, Delhi.</p> <p>Modernizing Monetary Policy Frameworks in South Asia. Abstract: <i>There is significant cross-country variation within South Asia with regards to monetary policy frameworks. This chapter will provide an overview of the ongoing evolution of monetary policy frameworks in South Asia, with inflation targeting in India and Sri Lanka and the ongoing work related to the upgrades in monetary frameworks in the other South Asian countries, which has implications for monetary policy credibility. It will also highlight the intra-regional lessons as</i></p>
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	<i>the South Asian economies continue to modernize their monetary policy frameworks.</i>
10:45-11:00 AM	<p>Presenter: Faisal Ahmed, Senior Economist and IMF's Mission Chief for Bhutan, Asia and Pacific Department, IMF</p> <p>Advancing Financial Development and Inclusion. Abstract: <i>More and better-allocated credit is needed to support investment and advance financial development and inclusion. State-owned banks continue to play an important role in South Asia, more so than in other regions. This presentation discusses the performance and efficiency of public and private sector banks in South Asia and compared to peer countries, including by using data envelopment analysis. Banks' efficiency can be enhanced by strengthening their risk management and governance. Fintech can help improve financial services and enhance financial inclusion.</i></p>
11:00-11:45 PM	<p>Panel Discussion and Q&A</p> <p>Panelist:</p> <ul style="list-style-type: none"> • Krislert Samphantharak, Director of Puey Ungphakorn Institute for Economic Research, Thailand • Md. Habibur Rahman, Executive Director -Research, Bangladesh Bank, Bangladesh • Gunakar Bhatta, Executive Director, Research Department, Nepal Rastra Bank, Nepal
12:00-1:30 PM	Lunch break

I-B. Mitigating Fiscal Risks and Making Space for Development Goals

Chair: Raju Sharan, Public Financial Management Advisor, IMF SARTTAC

2:00-2:15 PM	<p>Presenter: Saji Thomas, Senior Economist, Fiscal Affairs Department, IMF.</p> <p>Scaling Up Quality Infrastructure Investment in South Asia. Abstract: <i>South Asia needs large investments in infrastructure to achieve its development goals, requiring more public investment. Higher government spending on infrastructure can raise growth, but its benefits depend on how it is financed and how it is managed. This chapter analyzes the trade-offs and risks involved when greater infrastructure spending is financed by tax increases, government borrowing, or public-private partnerships. It also discusses the role of public investment management in raising public investment efficiency and reducing fiscal risks, drawing on lessons from the region.</i></p>
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2:15-2:30 PM	<p>Presenter: Tewodaj Mogues, Senior Economist, Fiscal Affairs Department, IMF.</p> <p>The Spending Challenge of Achieving the SDGs in South Asia: Lessons from India. Abstract: <i>This paper will document the progress and remaining challenges towards achieving the SDGs in key human and physical development areas in South Asia. Next, the paper will focus on the scaling up of spending that is required to achieve meaningful progress in these areas by 2030. The case of India—a country comprising 74 and 78 percent of South Asia’s population and GDP—reveals spending needs in the areas of health, roads, electricity, and water and sanitation, totaling about 6 percentage points of GDP in 2030. In the area of education, improving outcomes calls instead for greater efficiency in resources.</i></p>
2:30-3:15 PM	<p>Panel Discussion and Q&A</p> <ul style="list-style-type: none"> • Habibur Rahman, Additional Secretary, MoF, Bangladesh • Sugath Yalegama, Director General, Sustainable Development Council of Sri Lanka, Sri Lanka • Ajit Pai, Advisor, Niti Aayog, India
3:30-4:00 PM	Coffee break

SESSION II. INVESTING IN PEOPLE

Chair: Daisaku Kihara, Division Chief and IMF’s Mission Chief for Bangladesh, Asia and Pacific Department, IMF

4:00-4:15 PM	<p>Presenter: Bazlul Khondker, Professor of Economics, University of Dhaka, Bangladesh.</p> <p>Social protection reforms in South Asia. Abstract: <i>Poverty data on South Asian countries suggests that South Asia is winning the fight against poverty. But vulnerability measured by international poverty lines remains high. Inequality is also rising. Against these backdrops, the attempt here is to assess a reform agenda for social protection in SA. The reform focuses on three aspects – (i) adoption of a life-cycle approach; (ii) introduction or expansion of social insurance; and (iii) improvement in the social protection system.</i></p>
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4:15-4:30 PM	<p>Presenter: Jarkko Turunen, Deputy Division Chief and IMF’s Deputy Mission Chief for India, Asia and Pacific Department, IMF</p> <p>Delivering Job-Rich Growth: Labor Market Reforms in South Asia. Abstract: <i>South Asian economies must increase the pace of job creation to employ a young and growing working age population. Well-designed labor market institutions are important for creating formal jobs, boosting female labor force participation and supporting structural transformation away from informal employment. This chapter will study South Asia’s labor market institutions, including labor taxes, unemployment insurance, employment protection regulations, collective bargaining and minimum wages, benchmarking them against international practices. These institutions are currently geared towards protecting existing jobs, rather than supporting workers and encouraging job growth. Cross-country evidence will be presented about the impact on job creation of structural reform to labor market institutions, and a reform scenario tailored to South Asia will illustrate the gains from a proposed package of reform.</i></p>
4:30-4:45 PM	<p>Presenter: Piyaporn Nikki Sodsriwiboon, Senior Economist, Asia and Pacific Department, IMF</p> <p>Improving gender equality with digitalization. Abstract: <i>Female labor force participation in South Asia is relatively low, leading to high and widening gender gaps. Today, digitalization is transforming markets quickly and presents important opportunities to support women’s workforce participation. This study finds digitalization could potentially help facilitate women’s workforce participation, thus reducing gender economic gaps. Nevertheless, this needs to be supported by improving basic and digital infrastructure as well as digital and financial literacy, along with a multi-dimensional policy approach using a range of fiscal, legal, and structural measures to empower women.</i></p>
4:45-5:30 PM	<p>Panel Discussion and Q&A</p> <ul style="list-style-type: none"> • Gopal Giri, Research Director – RMA, Bhutan • U. Maheshwaran, Director Department of Census and Statistics, Sri Lanka • Shamika Ravi, Director of Research, Brookings India, India
7:00-8:30 PM	Dinner

Day 2: Thursday, February 13**SESSION III. UNLOCKING STRUCTURAL TRANSFORMATION**

Chair: Manuela Goretti, Deputy Division Chief and IMF's Mission Chief for Sri Lanka, Asia and Pacific Department, IMF.

10:00-10:15 AM	<p>Presenter: Eugenio Cerutti, Deputy Division Chief and IMF's Mission Chief for the Maldives, Asia and Pacific Department, IMF.</p> <p>Climate Change in South Asia: Strategies for Mitigation and Adaptation. Abstract: <i>This chapter will provide an overview of South Asia's circumstances vis-à-vis climate change—its contributions to the carbon emissions, and vulnerabilities—and present the policy measures already taken to mitigate emissions and adapt to a changing climate. It will also highlight areas where more action is needed to mitigate the region's contribution to global warming, and better adapt to the fallout from more frequent severe weather events, sea-level rise, and less predictable rainfall and agricultural output.</i></p>
10:15-10:30 AM	<p>Presenter: Shanaka Jayanath Peiris, Deputy Division Chief and IMF's Mission Chief for Myanmar, Asia and Pacific Department, IMF.</p> <p>Reviving Trade and Boosting Investment in South Asia. Abstract: <i>This chapter will outline a policy agenda to durably boost growth in the South Asia region. The policy agenda's ingredients are motivated using insights from growth theory and cross-country regressions, as well as novel empirical estimations of drivers of global value chains in Asia based on the historical evolution of trade barriers, NTBs, FDI restrictions, and structural reforms indicators. Preliminary results indicate large payoffs from further tariffs and NTB liberalization as well as easing of FDI restrictions and structural reforms given the greater barriers in the region. Trade and macro model simulations of domestic and spillover impacts from trade/investment/structural reforms in the region suggest that South Asia could become a significant global growth pole especially through greater integration with GVCs and rest of Asia.</i></p>
10:30-11:00 AM	Coffee break

11:00-11:15 AM	<p>Presenter: Ganeshan Wignaraja, Executive Director of the Lakshman Kadirgamar Institute of International Relations and Strategic Studies.</p> <p>Fostering Regional Trade Integration between South Asia and East Asia. Abstract: <i>India's announcement that it is pulling out of the RCEP negotiations in 2019 amidst a growth slowdown has reignited a debate on the impact of closer Pan-Asian integration involving South and East Asian economies. Particular issues include whether South Asian economies gain from Pan-Asian integration and how distribution of gains from the process might be improved. This paper examines the findings from model-based studies, trends in regional trade integration, impediments to trade integration, regional cooperation institutions and policy implications.</i></p>
11:15 AM-12:00 PM	<p>Panel Discussion and Q&A</p> <ul style="list-style-type: none"> • Kishor Joshi, Joint Secretary, National Planning Commission, Nepal • Ram Upendra Das, Head, Centre for Regional Trade, India • Priyanka Bajaj, Manager Department of Economic and Policy Research, Reserve Bank of India, India

Closing Lunch

12:30-12:40 PM	Introduction: Sukhwinder Singh, Director, IMF SARTTAC
12:40-12:50 PM	Closing Remarks: David Lipton, IMF's First Deputy Managing Director.
1:00-2:30 PM	Lunch with Country Officials and Participants.