

## SAARC Women Economic Forum Meet

Jan 2017, New Delhi

South Asia is one of the most socio-economically backward regions in the world, plagued by poverty, illiteracy, malnutrition, unemployment and other such issues. It is predominantly agriculture dependent and tradition bound. As per the World Bank database, it is home to 2.86 billion people or 24% of the world population (2015) but its combined GDP (2015) is only US\$ 2.85 trillion or 4% of world GDP at constant price or 9% in terms of purchasing power parity (PPP). It is also home to 570 million or 44% of world's poor surviving on less than US\$ 1.25 a day.<sup>1</sup>This is where regional cooperation and trade assume significance.

In the recent years, the region has emerged as the fastest growing one in the world, led by India's high growth. World Bank estimates project an average growth rate of 7.4% and 7.6% in 2016 and 2017, respectively, for the region which is significant as a higher economic growth trajectory will help in fighting the problems of poverty and unemployment.<sup>2</sup>

However, a 2013 World Bank paper<sup>3</sup> argues that economic growth per se may not be sufficient for South Asia to catch up with the leading regions in terms of reductions in poverty levels, rather, policies must be *specifically targeted* toward achieving greater growth and poverty reduction.

### *GDP and population distribution of SAARC countries*

SAARC countries	GDP at constant price of 2010 in US \$ (billion) for 2015	PPP at current (2015) international \$ (billion)	Population (billion), 2015
Afghanistan	20.29	62.62	0.03
Bangladesh	156.63	537.66	0.16
Bhutan	2.00	6.49	0.00
India	2,367.21	7998.28	1.31
Maldives	2.93	5.23	0.00
Nepal	19.67	70.2	0.03
Pakistan	217.67	946.67	0.19
Sri Lanka	76.26	246.62	0.02
Total	2862.66	9873.75	<b>1.74</b>
% of World	<b>4%</b>	<b>9%</b>	<b>24%</b>

Source: World Bank database

So far as human development indicators go, 2015 HDI ranking by UNDP shows that the South Asian countries are among the least developed ones in terms of long and healthy life, education or knowledge level and decent standard of living (income level). In a list of 188 countries, all South Asian countries figure in the lower half, except for Sri Lanka (ranked 73). India's rank was 130. In a region-wise comparison too, South Asian region fared just above Sub-Saharan Africa.

### *Human Development Index and its components*

<sup>1</sup> SAARC: The Way Ahead, Jayshree Sengupta, ORF Issue brief # 102, August 2015; [http://www.orfonline.org/wp-content/uploads/2015/08/IssueBrief\\_102.pdf](http://www.orfonline.org/wp-content/uploads/2015/08/IssueBrief_102.pdf)

<sup>2</sup> The South Asia Development and Cooperation Report 2015 by Research and information system for developing countries (RIS), 2015

<sup>3</sup> Promoting Shared Prosperity in South Asia, by Ejaz Ghani, Lakshmi Iyer and Saurav Mishra, 2013; <http://siteresources.worldbank.org/EXTPREMNET/Resources/EP110.pdf>

	HDI rank	Life expectancy at birth (yrs.)	Mean years of schooling (yrs.)	per capita (2011 PPP \$)
Afghanistan	171	60.4	3.2	1,885
Bangladesh	142	71.6	5.1	3,191
Bhutan	132	69.5	3	7,176
India	130	68	5.4	5,497
Maldives	104	76.8	5.8	12,328
Nepal	145	69.6	3.3	2,311
Pakistan	147	66.2	4.7	4,866
Sri Lanka	73	74.9	10.8	9,779

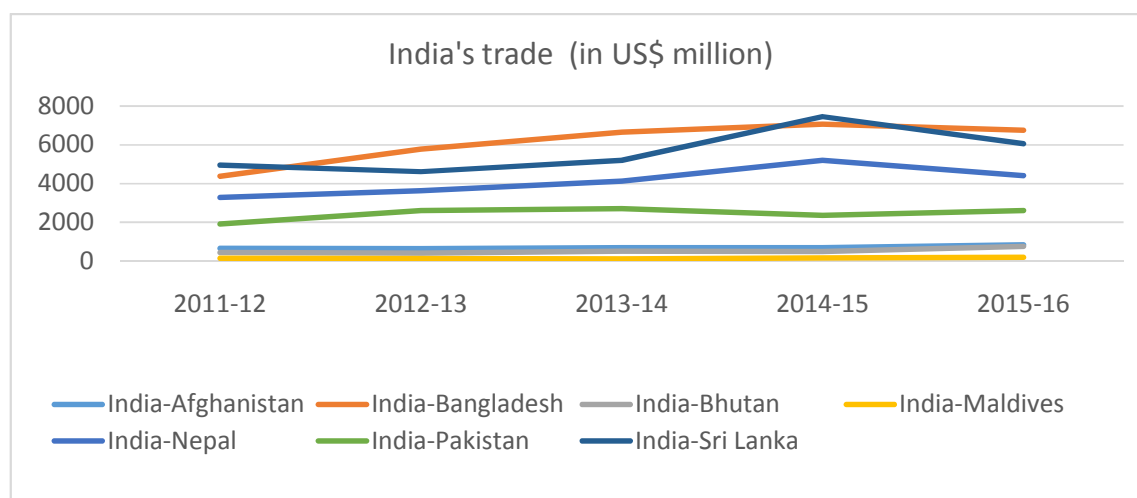
Source: UNDP's HDI Report 2015

## I. SAARC Trade: Untapped Potential

Intra-regional trade is one of the key areas of SAARC. Trade relations deepened with SAARC Preferential Trading Agreement (SAPTA) which came into effect in 1995. It was followed by a free trade agreement, South Asian Free Trade Area (SAFTA) in 2004 and trade in services agreement, SAARC Agreement on Trade in Services (SATIS), in 2010.

SAARC secretariat's 2015 estimates show that the intra-regional trade has reached around US\$ 28-30 billion and in recent years, the trade has hovered around **5-6% of the total trade of the SAARC countries with the rest of the world.**<sup>4</sup> This shows that the intended results have not been achieved and the potential remains largely untapped.

### India's trade with SAARC countries



Source: DGCI&S data base (Lok Sabha answer Nov 30, 2016)

One of the main reasons cited for the low and stagnant trade is that India is a major economic power of the region with its GDP accounting for 83% of the entire region (at constant price 2015), as per the World Bank database, perhaps leading to apprehensions about its possible dominance of SAARC trade. This apprehension is reinforced by the fact that India runs a huge trade surplus vis-à-vis

<sup>4</sup> The South Asia Development and Cooperation Report 2015 by Research and information system for developing countries (RIS), 2015; Intra-BBIN Trade: Opportunities and Challenges, ORF Issue Brief, March 2016, Issue No. 135

all South Asian countries – while South Asia countries account for 6.6% of India’s exports, they supply only 0.65% of India’s total import.<sup>5</sup>

*What is the cost of non-cooperation among SAARC countries?* Trade profiles of SAARC countries suggest that they import products more from extra-regional sources while the same products are being exported by other South Asian countries at lower *unit cost*. In fact, one recent study<sup>6</sup> says that such *non-cooperation among these countries cost huge amounts of money, touching on occasions billions of US dollars for individual countries*. For instance, in cases of Pakistan and Sri Lanka the costs of non-cooperation turn out to be in the range of US\$ 1-2 billion per annum.

Seen in perspective, the costs of non-cooperation in SAARC countries emanating from not conducting trade on an intra-SAARC basis can be *equal to the levels of their external debt servicing*. In other words, foreign exchange earnings through intra-SAARC exports could not only reduce costs of non-cooperation but also reduce the external debt, the study says.

*What is the untapped potential?* The same study further says that the formal trade can grow to a range of **US\$ 44 billion and US\$ 66 billion by 2018** in a scenario that includes full tariff liberalisation by all members, trade facilitation and productivity improvements. In terms of distribution of trade gains estimates suggest that smaller and least developed economies like Bangladesh, Nepal and Sri Lanka would gain more than relatively bigger economies like India and Pakistan due to access to larger markets. This would call for a change in mindsets, addressing the perception gaps on SAARC as an institution and economic integration in the region as a process.<sup>7</sup>

Other studies<sup>8</sup> point out that tariff reduction under SAFTA has not really helped integration beyond a limit, therefore, the focus should be on removal of non-tariff barriers (NTBs), reduction in the sensitive list of products, improvement in trade in services, improvement in connectivity and strengthening of institutions. The concerns about NTBs, connectivity and trade facilitation-related issues have been discussed in SAFTA and SAARC for many years without producing the desired results. *SAARC has declared 2010-2020 as the Decade of Intra-Regional Connectivity*.

Another reason for lack of regional integration can be attributed to SAFTA’s narrow focus on trade in products, while services - (IT, energy, business process outsourcing constitute, tourism and travel – constitute one-third of South Asia’s exports and 50% of region’s GDP.<sup>9</sup> The services sector is important because of the region’s poor industrial development and declining productivity of agriculture. The South Asian Trade in Services Agreement (SATIS), though signed in 2012, is yet to materialise due to the inability of the South Asian countries to take the necessary steps. The Expert Group on SATIS is yet to finalise the Schedules of Specific Commitments.<sup>10</sup>

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<sup>5</sup> Intra-BBIN Trade: Opportunities and Challenges, ORF Issue Brief, March 2016, Issue No. 135

<sup>6</sup> The South Asia Development and Cooperation Report 2015 by Research and information system for developing countries (RIS), 2015

<sup>7</sup> Ibid

<sup>8</sup>; Intra-BBIN Trade: Opportunities and Challenges, ORF Issue Brief, March 2016, Issue No. 135

<sup>9</sup> Failure of Institutionalised Cooperation In South Asia – Analysis, Eurasia Review, Nivedita Jayaram, Sept 2016

<sup>10</sup> SAARC Agreement on Trade in Services; [http://saarc-sec.org/areaofcooperation/detail.php?activity\\_id=46](http://saarc-sec.org/areaofcooperation/detail.php?activity_id=46)

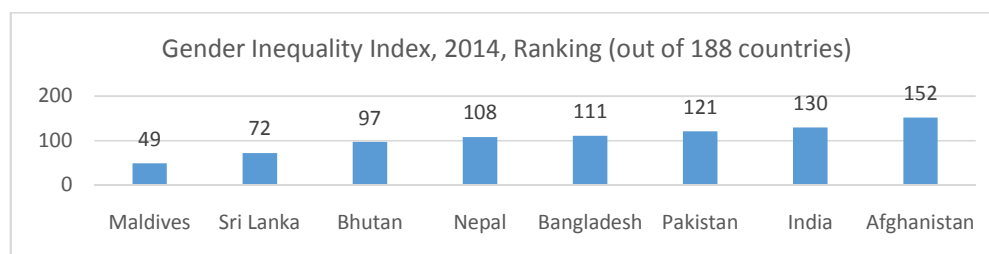
### What needs to be done to improve intra-region trade

- Removal of non-tariff barriers (NTBs) and development of a Common Trade Zone
- Reduction in the sensitive list of products
- Operationalisation of trade in services by finalising the Schedules of Specific Commitments under SATIS
- Improvement in connectivity, cross border infrastructure
- Investment and financial cooperation among the countries
- Strengthening/empowering of institutions for regional cooperation

## II. Women in Development: Missed Opportunities

Socio-cultural barriers, poor health and education, support system and safety issues have prevented women of South Asia to play a bigger role in development of the region. Gender inequality arising out of these is a big concern. UNDP's Gender Inequality Index<sup>11</sup> – reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market – shows these countries very poorly.

*Gender Inequality:* Among 188 countries ranked in the descending order of equality, only Maldives, Sri Lanka and Nepal among SAARC countries are ranked within the first 100.



Source: UNDP GII (gender inequality index), 188 countries, 2014

The World Economic Forum's Global Gender Gap report of 2016, which uses measures of economic participation, educational attainment, health and survival, political empowerment – to draw up the index. South Asia countries figure low in this too – both in 2006 and 2016 – out of 144 countries that were ranked only Bangladesh (72) and India (87) fall within 100.

*Female Labour Force Participation (FLFP)*<sup>12</sup>: When it comes to FLFP, another indicator of women's empowerment and role in economic development, the situation is not very encouraging either. The region has some of the lowest FLFP rates in the world. An ILO study<sup>13</sup> says women in South Asia are far less likely to have a job (in the formal sector) or to be looking for one.

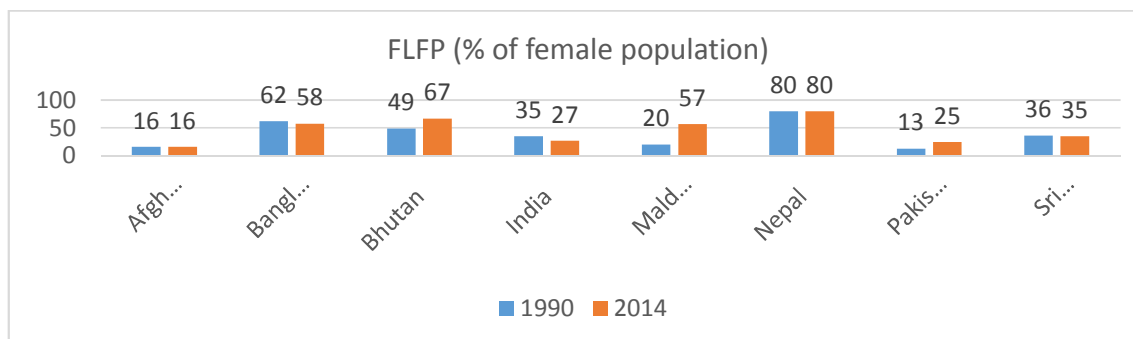
World Bank data base shows that the average FLFP for the South Asian region is 35% (2014) – a marginal fall from 36% in 1990. This is against the world average of 52% in 1990 and 50% in 2014.

### Women's participation in workforce as % of female population aged 15+

<sup>11</sup> <http://hdr.undp.org/en/composite/GII>

<sup>12</sup> FLFP typically follows a 'U' shape pattern in which prosperity initially leads to a fall in women's participation but goes up again with improvement in their social and education standards and availability of better livelihood opportunities.

<sup>13</sup> Female labour force participation in India and Beyond, ILO Asia-Pacific Working Paper, 2014

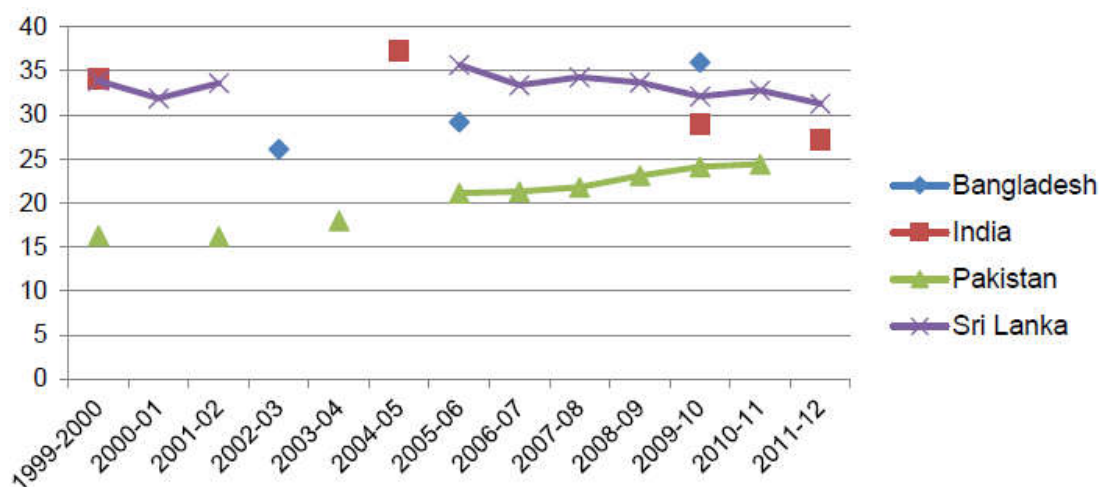


Source: World Bank

A detailed study by ILO<sup>14</sup> finds a very puzzling trend of FLFP in individual countries.

The most notable case is that of India where FLFP has fallen despite strong economic growth years, rising education level and fall in fertility rate in recent years, which are positive factors. The fall in FLFP is due to a decline in the number of women working in rural areas. India ranks 11<sup>th</sup> from the bottom in a list of 131 countries, as per the ILO's Global Employment Trends, 2013.

*FLFP Trends across South Asia (%)*



Source: *Female labour force participation in India and Beyond, ILO Asia-Pacific Working Paper, 2014*

Bangladesh has improved women's participation due to the growth of readymade garment sector and an increase in rural female employment. In Sri Lanka, FLFP is surprisingly low given a relatively reasonable economic growth rate since 1977 liberalisation. The rate in Pakistan has increased, although from a low starting point while that in Afghanistan continues to be low. Nepal has a remarkably high FLFP of around 80%, the highest in the region, because of the widespread poverty and want. Social and cultural factors have kept most women out of formal workforce.

Given the puzzling trends, country-specific steps need to be taken to improve FLFP. The said ILO report suggests focus should be on providing access to education and training, promoting childcare and other institutional/legal measures to ease the burden of domestic duties, enhancing safety for women and encouraging private sector development in industries and regions that would increase job opportunities for women.

<sup>14</sup> Ibid

*Women entrepreneurship:* South Asia fares poorly on this account too. India, Pakistan and Bangladesh are the only SAARC members who figure in the 77-country Female Entrepreneurship Index (FEI) 2015<sup>15</sup> developed by a Washington DC based organisation. The index shows female entrepreneurship is higher in those countries who have better general entrepreneurship environment. So, countries like US, Australia, UK, Denmark etc. top the chart while those from South Asia fall at the bottom in the index – India ranked 70, Pakistan 77 and Bangladesh 75.

#### *SAARC endeavour towards women's development*

SAARC has always strived for participation of women in all spheres of political, economic, social and cultural life, as equal partners, and improve their access to all resources. It has taken many initiatives to ensure this which include declaring 1991-2000 as the SAARC **Decade of the Girl Child**, holding a Convention on **Preventing and Combating the Crime of Trafficking in Women and Children for Prostitution**, drawing of **National Plan of Action** for addressing the needs of girls, adopting a **SAARC Social Charter** to prioritise attention on issues relating to girls and women, setting up of **SAARC Gender Info Base (SGIB)** – a repository of qualitative and quantitative data and information on gender related issues and women empowerment etc.

In 2001, **SAARC Chamber Women Entrepreneurs Council (SCWEC)** was set up to develop and promote women entrepreneurs in the region. It facilitates co-operation and networking among the women entrepreneurs through exchange of information on entrepreneurial skills and building trade links among women. It has been organising round table conferences, seminars, training programmes etc. to identify best practices for replication as regional projects.

Many new initiatives are in the pipeline. In 2011, it proposed to set up **SAARC Gender Equality and Empowerment Programme** which envisages establishment of a regional mechanism for empowerment of women and gender equality in the region, with focus on national legislations, including timely realization of the MDGs and SDGs.

Other proposed programmes include setting up **Gender Policy Advocacy Group (SAARC- GPAG)**, **SAARC Gender Accountability Commission** and **form a Conclave of SAARC Parliamentarians** with the objective of ensuring meaningful participation of women parliamentarians.

SAARC has worked with UN Women (earlier UNIFEM) since 1996. In 2014, a fresh MoU was signed with UN Women<sup>16</sup> to promote regional cooperation on issues related to trafficking, economic empowerment, political leadership and decision-making and violence against women (VAW) and collaborate on the development and implementation of the **SAARC Gender Equality and Empowerment Programme**.

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<sup>15</sup><sup>15</sup> The 2015 Female Entrepreneurship Index, The Global Entrepreneurship and Development Institute, Washington DC

*What needs to be done for women's empowerment, entrepreneurship and contribution to economic growth*

- *Facilitate access to education and training for women*
- *Promote childcare and other institutional/legal measures to ease the burden of domestic duties on women*
- *Enhance safety for women*
- *Favourable social norms, freedom to work and equal legal rights etc.*
- *Promote equal wages for all women*
- *Financial inclusion*
- *Facilitate access to technology, capital and other resources to promote women entrepreneurs*
- *Strengthen policies and programmes that improve and broaden participation of women in all spheres of political, economic, social and cultural life as equal partners*
- *Set up SAARC Gender Equality and Empowerment Programme*
- *Prepare a data base on the number of women in various sectors, absence of which has made it difficult for government and other stakeholders to formulate policy*
- *Establish SAARC Women's Craft village in all SAARC countries and promote already established Crafts Village for promoting women owned businesses*
- *Initiative to increase business opportunities, building markets for women entrepreneurs*
- *Initiatives for job creation for women, strategic networking and growing woman-run enterprises into mainstream business*

*SAARC Women Economic Forum (SWEF) will be meeting in New Delhi on January 13, 2017. The theme of the meet is 'Women in Development'. The objective of the meet is to act as an effective platform for strengthening the intra-regional development of women for economic development, helping to exchange information on business opportunities and building trade links among the women in the region.*

**Key Issues for SAARC Women Economic Forum**

- *Policy recommendations for an ecosystem supporting Women Entrepreneurship in the sub-region*
- *Gender sensitive policy framework*
- *Financial inclusion and literacy for women*
- *Women in leadership and decision making*
- *Economic empowerment of women*