



Fifteenth South Asia Economic Summit (SAES XV) Unleashing an equitable green transformation in South Asia

Kathmandu | 11-13 December 2024

Plenary: Developing green value chains in South Asia: An agenda for cooperation

Date: 11 December 2024 Time: 17:30-19:30

Developing green value chains in South Asia presents a vital opportunity to promote sustainable economic growth while addressing pressing environmental and social issues. With its large population, South Asia faces distinct challenges and opportunities in achieving sustainable development. While the region has experienced rapid economic growth, this progress has often resulted in environmental degradation and increased social inequality. Developing green value chains offers a way to harmonize economic advancement with environmental sustainability and social inclusion. Green value chains incorporate eco-friendly practices throughout the entire production and distribution processes, from the sourcing of raw materials to the delivery of the final product to the consumers. This strategy not only reduces environmental harm but also improves economic and social outcomes. Given the importance of agriculture, textiles and apparels, and other manufacturing in South Asia's economy, adopting green value chains in these sectors could yield substantial benefits. Emphasizing sustainability within these value chains can help South Asia navigate its complex development landscape while ensuring a healthier environment and a more equitable society for its people.

South Asia has tremendous opportunities to enhance sustainability across its value chains in many sectors. Some transition is already taking place. Notable examples include Bangladesh's textile industry, which has adopted sustainable practices and green technologies; Sri Lanka's tea industry, known for its eco-friendly cultivation and certification efforts; and India's organic farming sector, which promotes soil health and biodiversity through sustainable agricultural practices. These initiatives highlight the region's commitment to balancing economic growth with environmental sustainability. The region can further harness the abundance of solar, hydro, and wind energy to reduce carbon emissions in the production process. Furthermore, there is significant potential to make agriculture value chains more sustainable through promoting organic farming and through the adoption of environment-friendly and climate-smart technologies and practices. Likewise, there is also a potential to transform the manufacturing practices to make them sustainable and eco-friendly.

However, developing green value chains in South Asia also faces hurdles such as high initial costs, limited access to green technologies, weak regulatory frameworks, and fragmented supply chains. Additionally, there is often resistance to change from traditional practices, and a lack of education and training on sustainable methods. The region's vulnerability to climate change and extreme weather events can also disrupt efforts to establish and maintain green value chains. Despite these challenges, there are significant opportunities, including tapping into global markets for sustainable products, improving

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resource efficiency, enhancing community well-being, and fostering economic growth through green innovations. Regional cooperation is however necessary to promote green value chain in South Asia. More specifically, regional cooperation in harmonizing standards and policies, establishing funds for green projects and green infrastructure, and knowledge sharing and capacity building are crucial in developing regional green value chains. If the countries decide to take it up one step further, trade agreements can promote regional green value chains.

Against this background, the issues and questions for discussion in this session include:

- What sectors offer the greatest opportunities for the development of green value chains in the region?
- What are the primary challenges that impede the development of green value chains in South Asia?
- What are the domestic policies that need to be adopted to transform the value chains in the region?
- Does the existing mechanisms and institutions in SAARC provide avenues for promoting green value chains in South Asia? If not adequate, what type of regional cooperation initiatives and platforms are necessary to expedite the creation of green value chains in the region?
- How can regional policies be harmonized/coordinated to support cross-border trade in green products and sustainable production and distribution processes?
- What roles do public-private partnerships play in advancing green technologies and sustainable practices within regional value chains?
- What could be the role of international development partners in expediting the development of green value chains?
- What collaborative frameworks can South Asian countries establish to share best practices and experiences in developing green value chains?