

# CALL FOR RESEARCH PROPOSAL

15<sup>th</sup> Round

Regional Research Competition (RRC)

ON

## REGIONAL INTEGRATION IN SOUTH ASIA



**Submission Deadline**

**15 July 2013**



**South Asia Network of Economic Research Institutes**

[www.saneinetwork.net](http://www.saneinetwork.net)

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# INTRODUCTION

## About SANEI

The South Asia Network of Economic Research Institutes (SANEI) is the South Asian regional partner of the Global Development Network (GDN). SANEI is a non-profit, regional initiative, established in 1998 to foster networking amongst economic research institutions in the South Asia region for establishing strong research interlinkages pertaining to broader concerns of regional cooperation, understanding and development.

The Network comprises of member institutes based in the countries of South Asia (Bangladesh, India, Nepal, Pakistan and Sri Lanka). The principal driving force behind SANEI is its Steering Committee (SC) which acts as a conduit for disseminating information about the network. It has been set up to reach out to other institutes in the region and facilitate collaborative research.

A Research Advisory Panel (RAP) comprising five internationally renowned economists from South Asia evaluates research proposals submitted from the network of institutions. The panel reviews the progress of the studies and provides expert guidance with the objective to improve the quality of research.

SANEI has a membership of 68 research institutes in the South Asia region. There are 18 research institutes from Bangladesh, 31 from India, 4 from Nepal, 10 from Pakistan and 5 from Sri Lanka.

Currently SANEI Secretariat is located at the Bangladesh Institute of Development Studies (BIDS) and the Director General of BIDS, Dr. Mustafa K Mujeri, is the Coordinator of this Network. The BIDS acts as the nodal agency for coordinating activities of SANEI. SANEI became a SAARC recognized body in March 2011 and efforts are on to extend the network to the remaining SAARC countries e.g. Afghanistan, Bhutan, and Maldives.

## SANEI at A Glance

Inception	1998
Member Countries	Bangladesh, India, Nepal, Pakistan, and Sri Lanka
Member Institutes	68
RRC	14
Completed Studies	137
Ongoing Studies	7
Upcoming Studies	TBC (15 <sup>th</sup> RRC)
Conferences	12
Lectures	13
Key Fund Contributor	Global Development Network (GDN)
SAARC Recognition	SANEI has been granted the status of a SAARC Recognized Body in February 2011
Current Registration	Registered as a non-profit economic research society under the Societies Registration Act 1860, in Bangladesh

# 15<sup>th</sup> Round RRC

## Summary

SANEI is inviting Research Proposals for its 15<sup>th</sup> Round of Regional Research Competition (RRC) within the thematic focus **Regional Integration in South Asia**. The proposals should relate to South Asian country(ies).

## Concept Note

### Regional Integration in South Asia

The South Asia Free Trade Area (SAFTA) was established in January 2006 to integrate the economies of the region. Since then member countries have undertaken a number of measures to achieve this objective. Nevertheless, South Asia remains one of the least integrated regions in the world from the standpoint of trade, services, and capital flows. The reason is that the two largest economies in the region—India and Pakistan—barely trade with each other. This fact has been a key constraint in holding back regional integration.

In 2011 there was an important breakthrough on trade between the two countries when Pakistan announced it was ready to grant most favored nation (MFN) status to India, thereby reciprocating India's granting of MFN to Pakistan in 1996. Following a series of high level meetings between the two countries, the Pakistan Cabinet announced in February 2012 that MFN status with India would become operational in 2013. As a consequence, the positive list of items that could be imported from India would be replaced by a negative and sensitive items list consistent with the SAFTA agreement.

This change in trade relations between India and Pakistan is likely to give a significant boost to SAFTA and renewed impetus to South Asian regional integration. It is therefore important to look again at the economic impact of SAFTA. Specifically, what would be the effects of a revitalized SAFTA on trade in goods and services, cross border investments, growth, and welfare in the member countries?

In recent years, the South Asian countries have pursued trade liberalization as part of their economic reforms process. For example, India has reduced tariffs and items under the sensitive list ahead of the tariff reduction schedule laid down under SAFTA. Also, most members have free trade agreements (FTAs) with other countries. South Asian members have also signed bilateral agreements with each other. Most notably, India has a FTA with Sri Lanka, Bhutan and Nepal, and Pakistan and Sri Lanka also have a FTA. What are the implications of these trade arrangements on trade flows?

Non-tariff barriers have been a concern of SAFTA member countries. While non-tariff measures are legitimate as long as they meet the requirements laid down by the WTO, these measures could impact trade negatively.

Sometimes these measures have the effect of creating unnecessary obstacles to international trade. For instance, regulations may lack transparency, or they may involve unnecessary and cumbersome procedures which could deter market access. What are the specific non-tariff barriers that countries impose and how can these be reduced or eliminated?

One way in which international trade has overcome market access problem is through participation in global production networks. All South Asian countries have actively participated in global value chains of certain commodities. In recent years there has been an emergence of regional production networks. Can these networks be identified and what are their main characteristics?

Intra-regional trade could increase considerably if there was easier transportation of goods across borders. What are the impediments to trade and the transaction costs incurred? How can these be reduced and what will be the impact on trade if trade facilitation measures are adopted to reduce transaction costs?

Intra-regional investments are still very low. Until recently India did not allow outward or inward flow of investments with two South Asian countries (Bangladesh and Pakistan). India has now modified the investment regulations related to these two countries to allow investment flows. These changes are likely to give a boost to cross border investment flows. How will the investment and trade linkages be affected by these changes?

SAARC member countries have recently signed the South Asian Trade in Services Agreement (SATIS). Will this significantly increase intra-regional trade in services? While the region has a strong services sector, in which sectors are there intra-regional trade possibilities? What are the needed regulatory regimes to facilitate services trade?

There is vast potential in trade in energy which remains untapped. There are several complementarities amongst these countries with some countries having surpluses in some types of energy and others having deficits in those. However, there has been limited success in energy trade in the region. Several questions are relevant in this area. What is the energy trade potential in the region? What is the political economy of trade in the energy sector? What kind of connectivity in the region would facilitate energy trading?

***The research topics that could be examined include:***

1. Estimating economic impacts of SAFTA.
2. Regional and bilateral trade agreements.
3. Intra-industry trade and trade complementarities.
4. Impediments to trade and transaction costs.
5. Non-tariff barriers.
6. Cross border investments.
7. Regional and bilateral trade in services.
8. Energy trade.

## Eligibility

- Proposals can be submitted by researchers from all relevant areas of social sciences.
- Applicants must be nationals of any of the following countries in South Asia: Bangladesh, India, Nepal, Pakistan, and Sri Lanka, and should be currently resident in one of these countries.
- Only SANEI member institutes domiciled in member Countries are eligible for funding.
- Non-member institutes can also submit research proposals for consideration and funding in one of the following ways:
  - Non-member institute can submit the proposal through an affiliation with a SANEI Member Institute (*List of the SANEI member institutes can be found in the SANEI website*). In that case, the affiliated institute will have to take the responsibility of all the administrative tasks i.e. receiving of the funds, submission of financial reports etc.
  - Non-member institute can submit the proposal(s) with the membership application. The SANEI Steering Committee will decide if the institute can be a SANEI member.
- Applications can be submitted by individuals or a team of researchers of an institute or institutes.
- An applicant cannot submit more than one proposal or be a member of more than one research team. But, an institute can submit more than one proposal. A SANEI Steering Committee Member cannot be a Principal Investigator or a Team Member in a SANEI supported project.
- A formal application must be made by the institution (e.g. universities, research institutes or non-profit organizations) with which the applicant is affiliated and if the project proposal is funded, the institution will be responsible for the administration of the grant.
- Principal Investigators (PI) of the SANEI 14<sup>th</sup> Round RRC are not eligible to participate in this 15<sup>th</sup> Round RRC.

## Checklist: Proposal Submission

1. The language of the proposal should be in **English**.
2. Proposal should be submitted in **Microsoft Word** format.

A proposal must and strictly include the following components and order:

3. **Institutional Affiliation Letter** to be signed by the *Head of Institute*. Non-member institute should apply through as indicated on the “*Eligibility*”.
4. **Cover sheet:** clearly specifying the project title, names of principal researcher(s), e-mail address, postal address, and contact telephone numbers.



5. **Abstract/Objective:** provide a clear and concise statement of the project abstract/objective of no more than 200 words.
6. **Practical contribution of research:** describe the economic policy context of the problem you are addressing in the project. Provide a brief overview of policy alternatives you are aware of and explain how your project will contribute to their evaluation and/or development of new policy instruments and/or legislation.
7. **Hypotheses:** a clear formulation of research hypotheses that are to be tested empirically. Please note that purely descriptive studies which do not aim at *explaining* observed behavior are most often rejected.
8. **Literature review:** a *critical* examination of modern literature that is *directly* relevant to the project. Outline the project's potential contribution to the ongoing academic debate.
9. **Methodology:** should typically include the following elements:
  - a) **Data:** *if relevant*, describe sources and structure of existing and available data. In case of new data collection, please include, *as an attachment*, a sample questionnaire.
  - b) **Theoretical model:** *if relevant*, provide a brief formal (mathematical) description of your theoretical model, including the main behavioral assumptions and constraints.
  - c) **Estimation:** *if relevant*, provide an outline of the econometric model you will use to test your hypotheses. Describe any other methods you will use to assess empirical evidence and relate it to your research questions. Discuss estimation problems, including lack of relevant data and/or statistical difficulties.
  - d) **Expected research outputs:** provide an outline of potential outputs and how they relate to the questions you are studying in the project. Any preliminary results (if available) could be provided as an attachment.
10. **Bibliography:** alphabetical list of the literature *cited in the proposal*. Please list names and titles in the original language.
11. **Budget:** The proposed budget on a separate sheet in the format shown in *Schedule - A*. *All figures must be in US\$*. If more than one institute is involved, the budget must clearly state the expenses for each institute in respect of all cost-heads.
12. **Roadmap:** Schedule of work on the project on each stage.
13. **CV:** short CVs of each of the participating researcher/s (maximum five pages) with a color photograph.
14. **Researchers Information Sheet** should be duly filled in which is available on the SANEI website ([www.saneinetwork.net](http://www.saneinetwork.net))
15. **Biography:** Short biography (maximum 100 words) of each of the team members.

16. **Other project involvement:** Information on how many other project/s the researcher/s will be involved at the same time along with the proposed study.
17. **Supplemental Application:** Please download from the SANEI website.  
(Please ***spiral bind*** the hard copy for submission in the above mentioned order)

## Funding

- Maximum funding for a study will be US \$ 10,000.
- Grants are awarded for one year only. The grant is awarded in US dollars.
- ***No funds will be paid directly to the individuals.***
- Grants cannot be used for buying personal computers, hardware and other acquisitions of a capital nature.

## Fund disbursement pattern

- 25% upon award of the grant and signing of the contract
- 50% upon receipt of the progress report at the mid-point of the grant
- 25% upon receipt of final deliverables from the grant.

*Note: Base country bank charges will be deducted at the base country. 5% of the grant will be deducted if there are any delays in submitting the final report of the study.*

## Proposal Review

Selection will be made on a competitive basis. The Research Advisory Panel (RAP) of SANEI comprising of internationally renowned economists will evaluate the research proposals.

## Evaluation Criteria

The evaluation of the research proposals will be based on scientific merit, policy relevance, capacity building, budget, and dissemination potential. More specifically, the following considerations will be relevant:

- Clarity of the proposed research question,
- Originality (preference will be given to proposals that develop new methodologies or use the transition experience to obtain new insights into fundamental questions rather than those that call for mechanistic application of conventional techniques to new data),
- Appropriateness of the proposed techniques,
- Use of the most modern and appropriate techniques.
- Overall policy relevance,
- Impact in developing research capacity,
- Cost effectiveness and appropriateness of the budget,
- Dissemination potential of the study.



## Proposal Submission

**Last date of submission of the Research Proposal**

**15 July 2013**

Please mark your envelope with

**“SANEI Research Proposal: 15<sup>th</sup> Round RRC”**

The proposal should be submitted by email (in MS Word format) to [saneibd@gmail.com](mailto:saneibd@gmail.com) with copy to [saneibd@yahoo.com](mailto:saneibd@yahoo.com) and a hard copy (*spiral binding in mentioned order*) by post to the following address:

**Dr. Mustafa K Mujeri**

Coordinator SANEI & Director General BIDS

The SANEI Secretariat

Bangladesh Institute of Development Studies (BIDS)

E-17 Agargaon, Sher-e-Bangla Nagar

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# Typical Errors

Following are some of the typical errors that should be avoided:

## 1. *Research goals*

- Overly ambitious
- No academic content (e.g. design a regional development strategy, production technology, etc.)
- Business-oriented (e.g. develop methodology to evaluate investment projects)
- Purely descriptive (e.g. construct a typology of ...). No attempt to explain behavior or dynamics
- Very abstract, no link to economic realities and policymaking

## 2. *Hypotheses*

- Statement of a general topic of research instead of a specific problem (“analysis of the labor market”, “enterprise restructuring”)
- Not testable in principle, or because data is not available
- Trivial (e.g. “to grow faster Bangladesh needs more investment”)

## 3. *Literature review*

- Just a list of titles and names doesn’t provide a critical assessment
- Focused on general literature (e.g. labor economics) rather than literature that is specific to the project
- Focused on textbooks (e.g. MacConnell-Brue) rather than research literature
- Focused on classical literature (Marx, Adam Smith) rather than modern research texts
- Focused on national sources only (as “foreigners don’t have a good grasp of Bangladesh’s national problems”)

## 4. *Research methodology*

- Description of methodology is purely declarative (e.g. “factor and cluster analysis”). The actual research methods are not described in any detail
- Methodology is inadequate (e.g. exclusive use of charts and visual comparisons when studying the determinants of economic growth, or borrowed from physics, biophysics, etc.)
- Theory is not linked to the empirical part (e.g. when a theoretical model is borrowed from a foreign source to strengthen an empirical proposal)
- Theory is not adapted to the specific South Asian circumstances (e.g. standard text-book theory)
- The theoretical model is not tractable (e.g. a system of 300 dynamic equations)
- A theoretical or econometric model is promised in the proposal but its basic structure is not presented
- The econometric model is not linked to data. Not clear how key model parameters will be calculated
- Data is not adequately described. No discussion of ways to fill in the existing data gaps. Questionnaire is not attached to the proposal

## The Donor



### GLOBAL DEVELOPMENT NETWORK

The Global Development Network ([GDN](http://www.gdn.int)) is an independent international organization that allies researchers and institutes in development globally. Founded in 1999, GDN is headquartered in New Delhi, with offices in Cairo and Washington DC.

GDN supports researchers in developing and transition countries to generate and share applied social science research to advance social and economic development. GDN's core business is building research capacity. Its aspiration is to achieve a critical mass of researchers who are globally interconnected and produce good research to impact public policy. GDN works in collaboration with 11 Regional Network Partners as well as with international donor organizations and governments, research institutes, academic institutions, think tanks and more than 12,000 individual researchers worldwide.

GDN's Global Research Capacity Building Program helps social scientists in developing and transition countries develop a mix of the skills and knowledge required to become a high-performing researcher. This integrated program includes the Regional Research Competitions, the new Global Research Competition and the Global Research Projects. The Global Research Capacity Building Program is complemented and supported by a range of networking, outreach and dissemination activities.

Contact information: <http://www.gdn.int>

## Schedule - A

#	Heads	US \$
01	Salaries	
02	Field Survey/ Data Collection	
03	Books, Stationary and Software	
04	Communications	
05	Travel for workshop/Conference	
06	<b>Subtotal</b>	
07	Institutional Overhead (Maximum 15% of Subtotal)	
08	<b>Total</b>	

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## Contact SANEI

### Coordinator

***Dr. Mustafa K Mujeri***

Coordinator SANEI and  
Director General BIDS

### SANEI Secretariat

***Samiul Ahsan***

Manager, Administration and Communications  
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