of activity, and some believe that Nepal could almost double its per capita income in a few years with appropriate investments in hydro-power along with trading arrangements with its neighbours, especially India. Bangladesh can also profitably engage in energy trade with India and Nepal.

Perhaps the biggest gains are in water management, particularly for the poor. This is also the area where the vulnerability is most serious, especially for Bangladesh that lies furthest downstream before the mighty Ganges and Brahmaputra rivers meet the sea. The range of issues includes cooperative arrangements to address long-term vulnerability due to climate change (e.g. availability of water, coastal belt flooding from rising sea level), to immediate solutions to reduce flooding, making more water available for irrigation, and producing hydro-power for regional use.

In the past, water agreements have been difficult to come by because of the tendency of each country to think of this resource as a zero-sum-game; more for my neighbour means less for me. This need not always be the case. A package deal that looks at hydro-energy, irrigation, and flood-control, based on an equitable sharing of financial costs and output benefits, will likely show that a cooperative solution is indeed a win-win. The poor in Nepal, Bangladesh, and India can all benefit tremendously from sound and equitable water management agreements, which ought to be the highest priority for the north-east corridor development.

Similar cooperation is possible in the north-west region of the South Asian. Afghanistan is a land-locked country, and it is poorer and more vulnerable than Nepal. Internal and external security constraints have further complicated the development efforts of this fragile nation. In a peaceful external environment, Afghanistan could be better placed to address its internal security challenge as well as come to grips with the massive development needs. Being land-locked, Afghanistan must depend on the goodwill of its neighbours, Pakistan and Iran, to get access to sea-ports.

Concerning land routes, historically, Afghanistan has been a leading trading nation, with linkages with Turkey, Central Asia, Middle East, Pakistan, India and China. These links were destroyed over the years by war and establishment of border restrictions. With peace in the region, Afghanistan might considerably regain its lost glory with a modernisation of its trading routes.

Indeed, efficient trade and transit arrangements with neighbours are key factors in developing exports and promoting economic growth in Afghanistan. There is also substantial scope for energy trade. Already, an important beginning is being made on the basis of the proposed Central Asia-South Asia energy project. There is considerably more long-term potential, including investment in gas pipelines that might link gas surplus, low-income Central Asian



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