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By

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“SAARC: Fresh Regional Impulse”

“The beast was born dead, but feigned life. The pretence of being alive was sustained by various equally stillborn attempts to show signs of life.”

Himal South Asian: Editorial, January 2004

An unfulfilled vision

Two decades have passed since the SAARC came into being as an expression of our region’s collective resolve to keep apace with the changing times and to evolve a coherent regional cooperative framework in an increasingly inter-dependent world for the socio-economic well-being of the peoples of its member states.¹

In these twenty years, we have seen the world transforming and coming together at an electronic pace through the marvels of technology and communication, and despite ups and downs of all sorts, moving ahead with an accelerated rate of its economic growth and affluence. South Asia, during this period, has remained mired in its unbroken legacy of poverty, hunger, disease and illiteracy, while SAARC, as an organization has not gone beyond rhetoric and anodyne declaratory pronouncements without any tangible regional achievement to its credit.

Over the years, our leaders have been envisioning an era of peace and prosperity for South Asia. Their vision, unfortunately, remains unfulfilled. Despite lofty declarations and an ever inflating agenda for multi-dimensional cooperation among the seven member-states of SAARC, the outlook for change on the regional horizon woefully remains illusive.

No doubt, our Association has covered a long distance since its establishment but it certainly does not seem to have gone a long way in pursuit of its avowed goals and objectives. What has gone wrong with SAARC is a question that keeps agitating our minds at all levels attracting discourse and scrutiny from practitioners of all genres both within and outside our region. From any account of what we have been doing and what we have not been able to do and why, we would find it difficult to disagree that there is still a long way between promise and performance, and between aspiration and accomplishment.

¹ SAARC was officially born in 1985 as an association of States to "promote the well-being of the populations of South Asia and improve their standard of living; to speed up economic growth, social progress and cultural development; to reinforce links between the countries of this area; and, lastly, to promote mutual collaboration and assistance in the economic, social, cultural technical and scientific fields". It groups seven countries: Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. With 1.4 billion inhabitants in 2000, these countries represent almost 22% of the world population, but only 1.97% of world GNP (\$612 billion in 2000). Average per capita income is \$461 (World Bank, 2002)

Our leaders perhaps are the most “sovereign” judges of the situation. They have been occasionally expressing their views on SAARC’s performance and pointing out, no matter how diplomatically, the difficulties and “ground realities” within and around our region which have kept our Organization shackled limiting its ability to meet the challenge of regional economic cooperation.

Most relevant to recall here would be the observations² made in this context by the heads of state and government on the occasion of the last, **the 12th SAARC Summit** in Islamabad. Almost all of them spoke about the need to take a fresh look at the efficacy of the working of the Association. In order to strengthen SAARC’s operational tools, we could also learn appropriate lessons from the experience of other countries and regions.

In his thought-provoking address, the Prime Minister of India, while acknowledging that mutual trust and confidence were necessary for any regional endeavour, lamented the fact that “for many decades, South Asian countries - which have a complex and troubled colonial legacy - have been unable to forge an integrated economic understanding, circumventing political differences.”

According to him, “mutual suspicions and petty rivalries have continued to haunt us” and as a result, the peace dividend has bypassed our region. We have to look forward now, with a collective approach in mind,” he emphasized. He also admitted that SAARC had created high expectations among the peoples of the region but those expectations had not been fulfilled in the measure of the potential.

On his part, the current chairman of SAARC, the Prime Minister of Pakistan, also felt that despite some “notable achievements” to its credit, SAARC was nowhere near realization of its real potential and promise. South Asia, according to him, remained out of step with other regions of the world, which had been able to transcend their differences and disputes and embark on a steady course to economic growth and development.

Greater economic integration, he emphasized, was inextricably linked to the creation of what he called “requisite climate of mutual trust and confidence” and “an environment of peace and stability.” While urging the need “to clearly delineate a road map” for taking SAARC forward, he called for building “the right synergy in our national endeavors and regional plans” in order to put our region on the path to economic development.

In her statement, the Prime Minister of Bangladesh saw great potential in SAARC and emphasized the need “to make SAARC a more vibrant institution, so that it becomes a strong voice in international economic forums, and meaningfully contributes to achieving peace, progress and prosperity in our region.” She hoped the South Asian cooperation would follow “a purely pragmatic path in order to achieve what was attainable.

Other leaders have shown no less concern on the inherent weaknesses and shortcomings in our regional approach. In their statements at the last Summit, they were unanimous in

² SAARC Secretariat Website: Statements by the heads of state and government at the 12th SAARC Summit, held in Islamabad on January 4-6, 2004

welcoming the emerging India-Pakistan rapprochement and hoped it will augur well for the stalemated process of regional cooperation. They also felt that it was time now to focus more on implementing our pledges rather than continuing proliferation of voluminous documents and making non-implementable commitments.

These pronouncements are a reflection of the only “consensus” that we seem to have developed at “regional level” acknowledging the grim reality that SAARC, during the two decades of its existence, has not lived up to the expectations of its member-states. The debate on SAARC’s performance has also highlighted the need for an “enabling environment” free of mistrust and hostility, without which no regional arrangement anywhere in the world has worked.

India-Pakistan equation with all its ramifications is not the only factor that has adversely impacted on SAARC’s performance. Its capacity to deliver on its ambitious agenda has also been conditioned by its systemic limitations and operational handicaps. There is a strong desire in the region now to see our Association re-oriented both structurally and operationally, enhancing its effectiveness as a dynamic vehicle of regional cooperation.

We hope the 13th Summit, scheduled to take place in Dhaka in November this year, which has already been postponed once, will not be delayed beyond this year. It must retain its symbolism coinciding as it should be with the twentieth anniversary of the founding of SAARC. We have seen some encouraging and reassuring statements from the host government which is keen to hold the meeting this year for the same reason.

According to the foreign minister of Bangladesh, the Dhaka Summit will mark the beginning of a new SAARC era “by ushering in a decade of implementation rather than mere declarations”³ He also spoke of the possibility that the Dhaka Summit might give us “a new vision” for the third decade, a vision of closer economic union for the region. It is a laudable goal. But visions alone have not promoted regional cooperation in South Asia.

We already have our regional “vision” which the SAARC was created to serve and which till now remains valid as set forth in the Charter objectives of our Association. Instead of developing a new vision, we only need to look ahead and think afresh with a sense of greater commitment and practicality on our existing goals and objectives and on the means to accomplish them.

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Other regional arrangements

Regional arrangements on trade promotion and economic progress are now a world-wide phenomenon. At the end of the World War II, a spate of new regional organizations

³ DW-WORLD.DE Website: Interview by the Foreign Minister of Bangladesh, 28 November, 2004

emerged, first in Western Europe, then in Latin America and elsewhere, with varying degrees of success and effectiveness in terms of cooperation and integration.

The foremost post-War regional arrangement in Europe was the establishment of the **Organization for European Economic Cooperation (OEEC)** as a means for jointly implementing the European recovery program and restoring economic viability to the region. In order to facilitate the expansion of intra-regional trade, the **OEEC** established the **European Payment Union (EPU)** to provide for a common payment system among its members.

The success of the institutional approach in Europe's transformation from despair to prosperity augured well for its global potential, and paved the way for what was to be the world's most economically and politically advanced integration arrangement, the **European Union (EU)**, which originated in 1951 with the **European Coal and Steel Community**. The 1957 Treaty of Rome laid the foundation of a major regional grouping in the form of the **European Economic Community (EEC) and the European Atomic Energy Community (EURATOM)** establishing a common market, a common external tariff, free flow of capital, free migration of workers, as well as many common economic policies and programs.⁴

A parallel initiative was taken in 1959 at the Stockholm Convention in the form of the **European Free Trade Association (EFTA)** with the objective of eliminating tariffs and other barriers to trade among its members and to harmonize internal production cost factors. **EFTA's** original members were Austria, Denmark, Great Britain, Norway, Portugal, Sweden, and Switzerland, known as the "'Outer Seven" as against the original six European Market countries, France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg, called the "Inner Six." Subsequently, **EFTA** saw many of its members defecting to join the "Inner Six" as the **European Community** evolved into the **EU**.

⁴ Since the mid-1980s, the **EU** has made major strides toward economic union of its member-states while also attaining higher level of political coordination. The Single European Act coming into force in 1987 as an amendment to the Treaty of Rome was a major integrative measure committing members to "complete the internal market by December 31, 1992, with the removal of all barriers to the free movement of money, trade products, workers, and services among the member-states."

The Maastricht Treaty on European Union of 1993 transformed the European Community into **European Union** envisaging "tighter" economic and political integration to be achieved in stages before 1999. Under this Treaty, the scope and powers of the EU were extended to several other areas, including defense, social issues, health, environment, immigration, industrial policy, and consumer protection.

In the economic realm, the most significant provision of this Treaty was the "creation of the internal market and subsequent creation of an **Economic and Monetary Union (EMU) with a European Central Bank** as its key agency to regulate the EU monetary policy, including the issuance of a new common European currency (Euro) to replace national currencies.(Treaties establishing the European Communities, EC publication, Brussels.1987; Agenda 2000: For a Stronger and Wider Union. Brussels: European Commission, 1997)

Europe's success story was a model that many other regions in the world tried to emulate but with little or no progress. They had neither the environment nor the means and a "Marshall Plan" that the post-War Europe was endowed with.

The Communist world attempted a regional economic grouping, called **COMECON**, in 1949 as an economic bloc comprising the former Soviet Union, and six East European countries (Bulgaria, Czechoslovakia, East Germany, Hungary, Finland, and Romania), plus Angola, Cuba, Mongolia and Vietnam. Its relevance as a regional cooperation arrangement was never established. It was dissolved in 1991 with the collapse of the Communist regimes in Eastern Europe.

In Latin America, many regional and sub-regional arrangements have been attempted with focus on tariff reductions and free trade areas. These included the Latin American Integration Association (LAIA, Spanish acronym **ALADI**) comprising Mexico and ten South American countries as a successor to the Latin American Free Trade Association (**LAFTA**) which had earlier failed to accomplish a free trade area. From among the **ALADI** membership, two sub-regional groups embarked upon separate trade dispensations, **the Andean Pact** countries opting for a free trade area, while the other went ahead to establish a more ambitious **Southern Common Market (MERCOSUR)**.

In Central America, the Central American Common Market has been struggling without success to become a proper Central American Economic Community, while its members (Costa Rica, El Salvador, Guatemala, Honduras, Panama, and Nicaragua) have also agreed with Mexico, Venezuela and Columbia to form a single free trade area. In this region, **the Caribbean Common Market (CARICOM)** and the **Southern Common Market (MERCOSUR)** have shown a relatively greater resilience and potential for economic integration.

A **North America Free Trade Area (NAFTA)** originally consisting of the US and Canada since 1988, and later expanded to include Mexico in 1992 has been another significant free trade arrangement which has been operational with modest success and many problems.

Among the developing countries, there have been several attempts to promote free trade on a regional basis. With the exception of the Association of South East Asian (**ASEAN**), which has moved successfully toward an Asia free Trade Area; all other regional and sub-regional arrangements, notably the **South Pacific Forum (SPF)**, the **Central African Customs and Economic Union (UDEAC)**, the **Economic Community of West African States (ECOWAS)**, the **African Union**,⁵ **D-8**, the **Economic Cooperation Organization (ECO)**, and **SAARC** have yet to deliver on their promise.

⁵ In July 2002, African heads of state and government replaced the Organization of African Unity by the African Union and launched the New Partnership for Africa's Development (NEPAD), which will operate under the auspices of the AU, is a comprehensive framework for Africa's development, including a market access initiative to improve intra-African trade and measures geared to increasing African countries' participation in the multilateral trading system. (World Economic and Social Survey 2002, UN publication)

Regional trade arrangements are generally considered a “useful complement” to a multilateral system but they are not a substitute for worldwide arrangements. In fact, the “bloc nationalism” inherent in free trade arrangements can hamper world trade and impede the goal of an orderly world economy. Their “discriminatory” nature involving “preferential treatment” for members and denial of the same to those outside the group is seen as inimical to the development of global multilateralism.

Even within a regional group, there can be genuine problems between two or more member states emanating from their built-in protective structures and “relatively more restrictive import regimes” limiting access to their markets.⁶ The concept of a free trade area or common market is also linked to the upsurge of “unhealthy” competition in a cut-throat battle for survival.

Free trade tends to become a boon for the stronger trading partners. Economic freedom within a regional group would let the stronger partner(s) dominate the marketplace and investment funds, “which would only accelerate the process of enriching the rich and impoverishing the poor.” In the absence of proper safeguards and complementary steps, a free trade area or common market could drive marginal producers out of business, a process that could rebound to the detriment of market consumers.⁷

Regional approach, however, does offer a number of real advantages in terms of increased trade and investment, improved terms of trade, greater efficiency and competition, lower costs of production with free internal movement of labor and capital, a freer and larger market with expanded production and economies of scale, monetary stability, and bargaining strength in tariff negotiations with other parties. A regional market’s institutional mechanism, its harmonization of economic policies, and the spill-over effect of its successes can also make the difference.

Plus ca change, plus c’est la meme chose!

The more things change, the more they remain the same. This French aphorism perhaps best describes the institutional character of SAARC which since its establishment in 1985 has been seeking change in our region in terms of poverty eradication and sustainable development, but the change is nowhere in sight.

The problems besetting its member states and those hampering implementation of the agreed plans and programs remain unaddressed. South Asia remains one of the world’s poorest regions with a closed economy, despite some progress toward trade liberalization in the 1990s.⁸ Vast majority of our peoples still live in grinding poverty and sub-human conditions. Economic growth indices, with rare exceptions, are static, if not going downward. The only upward growth is in inflation which keeps soaring with crippling effect on poor masses.

⁶ “Road map of South Asian cooperation”, a key-note paper delivered by Prof. Rehman Sobhan at SAFMA Conference, Dhaka, August 2004

⁷ “Regional Trading Blocs in the World Trading System” by Jeffrey Frankel; IIE, Washington DC, 1997

⁸ Global Economic Prospects and the Developing Countries 2002, World Bank publication.

South Asia's imports and exports are a much smaller share of GDP than in Latin America or East Asia, and tariffs are among the highest in the world. Protectionism continues to limit market access. Intra-regional trade is non-consequential representing only 4 per cent of their total trade, as against 62 per cent in the European Union, 55 per cent in the NAFTA area and 35 per cent in ASEAN.⁹ The collective share of the SAARC region in world trade is just 1 per cent.¹⁰

With so much of commonalities and strengths, South Asia remains mired in abject poverty and under-development. With some notable exceptions, our countries also lag behind in developing genuine democracy, rule of law and good governance through universally acclaimed norms and principles. With unmanageable magnitude of its problems, South Asia today is credited with most of the contemporary world's ills ranging from inter-state and civil conflicts to unresolved disputes, human tragedies, violence, extremism and terrorism.

We are today speaking of a new "vision" for the third decade of SAARC. If that "vision" also remains unfulfilled, what shall we do? Instead of utopian dreams and visions, why can't we develop a new culture for our Association, a distinct institutional culture that gives us not only the means and motivation to implement our plans and policies but also the adaptability and responsiveness to the ever-changing conditions and opportunities?

Take the example of today's **United Nations**. It is no more than a debating club, producing voluminous and repetitive documentation without any tangible results or follow-up action on its political decisions or socio-economic agenda. By all accounts, it is the largest consumer of printing paper and also the largest producer of waste paper. No wonder, some critics now like to see it as "a dustbin of history."

In the case of SAARC, we are beset with similar, if not the same, problems. For twenty years, we have remained engaged in prosaic and ritualistic exchanges, producing, like the UN, voluminous documentation and holding countless meetings mostly of officials with no decision-making skills or authority.

A cursory glance at the SAARC Secretariat's web-site would show that our Organization is perhaps unrivalled in the number of meetings held at various levels both in Kathmandu and all other SAARC capitals. We are sure that many of these meetings do serve a purpose in terms of sharing of information and mutual experiences, but regional cooperation is not all about exchange of information.

There is something fundamentally wrong with our approach which needs to strike a balance between our ambition, our region's peculiar environment and our operational capacity.

⁹ The Deccan Herald: January 23, 2004; Eduardo Faleiro

¹⁰ Regional Cooperation and Intra-SAARC Trade by Perumal Koshy (November 10, 2002)

Lessons from other regions for SAARC

The trend of our times is economic development through regional cooperation. This is true of South Asia as it is for Europe, Latin America, Africa, Middle East and the rest of Asia. We are witnessing a new upsurge of freedom, democracy and unprecedented economic growth in many regions of the world. South Asia must break out of the stranglehold of poverty, hunger and disease. It must take up the challenge, as one region, to combat economic deprivation.

No comparisons need be drawn between various regional organizations as each one of them represents a different set of problems and priorities. In particular, one must guard against the temptation to cite the **EU** example as a model for **South Asia**.

As stated earlier, **the European Union** has a long history that stands out in sharp contrast to other regions trying to integrate economically. It had qualitatively a more conducive political and economic environment with **Western Europe** building on the ashes of the War a new edifice of mutual cooperation. It did not rest on any laurels and carefully crafted its institutions and mechanisms to achieve its goals. This whole process had started in 1951 and took more than half a century in culminating in its present form.

Likewise, the history of **ASEAN** bears no parallel with the evolution of regional cooperation in South Asia. Like **EU**, **ASEAN** was conceived in the context of the **Cold War** compulsions as an attempt to forestall any extra-regional security threat and to link non-communist economies of this region with global capitalism. "ASEAN entered the global economic expressway when the going was fast and smooth." Another advantage that **ASEAN** had over **SAARC** was the geo-political harmony of its member-states which were also smaller in size and had comparatively more efficient and centralized system of decision-making.¹¹

The closest that **SAARC** can compare itself with is the **Economic Cooperation Organization (ECO)**, headquartered in Tehran, which I had the privilege of transforming during my tenure as its Secretary-General from a small trilateral entity of Iran, Pakistan and Turkey, originally called **RCD** or **Regional Cooperation for Development** into a major regional organization of ten-member states with the inclusion of Afghanistan and six newly-independent former Soviet republics of Central Asia and Caucasus.

In order to adapt itself to the new challenges after its enlargement, **ECO** went through a comprehensive reform and restructuring with the help of an inter-governmental group of eminent persons. I recall within one year of the establishment of the group of eminent persons, we not only received its report but also had it approved at all competent levels with its recommendations on various aspects of the Organization's reform, including the revision of the Charter, fully implemented and legally enforced.

We had to revise the **ECO Charter** only because the original Charter in the form of the **Treaty of Izmir** had become redundant with the transformation of Organization from a

¹¹ SAARC at Crossroads by Prof. S D Muni, Jawaharlal Nehru University, Delhi.

trilateral entity into a major regional grouping of ten member-states.¹² Within one-year span, we were able to completely restructure the Organization, including its regional policy framework and socio-economic development strategy.

We also started implementing the major plans of action, which included the **Quetta Plan of Action, the Istanbul Declaration and the Almaty Outline Plan for Development of Transport Sector**. In terms of priorities, the development of a modern transport and communication infrastructure linking the **ECO** member-states with each other and with the outside world was at the top of our agenda.¹³ An elaborate plan for developing regional network of oil and gas pipelines was also formulated.

Among the various regional projects finalized during that period were **ECO Trade and Development Bank, ECO Reinsurance Company, ECO Shipping Company and ECO Air**. After intense negotiations, two regional agreements, one on **transit trade**, and the other on **simplification of visa procedure** for the businessmen of ECO countries were concluded.

These are concrete projects with regional scope and dimension, which have their location and equity already approved and committed, and which on implementation will contribute significantly to the region's economic cooperation activity. Two regional institutions, namely, **ECO Science Foundation and ECO Cultural Institute** have already been established

One must admit, however, that like **SAARC**, **ECO's** real potential as a regional cooperation Organization remains captive to the geopolitics of the region. With Afghanistan still in turmoil, there is no prospect of an early break-through toward a meaningful economic integration in this part of Asia.

Meanwhile, the newly-independent republics of Central Asia are grappling with the challenge of bringing their political and economic systems in the global mainstream. Despite their structural economic and political problems inherited from their previous system, the newly-independent members of **ECO** are gradually moving towards market and export-oriented patterns of development. **ECO** offers them not only a vast market in close proximity for their natural resources including gas and oil but also the only nearest outlet to other markets of the world.

The regions covered by **SAARC and ECO** are contiguous and mutually complementary in terms of their potential for regional cooperation. Both are vast and rich in natural and human resources. Their geography and strategic location is an asset that perhaps no other region of the world has. Our common civilizational experience and cultural heritage are unrivalled anywhere in the world. We have an enormous untapped economic potential, which, if exploited properly through innovative national and regional strategies, could

¹² Afghanistan, Azerbaijan, **Iran**, Kazakhstan, Kyrgyz Republic, **Pakistan**, Tajikistan, Turkmenistan, **Turkey** and Uzbekistan.

¹³ **Tejan-Sarakhs Railway link** between Iran and Turkmenistan was a major project implemented and operationalized in May,1996.

transform this part of Asia into an economic power house, besides making it a major factor of regional and global stability.

Inter-regional cooperation

Parallel to intra-regional cooperation, **SAARC** also needs to pursue a process of mutually beneficial cooperation with other major regional organizations, including **ASEAN** and **EU**. Annual consultations with **ASEAN**, **ECO**, **South Pacific Forum** and **ESCAP** at the level of executive heads were institutionalized in 1994 which should be continued with special focus on such areas of common interest as trade & investment, transport and communication, human resource development and energy. This process would also enable the participating organizations to benefit from each other's experiences in these areas.

SAARC-EU cooperative links initiated in 1994 involving annual Troika ministerial meetings need to be further expanded so as to strengthen closer interaction in areas of mutual interest. **EU** could help **SAARC** in its capacity building and also "facilitate the ongoing integration process through its economic influence in the region and by sharing its own experience of dealing with diversity and its interests in crisis prevention." More specific initiatives should be considered to overcome the political inertia in this cooperative process, and to expand the scope of **EU's** technical assistance for **SAARC** programs.

There have been welcome calls for expanding **SAARC's** economic links with other regions of the globalized world. In his address at the 12th **SAARC Summit**, the Prime Minister of Pakistan had suggested that besides deepening cooperation within **South Asia**, we should also encourage "strong linkages with other regional enterprises, enabling **SAARC** to leverage the economic complementarities" between Asia's different regions. India also seems to be supportive of such linkages, especially with the economies of **South East Asia, and with Japan, China, and South Korea**, "to create a community of Asian dynamism."¹⁴

South Asia and MDGs

The road map set out in the **Millennium Declaration** identified a set of quantifiable goals, the **Millennium Development Goals (MDGs)**, covering the crucial areas of poverty, illiteracy and disease, to be achieved by 2015¹⁵. The **MDGs** constitute the core of what

¹⁴ India's External Affairs Minister; reported statement at a meeting in London on June 27,2005

¹⁵ To halve, by 2015, the proportion of world's people living on less than one dollar a day, suffering from hunger and having no access to safe drinking water; to ensure by 2015 universal primary education for boys and girls without any discrimination; to reduce by 2015 maternal mortality by three quarters and under-five child mortality by two-thirds; to control and reverse by 2015 the spread of HIV/AIDS, malaria and other major diseases; and by 2020, improve the lives of at least 100 million slum dwellers. (**Millennium Declaration 2000**)

South Asia needs to bring a qualitative change in the lives of one-fourth of humanity that lives in this region. These are achievable goals provided we make a determined and focused effort both on national and regional levels.

While recognizing “country ownership” of all activities aimed at sustained economic growth and poverty eradication, SAARC must focus on these over-arching core objectives as intrinsically related and to be pursued together. Neither pursuit, taken on its own, will yield the desired results in terms of promotion of sustainable development. We should be working together for an “enabling environment” to address our development goals through regional economic cooperation. SAARC by itself will not eradicate poverty but will “enable” its members through enhanced regional trade and economic activity to achieve a level of economic comfort for their peoples.

Our regional poverty eradication strategies would be best-served if they also encouraged country-level integration of macro-economic and social policies with a view to expanding employment base, and facilitating access to basic social services including social protection and safety nets. Gender mainstreaming must be included in all regional policies, strategies and programs. A close eye needs to be kept on the region’s demographic dynamics and sustainability and management of natural resources.

Role of civil society

In recent decades, with the declining role of the public sector and increasing influence of the private sector, civil society organizations that seek to maintain and increase public participation as a way of achieving socio-economic equity, have emerged as the “third sector” becoming an important counterpart to governments. In today’s context, good governance also implies a balance among government, civil society, and the private sector in pursuing development goals for the socio-economic wellbeing of people.

An important role for non-governmental stakeholders including civil society and private sector has emerged not only in the run-up to major norm-setting multilateral processes but also in their implementation and follow-up. The **UN General Assembly** has repeatedly endorsed the need for enhanced cooperation with “national partners as well as civil society including non-governmental organizations and the private sector to ensure their contribution in the implementation of the **Millennium Declaration**.

The **Millennium Declaration** clearly acknowledged the role of civil society in the socio-economic development activities while resolving “to develop strong partnership with the private sector and with civil society organizations in pursuit of development and poverty eradication.”

At the **SAFMA** Conference in Dhaka, this aspect was especially highlighted by the constructive engagement of our region’s civil society, including **SAFMA** and other mainstream non-governmental organizations in the process of promoting regional cooperation. The agreed guidelines adopted at the Dhaka Conference also emphasized the need to allow greater interaction among the policy-makers, parliamentarians,

businessmen, media practitioners, professionals, and the leaders of civil society. We should encourage and welcome this trend.

SAARC Group of Eminent Persons (GEP)

South Asia is not a small entity. It has vast economic potential in terms of resources, talent, skills, manpower and a market of more than a billion people. There is no reason any more for us to lag behind. How can we pool our energies and resources to secure a better life for the peoples of our region?

This was the question that impelled us eight years ago at the **9th SAARC Summit** in Male to propose a comprehensive reappraisal of what our Organization had achieved (or had not achieved) since its inception in 1985 and which direction it should take in the future to achieve its declared goals.

I had then just returned to Islamabad as Foreign Secretary of my country after completing my assignment in Tehran as the Secretary-General of the Economic Cooperation Organization (**ECO**). During our discussions in Male in May 1997 at the level of the **SAARC** Standing Committee, I took the liberty of sharing with my colleagues my experience of a comprehensive reappraisal and re-organization of **ECO** that I had steered with the help of an Eminent Persons Group during the last year of my tenure as its executive head. I found great enthusiasm among my colleagues for a similar exercise in **SAARC**.

Subsequently, the **Male Summit** unanimously welcomed and approved our proposal for the establishment of a **Group of Eminent Persons (GEP)** to carry out a comprehensive review and appraisal of our Association with a view to identifying its weaknesses and suggesting remedial measures. In the context of **SAARC's** revitalization, the **GEP** was also asked to “suggest measures, including mechanisms to further enhance the effectiveness of the Association” and develop a long-term perspective and a **SAARC** agenda for 2000 and beyond with targets to be achieved by the year 2020.

The **GEP** presented its report, as mandated, to the **10th SAARC Summit in Colombo** in July 1998. The report took due note of the factors, including the lack of political will on the part of member-states that had hindered the process of regional cooperation under the aegis of **SAARC**, and made some specific recommendations covering a multi-sectoral agenda with special focus on finalization and implementation of **SAFTA**, **establishment of a SAARC Customs Union**, and achievement of a **SAARC Economic Union** by 2020.

The **GEP** has also recommended substantial concessions for the region's Least Developed Countries (**LDCs**), including a longer time period for freeing trade. Among its other proposals in the economic field, those concerning a **Regional Investment Agreement** and setting up a **SAARC Investment Area**, harmonization and simplification of customs procedures and up-gradation of the region's customs infrastructure and development of transportation infrastructure and transit facilities have been of special interest to the member- states.

In the social field, the **GEP** recommended effective utilization of **SAARC's** three-tiered mechanism on poverty alleviation, and several time-bound targets to promote the quality of life through higher allocation of GDP ratio (6 per cent) to education, attainment of universal primary education, gender mainstreaming and elimination of gender-based disparities, and up-gradation of basic health programs.

Ironically, even years after its submission, the status of the **GEP** report remains unclear. It has not been discussed or endorsed at any inter-governmental level, although some of its recommendations and thoughts may have partially been reflected in the outcomes of subsequent **SAARC** meetings at various levels, including perhaps the Islamabad Summit.

We must at least take a formal note of the **GEP's** recommendations, by making it public, if already not done, and see how we can benefit from them in our endeavors to infuse "new life" in **SAARC**.

Prospect for SAFTA

After some modest progress under **SAPTA**, the conclusion of the **Framework Agreement on South Asia Free Trade Area (SAFTA)** at the 12th **SAARC Summit** was a long-awaited development. It is, however, seen only as the beginning of a long and arduous process. Our region's trade architecture has inherent "speed breakers" if not "road blocks" in the form of high and restrictive trade barriers. The foremost challenge will therefore be in their removal and creation of an environment that allows free and fair promotion of trade in the region.

While a **Committee of Experts (COE)** is already examining pre-enforcement measures such as "exchange and negotiations on the sensitive list, rules of origin, technical assistance for **LDCs**, and revenue compensation mechanism for **LDCs**," there have been calls for several complementary trade facilitation measures, including up-gradation of the existing transportation and communication links, harmonization of customs rules and procedures, and elimination of non-tariff barriers. The possibility of establishing a **South Asia Trade and Development Bank** could also be considered.

The success of **SAFTA** will depend on the fairness and equity with which this process is carried forward. Trade liberalization that does not ensure equitable benefits to all countries of the region with special deferential treatment for the small and **LDC** member-states might be difficult to sustain. Special effort with concrete practical steps, especially on the part of the region's sole predominant economy would be needed to prevent any negative fall-out of the free trade arrangement on the relatively smaller and less-protected economies of the region.

The complexities around questions relating to legitimate concerns of **LDCs** including the scope and areas of technical assistance needed by them, size of the negative list, elimination of tariff and non-tariff barriers, mutual opening up of economies and harmonization of customs rules and procedures are indicative of the magnitude of the uphill task that lies ahead for **SAFTA**.

Fresh regional impulse

After two decades of SAARC's low-yield performance, it should be abundantly clear to us that ambitious ideas of establishing an economic union or a monetary union in South Asia would remain distant dreams, unless we are able to address the political environment in our region and develop appropriate strategies for implementing our action plans.

The major stakeholders in the political environment of our region seem to realize the indispensability of durable peace in South Asia through confidence-building and conflict-resolution. India-Pakistan composite dialogue process hopefully will reach its logical conclusion.

Meanwhile, our foremost priority should be to ensure that we have our regional perspective clearly drawn, our goals and priorities pragmatically defined and our wherewithal appropriately geared towards the realization of our declared objectives. This would require an attitudinal change both at the national and regional levels to move from our "declaratory stance" to an "implementation mode" equipped with necessary means and resources.

"Business as usual" approach will not work. Besides political commitment and deeper engagement on the part of all member-states, a new result-oriented normative framework and operational culture consistent with our regional ground realities is needed. This is the essence of what we are seeking to address at this Conference in the context of "new life within SAARC."

But let us not talk of "new life," not even metaphorically. New life is relevant only in the context of reviving a lifeless being or an organic entity. SAARC is neither dead, nor moribund. It is only twenty years of age, and is passing through the difficult transitional phase of its growth, moving from infirmities of adolescence to maturity of adulthood. SAARC is very much alive and a reality that we must reinforce and refine with a robust fresh regional impulse that will enable it to deliver on its promise.

In recent years, there has been a sharp focus on SAARC's future with many experts and media-persons scrutinizing its performance and potential in key areas of regional cooperation while also exploring remedial strategies and functional methodologies to bring about a positive change in SAARC's performance culture.

In this process, SAFMA's conference at Dhaka in August last year represented a valuable input to the SAARC process. It was a good civil society follow-up to the 12th SAARC Summit in Islamabad, which itself had produced some important agreements in the form of a Social Charter, a **Framework Agreement for a South Asia Free Trade Area**, and an additional **Protocol to the SAARC Regional Convention on Combating Terrorism**, while also endorsing the report of the **Independent Commission for Poverty Alleviation in South Asia (ISACPA)**.

The Islamabad Declaration also called for "strengthening of capacity of the SAARC Secretariat. As a follow-up, an inter-governmental committee was to examine the nature

and scope of the Secretariat's reform and restructuring and to submit recommendations to the next session of the Council of Ministers.

These are welcome developments but every one agrees that the real challenge lies in the implementation of the agreed decisions. We need to move from the realm of ideas to plans of action. South Asia needs an exceptional impulse to keep pace with the changing times. This impulse, a fresh regional impulse, must spring from within South Asia. Only then will our peoples be able to harness the full potential of the South Asian region and to join the worldwide quest for economic growth and development.



SAARC ROAD MAP TO RECOVERY & REFORM

Suggested measures

(a) Systemic Adaptation & Re-orientation:

- SAARC must adapt itself to the new realities even if it means re-writing of its basic **Charter**. All institutions are susceptible to change and improvement. We need to seriously look at the **Charter** to overcome its shortcomings and outdated elements, especially the provisions on “principles of cooperation,” “inter-governmental structure,” “financial arrangements” and “general provisions” concerning decision-making.
- Sustainable development and poverty eradication must remain the over-arching goals of SAARC with more focused and result-based approach in their realization as part of national development plans.
- The realization of the **Millennium Development Goals (MDGs)** be also integrated with time-bound national development strategies.
- The objectives of SAARC as set forth in its **Charter** represent our “common vision” which should continue to guide our regional cooperation in a holistic manner, while striking balance between our ambition, region's peculiar environment and our operational capacity.

(b) Attitudinal Change:

- Move away from declaratory stance to an action-oriented and goal-based implementation mode. (From rhetoric to reality approach).
- Find ways to work together towards the agreed common vision.
- Re-orientation through value change and pragmatism to a culture of “moving ahead” in keeping with the pace and progress of times.
- Build right synergies between regional plans and national endeavors.
- Accept ‘country ownership’ for implementation of all regional action plans, and their over-all coordination and follow-up.

- Policy coherence at national and regional levels.
- Avoid proliferation of meetings and excessive documentation.
- Focus on project-oriented approach.

(c) **Enabling Environment:**

- Ensure peace and tranquility in the region through mutual trust, confidence-building and conflict resolution.
- Establish a regional political forum, called “**South Asia Regional Forum**” to address issues of “confidence-building, preventive diplomacy, and peaceful settlement of disputes” in the region, and also to institute inter-regional cooperative and dialogue partnership relationships with its relevant counterparts to promote regional and global peace and security.
- Free South Asia of tensions, military confrontations and escalating military budgets and re-direct our energies and resources to improve the quality of life for our peoples.
- Build mutuality of interest and benefit in regional approach.
- Mobilize political will and commitment to back-up regional cooperation.
- Avoid establishing “funds” or “aid mechanisms” that tend to cripple nations’ initiative and drive and retard the urge for “self-reliance.” Instead focus on generating activity that helps pro-people growth and raise incomes of people, especially those of the poor.
- Promote people-to-people contacts, business and cultural exchanges, and cooperative linkages among educational institutions in the region.
- Simplify visa procedures and policies, especially for the region’s business people.

(d) **Acquiring the means:**

- Establish coherent modalities and effective mechanism for implementation, coordination and follow-up of the agreed regional action plans. A new ministerial body, **Regional Planning Council** comprising **Finance Ministers** of the member-states should be constituted to discuss and coordinate regional plans, and to review progress in their implementation.
- In order to maintain unity and cohesion of the **Association, SAARC** member-states should continue to work within the framework of the **SAARC Charter** on specific projects of interest to more than two but not all member-states.
- Establish a **South Asia Trade and Development Bank** to help promote regional trade and joint-venture collaboration at regional level.
- Strengthen **SAARC** structurally and operationally, giving it the necessary means and resources, raising its international profile, and building its interface with trans-regional cooperation.

- Augment SAARC's capacity to serve as catalyst in the economic and social development of our region.
- Strengthen and upgrade the existing transportation and communication links across the region.
- Develop cooperation in the energy sector, including creation of regional power grids to share power surpluses and shortages, and establishment of trans-regional oil and gas pipeline network.
- Expand inter-regional collaboration in selected areas of mutual interest, and build linkages with major global economies.
- Seek closer linkages with ECO, ASEAN, and **Shanghai Cooperation Organization (SCO)**, and build complementarities for mutual benefit.
- Promote good governance, democracy, "political socialization" and rule of law as the preferred norms for the region.
- Enhance collaboration with all relevant organizations of the UN system including trade and finance institutions for capacity-building of SAARC in its regional endeavors.
- Encourage engagement of non-governmental stakeholders, including NGOs, civil society and private sector in realization of SAARC goals and objectives.
- Trade is a means of development and not an end itself. Efforts for elimination of restrictive barriers to trade, opening markets in the region on the basis of fairness and equity, should be accelerated facilitating operationalizing of SAFTA.
- Closer cooperation in the areas of finance and banking, and harmonization of monetary and fiscal policies, including external tariffs and customs rules and procedures.
- Greater attention and allocation of GDP ratio to education at national levels as a means of steering the member-states to development and modernity. Health, including basic health facilities, population welfare and community development must also remain priority areas.

(e) Operational Enhancement:

- Rationalization and streamlining of the respective roles and work of the inter-governmental structures and mechanism of the Secretariat.
- Streamlining of the reporting system by the Secretariat to make it more focused and implementation-oriented.
- Development of operational tools at country level for implementation and follow-up of regional action plans.
- Sectoral task forces at appropriate level be constituted to oversee and monitor the implementation processes.
- A high-level standing body, **SAARC Troika**, comprising the outgoing, the current and the next Chairmen of SAARC as its members at the level of heads of state and government be institutionalized as political mechanism to evaluate and facilitate the implementation of major regional projects. The **Secretary-General**, as an ex-officio member of this group, will coordinate and service the work of the **SAARC Troika**.

- Regular review of our goals and plans at different levels, including at the high level of **SAARC Troika** will enable us to see if we are on target and to make, if necessary, mid-course corrections, based on changes in our interests and re-ordering of priorities.
- As a general rule, **SAARC** activities, including implementation of the agreed action plans and projects, should be subjected to a thorough five-yearly review of progress with a “sunset” provision to reconsider the viability or otherwise of any regional project.
- Also as a matter of rule, the final outcome documents of all **SAARC** conferences and meetings must contain a separate section outlining the proposed implementation and follow-up strategy, if possible, with a road map covering the core areas of the agreed action plans and related operational activities, period of implementation, key actors and their roles, and mobilization of resources.

(f) Structural Reinforcement:

- Strengthen the **SAARC Secretariat** as a dynamic and action-oriented organization, equipped with adequate professional, financial and technological resources as well as requisite operational tools to enable it to “respond effectively and professionally to its increasing responsibilities in the wake of the widening scope of regional cooperation in South Asia.”
- Enhance managerial capacity of the Secretariat by developing a result-oriented culture of performance in which the personnel at all levels are empowered to contribute to their maximum potential.
- Increase the Secretariat’s centralized annual budget which should be funded through contributions by member-states taking into account their capacity to pay and the prevailing scale of assessment of contributions to the United Nations.
- The building of the Secretariat should be appropriately renovated and altered to accommodate the restructured Secretariat with all facilities, including communication and computer networking system required for a modern international work place.
- Instead of current system of annual summits, we should have biennial summits (or more often only if necessary). This would obviate the need for frequent postponements, which have always had an adverse impact on the process of regional cooperation, besides bringing **SAARC** into negative focus, both regionally and globally.
- Rationalize **SAARC**’s decision-making process, restricting the principle of unanimity to vital issues, whereas decisions on other matters should

be taken on the basis of simple majority of the total membership provided that the remaining members choose to abstain and/or are not against the decision. Alternatively, the models of ASEAN and EU could be considered for adaptation to our region's requirements.

- Professionalize the Secretariat with improved quality of personnel who should be recruited from the open market and should be considered for all purposes as international civil servants, with allegiance to their organization, not the countries of their origin.
- The strength of the Secretariat may be revised to give it greater functional leverage and mission-oriented operational capacity.
- The organizational structure of SAARC should have fewer but more decisive organs, comprising:
 - i. **The Council of Ministers (COM):** Highest policy and decision-making body comprising foreign ministers of members states, to meet annually in a SAARC country and in extra-ordinary sessions, when required in a SAARC country or elsewhere.
 - ii. **The Regional Planning Council (RPC):** Planning and coordination body comprising finance ministers of member-states or their equivalents from any other economic ministry such as head of the country's planning organization, to meet at least once a year to evolve annual regional plans of action, and to review progress in implementation of on-going regional programs.
 - iii. **The Council of Permanent Representatives (CPR):** Permanent body which, except when the Council of Ministers is in session, shall be responsible, for carrying out its policies, formulating issues requiring decisions by the member states and for taking appropriate steps on matters connected with the implementation of the decisions of the Council of Ministers. It shall comprise the **Permanent Representatives/Ambassadors** accredited to SAARC, and shall meet on regular periodical basis or as often as necessary in the SAARC Secretariat, Kathmandu as the permanent plenary of the organization. The present **Technical Committees** be abolished.
 - iv. **The Secretariat:** The Secretariat shall comprise a Secretary-General (elected and appointed for 3 years) and such professional staff as the Organization may require, to be recruited and paid from the central budget of the Secretariat as full-time international civil servants.

