Towards a Regional Transit Agreement in South Asia:

IN THIS ISSUE

- The 62nd EC Meeting of SAARC CCI and the 20th General Assembly Meeting, New Delhi, India
- SAARC CCI delegation calls on to Hon’able Mr. Kalraj Mishra, Government of India:
- Glimpses
- Report on Role of Hybrid Rice in Poverty Alleviation
- Report on Floods projected to cost South Asia over $215 billion per year:
- Report on India, Bhutan, Nepal, Bangladesh explore scope for power trade
- Report on India’s ‘SAARC Yatra’:
- Report on SAARC Agreement on Trade in Services:
- SAARC Snapshot
BECAUSE DISEASE KNOWS NO BOUNDARIES...
...OUR COMMITMENT IS WORLDWIDE

Intelligent Medicine

- GASTROENTEROLOGY
- HEPATOLOGY
- RHEUMATOLOGY
- CARDIOLOGY
- ENDOCRINOLOGY
- INFECTIOUS DISEASES
- PULMONOLOGY
- NEUROLOGY
- PAEDIATRICS
- OTOLARYNGOLOGY
- GENERAL MEDICINE

Getz pharma
We care for your health

www.getzpharma.com
The 62nd EC Meeting of SAARC CCI and the 20th General Assembly Meeting, March 10, 2015, New Delhi, India

The 62nd Executive Committee & the 20th General Assembly meeting of SAARC CCI was held in a joint session on March 10, 2015 at New Delhi, Republic of India. The meeting was hosted by Federation of Indian Chambers of Commerce & Industry (FICCI). Executive and General Assembly members of SAARC CCI representing National Chambers/ Federations from Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka attended the meeting.

Dr. Jyotsna Suri, President, FICCI hosted a welcome dinner in honor of SAARC CCI delegates on March 29, which was also attended by the representatives from diplomatic missions from South Asian countries.

Inaugural Session:
The Inaugural session commenced with welcome remarks of Mr. Vikramjit Singh Sahney, Senior Member of FICCI’s National Executive Committee, Immediate Past President and the Chair Advisory Council, SAARC CCI followed by Keynote address by Chief Guest Hon’ble Gen. (DR) V.K. Singh (RETD), State Minister of External Affairs, India.

The Chief Guest in his inaugural address stated that SAARC is a region of focus by current leadership of India under doctrine of Prime Minister Modi and this an opportunity for all of us to create an environment where Trade & Industry can grow and prosper. He said that Trade and Industry have no barrier and the barriers, which SAARC family has been facing were due the restrictions imposed by Individual countries. He was of the opinion that trade and Industry don’t have power house of the world and now it was shared responsibility to find out the ways to achieve that goal. He was of the strong opinion that regional integration was in our mutual interest and anything in our mutual interest must be given priority.

Prior to that, Mr. Vikramjit Singh Sahney, Immediate past President and Chair of Advisory Council in his welcome remarks thanked the Hon’able Minister for gracing the occasion. He expressed firm commitment of the business community to enhance South Asian intraregional connectivity. He requested Hon’ble Minister to pursue the matter of SAARC Traveler Business passes as stated by Prime Minister of India in his address at 18th SAARC Summit. He once again urged upon Hon’able Minister to help increase SAARC visa Exemption borders. He said that each member nation of SAARC has the responsibility to ensure an environment where trade and industry could flourish to the optimum level. If we are able to create such environment then we can truly integrate Trade and Commerce in regional perimeter. He further added that SAARC had the potential to become the economic stickers from 200 to 1000 for bona-fide businessman with validity of one year. He also urged the South Asian government for the speedy implementation of SAFTA in true spirit.

Dr. Ronald Meinardus, Regional Director Friedrich Naumann Foundation (FNF), while wishing...
the success meeting to SAARC CCI members, said that he was happy to witness the working of SAARC CCI as a successful family of South Asia. He added that economic freedom, rule of law and peace were required key factor to attract investment in South Asia and appreciated the role of Private for adding voice to promote trade liberalisation in South Asia.

Mr. Suraj Vaidya, Snr Vice President, SAARC CCI in his concluding remarks said that recent deliberations took place in Kathmandu clearly reflected the sense of frustration regarding potential we have but unfortunately could not do enough. He said that it is highly time that we, the private sector of South Asia, should play more proactive role to promote business and deepen regional integration of South Asia. He added that the Private Sector was confident that political leadership would give serious thought to implement Kathmandu Deceleration of the SAARC Summit and assured that Private Sector would make best possible efforts towards achieving economic targets.

Open Session:

The inaugural session was followed by open session, which was addressed by Ms. L. Savithri, Director, SAARC Secretariat, Ms. Archana Jatkar Coordinator & Deputy Head, Cuts Centre for International Trade, Economics & Environment (CUTS CITEE) and by Mr. Basanta Raj Shrestha, Director of Strategic Cooperation, ICIMOD.

Ms. L Savithri, urged upon the need for developing regional thoughts in addition to bilateral initiatives. She was of the opinion that SAARC provided institutional framework, which can lead to regional integration. She apprised that various SAARC official preparatory meetings have been scheduled for this year and SAARC CCI may capitalize this opportunity to present view point of the Private Sector in terms of policy advocacy during the deliberations.

Close Session:

The formal Executive Committee & General Assembly Meeting of SAARC CCI was held in joint session under the chair of Mr. Suraj Vaidya, Snr Vice President, SAARC CCI. The joint session of the EC and GA reviewed the performance of SAARC CCI in the year 2014 and made a firm Action plan for the year 2015 to further activate the organization. To address the contemporary and emerging challenges, the members proposed amendment in the constitution, sectoral development, promotion of investment and trade by undertaking measures in line with economic decisions taken in the 18th SAARC Summit.
SAARC CCI delegation calls on to Hon’able Mr. Kalraj Mishra, Hon’ble Minister for Micro & SME, Government of India:

SAARC CCI delegation led by Senior Vice President, SAARC CCI Mr. Suraj Vaidya, called to Hon’able Mr. Kalraj Mishra, Hon’ble Minister for Micro, Small and Medium Enterprises, Government of India. The Senior Vice President introduced the delegates and briefed the Minister about SAARC CCI activities in New Delhi. During course of discussion, he sought assistance of Ministry for MSMEs to upgrade Micro, Small and Medium Enterprises in small countries particularly Nepal, Bhutan and other bordering countries.

SAARC CCI delegation comprising Mr. Vikramjit Singh Sahney, Immediate Past President, SAARC CCI, Mian Muhammad Adress, President, FPCCI, Mr. Ramesh Kumar Mutha, Vice President (India), Mr. Hameed Akhtar Chadda, EC Member (Pak) Mr. Iqbal Tabish, Secretary General, of SAARC CCI and Dr. A. Didar Singh, Secretary General, FACCI called on Shri Rajeev Kher, Secretary, Ministry of Commerce and Industry, Govt of India. Shri Arvind Mehta, Joint Secretary, Ministry of Commerce, Govt of India was also present at the occasion.

Mr. Sahney briefed the Commerce Secretary about SAARC CCI action plan for the year 2015 including South Asia Investment Summit, launching of CEOs Forum, designed in line of the economic decisions emerged out from Kathmandu Declaration of the 18th SAARC Summit. He was of the opinion that in the current scenario, Public and the Private Sector can jointly come forward to push economic development agenda and influence the respective Governments. Mr. Iqbal Tabish, Secretary General apprised the Commerce Secretary about SAARC CCI activities and its advisory role on policy making process at SAARC Group of Expert and Committee of Economic Cooperation level. Mr. Goutam Ghosh, Joint Director, FACCI were also present in the meeting, facilitated by FACCI.
Dr. Jyotsna Suri - President, FICCI, hosted Welcome dinner in honor of SAARC CCI delegate, 9th March, 2015, Delhi, India.

Glimpses

We wish earliest recovery of Mr. Iftikhar Ali Malik.

SAARC CCI Executive Committee Members.

Vice Presidents Meeting, 10th March, 2015, Delhi, India

Mr. Zubair Ahmed Malik, EC Member SAARC CCI representing VP-Pakistan and Mr. Vikramjit Singh Sahney, Immediate Past President, SAARC CCI.

(L-R) Mr. Karma Lotay, Vice President, SAARC-CCI (Bhutan), Mr. Suraj Vaidya, Snr. Vice President (Nepal) and Mr. Iqbal Tabish, Secretary General, SAARC CCI.
The 62nd EC Meeting and 20th General Assembly Meeting of SAARC CCI, March 10th, 2015, Delhi, India

(L-R) Mr. Iqbal Tabish, SG, Mr. Dasho Ugen Tsechup Dorji, Past President, Mr. Suraj Vaidya, Snr. VP, Chief Guest, General V.K. Singh, Minister of State of External Affairs, Govt of India, Mr. Vikramjit Singh Sahney, Immediate Past President, of SAARC CCI, Mrs. Ambika Sharma, Deputy Secretary General, FICCI, Dr Ronald Meinardus, Regional Director, FNF (India).

Mr. Suraj Vaidya, Snr. Vice President, SAARC CCI (Nepal) presenting SAARC CCI official crest to Chief Guest General V.K. Singh, Minister of State of External Affairs, Govt of India.

(L-R) Mr. S. S Banga, GA Member (India) and Mr. Karma Lotay, Vice President of SAARC-CCI (Bhutan), Mr. Mian Muhammad Adrees, President, FPCCI and Mr. Ramesh Kumar Mutha, Vice President SAARC CCI from India.

Group photo of Mr. Suraj Vaidya, Snr. VP from Nepal along EC & GA Members from Nepal.

Mr. Suraj Vaidya, Snr. Vice President, and Mr. Vikramjit Singh Sahney, Immediate past President, SAARC CCI jointly presenting certificates of appreciations to Ms L.Savithri, Director, SAARC and to Dr. Ronald Meinardus, Regional Director FNF.

(R-L) Mr. Vinod Juneja, EC Member and Vice Chairman, SAARC CCI accounts Committee, Mr. B K Bajoria and Mr Shrawan Kumar Aggrawal, EC Members SAARC CCI from India.
Glimpses

(L-R) Mr. Karma Gyaltsen, GA Member (Bhutan), Mr. S. S. Banga, GA Member (India), Mr Rajeev Chadha, GA Member (India) of SAARC CCI.

(L-R) Mr. R.B Rauniar, EC Member, Mr. Gyanendra Lal Pradhan, Mr. Om Bahadur Rajbhandari, Mr. Chandra Prasad Dhakal, EC Members of SAARC CCI from Nepal.

(L-R) Mr. H. K. Rajora and Mr Suman Chakraborty, representing Confederation of Indian Industries.

(L-R) Mr. Zubair A. Malik, EC Member (Pakistan) and Mr. Shafquat Haider, EC Member from Bangladesh and Mr. Sarath Kahapalarachchi, Senior VP FCCISL.

(L-R) Mr. Karma Lotay, Vice President (Bhutan), Mr. Dasho Ugen Tsechup Dorji, Past President, Mr. Suraj Vaidya, Snr. VP (Nepal), Mr. Iqbal Tabish, Secretary General, Mr. Vikramjit Singh Sahney, Immediate past President, Mr. Ramesh Kumar Mutha, Vice President (India) of SAARC CCI.

(L-R) Mr. R. B. Rauniar, EC Member, Mr. Gyanendra Lal Pradhan, Mr. Om Bahadur Rajbhandari, Mr. Chandra Prasad Dhakal, EC Members of SAARC CCI from Nepal.

(L-R) Mr. Sarath Kahapalarachchi, Senior VP, FCCISL, Mr Subodh Kumar, Executive Programs FNF, Dr. Ronald Meinardus, Regional Director FNF.
The SAARC CCI Executive Members from Pakistan (L-R) Mr. Fazal Ellahi, Mr. Hameed Akhter Chadda, Mr. Saifuddin Zoomkawala, Pakistan and Mian Muhammad Adrees, President, FPCCI.

SAARC CCI delegation calls on to Hon’able Mr. Kalraj Mishra, Hon’ble Minister for Micro & SME and to Shri Rajeev Kher, Secretary, Ministry of Commerce and Industry, Government of India

Picture taken during the meeting with Hon’able Minister, (R-L) Mr. Kalraj Mishra, Minister for Micro & SME, Government of India, Mr. Suraj Vaidya, Snr. VP (Nepal), Mr. Ramesh K. Mutha, VP (India) and Mian Muhammad Adrees, President, FPCCI.

Picture taken during the meeting with Hon’able Minister, Minister (L-R) Mr. Kalraj Mishra, Mr. Vikramjit Singh Sahney, Immediate Past President, Mr. Iqbal Tabish, Secretary General, SAARC CCI

Mian Muhammad Adrees, President, FPCCI and CEO, Sitara Chemical, presenting a souvenir to Shri Rajeev Kher, Secretary, Ministry of Commerce and Industry. Mr. Vikramjit Singh Sahney, Immediate Past President, SAARC CCI, is also seen in the picture.
The Guard Research Division has been integral in this journey of excellence. Our demand driven research team headed by Late Dr. Abdul Majed (Pride of Performance) commercialized extra long grain Super Basmati Rice which was demand of the International Market, bringing quantum jump in country’s exports.

At Guard Agri, we pay utmost attention to research and in our constant pursuit of knowledge, we have collaborated with Yuan Long Ping High Tech Agriculture Co. World’s No. 1 Technology provider and inventor of hybrid rice. Commercialization of high yielding hybrid rice has ensured further food security for Pakistan thereby making a contribution towards uplifting of socio-economic standards in rice growing areas of rural Sindh and Balochistan and helped in poverty alleviation where rice hybridization took place as hybrid rice has doubled the yield of conventional rice.

Guard Agri is also working in close collaboration with Biocentury Transgene (China) Co. Ltd. China’s leading technology provider for transgenic insect-resistant hybrid cotton (Bt Cotton) and other major crops. Because of our tireless R&D department, today, we are the leaders in Seed Production and Sales, Agricultural Machinery and domestic as well as International Rice Marketing.

Guard Agricultural Research & Services Private Limited
B-12, Riawind Road, Lahore, UAN: +92-42 111 067 555, Fax: +92-42 35320563
Email: info@guardrice.com, Web: www.guardrice.com
ROLE OF HYBRID RICE IN POVERTY ALLEVIATION

Mr. Shahzad Ali Malik
Director, Guard Agricultural Research and Services Pvt Ltd.

Rice after wheat is the second most important food grain crop of the country and is also a major export commodity. Punjab is the leading rice growing province with about 69% of rice area and 58% of total crop production of the country. Rice is the premier food crop of the world and is cultivated on more than 148 million hectare to produce about 570 million tons of grains consumed by more than 50% of the world’s population. About 90% of the world’s rice is being produced and consumed in Asia alone and for many Asian countries rice is the only major food crop. It is one of the major staple foods that provides about 35-39% of the total calory intake of people of South & South Asia. As population is increasing rapidly in many Asian countries, the demand for production would increase to 880 million tons which indicates that about more than 310 million tons more rice has to be produced by the year 2025 (Virmani et al., 1996).

Rice is becoming an important staple food globally. It is the poor man diet particularly for inhabitants of Asia and Africa. In Pakistan the yield of coarse rice by the virtue of cultivation of traditional rice varieties is much less and cannot match with increasing cost of rice cultivation as a result the common grower cannot afford to adopt improved production technology in the shape of use of various inputs and gets low yield from rice crop.

To face these challenges there is great need to increase the per acre yield of rice crop which is only possible through the cultivation of hybrid rice. Guard rice introduced hybrid rice 1st time in Pakistan during the year 2000 and commercialized during 2002 onwards. Due to its earliness and high yield potential, hybrid rice with hybrid rice.

• There is scope of introducing hybrid rice in sindh, balochistan and southern Punjab.
• With adoption of hybrid rice production will increase manifold and will add billions of rupees in the income of farmer and economy of pakistan.

NEED OF HYBRID RICE IN PAKISTAN
• The yield of rice varieties is low and stagnant.
• The low rice yields do not match with increasing cost of inputs
• Due to increase in cost of production pakistan becoming un-compititative in international market.
• The land resources are declining.
• Water shortage is becoming problem.
• Solution is adoption of hybrid rice.
• Trend of Increase In Rice Hybrids
• During 2000-2012, 54 rice hybrids of 24 seed companies have been recommended by VEC.
• Sequence of clearance was 2 hybrids in 2003, 5 hybrids in 2008, 14 hybrids in 2009, 15 hybrids in 2010, 14 hybrids in 2011 and 4 hybrids in 2012.
• During 2013, 72 hybrids of 28 seed companies are being evaluated in National Uniform Trials.

POPULATION PRESSURE ON RICE
• World adding 250,000 people every day majority of which belongs to asia.
• Asia grows 520 million tons from 139 million hectares.
• This is 92% of world total 568 million tons from 149 million hectares.
• By 2020 the world production should increase 690 million tons to feed the increasing population.

SCOPE OF HYBRID RICE IN PAKISTAN
• In Pakistan about 1/3 of the rice area is under coarse rice.
• Coarse rice production can be doubled if the area is replaced

Mr. Shahzad Ali Malik
Director, Guard Agricultural Research and Services Pvt Ltd.
FACTORS CONTRIBUTING TO HYBRID SUCCESS

• Income of rice farmers has doubled due to double yield of hybrid rice as compared to IRRI varieties.
• Due to early maturing hybrid rice crop, timely sowing of Rabi crops is ensured.
• Timely sown Rabi crops give positive and significantly increase in perunit production / per acre yield which consequently increase farmer income.
• Due to shorter maturity period, hybrid rice crop can be planted in late season.
• Due to shorter maturity period, hybrid rice crop consumes less irrigation as compared to traditional rice varieties.
• The hybrid rice crop can be successfully grown in stress areas like saline, drought and water logging as compared to inbred varieties.
• On going research on heat and salt tolerant varieties in collaboration with PARC and IRRI Philippine is a good example of public private partnership

EXPORT OF BASMATI AND NON BASMATI RICE DURING LAST FIVE YEARS (July 2010-June 2014)

Basmati Rice

<table>
<thead>
<tr>
<th>Years</th>
<th>Qty (MT)</th>
<th>FOB Price ($)</th>
<th>Av Unit Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011</td>
<td>1,137,943</td>
<td>952,694,304</td>
<td>837</td>
</tr>
</tbody>
</table>

Non –Basmati Rice

<table>
<thead>
<tr>
<th>Years</th>
<th>Qty (MT)</th>
<th>FOB Price ($)</th>
<th>Av Unit Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011</td>
<td>2,563,863</td>
<td>1,138,453,132</td>
<td>444</td>
</tr>
<tr>
<td>2011-2012</td>
<td>2,755,904</td>
<td>1,237,022,173</td>
<td>449</td>
</tr>
<tr>
<td>2012-2013</td>
<td>2,858,978</td>
<td>1,210,894,758</td>
<td>424</td>
</tr>
<tr>
<td>2013-2014</td>
<td>2,627,899</td>
<td>1,051,579,599</td>
<td>400</td>
</tr>
<tr>
<td>Total</td>
<td>10,806,445</td>
<td>4,637,949,663</td>
<td></td>
</tr>
</tbody>
</table>

The foreign exchange earned from the export of good quality coarse rice (non basmati) from the year 2010-11 to 2013-14 is 4637.949 million US $ where as foreign exchange earned from the export of Basmati Rice during the same period is 3269.843 million US $. The foreign exchange earned from the export of coarse rice is 41.84 % higher than the export of Basmati rice.

AREA AND YIELD / HECTARE OF RICE IN PAKISTAN

<table>
<thead>
<tr>
<th>YEAR</th>
<th>BAS</th>
<th>IRRI</th>
<th>OTHERS</th>
<th>TOTAL</th>
<th>BAS</th>
<th>IRRI</th>
<th>OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1317</td>
<td>793</td>
<td>241</td>
<td>2551</td>
<td>1652</td>
<td>2609</td>
<td>1945</td>
</tr>
<tr>
<td>2004</td>
<td>1426</td>
<td>754</td>
<td>298</td>
<td>2478</td>
<td>1619</td>
<td>2765</td>
<td>1978</td>
</tr>
<tr>
<td>2005</td>
<td>1466</td>
<td>866</td>
<td>221</td>
<td>2553</td>
<td>1601</td>
<td>2869</td>
<td>1911</td>
</tr>
<tr>
<td>2006</td>
<td>1535</td>
<td>867</td>
<td>240</td>
<td>2742</td>
<td>1721</td>
<td>2861</td>
<td>1935</td>
</tr>
<tr>
<td>2007</td>
<td>1474</td>
<td>827</td>
<td>311</td>
<td>2612</td>
<td>1691</td>
<td>2977</td>
<td>2083</td>
</tr>
<tr>
<td>2008</td>
<td>1377</td>
<td>953</td>
<td>461</td>
<td>2791</td>
<td>1781</td>
<td>3265</td>
<td>2686</td>
</tr>
<tr>
<td>2009</td>
<td>1548</td>
<td>928</td>
<td>541</td>
<td>3017</td>
<td>1680</td>
<td>3131</td>
<td>2775</td>
</tr>
<tr>
<td>2010</td>
<td>1414</td>
<td>648</td>
<td>383</td>
<td>2445</td>
<td>1751</td>
<td>3098</td>
<td>2642</td>
</tr>
<tr>
<td>2011</td>
<td>1334</td>
<td>760</td>
<td>690</td>
<td>2787</td>
<td>1773</td>
<td>3202</td>
<td>2663</td>
</tr>
<tr>
<td>2012</td>
<td>1121</td>
<td>579</td>
<td>738</td>
<td>2438</td>
<td>1685</td>
<td>3140</td>
<td>2664</td>
</tr>
<tr>
<td>AV</td>
<td>1401</td>
<td>798</td>
<td>413</td>
<td>2656</td>
<td>1690</td>
<td>2992</td>
<td>2328</td>
</tr>
</tbody>
</table>

With the introduction of hybrid rice cultivation in Pakistan, although farmers of all the provinces are benefited but maximum benefit goes to the province of Sindh were average yield gradually increased from 26.30 maunds / acre in 2003-04 to 34.46 maunds / acre in 2010-11 in spite of all damages by severe flood. (Source: Agriculture Statistics of Pakistan 2010-11). It is reported in a document published by Planning Commission that increase in rice production may be attributed to better seed availability. It has also been reported that during July 2011 to March 2012, coarse rice share 2.3 million tons against 0.7 million tons of basmati rice from the total export of 3.026 million tons.

Source: Mr. Shahzad Ali Malik, Director, Guard Agricultural Research and Services Pvt Ltd.
India, Bhutan, Nepal, Bangladesh explore scope for power trade

The joint working group (JWG) on sub-regional cooperation between Bangladesh, Bhutan, India and Nepal Saturday explored the scope for power trade and inter-grid connectivity between the four countries. The delegations from the participating countries discussed potential for closer cooperation at a sub-regional level in water resources management, power and hydro-power as well as in connectivity and transit. In the two-day meeting that concluded Saturday, the four countries agreed to collaborate in harnessing water resources, including hydro-power and power, from other sources available in the sub-region.

“The JWG reviewed the existing cooperation in this sector and discussed the scope for power trade and inter-grid connectivity between the four countries as well as potential for closer cooperation in future power projects. The representatives also deliberated on the need for trade facilitation at land border stations for effective sub-regional connectivity. Usefulness of sharing trade infrastructure at land border stations and harmonization of customs procedures were also discussed. The Indian delegation was led by Joint Secretary (North) Abhay Thakur and Joint Secretary (Bangladesh & Myanmar) Sripriya Ranganathan from the ministry of external affairs. The next meeting of the JWG would be held in Bangladesh later this year.
Floods projected to cost South Asia over $215 billion per year:

River flooding will affect more people and cause significantly more damage by 2030, as climate change and socioeconomic development accelerate. In South Asia alone, an estimated 15 million will be affected, say experts.

New analysis from the World Resources Institute (WRI) shows that today, river flooding could affect 21 million people and expose $96 billion in GDP worldwide each year. By 2030, those numbers could grow to 54 million people and $521 billion in GDP affected every year.

One of the hardest-hit areas is predicted to be South Asia, a region where more than 9.5 million people are already being affected every year by floods. Last year alone, unusually heavy monsoon rains triggered floods in India and Pakistan claiming more than 500 lives.

The WRI’s Aqueduct Global Flood Analyzer, a new public tool designed to estimate current and future risk from river floods worldwide, found that developing countries are expected to see more of their GDP exposed to flood risks in 2030 than the developed world.

For instance, India currently has by far the most GDP at risk, at $14.3 billion, and researchers say this figure could rise more than 10-fold to $154 billion in 15 years. Bangladesh is currently a distant second, at $5.4 million.

In a DW interview, Tianyi Luo, a water researcher at the World Resources Institute (WRI) says that climate change and socio-economic development are exacerbating these flood risks and stresses that governments need to inform the people of the impending risks and start setting up the appropriate flood protection.

DW: What factors contribute to the high number of people and high GDP value exposed in South Asia?
Tianyi Luo: South Asia has an exceptionally high number of people concentrated in flood-prone areas. The region also has lower overall flood protection than high-income countries, which means that more severe floods pose a greater risk to people, GDP, and urban areas.

For example, our analysis estimates that India has 25-year flood protection on average across the country, and Bangladesh has 10-year flood protection. By contrast, the United States and the United Kingdom have 100-year flood protection, and many areas in the Netherlands have 1,000-year flood protection or greater.

What role is climate change likely to play in terms of floods?
Climate change will likely cause almost 70 percent of the change in the region, with floods likely becoming more frequent and intense by 2030. Over 15 million people across South Asia will be affected. These results indicate that, in this region, we could see shifting precipitation patterns that make flood events more frequent and more intense.

What is the economic impact of the floods?
The economic impact of the yearly floods can be profound. Across the region, $19.9 billion in GDP is exposed to river floods on average per year. The economic impact of yearly floods, in
terms of GDP at risk, will likely grow dramatically in the future.

By 2030, South Asia could face $215 billion in GDP exposed annually, an increase of more than $193 billion. Development will drive the majority of floods’ growing impact. India contributes more than 70 percent of the total GDP value at risk in South Asia in 2030.

Do you expect urban damage to increase in the coming years?

Yes, we expect the region to see more urban damage from flood risks by 2030, driven largely by socio-economic change. India, for example, currently faces $3.3 billion in urban damage annually. Using a middle-of-the-road scenario, we estimate that urban damage in India could increase more than 18 times to $56 billion by 2030.

What must the region do to tackle this issue?

Awareness is an important first step. People, governments, businesses, and other organizations in the region must be aware of the current and future flood risks they face. Once they understand the risks, they can start to take action. Better strategic development planning and smarter land-use planning can reduce people and economic assets’ exposure to river flood risks.

Risk-reduction infrastructure, including levees, dykes, and natural buffer areas like wetlands play an important role as well. After a certain point, planning and infrastructure that protects GDP and population from floods is not cost-efficient anymore. Insurance then becomes a viable option to compensate for flood-related damage.

Tianyi Luo is a Research Analyst in the Water Program of the World Resources Institute. He leads the data collection and analytics within the Aqueduct project. His focus mainly includes water risks for the energy industry, global flood risks, and water related issues in China.

With Courtesy to : DW

Report on India’s ‘SAARC Yatra’:

The new government is approaching its first anniversary very soon. The Bharatiya Janata Party (BJP) led National Democratic Alliance (NDA) government, after coming to power initiated a series of new policies and reform agendas. For a long time India’s foreign policy was leaning towards the Western markets and focussed on tariff reduction, then India adopted the ‘Look East’ policy and the new government has a growing appetite for knitting ties with neighbours. From the day of ‘swearing in’ till date, several initiatives have been undertaken to boost bilateral relations in the South Asian Association for Regional Cooperation (SAARC) member states.

Interestingly, the course of action has largely been diplomacy. One such recent maneuver has been the ‘SAARC Yatra’ of the newly appointed Foreign Secretary, Subrahmanyam Jaishankar. The first phase of this Yatra, began on March 1, 2015 from Bhutan followed by visits to Bangladesh, Pakistan and Afghanistan. The remaining member states are likely to be covered in the second phase of this Yatra. Taking forward the discussions that were held during the 18th SAARC Summit in Nepal last year, these visits primarily focused on country-level issues and exploring opportunities for bilateral cooperation that could benefit the region as a whole.

In synthesis, the emphasis has been on fostering greater connectivity, energy cooperation, improved national security and resolving cross-border issues for the South Asian region yet shifting away from ‘one size fits all’ kind of a regional approach. The coverage of these discussions reflect that India adopted a ‘tailormade’ perspective for the talks. Each stop in the Yatra was a milestone in India’s role in the SAARC integration process. The Bhutan visit focused on SAARC Satellites, regional universities and giving further dimension within SAARC by highlighting the Bangladesh, Bhutan, India and Nepal (BBIN) sub-regional cooperation as well as the need to strengthen bilateral ties.

During the Bangladesh visit, discussions were held around SAARC, Bay of Bengal Initiative for Multi-Regional Technical and Economic Cooperation(BIMSTEC), the Teesta deal, which was stalled in 2011 because of West Bengal Chief Minister Mamata Banerjee’s opposition. A renewed assurance was given in support of the Teesta deal and the Land Boundary Agreement (LBA) is also likely to move forward in the coming months. Issues like power generation and distribution, infrastructure development such as road, housing etc. were also discussed with Bangladesh Foreign Minister A.H. Mahmood Ali.

Certain initiatives that failed at a regional level, were ditabled at a sub-regional level. For instance the SAARC nations collectively failed to ink any deal on connectivity, including the motor vehicle pact at the last year’s summit in Kathmandu as Pakistan refused to ratify them stating that it was yet to complete its internal processes. Thus, India decided to take forward the sub-regional connectivity arrangements with Bangladesh, Nepal and Bhutan to ensure seamless transit of passenger, personal and cargo vehicles among them. Recently, Bangladesh, Bhutan, India and Nepal
Report on SAARC Agreement on Trade in Services:

A note on the progress:

At the 13th Summit of the South Asian Association for Regional Cooperation (SAARC) held in Dhaka in 2005, a regional agreement on services trade was, for the first time, listed under the SAARC agenda. Then, after years of negotiations, the SAARC Agreement on Trade in Services (SATIS) was signed at the 16th SAARC Summit in Thimphu in 2010. Along with signing the Agreement, SAARC leaders, as usual, called for an early conclusion of negotiations on the schedule of specific commitments under the Agreement. The progress, however, has been rather slow. The Agreement came into effect in November 2012 after its ratification by all SAARC members, and the Expert Group on SATIS has only met 10 times so far. Such a slow headway made by members in the implementation of the Agreement is in line with the overall sluggish progress towards regional economic integration in South Asia. GATS-minus commitments SATIS is pursuing a "positive list" approach for the liberalization of trade in services among member countries, taking into consideration the heterogeneous character of South Asia, which consists of both developing countries and least-developed countries (LDCs). For example, Afghanistan and Bhutan—two SAARC LDC members—are not yet members of the World Trade Organization (WTO); therefore, they are given the flexibility under SATIS to submit their individual offer list based on their level of comfort. The other LDC members, on the other hand, are requested to submit their offer list by including additional sectors than what is included in their offer lists submitted to the WTO under the General Agreement on Trade in Services (GATS). Concomitantly, the developing country members—India, Pakistan and Sri Lanka—are requested to submit their offer lists by going beyond their commitments in the WTO, which are reflected in the lists submitted under the Doha Development Agenda.2 All issues like ceasefire violations along the Line of Control (LoC) and the International Boundary were obvious and customary to the Pakistan visit.

The last stop being Afghanistan was well positioned as a conclusion to the first phase of the SAARC Yatra. Development, connectivity as well as security concerns and talks with the Taliban were top on the list of priorities with the country. It is clear that security issues in Afghanistan are of crucial importance to India as well as in maintaining stability in the South Asian region. Amidst the issues of strategic importance, crucial economic issues such as cooperation in setting up water pipelines were also discussed.

At the outset, the SAARC Yatra has sent out the right vibes both in the region and across the world. It reflects India's positive efforts to strengthen the South Asian bloc. Regional trade and economic cooperation in South Asia remains lowest in the world despite signing of many treaties and agreements largely due to the political complexities in the region. Neighbourhood diplomacy is a step in the right direction to at least narrow down the gaps, if not close them.

Past efforts at a regional level have failed due to bilateral issues and therefore, such ‘confidence building measures’ are likely to revive future discussions. If strategic issues are set separately, regional agreements can be more focused towards economic issues. Parallel to this, the Indian Prime Minister’s visit to Seychelles, Mauritius and Sri Lanka highlighted India’s intent on strengthening their ties in the Indian Ocean region making it clear that India is on a mission to reaffirm the importance of regional integration that is essential for growth and stability in the South Asian region.

Source: Ms. Sabah Ishtiaq, Researcher, Centre for Policy Research, New Delhi

(2) The Doha Development Agenda (DDA) is the negotiating structure created at the 2001 WTO Ministerial Conference in Doha, Qatar. The objective of DDA is to achieve a 'weighted package' of results in agriculture, services and industrial products, and in resolving key non-trade issues.
SAARC member countries have now submitted their offer lists. An analysis of these lists shows that the submissions by some member countries under SATIS have been GATS-minus because certain services offered under GATS have not been offered under SATIS. In the case of India, its submission under SATIS is GATS-plus, but falls far short of its GATS-plus submissions under its bilateral free trade agreements (BFTAs) with South Korea, Singapore, Malaysia and Japan, among others.

Request lists Under SATIS, along with the offer lists, member countries are also required to submit the request lists to other SAARC member countries, in which they include those services sectors and sub-sectors that are of their export interest. In submitting the request lists too, members are provided flexibilities. But, despite the flexibilities, Afghanistan, the Maldives and Pakistan are yet to submit all their request lists. While the Maldives and Pakistan have submitted their request lists only to India, Afghanistan has not submitted any request list to any member country so far. The request lists of member countries are fairly extensive compared to their offer lists. Business services, transport, tourism, education and financial services appear common in almost all the request lists. Given its long experience in services negotiations under various BFTAs compared to other SAARC member countries, India’s country specific request lists are the most comprehensive.

Background to SATIS All members are expected to submit their final offer lists and schedules of specific commitments before the 11th meeting of the SATIS Expert Group. But the long time period taken by the members to submit their offer and request lists has raised questions about members’ commitments to fully implement SATIS. However, it is important to realize that the delays could be for genuine reasons. For example, Afghanistan and Bhutan probably did not have any offer and request list in place at the commencement of SATIS negotiations owing to the fact that they are not members of the WTO, and thus did not have any previous list to build upon.

The preparation and submission of offer and request lists under SATIS has proven to be a highly time-intensive activity, though substantial background work related to the liberalization of services trade in South Asia was concluded before the signing of the Agreement in 2010. As per the request of the SAARC Heads of State at the 13th SAARC Summit in 2005, the SAARC Secretariat had assigned the Research and Information System for Developing Countries (RIS), a Delhi-based organization, to conduct a study to examine the possibility of services trade under the Agreement on South Asian Free Trade Area (SAFTA). RIS completed the study in 2009 and published a report titled “SAARC Regional Study: Potential for Trade in Services under SAFTA”. Subsequently, many comprehensive studies on the subject were also conducted. Despite the availability of many comprehensive studies on the subject, the Expert Group requested for additional information on services before deciding on the offer and request lists. Thus, the Asian Development Bank (ADB) provided financial assistance for a study on “Development of Institutional Framework for Data Collection on Trade in Services, including Capacity Building”. The study was conducted and presented to the Expert Group, which suggested that the study be extended to prepare a regional common schedule for SATIS negotiations in sectors like tourism, health, education, telecommunication, power and construction, for consideration by member states. Accordingly, the study was extended, which facilitated the preparation of a regional common schedule by national experts. The schedule is currently under consideration by the member states.

The ASEAN experience while the progress made thus far in the implementation of SATIS since it was first proposed in 2005 has been dismal, the progress pattern of services trade liberalization among member countries of the Association of Southeast Asian Nations (ASEAN)
during the post-1995 period has been impressive. The ASEAN Framework Agreement on Services (AFAS) was concluded in 1995 to eliminate restrictions on trade in services within the ASEAN region. The Agreement included sectors such as business services, professional services, construction, distribution, education, environmental services, healthcare, maritime transport, telecommunications and tourism, while financial services were treated separately. AFAS pursued a GATS-plus model to expand the scope of services trade liberalization beyond those under GATS. Table (next page) provides the approach to negotiations on services trade liberalization in ASEAN. To date, ASEAN Trade Ministers have signed eight packages of commitments concluded from six rounds of negotiations. Besides, there have also been a number of commitments in financial services signed by the ASEAN Finance Ministers, not to mention the commitments in air transport services signed by ASEAN Transport Ministers. Following up on its commitment to fully liberalize priority integration sectors by the end of 2010, logistics services by 2013 and all other services sectors by the end of 2015, ASEAN has maintained an impressive pace of progress since the conclusion of AFAS. SATIS as it stands Full implementation of SATIS has largely been affected by the cautious approach taken by SAARC member states to liberalize services trade in South Asia. Smaller SAARC member states continue to argue that regulatory and other institutional frameworks should be in place before embarking on services trade liberalization. Such perceptions are not necessarily correct because regulatory and institutional reforms are most often triggered by first liberalizing services trade. SAARC members also argue that liberalizing services trade could result in excessive delivery of services through Mode 4 (movement of natural persons), thus flooding the domestic market with foreign nationals and rendering domestic nationals jobless. Such perceptions are also misplaced since all liberalization under GATS plus format will link Mode 3 (commercial presence) with Mode 4, as is the case under the existing unilateral liberalization regimes. Furthermore, considering that linkage is not a compulsion under GATS-plus liberalization, members have the flexibility to delink Mode 3 and Mode 4 at their own discretion. Sadly, extensive discussions of the aforementioned issues during Track II dialogues have made only a little impact on Track I thinking. Owing to the rigid stance taken by member states, SAARC has failed to stay true to its 2010 Declaration, in which members had promised for early conclusion of services negotiations. There are some arguments in favour of the cautious approach taken by member states in liberalizing services trade in South Asia. For instance, some argue that the anomalies of the SAFTA Agreement should be rectified first before fully implementing SATIS. This argument too is without good reasoning for many of the impediments to cross-country movement of goods will automatically be addressed with the liberalization of services trade due to the strong inter-linkage between trade in goods and trade in services in the increasingly globalized world. Moreover, services trade liberalization is an incentive for attracting foreign direct investment (FDI) in the region’s services sectors. In fact, with the unilateral liberalization of trade in services among SAARC member states, intra-regional trade in services is already taking place in the region, and is likely to increase through further liberalization. For example, a bulk of the Indian FDI in some SAARC countries is in the services sector, despite the absence of services trade liberalization at the regional level. Conclusion and way forward For smaller South Asian economies in particular, binding commitments related to the liberalization of trade in services under SATIS will go a long way in attracting FDI from larger economies, India in particular. But, more importantly, any delay in the implementation of SATIS will force South Asia to trail further behind other regional blocs in the progress made towards the liberalization of trade in services. According to the study conducted by RIS, services trade among SAARC countries is more effective in addressing asymmetries that exist in goods trade among them because the smaller SAARC countries generally enjoy lower trade deficit or surplus with the larger countries when existing services trade is also taken into consideration. Moreover, the study shows that there are more complementarities in the services sector among SAARC countries when compared to the goods sector. Considering the positive aspects of services trade liberalization, negotiations to further liberalize it within the SAARC region should be expedited taking due account of the risks associated with it and identifying mitigating measures. A notable first step in that direction would be the full implementation of SATIS, which will reinforce SAARC’s commitment of greater regional economic integration and importantly, facilitate the path to an Economic Union in the near future. Dr. Kelegama is Executive Director, Institute of Policy Studies of Sri Lanka, Colombo.
Towards a regional transit agreement in South Asia:

Transit movement of traded goods among South Asian countries are normally guided by the bilateral transit agreements concluded between the landlocked countries and their immediate neighbours. Such agreements exist between India and Nepal, Bhutan and India, and Afghanistan and Pakistan. However, transit agreements are also concluded between countries that are not immediate neighbours. For example, Nepal has a separate transit agreement with Bangladesh, signed in 1976, to conduct its trade with third countries using Bangladesh’s ports. Mere existence of these transit agreements has not helped ease the movement of goods in transit in South Asia for a number of reasons. First, the protocols laying down the procedures and number of documents required for transit have made transit movements costly. Second, lack of effective governance, particularly transparency and accountability in the work processes of regulatory agencies; inefficiency of logistics services; and poor infrastructures have hindered transit trade. Third, the traditional transit countries—Bangladesh, India and Pakistan—have their own economic and social nuances which have impeded effective transit trade. This article discusses the status of transit trade in South Asia and argues for the need to have a regional transit agreement.

Cooperation on transit and transport constitutes an important component of many regional economic blocs. For example, the Association of Southeast Asian Nations, Greater Mekong Sub-region and South African Development Community have concluded cross-border transport agreements for establishing transit transport networks. Member countries of the European Union have integrated their road and rail networks and follow a common transport policy. Similarly, the United States and Canada, as members of the North American Free Trade Area (NAFTA), follow harmonized transport and customs union in recent decades, transit has evolved from merely an arrangement that connects landlocked countries with the sea, to include the facilitation of movement of third country goods through the territory of a country providing the transit. Also, it is not only the landlocked countries that require transit facilities from their coastal neighbours; even coastal countries need transit facilities through their neighbours for various reasons.

The long and arduous journey took a monumental turn at the Ninth WTO Ministerial in Bali in December 2013 when WTO members signed the multilateral Trade Facilitation Agreement (TFA). Freedom of transit is one of the important pillars of the TFA. As stipulated in the Agreement, duties and charges cannot be levied on goods in transit, except the charges directly related to the cost of services.
It has also provisioned for advance filing of transit documents to facilitate traffic in transit. The Agreement further lays ground in establishing an efficient transport system to reduce trade costs. Connectivity in South Asia Fragmentation of surface transport is a major factor behind poor economic linkages among South Asian countries. For example, a container shipped in New Delhi takes 35 days to reach Dhaka via sea, and requires transshipment either at Colombo or Singapore.

This journey could be completed in five days if there was a direct rail service between the two cities. Similarly, transportation of goods from Lahore to Dhaka has to embark on a 7,162 km journey by sea, in addition to some inland road and rail transportation. This could be reduced to 2,300 km if there was an overland passage via India. As an effort towards improving regional connectivity among the countries in the region, member countries of the South Asian Association for Regional Cooperation (SAARC) initiated a SAARC Regional Multimodal Transport Study (SRMTS), which was completed in 2006. The study has identified 10 road corridors, five rail corridors, two inland waterways transport corridors, 16 aviation gateways and 10 maritime gateways as important transport hubs in the region. It has also assessed existing physical and non-physical barriers to connectivity and suggested measures to overcome them. Moreover, the study has focused on integration of existing transport infrastructures in facilitating cross-border movement of goods and vehicles within South Asia with minimum commitment of economic resources.

The road and rail corridors proposed under SRMTS are important for increasing overland intra-regional trade in South Asia, while improvement in maritime gateway services is necessary to connect the island nations, namely Sri Lanka and the Maldives, with their regional counterparts. Considering the efficiency, feasibility and importance of all proposed corridors, their development can effectively facilitate the integration of regional transport network in South Asia. Transport infrastructure is a prerequisite to create an inter-connected regional market. However, it must be complemented by protocols on facilitating the cross-border flow of goods, such as harmonization of customs documentation and procedures, road and railway standards, traffic signalling, and technical arrangements like uniformity in railway gauge, axle load limits, carrying capacity of railway wagons, load bearing capacity of roads, etc.

Moreover, proper documentations and seals that ensure safe passage of transit goods, as well as guarantee payment of customs duties if the goods are lost in transit, are of equal importance considering the land lockedness of some South Asian countries. Proliferation of transit services within South Asia could trigger the integration of trade and economies not only among South Asian countries, but also with countries beyond the region. For instance, transit of goods through the north eastern region of India would enable many South Asian countries to easily access markets in Myanmar, Thailand and China. Similarly, Nepal can provide transit services between China and India, while Afghanistan could provide overland transit routes to connect South Asia with Central Asia and Caucasus region. Therefore, in addition to the development of trade corridors proposed under SRMTS, there is a need of a regional trade and transport agreement that would cover transit and all other relevant protocols to successfully facilitate seamless cross-border movement of goods in South Asia and beyond.

Regional transit and transport agreement with the advent of the Agreement on South Asian Free Trade Area (SAFTA) in 2006, discussions were initiated on creating necessary conditions to achieve the goal of free trade area by reducing tariffs, and para-tariff and non-tariff barriers, and introducing trade facilitation measures. The framework governing SAFTA stipulates that the regional trading arrangement will adopt trade facilitation and related measures, along with progressively harmonizing legislation of the member states. Specifically, the SAFTA Article on additional measures spells out the kind of trade facilitation measures to be implemented to support and complement trade liberalization in South Asia. Such measures include better transit facilities for efficient intra-SAARC trade (especially for the landlocked members), simplification and harmonization of customs documentation and procedures, development of transport infrastructures and visa facilitation, among others. Implementation of these measures is supposed to create synergy among SAARC countries in creating a vibrant transit transport network in the vast swaths of South Asia. Poor infrastructures, combined with the lack of proper inter-modal linkages, are the structural constraints and the causal factors for high transaction costs and low volume of intraregional trade in South Asia.

Hence, SAARC leaders decided to conclude two regional agreements, namely the Regional Motor Vehicle Agreement and the Railway Agreement, for which the Inter-Government Group (IGG) formed expert groups in July 2009 to negotiate the two agreements. These agreements, if concluded and implemented, would provide thrust to the economic integration process in South Asia. The agreements were supposed to be presented at the 16th SAARC Summit in Thimphu in 2010. Unfortunately, the deadline was missed, and it could not be presented at the 17th SAARC Summit in Addu also. It is encouraging to note that these agreements
will be signed at the 18th SAARC Summit in Kathmandu. In addition to the Motor Vehicle Agreement and the Railway Agreement, South Asia needs a regional transit and transport agreement, which should be built on four pillars: i) development of transport network infrastructure for better connectivity and inter-modal linkages between national, regional and international sea ports, land ports and cargo clearance facilities; ii) trade facilitation through the simplification/harmonization of documents and procedures, application of uniform and transparent transit and cargo clearance system, along with facilitation of cross-border movement of people; iii) better transport security and safety along the regional supply chains through capacity building initiatives, technical networking and regular exchange of relevant technologies, best practices and information; and iv) involvement of the private sector in the provisioning and operation of transport infrastructure and logistic services. In addition, it should strive for greater integration of transport systems by introducing multi-modal transport systems, upscaling transit and transport infrastructures, and improving the efficiency of their operations.3 Conclusion and way forward Facilitation of cross-border transport and transit is one of the most important factors for enhanced trade. The case for increasing connectivity between countries through enhanced collaboration between customs, harmonization of documents and procedures, development of dedicated freight corridors, introduction of single window, and institutionalization of cross-border trade facilitation dialogue mechanisms is more pronounced in the recently concluded TFA.

Considering the commitments made by South Asian countries under the TFA, and the utmost urgency to improve regional connectivity for better economic integration, they need to put in place a regional transit and transport agreement at the earliest possible. The regional transit and transport agreement should take a holistic approach in facilitating the cross-border flow of goods, vehicles, finances and movement of people. Facilitation of visa for those involved in cross-border transportation of goods, currency swap up to a limited amount for transport operations, and the introduction of business travel card for traders and business persons are some features that could be considered to be included in the regional transit and transport agreement.

The author is Senior Consultant, SAWTEE, and Former Secretary, Government of Nepal.

SAARC Development Fund:

The SAARC Development Fund (SDF) is the “umbrella financial mechanism” for all projects and programmes of the South Asian Association for Regional Cooperation (SAARC). It finances projects and programmes aimed at improving the quality of life of people in SAARC countries through sustainable economic growth, social progress and poverty reduction. The SDF primarily finances social sector projects related to diverse issues such as women empowerment, health care, and violence against women and children in South Asian countries.

Genesis The SDF is a successor to the South Asian Development Fund (SADF), which was established in 1996 by merging the SAARC Fund for Regional Projects (SFRP) and the SAARC Regional Fund (SRF). The basic objective of the SADF was to finance projects aimed at industrial development, poverty alleviation, environment protection and balance of payments support in South Asia. During 2002–2005, SAARC member states considered instituting various sectoral funding mechanisms such as the Poverty Alleviation Fund, Infrastructure Fund, South Asian Development Bank, Media Development Fund and the Voluntary Fund for the differently-abled persons. However, under the existing funding mechanism, the SADF was felt to be inadequate in terms of required quantum of funds and the scope of its work. Therefore, it was reconstituted into the SDF primarily to look at the entire gamut of issues related to funding of SAARC projects and programmes, and also to avoid proliferation of funds within the SAARC process. At the 13th SAARC Summit held in Dhaka on 12–13 November 2005, the decision to establish the SDF was endorsed by all member states. However, the SDF Secretariat was inaugurated only in April 2010 at the 16th SAARC Summit in Thimphu after the Charter of the SDF was ratified by Parliaments of all SAARC member states.

Objectives As per the Charter of the SDF, primary objectives of the SDF are: z to promote welfare of the people in the SAARC region; z to improve their quality of life; z to accelerate economic growth, social progress and poverty alleviation in the SAARC region; z to serve as the umbrella financial institution for SAARC projects and programmes that meet the objectives of the SAARC Charter; and z to contribute to regional cooperation and integration through project collaborations. Institutional mechanism and operational modality The Governing Council (GC), comprising of SAARC Ministers of Finance, is the apex management body of the SDF, under which the Board of Directors (BoD) comprising of...
members nominated by each member state, functions. The BoD meets at least twice a year and submits the Fund’s annual report to the GC for guidance and approval. The Chief Executive Officer (CEO) of the SDF is appointed by the GC and acts as the legal representative of the Fund.

The key feature of the SDF is its project-based support. It has been mandated to identify, study prospects and finance projects falling under any of its three financing windows (Box, next page). It basically provides financial grants and technical assistance to projects of strategic importance to SAARC. Specifically, the SDF only funds projects that involve more than two SAARC member states and/or are based in one or more SAARC countries. It also funds projects that are of significant economic interest to at least three SAARC countries.

In all, only projects that are strongly focused on a SAARC country and have thematic linkages with more than two SAARC member states as part of a sub-regional project get support from the SDF. Projects As of 30 November 2014, there are nine different running projects, while two more are in the course of implementation. The projects that SDF has funded so far are designed to meet the socio-economic needs of SAARC member states, and are in line with the SAARC Social Charter, SAARC Development Goals, SAARC Plan of Action on Poverty Alleviation, and other plans, programmes and instruments agreed and endorsed by SAARC. The project portfolio of the SDF ranges from strengthening the livelihood of home-based workers, addressing the needs of small farmers, expansion of rural connectivity, e-governance, reducing infant mortality and ending violence against children.

Problems the SDF was established against the backdrop of the need for a sound, SAARC Development Fund predictable and adequate funding mechanism for diverse and long-term SAARC projects. Regrettably, the multi-million dollar funding mechanism is experiencing the fate of SAARC, which has thus far failed to prove itself as an effective organization built to ensure socio-economic development across South Asia. It took five long years since the decision to establish the SDF was endorsed at the 13th SAARC Summit in 2005 for the SDF to get institutionalized. Since its formal inauguration, the SDF has been implementing one project each year and started two in 2013. Spending by the fund has been dismal, and its performance has been labelled as sub-optimal partly due to its vague mandate to look after diverse sectors falling under the purview of its different windows.

The SDF’s economic and infrastructure windows continue to lay dormant since it has repeatedly failed to activate the two windows due to its inability to identify relevant projects. While on the one hand the SDF has not been able to efficiently spend its budget, on the other its monetary reserve is insufficient to finance infrastructure projects that demand huge investments and which are likely to be implemented under the purview of economic and infrastructure windows. Nonetheless, the SDF could have activated the economic and infrastructure windows by funding small- to middle range projects, and could have later partnered with the private sector and donors—both bilateral and multilateral—to raise its capital base to finance larger projects. The overarching problem that has crippled the SDF since its genesis has been its inability to chart a sound strategy to strengthen its operational capabilities in terms of project selection, project funding mechanism and project implementation. In particular, working under the stipulation of the Charter has largely limited SDF’s effectiveness since it can only fund projects that are implemented in at least three SAARC countries. Thus, the SDF should be provided more flexibility to fund projects which may cover less than three member countries. Similarly, project funding should not be limited to public institutions, but should be open to entities that can prove commercial viability of their proposals. Additionally, despite the provision to levy interests on borrowings by member countries, the SDF is yet to work out the interest rates. It is, therefore, imperative that the SDF Secretariat take radical steps to improve the efficiency of its funding mechanism, develop a comprehensive project monitoring and evaluation framework, and more importantly, conduct an assessment of its financial and human resources.

SAARC Development Bank In 1998, a report titled “SAARC Vision Beyond the Year 2000” of the SAARC Group of Eminent Persons (GEP) had highlighted the need for a regional development bank in South Asia. Considering the ineffectiveness of the SDF, the 8th meeting of South Asian Free Trade Area (SAFTA) Ministerial Council held in Thimphu in July 2014 agreed to establish a regional development bank in South Asia. The recommendation to establish a regional bank primarily to finance commercially viable infrastructure projects and trade creating joint venture projects is now taking shape in the form of SAARC Development Bank (SDB). It is, however, not known whether the SDF would be transformed into the SDB. What is known is that the infrastructure window of the SDF will be taken over by the SDB. The SDB, with a clear mandate of building infrastructure to support trade, might be more effective in discharging its duties than the SDF, which never utilized the infrastructure window in its near decade long existence.

Mr. Asish Subedi, The author is Programme Officer, SAWTEE. Information on the SDF, operational modality, projects, funding, etc. is based on www.sdfsec.org.
Established in December 1992, South Asian Chamber of Commerce & Industry (SAARC CCI) serves as apex organization of South Asian Association for Regional Cooperation, mandated to promote economic cooperation in the region.

The year 2014 will be a landmark in the history of SAARC CCI, bringing in its fold the commencement of SAARC CCI Headquarters Building Project to further strengthen and upgrad its permanent Headquarters at Islamabad—the capital city of Pakistan. The project is supported by all National Chambers of South Asia region and boasts of excellent contribution made by corporate houses from across South Asia particularly from Pakistan, Bangladesh and India and from other countries.

After accomplishment of pre-construction phase, this architectural master-piece of the 21st century is ready for construction at its location Plot No. 26, Mauve Area, G-10/4, Islamabad. The project is well equipped of Energy efficient systems, spaces, security and safety features and have been well planned to execute the start of construction.

Mandated by SAARC CCI Building Trust, the leadership of FPCCI, Mr. Tariq Sayeed, founder and former President SAARC CCI and Mr. Iftikhar Ali Malik, Vice President of SAARC CCI, is making earnest endeavours to accomplish this task.

**Salient Features of the Building**

- The building will provide state of the art facilities, having central air-conditioning and heating system
- The structure will be basements+Ground+Mezzanine+1st Floor to 9th Floor for office use
- 9th Floor will have an auditorium with seating capacity of 256 participants and conference rooms
- It is located at a central and ideal place of Islamabad surrounded by many important government and on the way to future Islamabad airport
- The building will be RCC frame building.
- The size of the building is approximately 160ftx70ft, having covered area of about 1,60,000 sq. ft.
- The maximum grid/column spacing is 25ftx24ft. The loading on columns will be in the range of 2000-2400 Kips.
- The maximum height of the building is about 128 feet above natural ground level.
- World class parking facilities will be available.

This project offers tremendous opportunities for offices on rental for multinational, Banks, Insurance companies, corporate house and members of SAARC CCI to wish to establish their offices in this magnificent building.

SAARC CCI welcomes any offer regarding the completion of the project from any interested organization based mutual consent. The interested parties may contact Mr. Iftikhar Ali Malik, Vice President SAARC CCI or Mr. Iqbal Tabish, Secretary General, SAARC CCI at our official address and contact Numbers.