
Durga Mahavidyalaya Raipur

Department of Commerce

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B.Com. Frist year
Business environment

Topic-

SAARC Process: Scope and Opportunities

SAARC and its Members

- **South Asian Association for Regional Cooperation (SAARC) was established in December 1985. It comprises eight Member States:**
 - **Afghanistan**
 - **Bangladesh**
 - **Bhutan**
 - **India**
 - **Maldives**
 - **Nepal**
 - **Pakistan**
 - **Sri Lanka**

SAARC Observers

Nine Observers:

Australia, China, Iran, Japan, Republic of Korea, Mauritius, Myanmar, USA, EU

Seven identified areas for project-based cooperation :

Communication, Connectivity, Agriculture, Public Health, Energy, Environment and Economic Cooperation

Objectives

- To promote the welfare of the peoples of South Asia and to improve their quality of life
- To accelerate economic growth, social progress and cultural development in the region
- To promote active collaboration and mutual assistance in the economic, social cultural, technical and scientific fields
- Cooperation with other developing countries, and international and regional organizations

Principles

- Cooperation within the framework of the Association shall be based on respect for principles of sovereign equality, territorial integrity, political independence, non-interference in the internal affairs of other states and mutual benefit

- Such Cooperation shall not be substitute for and inconsistent with bilateral and multilateral obligations

- Bilateral and contentious issues are to be excluded from the deliberations of the Association

- Decisions at all levels in SAARC are to be taken on the basis of unanimity

SAARC- Institutional Set-up

Heads of State – Summit

Council of Ministers (COM)

Standing Committee (SC)

Programming Committee (PC)

Technical Committee (TC) -7,

Working Group (WG) -4,

Specialized Ministerial Meetings: to focus on specific areas of cooperation

Summit and Council of Ministers

- The highest authority of the Association rests with the Heads of State or Government.
- The Council comprises Foreign Ministers of the Member States
- The Council formulates policies, reviews progress, **decides on new areas of cooperation**, establishes additional mechanism for cooperation and decides on matters of general interests
- SC, PC, WG, TC etc...

Meetings of Heads of State or Government/SAARC Summits

- Ultimate goal is to achieve South Asian Economic Union in a phased manner:

Free Trade Area → **Customs Union** → **Common Market** → **Common Economic and Monetary Union.**

- SAARC has got Study done through ADB on Regional Economic Integration (Phase-II) and has identified main thrust areas including tariff liberalization, elimination of NTBs, Trade Facilitation, Cooperation on Investment and Services, connectivity etc...

SAARC Secretariat

- Established in Kathmandu on 16 January 1987
- Headed by the Secretary General of SAARC, who is nominated by the Member States (on rotation) for a three-year-term.
- The Secretary General is assisted by eight Directors nominated by the Member States for a three-year- term (Extendable)

Regional Centres/Specialized Bodies

- Regional Centres /Specialized Bodies function as “Centres of Excellence” in specialized fields

RCs

1. SAARC Agricultural Centre (SAC), Dhaka
2. SAARC Tuberculosis and HIV/AIDS Centre (STAC), Kathmandu
3. SAARC Energy Centre (SEC), Islamabad
4. SAARC Cultural Centre (SCC), Colombo (Matara)
5. SAARC Disaster Management Centre, (SDMC), (Interim Unit in Gujarat)

Specialized Bodies of SAARC

1. SAARC Development Fund (SDF) Secretariat, Thimphu (2010)
2. South Asian University (SAU), New Delhi (2010)
3. SAARC Arbitration Council (SAC), Islamabad (2005)
4. SAARC Regional Standards Organization (SARSO), Dhaka (2011)

Areas of Cooperation

- Agriculture and Rural Development;;
Biotechnology; Communications;
Connectivity; Cooperatives; **Economic,**
Trade and Finance, Education and Culture;
Energy; Environment, Forestry and Natural
Disasters; Food Security;

Areas of Cooperation

~~Health; Human Resource Development;~~
Human Trafficking; International Collaboration;
People to People Contacts; Poverty Alleviation;
Project-based Collaboration;

- Science and Technology; Security; Social Development; Standards; Tourism; Transport; Women Empowerment; Youth Development; Visa Exemption Scheme

Areas of Cooperation

- Commerce on Economic Cooperation (CEC) of Commerce Secretaries; Agreement on SAARC Preferential Trading Arrangement (SAPTA); Agreement on South Asian Free Trade Area (SAFTA); SAARC Agreement on Trade in Services (SATIS); Meetings of SAARC Finance Ministers/Secretaries
SAARCFINANCE – Governors of Central Banks of Member States; SAARC Sub-Group on Investment and Arbitration to finalize the text of SAARC Agreements on Protection of Investment

Areas of Cooperation

Sub-Group on Customs Operation
Meetings of SAARC Competent Authorities on
Avoidance of Double Taxation
Inter-Governmental Expert Group (IGEG) on
Financial Issues

So, Public Procurement as an area of
Cooperation is still not included in the
auspices of SAARC.

Status of Public Procurement

- Public Procurements have great importance for the economies of SAARC countries.
- Committee on Economic Cooperation recognized importance of notifying overseas bulk purchases by the Member States to promote intra-SAARC trade.
- 1st Meeting of SAARC Commerce Ministers asked - nodal points be nominated by the Members for exchanging information on a voluntary basis on bulk Government purchases.

Status of Public Procurement

- 15% of total Global GDP are spent on PPs, 20% of its GDP by India. USD 550 billion are spent by SAARC countries
- Given the huge amount being spent on public procurement (PP), it merits consideration to have a SAARC forum on it as disciplined PP regime may have multiplier impact on efficiency.
- Possibility can be explored by obtaining formal approval of the Council of Ministers.
- Till such approval is obtained, the SAARC Secretariat would be happy to be informally associated with the South Asian Regional Public Procurement Network. SAARC Secretariat regularly participates in the SAARCFINANCE meetings.

A Few Issues on Public Procurements....

- Public Procurement (PP) has become much more complex than ever before. PP officials must deal with a broad range of issues.
- Procurement regimes broadly, should be based on **value for money, economy, integrity, fit for purpose, efficiency, transparency, and fairness**
- Open, transparent, non-discriminatory and competition should be the means to achieve the goals – Use of new and innovative technologies are important
- Governments also use it to fulfil their other national policy goals and priorities, such as the promotion of specific local industry, sectors or social groups, sustainable development etc.

A Few Issues on Public Procurements....

- It is important to analyze whether it is a valid tool to pursue national objectives and priorities other than efficiency.
- On the backdrop of international obligations, providing preferential treatment for domestic goods, services and suppliers discriminates against foreign suppliers - may be seen as unfair trade barrier.
- Various bodies like WTO recognize the specific/special needs. These barriers are not addressed by the multilateral rules of the WTO as government procurement is explicitly exempted from the main disciplines of both the GATT & GATS.

A Few Issues on Public Procurements....

- Other International Organizations have also worked substantially in this field. UNCITRAL Model Law on Public Procurement (2011) is important one
- Harmonization is an important aspect. Our forum/arrangement should work towards harmonization with requisite flexibilities for accommodating the needs and aspirations of SAARC.
- Training civil servants, actual and potential suppliers, relevant stakeholders about new, innovative and upgraded technologies on procurement to be adequately emphasized.
- This forum is very important for sharing of information

A Few Issues on PP: Challenges

- Well-balanced contract formulation and execution
- Inadequate data on Public Procurement regimes
- Appropriate mechanism including checks and balance should be at all levels (not only at the selection stage). Use of IT including e-tendering
- Risk sharing by having projects with Private sectors
- South Asian University (SAU), New Delhi can introduce Course on Public Procurement

Dispute Settlements

- Clear roadmap on grievance redressal mechanism, including dispute settlement process, can help improve efficiency in public procurement.
- Dispute settlement should not be time consuming, costly and cumbersome.
- Possibility of amicable and alternative dispute settlement mechanisms should also be explored.
- At the regional level, we have established the SAARC Arbitration Council (SARCO) as one of the specialized bodies. SARCO is an inter-governmental body mandated to provide a legal framework within the region for fair and efficient settlement of commercial, industrial, trade, banking, investment, and such other disputes.

Harmonization

- Another such specialized body at the regional level is the South Asian Regional Standards Organization (SARSO).
- SARSO, which is actively engaged in promoting regional cooperation in the fields of standardization and conformity assessment, is aimed at developing harmonized standards for the region to facilitate intra-regional trade as well as to have access in the global market.
- Possibility may be explored to collaborate with these two bodies along with the South Asian University (SAU)

Progress made by the SAR Conferences

Broad Decisions of 1st SAR Conference held in Kathmandu, Nepal in 2011

1. Form South Asia Region Public Procurement Forum Coordination Group (SARPPCG) comprising of all the member countries
2. Hold South Asian Region Public Procurement Forum each year
3. Host a web portal at regional level for sharing experiences
4. Study and develop mechanism for sharing and employing the “lessons learned” to take advantage from each other’s learning and also to avoid repetition

Broad Decisions of 6th SAR Conference held in New Delhi, in 2018

- 1) End-to-End e-procurement system with capability for e-Bank Guarantee submission and data analytics feature
- 2) Improving the quality of DPRs and ensure regular revision of schedule of rates
- 3) More consultations with potential suppliers/contractors and other stakeholders before finalizing the procurement strategy
- 4) Creation of a National MIS Database by the eight participating countries with shared access across the region

Progress made by the SAR Conferences

Decisions of 1st SAR Conference held in Kathmandu, Nepal in 2011

5. Form an independent working group to explore the possibility of harmonizing the standards for application in the region
6. Develop university level procurement curriculums to create opportunity for new cadres in procurement
7. Develop training modules and implement them through appropriate institutions
8. Identify existing public procurement training providing institutions in the region and develop mechanism for working together for mutual cooperation

Decisions of 6th SAR Conference held in New Delhi in 2018

- 5) Establishment of a South-Asia Regional Procurement Institute
- 6) Constitute a common Certification Programme which allows procurement professionals to practice in any SAR countries
- 7) Development of a generic module for contract management
- 8) Develop a tool such as the Integrity Pact to promote transparency and tackle corruption in public contracting
- 9) Putting in place a more robust Grievance Redressal System
- 10) Orientation of senior bureaucrats in public procurement

Progress made by the SAR Conferences

Decisions of 1st SAR Conference held in Kathmandu, Nepal in 2011

9. Develop accreditation mechanism for public sector personnel working in procurement unit
10. Promote procurement function as a profession and introduce public procurement cadre in public service
11. Explore the basis for establishment of Regional Arbitration Centre (RAC) and mechanism for its operation
12. Explore the possibility and procedure for holding Private Sector Forum on Public Procurement (PSFPP)

Decisions of 1st SAR Conference held in Kathmandu, Nepal in 2011

13. Approach SAARC Secretariat for inclusion of procurement topic in ministerial committee of SAARC
14. Promote e-Procurement
15. Promote new procurement alternatives such as PPP, design-build and etc.
16. Modernize contract management

THANK YOU !