



Functional Methodology of ECO

In accordance with the provisions of the Treaty of Izmir, the Council of Ministers shall be the highest policy and decision making body of ECO. It shall be assisted by the Council of Permanent Representatives (CPR) and the Regional Planning Council (RPC) both being responsible for the overall management of ECO's operational activities. The Council of Permanent Representatives shall, on behalf of the Council of Ministers, supervise the functioning of the Secretariat, carry out the policies of the Organization, formulate issues requiring decisions by the member states and take appropriate steps on the matters connected with the implementation of the decisions of the Council of Ministers. The Regional Planning Council shall evolve programmes of action for realizing the objectives of the Organization along with a review of the past programmes and evaluation of results achieved for submission to the Council of Ministers. For the implementation of ECO activities and programmes, the Councils shall be assisted by the ECO Secretariat. The functions of the Organization shall be carried out in accordance with the Rules of Procedure and the following guidelines:-

I- Annual Calendar of Events and the Programme of Work of the Secretariat

A. General Provisions

1. The Annual Calendar of Events and the Programme of Work of the Secretariat shall be drafted by the Secretariat as two separate documents with utmost care and, once adopted, shall be implemented in the following manner:
 - (a) The Secretariat should pay due attention to the dates of the calendar from all aspects like national events, domestic commitments, holidays, flight schedules etc., and submit a finalized version to the RPC.

- (b) The annual Programme of Work and the Calendar of Events approved by the Council of Ministers should be printed by the Secretariat and circulated to the member states.
- (c) The Ministries of Foreign Affairs shall ensure that the Programme of Work and the Calendar of Events is circulated to all government departments and adhere to as fully as possible. In case a member state is unable to send its delegation, its representative in Tehran shall be authorized to attend the meeting with a brief from the concerned government department.

B. Annual Calendar of Events

- 3. The draft Calendar of Events shall be reviewed by the Council of Permanent Representatives and Regional Planning Council respectively and submitted to the Council of Ministers, for approval. Once approved there shall be no postponement of any meeting except in the case when majority of Member States asked for it.

C. Programme of Work of Secretariat

- 4. Secretariat's Work Programme shall be submitted to the Council of Permanent Representatives for the approval of the Council of Ministers. Upon approval, the Secretary General shall ensure its full implementation.

II- Preparation, Approval and Implementation of ECO Projects

(A) Regional Scope and Dimension:

- 5. Each project with regional scope and dimension shall be processed and approved in accordance with the stages of the Project Cycle given in (B) below.

6. A project with regional scope and dimension shall be identified with ECO only if it benefits the ECO region as a whole or in part and/or if at least four Member States participate in it.
7. Eligibility for access to ECO Feasibility Fund for any particular ECO project shall be worked out by the concerned Economic Directorate and approved by the CPR on a case-by-case basis.
8. To the extent possible, all ECO projects shall be kept open to the participation of all Member States.
9. The non-participating Member States shall extend every possible cooperation to facilitate the implementation and operation of an approved ECO project. Such cooperation, which may include access to their internal markets shall be worked out through mutual negotiations on case-by-case basis.
10. Participation of Member States in any ECO project shall be flexible and the nature and scope of such participation shall be determined by the Council of Ministers on case-by-case basis.
11. For mobilizing international assistance for an approved ECO project, non-participating member states shall also give their concurrence and support, whenever applicable.

(B) Project Cycle:

(i) Pre-identification Studies:

2. These shall include regional, country, and sectoral studies or thematic surveys that provide information about the problems and opportunities faced by a sector and lead to suggestions for policy, project or programme type of interventions.

(ii) Identification of a Project:

13. The Member States may individually or as a group propose new ECO projects only at the RPC and the CPR. Secretariat may also submit project proposals in the meetings of the RPC and CPR. All proposals shall be consistent with Organization's agreed priorities

and shall comprise sufficient descriptive data to facilitate consideration by the member Governments.

14. A project can also be identified in the form of a problem that has to be resolved, or an activity that is suggested to be undertaken. In identifying a regional project, the following criteria may be kept in mind:-

- a. Common benefit of the region,
- b. Acceptability as a regional project.
- c. Viability and applicability,
- d. Economy and cost effectiveness,
- e. Compatibility with international standards & requirements, and
- f. Availability of resources.

15. Once a proposal has been made, the main processing activity consists of deciding whether the proposal merits a preliminary study. This decision would be made in the Council of Permanent Representatives or Regional Planning Council in accordance with the decision-making rules of the Organization.

(iii) Pre-feasibility Study:

16. This study is meant to explore the problem, consider the alternative ways of resolving it, and to provide indicative estimates of costs and benefits of the various alternatives. The study is also expected to recommend a course of action so that a proper feasibility study may be undertaken. Sometimes, the preparation of the terms of reference for the full study is a part of the requirement of the pre-feasibility study.

17. Principle of expression of interest by the RPC or CPR shall be sufficient in order to initiate a preliminary review for any proposed ECO project. No projects shall be discussed in the Council of Ministers before a techno-economic feasibility study is completed.

18. There shall be an ECO Feasibility and General Purpose Fund (FGPF) to cover the cost of pre-feasibility, feasibility and analytical studies and other activities relating to regional projects as well as

for extra-ordinary cases. The ECO FGPF will be financed from relevant Head of Account of the ECO budget as well as other sources, such as voluntary contributions of member states, execution charge, grants, etc. Member states, other international organizations, and partners can also be invited to co-finance the Fund.

19. Once a decision has been made to undertake a preliminary study for the project, further processing would require the following steps:-

- (a) terms of reference for a pre-feasibility study shall be prepared by the Secretariat and approved by the CPR,
- (b) an amount (usually small) shall be allocated for a pre-feasibility study by the CPR, and
- (c) a consultant or expert(s) is to be proposed by the Secretary General and approved by the Council of Permanent Representatives to undertake the study.

20. Accordingly, Secretary General shall take immediate action to commission a pre-feasibility study on the project by appropriating resources out of the ECO Feasibility and General Purpose Fund. Such studies shall be carried out by professional regional experts and consultants included in ECO's roster. The Secretary General shall prepare the roster in consultation with member governments and also prepare technical, administrative and financial regulations to govern awarding of contracts and their work. Both the roster and the regulations shall be approved by the Council of Permanent Representatives.

21. Once ready, the pre-feasibility reports shall be considered by the Secretariat or ad-hoc technical committee, if such a committee is established for this purpose. Final assessment on projects in light of the pre-feasibility studies shall be made by the CPR.

22. Once CPR reaches a favourable decision on a project based on the pre-feasibility report, more funds may be required to undertake the full feasibility study. At that stage, consultant(s) shall be selected by

the CPR on the proposal of the Secretary General. If terms of reference were not prepared at the pre-feasibility study stage, they shall be prepared when the approval for the study is obtained.

23. If there are no alternatives to be examined, the stage of pre-feasibility may be skipped and the CPR may recommend going directly from an accepted identified project to a full feasibility study.

(iv) Feasibility Study:

24. This is a comprehensive study that should include the following:

- (i). Rationale of the Project.
- (ii). Its technical, economic, financial, commercial, social and environmental feasibility.
- (iii). The resources (inputs) required, their procurement and scheduling.
- (iv). The outputs to be produced over time, their financial and economic value.
- (v). The side effects (beneficial and harmful), and the risks of project failure.
- (vi). The arrangements for the financing of the project.
- (vii). Sensitivity analysis.
- (viii). An Implementation Plan comprising the organizational set-up, the legal requirements for undertaking the activities and schedule for various activities.

25. Any study that does not have the applicable features of these requirements would not usually be considered a proper feasibility study. It would not be very useful to take decisions on the basis of inadequate studies. Final decision to undertake feasibility studies

will be made by the RPC on the recommendation of the CPR. Other procedures including appropriation of funds shall be the same as for pre-feasibility studies.

26. When a feasibility study is received, its examinations through CPR should involve the following decisions:

- (a) whether the study has been done adequately,
- (b) whether there are further questions to be addressed.

(v) Approval of Project:

27.

- (a) On the basis of the feasibility study, the project under consideration is either rejected or recommended by RPC to the Council of Ministers for final approval. The decision of approval is taken in conformity with the Chapter VIII paragraph 36 of the Rules of Procedure of ECO.
- (b) The Council of Ministers, when necessary, may delegate authority to the CPR to consider and approve projects on its behalf with a view to expediting the process of implementation.

(vi) Implementation, Financing and Monitoring of the Project:

28. If the project is approved, the following steps are to be taken by the CPR:-

- (a) A project organization is formed, staff recruited, contractors selected and responsibilities for project implementation determined,
- (b) Budgetary allocations are made,
- (c) Possibility of regional financing including resources from ECO Trade & Development Bank shall be explored,

- (d) Procurement processes are initiated to acquire the preliminaries to the project -- land, equipment etc.,
- (e) The implementation plan prepared at the feasibility stage is reviewed and changed, if necessary, and
- (f) Arrangements are made for supervision of the project and for progress reporting.

29. Implementation of most ECO projects which are located in the territory of member states may be included in the national plans of that state on priority basis. For joint projects, the concerned member governments may allocate resources in appropriate ratio. For large scale projects requiring external financing in the form of credits and loans, once all project documents and technical preparations are in place, the Secretary General along with sponsoring and participating governments may approach international financing institutions and credit organizations to facilitate the institution of financial arrangements for the implementation of projects.

30. The progress in the implementation of the project shall be monitored by the Secretariat and reported to the CPR. Once the implementation phase is started, the Secretariat shall undertake coordination among participating member states, monitoring the progress of implementation and acting as a channel of communication between the implementation bodies and executive organs of ECO. The Member States may assign designated representative(s) from one or a group of member governments as project coordinator or establish special technical units or bodies to implement the agreed projects and monitor the progress of work. The Secretary General shall include in his annual report to the RPC and the Council of Ministers a detailed progress report on each of the on-going projects.

30.1. In compliance with paragraphs 21 and 30, with the aim to streamline project monitoring, implementation and replenishment of the FGPF at sustainable level, a Project Monitoring Unit shall be established within the Secretariat to

act according to the Terms of Reference (TOR) for the Projects, which will be approved by CPR (Annex No.1)

30.2. To harmonize internationally the criteria for recruitment of consultants and evaluate their performance, the Terms of Reference for Recruitment of Consultants shall be followed (Annex No.2)

30.3. The Secretariat shall, in line with the relevant modalities to be adopted by CPR, circulate the details of a project to the member states and, if it does not receive any objection within the period of three months, will implement it.

(vii) Evaluation of Projects:

31. This can be done during the course of the implementation of the project or on the completion of the project. Evaluation is undertaken to know if the project results have been or are likely to be attained and to learn from lessons of experience in the implementation of projects. The CPR shall periodically evaluate the on-going project in all its aspects and its recommendations shall be included in the Secretary General's report to the RPC and the Council of Ministers.

(C) Management and Appointment of Staff of ECO Institutions:

32. The management of agreed ECO institutions shall be conducted in accordance with their respective constitutions and/or mutually agreed arrangements. In the appointment of staff in such institutions, the paramount consideration shall be the necessity of securing the highest standard of efficiency, professional experience and competence. To the extent compatible with this requirement, every endeavour shall be made to provide for a fair distribution of all appointments among the nationals of signatory Member States. For the first term, the duration of which may be determined either as part of the constitution of the institution or determined by the Council of Ministers, the post of Chief Executive shall be filled in by a national of the Member State hosting the concerned ECO institution unless otherwise agreed upon.

33. ECO institutions with specialized mandate in educational, social, scientific and cultural fields such as ECO Science Foundation and ECO Cultural Institute, shall be primarily responsible for overall implementation of agreed projects in their respective areas in coordination with the relevant directorate of the Secretariat.

III- COOPERATION WITH OTHER REGIONAL/ INTERNATIONAL ORGANIZATIONS

34. In accordance with Article-XIV of the Treaty of Izmir, ECO may establish cooperative relationships with other regional or international organizations, states and institutions. The nature and extent of such collaboration shall be determined by the Council of Ministers or on its behalf by the CPR by a unanimous vote.

35. Any contact as well as correspondence of substantive nature by the Secretariat with a regional or international organization/state/institution regarding cooperative relationship or participation in each other's activities shall require prior approval of the Council of Ministers or the Council of Permanent Representatives acting on its behalf. In any case, while determining the nature and extent of collaboration with any foreign entity, economic aspects and priorities of ECO as well as the need for mutuality of benefit shall be a determining factor.

36. The Secretary General shall secure representation /participation of ECO Secretariat in relevant activities and meetings of those regional and international organizations with which ECO enjoys institutionalized cooperative relationships.

37. Regarding the projects fulfilling the aforementioned criteria to be carried out/executed with collaboration/ participation of international/regional organizations with which ECO maintains institutional or working relationship, the Council of Permanent Representatives (CPR) may authorize the Secretary General to undertake financial commitments from ECO Feasibility and General Purpose Fund up to a limit of 20% of the total cost of the

project subject to the maximum of \$ 50,000 with the prior approval of the CPR in each case.”