



ECO Secretariat Staff Papers

ECO VISION 2025: An overview

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ECO VISION 2025: An overview



The 2015 was an important year for the Economic Cooperation Organization (ECO). The Vision 2015, adopted at the 15th Council of Ministers meeting (at Astana, Republic of Kazakhstan, 01 October 2005), was nearing its end.

The geo-strategic environment in which Vision 2015 was drafted and adopted had changed by the end of the year 2015. The world had seen one of the worst economic crisis (2007-09) since the Great Depression of the 1930s. Also there were move towards regional economic integration, like the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP). These initiatives towards the regional economic integration are a threat to the non-member developing countries as this tends to decrease exports of the latter with the blocs.

It was against this backdrop of the changing global environment that the ECO had to define its objectives and strategy for the next ten years. A new direction had to be provided to ECO, keeping in view the global and regional challenges. This was done through the “ECO Vision 2025”.

In December 2015, a Vision Conference was held during which brain storming sessions were also organized. At the end of this Conference, a Vision Statement was drafted. During the course of next few months, several meetings were chaired by the ECO Secretary General. During these meetings, the core principles, cooperation areas (priority areas), implementation methodology, review and the financial framework were defined. This was further discussed during the special session on Vision which was held just before the 27th Meeting of the ECO Regional Planning Council (RPC) in December 2016.

The “ECO Vision 2025” was finally adopted during the 22nd Meeting of the ECO Council of Ministers (COM) on 28th February 2017 in Islamabad, Islamic Republic of Pakistan. The “ECO Vision 2025” is a comprehensive and more focused document, which also contains an Implementation Framework. The salient features of this Vision are as follows:

VISION Statement

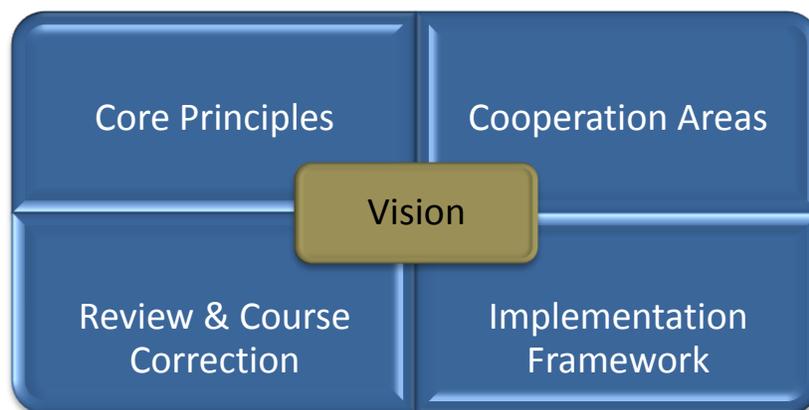
"ECO will pave the way to a territory of integrated and sustainable economies as well as free trade area achieved by highly educated societies and improved governance through enhanced cooperation"

Core principles and cooperation areas

The “ECO Vision 2025” is based on the following core principles of “**Sustainability**”, “**Integration**”, and “**Conducive Environment**”. This Vision focuses on the following six Cooperation Areas (priority areas):

1. Trade
2. Transport and Connectivity
3. Energy
4. Tourism
5. Economic Growth and Productivity
6. Social Welfare and Environment

Each of the above Cooperation Areas has its own Strategic Objectives, Policy Environment and the Expected Outcomes. The **Strategic Objectives** define the broad objectives for what will be achieved. The **Policy Environment** shows how an enabling environment will be created for realization of the Strategic Objectives. The **Expected Outcomes** are the specific actions that would be taken for realization of the Strategic Objectives, and these are also the variables against which the implementation of the Vision will be measured.



1. Trade

Background

As the name of ECO implies, trade and investment sector occupies the most important area. Expansion in the global and intra-regional trade (in goods and services) can earn vital revenues which can play crucial role in improving the economies of the Member States. The world trade of the ECO decreased by 3.4 percent in 2016 (from US\$ 648 billion in 2015 to US\$ 626 billion). Both exports and imports witnessed decline from 2015 to 2016 – exports from US\$ 285 to US\$ 276 billion and imports from US\$ 363 billion to US\$ 350 billion, respectively. However, it is less pronounced than the sharp decline of 21 percent from 2014 to 2015. The share of the ECO Region's trade in the global trade is about 2 percent compared to the share of its population, which is 6.2 percent of world population.

The intra-regional trade (trade amongst ECO countries) has decreased to 7.6 percent of total trade of the Member States, which is far below ECO's potential. When compared to other regional organizations, this is negligible. This shows that, from point of view of trade, the ECO is still one of the least integrated regions. Within ECO, the top exporters are Turkey, Kazakhstan, Iran, Pakistan, and Republic of Azerbaijan. These five countries make up 94 percent of ECO's total exports.

The investment trend is not different from the trade profile. The ECO countries received foreign direct investment (FDI) of about US\$ 36.5 in 2016 which is too low compared to the developmental needs of the Region and its potential trajectory of economic growth.

In the “ECO Vision 2025”, the basic trade objective is to make efforts to double the intra-regional trade so that the share of ECO trade (specifically exports) is increased in the global trade and the regional trade potential for economic growth is tapped. This will be done by creating a favourable policy environment by removing various constraints on flow of goods and services. The focus will be on free flow of goods and services, policy harmonization, maximization of economic efficiency, and reduction of transaction costs. This trade enhancement strategy entails early operationalization of ECO Trade Agreement (ECOTA) followed by further incremental trade liberalization to ultimately make ECO a free-trade area. Pending agreements relating to various spheres of trade and investment will be operationalized and implemented.

To reduce transaction costs, special attention will be paid to visa facilitation, trade promotion, and trade facilitation. Any constraint in these area increases the cost of doing business. Trade related human development and capacity building will be an important component of this strategy.

On the finance side, the ECO Trade and Development Bank (ECO-TDB) will be strengthened by increasing its membership and recapitalization. A trade financing programme will be developed for enhancing regional trade. Also important on the

financial side is the reinsurance sector. The reinsurance companies transfer the specific risks of the insurance companies. These facilitate regional trade, increase commercial activities and are the key to expansion of trade. Efforts will be made to operationalize the ECO Reinsurance Company at the earliest.

2. Transport and Connectivity

Trade and transport are mutually reinforcing. In this area, the focus will be to maximize connectivity, mobility and accessibility by making major ECO transport corridors commercially viable and operational. This will be done through increasing efficiency, creating a more harmonized and simplified legal and administrative framework, strengthening of private sector, and development of strategies for broadband & information society development.

It will involve accession to/implementation of major international legal instruments, improvement of regional transit transport, operationalization & commercialization of existing corridors, regulatory facilitation, well-organized customs infrastructure, visa facilitation, and increased penetration of Information Communication Technology (ICT) facilities and improved infrastructure.

3. Energy

This aims at enhancement of energy security and sustainability through wider energy access and increased energy trade, both within the ECO and beyond. This requires common efforts to ensure regional energy sustainability and resilience, in coherence with the Sustainable Development Goals (SDGs) and 'UN sustainable energy for all'. It also needs a conducive policy environment supported by broad political consensus, involvement of all stakeholders, and identification of country-specific energy mix.

This will require efforts towards establishment of regional power & electricity market, enhancement of energy trade, deployment of environment-friendly energy technologies, promotion of investment, and establishment of an institutional advisory mechanism.

4. Tourism

For tourism, the endeavour will be to establish ECO as a peaceful and green tourism destination and development of diverse products and high quality services in the region. This necessitates a comprehensive regional strategy for sustainable tourism development, coherent policy actions, increased visibility of the ECO as a tourist destination and availability of quality services. This will involve development of ECO tourism brand & Silk Road tourism, visa facilitation, development of various tourism niches, efficient utilization of electronic media for promotion of tourism, human

resource development, increased stakeholder participation, development of diverse means & new solutions, establishment of compliance infrastructure, and promotion of sustainable green tourism.

5. Economic Growth and Productivity

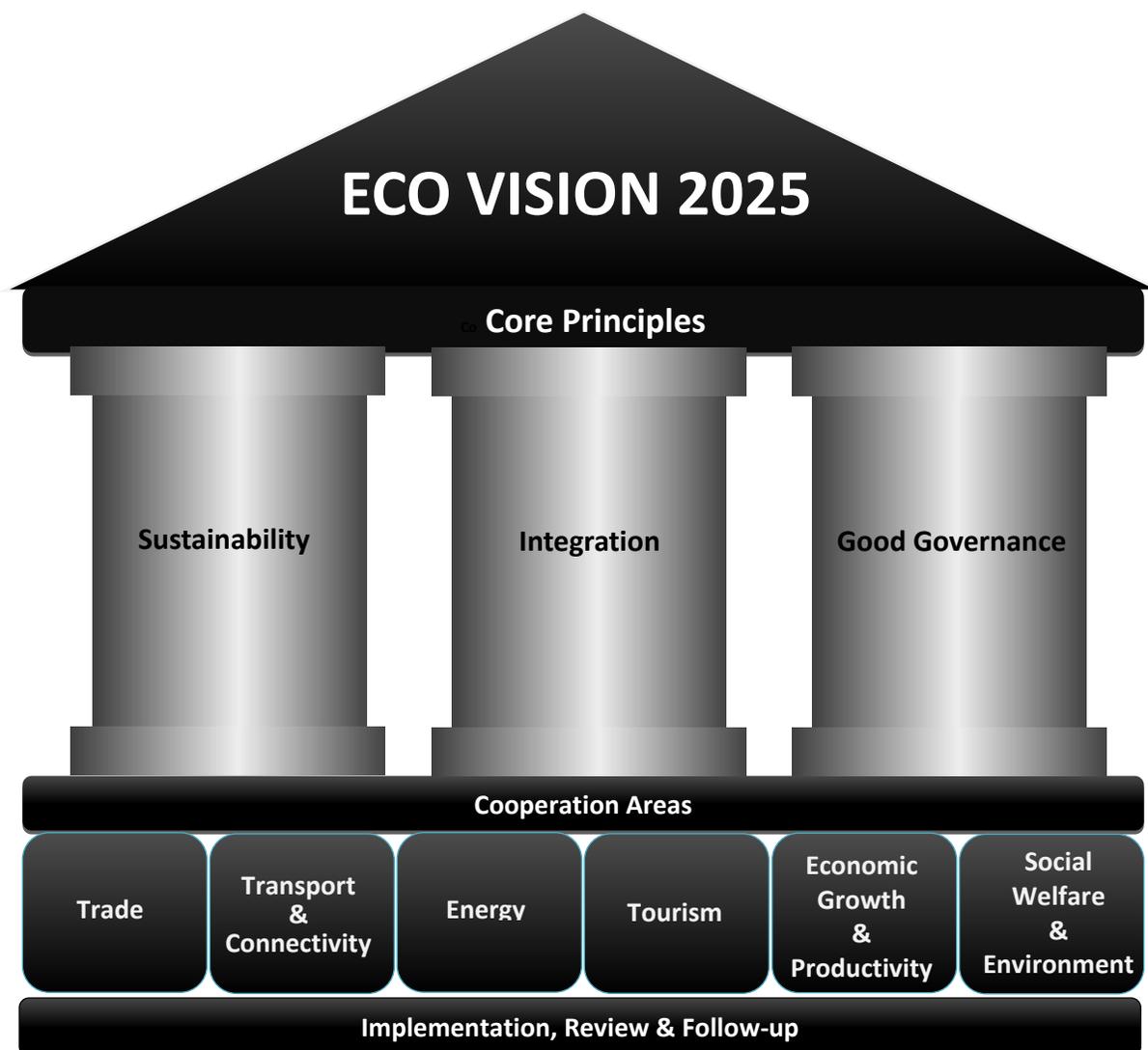
This is a new area which deals with agriculture, industry and investment. The objective is to achieve long-term growth, knowledge based production through increased contribution of Research and Development (R&D), entrepreneurship, increased participation of private sector, Small and Medium-sized Enterprises (SMEs) & women in these spheres.

The policy framework aims at use of modern technology, research, policy reforms, increasing human capital productivity, decrease in cost of production, enhancement of agriculture volumes & quality, rural development, pro-poor investments, optimum use of natural resources, and investment-friendly business environment. This will be done through the development of agriculture trade-related risk maps, establishment of Agricultural Trade Information System & the Regional Agricultural Trade Forum, capacity building, support to start-ups, SMEs & Women entrepreneurs, an investment-friendly climate, and a green industrial development strategy.

6. Social Welfare and Environment

This is also a new area aiming at improving the standard of living, quality of life, economic welfare and well-being of people, through providing social protection and environment preservation policies in the ECO Region. This needs a multi-faceted policy environment to address challenges like increased population, diminishing natural resources, socio-economic disparities, pressure on eco-systems, natural disasters, drug & human trafficking, food security, health and education problems. This will be done through effective national and regional policies, active involvement of all member countries, and meaningful relationship with the global players and stakeholders within the context of SDGs.

This will be achieved through capacity development, enhancement of food security and safety, focus on non-communicable diseases, encouragement of universal health coverage systems, environment-friendly economic cooperation, partnership of ECO with regional and global stakeholders for environment protection, establishment of an integrated disaster risk reduction system, and regional cooperation to combat illegal drugs and human trafficking and other trans-regional organized crime.



Implementation, review and follow-up

The ECO Vision 2025 has an implementation management system, which contains modalities for its implementation, review and follow-up. This will involve measurement of implementation status at regular intervals, appraisals and constructive feedbacks. Follow-up evaluations will be an important part of the process for success of the Vision.

Implementation will be through the 'Implementation Framework' which clearly delineates goals, activities and timelines to achieve various objectives. This would also serve as a roadmap for developing the Annual Work Plans by the Regional Planning Council (RPC). The sectoral ECO ministerial meetings will synchronize their agendas, activities and decisions for implementation of ECO Vision.

For **Monitoring and Evaluation**, indicators and benchmarks will be developed by the ECO Secretariat for implementation appraisal. The overall supervision and oversight will be done by the ECO Council of Ministers (COM), which will also discuss “*Vision Implementation; Progress and Assessment*” in all its meetings. There will be a three-yearly review by the ECO Secretariat which will be submitted to the RPC for assessment, advice and decisions on adjustments (if needed). The final review will be initiated by the ECO Secretariat in 2024, which will provide an overall assessment and necessary inputs and a sense of direction for development of the next vision.

The implementation requires sustained and regular funding. Therefore the ECO Vision 2025 envisages a **Financial Framework**. An “ECO Vision Fund” will be created which will consolidate all existing funds within the ECO into a single fund. It will finance implementation of various projects and initiatives contained in the ECO Vision 2025. The Financial resources will take form of voluntary grants from the Member States and donor assistance.

Effective and successful implementation of the ECO Vision 2025 requires more efficient ECO structure, which will be achieved through the **Organizational Restructuring** of the ECO Secretariat, ECO specialized agencies and regional institutions. This will be done via necessary institutional reforms on the recommendations of the Council of Permanent Representatives (CPR).

Post-VISION era in ECO and future prospects

The ECO has come a long way, from its three-member predecessor Regional Cooperation for Development (RCD) in 1964 to present-day ten-member robust Organization. Although this process of evolutionary cooperation was slow, but it has been progressing in a well-sustained manner. With the successful adoption of the “ECO Vision 2025”, ECO has demonstrated that it has come of age. For the first time in ECO’s history, a comprehensive approach has been adopted. The new Vision was finalized after extensive consultations with various stakeholders. It was based on the premise that a clear vision attracts the right strategy. It was imperative to develop a clear vision for the next ten years.

Organizations which have clear vision and strategies for implementation of that vision have been very successful. For instance, the success of the Association of Southeast Asian Nations (ASEAN), established in 1967 (three years after RCD), is a testament to the importance of vision and commitment to regionalism. The share of ASEAN in global GDP has increased from 4% to 25%, and GDP per capita increased from USD 122 to USD 4000 within the 50 years. The ECO, with 6.2% of world population, has much bigger potential.

The adoption of the “ECO Vision 2025” is reiteration of desire of the ECO Member States for continued and deepened cooperation for economic development. The

implementation of the “Vision” will not only invigorate the ECO Region, but it will enhance intra-regional cooperation, as well as socio-economic development. This will result in prosperity for the people of the ECO which has been the goal of the leaders of the Region all along.