

Secretary General's Report to **18th Council of Ministers**

I. Executive Summary

The 18th COM offers a useful opportunity to take stock of ECO's performance since the last COM. Decisions taken at Herat, October 2007, were followed up under the guidance of the CPR. Progress was made in various sectors, with objectives achieved squarely in some areas and brought within reach in others. As a pointer, the ECO Trade Agreement became effective. The ECO Trade and Development Bank became operational. The ECO White Card (third party insurance) took effect. The establishment of the ECO biotechnology network got underway. Funding was arranged for food security projects in Afghanistan, Iran and Turkey. MOUs were signed with regional peers, including Shanghai Cooperation Organization, CICA, IOM and European Commission. The latter agreed to provide Euros 9.5 million for ECO's counter narcotics programme. China joined the ECO container train project.

2. The economies of ECO countries remained vibrant. Major indicators looked healthy. The average growth rate was 6.5 percent. The global financial crisis did create ripples but did not affect all member states seriously. Those less integrated with the global financial markets suffered less of the shock. Turkmenistan, Uzbekistan, Iran and Afghanistan were some of such states. The region's global trade, at US\$585.84 billion in 2008, remained undisturbed by the initial dip in world trade. ECO's real GDP growth rate was estimated at 6.5 percent annual average. Inflation stood at an average of 10.4 percent. Foreign Direct Investment stood at US\$35.8 billion in 2006.

3. ECO attached the highest priority to trade which has a direct bearing on its overarching goal of regional economic integration. The intra-regional trade, at around US\$33 billion, barely represented 6.5 percent of ECO's total trade. Further expansion was pursued during the year. An important milestone was crossed with the ECO Trade Agreement (ECOTA) becoming effective in 2008. It marked a major step toward creating a free trade area by 2015. Additional steps in that direction included operationalization of the ECO Bank, reactivation of the ECO Chamber of Commerce and Industry, creation of Trade Promotion Organizations' Forum and signing of Agreements on Promotion and Protection of Investment, on Customs Cooperation and on Simplification of Visa Procedures for Businessmen. The establishment of the ECO Reinsurance Company was in final stages as were such forums as the ECO Investment Promotion Agencies, Commodity and Stock Exchanges, Women Entrepreneurs and Young Entrepreneurs. Trade capacity-building of the member states was pursued with UNIDO's financial assistance worth US\$ 228,000/-.

4. Cooperation in the field of finance and economy received due attention. The 3rd Ministerial Meeting on Finance and Economy (Tehran, December 2008) took important decisions. It agreed that cooperation be intensified in banking, re-insurance and prevention of corruption and money laundering. Implementation of ECOTA, signing and ratification of agreements on investment promotion, customs cooperation and visa facilitation be expedited. As proposed by the President of Iran, a Working Group was agreed to be established to study the Global Financial Crisis and its implications for the economies of ECO countries, and to make appropriate recommendations.

5. Implementation of the Transit Transport Framework Agreement (TTFA) was actively pursued. The aim was to improve transit arrangements, transport infrastructure and integration of the telecom and postal systems of the region. A joint ECO-IDB project, with a pledged sum of US\$ 512,000/-, was initiated. Also, it was proposed an ECO Transport Infrastructure Development Fund to set up with the support of member states and donor agencies. It would finance regionally important projects, including railway around Van Lake in Turkey, Quetta-Taftan railway in Pakistan and up-gradation of Sarakh Station in Iran as well as such projects in other Member States. Due attention was paid to streamlining of ECO's Istanbul-Almaty train, including its extension to Afghanistan, Kyrgyzstan and Tajikistan as well as to Urumchi in China. Spadework was also initiated to launch a demonstration train on Islamabad-Tehran-Istanbul route in 2009.

6. A trilateral Agreement with IDB and UNESCAP would be signed on the sidelines of the 18th COM. It would focus on implementation of TTFA and development of UNESCAP's Trans-Asian Railway and Asian Highway Projects in the ECO Region. Another agreement would be signed shortly with UNECE. These and similar other MOUs already signed would institutionalize the support of UN and international organizations to develop transport linkages between east and west.

7. In the energy sector, the aim was to promote power trade, power exchange and efficient use of renewable and alternative sources of energy. We pursued the feasibility study, initiated three years ago, for interconnection of power systems of member states. Unfortunately, it suffered a long delay, due mainly to late or non-submission of data by some member states. IDB, the funding agency, had to close the project on December 31, 2008. The contract with the consultant, M/s NESPAK, had to be terminated. The 2nd ECO Energy Ministers' Meeting, scheduled for Tajikistan in early 2009, would review cooperation in this field and take decisions to generate necessary momentum.

8. On environment, the organization pursued the Plan of Action for combating environmental degradation, promoting wider awareness of the problem and developing a credible legal framework. National Progress Reports were provided by Afghanistan, Azerbaijan, Iran, Pakistan and Turkey. The remaining member states were reminded. A consolidated report would be issued before the Ministerial Meeting on Environment in Islamabad, April 2009. Also pursued was closer cooperation on biodiversity, ecological tourism and watershed rehabilitation. The first Expert Group Meeting on Biodiversity (Islamabad, April 2007) adopted a Work Plan. Kazakhstan agreed to be the coordinating country for its implementation. The second EGM would be held in Kazakhstan in second half of 2009.

9. In agriculture, the Regional Programme for Food Security (RPFS) remained a priority. It was aimed at addressing low yield of crops, post-harvest losses, inefficient use of water and the problem of salinity. A donors' conference (Antalya, May 2008) to raise funds drew encouraging support for the RPFS. The 4th ECO Ministerial Meeting on Agriculture (Baku, September 2008) decided to set up an ECO Regional Seed Association in Turkey and a Regional Centre for Efficient Use of Water in Pakistan. The ECO Regional Centre for Risk Management of Natural Disasters became operational in Mashhad (September 2007). An MOU was signed with Iran for the ECO Agricultural Biotechnology Network (ECO-ABN).

10. In Industry, useful decisions were taken at the 3rd ECO Ministerial Meeting (Lahore, November 2006). A Regional Strategy on Industrial Cooperation was agreed as was a Plan of Action each for establishment of a Technology Transfer Centre, for SME Development and for Industrial Property Rights. Long unresolved issues about the location and statute of ECO Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (RISCAM) were amicably resolved. An ECO Nanotechnology Network was agreed to be set up and US\$50,000/- allocated for it from FSF. In privatization, the focus was on promoting a policy dialogue and exchange of expertise among member states. Action was initiated to set up a pool of consultants and a special website.

11. Cooperation in tourism made headway with the 1st ECO Ministerial on Tourism held in Tehran, October 2008. It approved a Plan of Action on Tourism and Modalities for the ECO Tourism Promotion Fund. The publication of ECO Tourism Guide Book was approved, with Iran funding its printing. Afghanistan would host a Working Group meeting in March 2009 on revival of the Silk Road.

12. Drug control, counter terrorism and fight against human smuggling and money laundering were addressed by ECO Interior Ministers (Ashgabat, May 2008). They approved a joint regional strategy and renewed their commitment to join hands against these crimes. A regional workshop on irregular migration and human smuggling was held in coordination with IOM (Kish, March 2008), an EGM on Drug Control (Tehran, April 2008), and an EGM on Corruption and Money Laundering (Ankara, May 2008).

13. ECO has far greater potential than it has been able to realize so far. The goals it has set itself are well within its reach. The organization has been making steady progress. The performance of last year was particularly encouraging. It should be improved and built upon in the months ahead. The ownership and support of member states would be crucial for success.

II. Economic Outlook of the region

14. An important priority of ECO economies during 2008 was strengthening stability against external shocks. As the global crisis grew, measures to mitigate its impact became necessary. The impact varied from country to country. Uzbekistan, Iran, Turkmenistan and Afghanistan were able to stave off abrupt falloff in capital inflows. As a result, they sustained real GDP growth rates of 9.4, 6.6, 11.0 and 7.5 percent throughout 2008.

15. On the other hand, countries like Turkey, Azerbaijan and Kazakhstan had to tighten their fiscal and monetary policies. Heavy fiscal stimuli had to be applied. Growth rates were affected, declining from 6.8, 23.4 and 10.7 in 2007 to 4.5, 18.3 and 5.3 by the end of 2008. However, they were able to effectively replenish their capital reserves, using their wealth sovereign fund (WSF) and asset stabilization fund.

Current Account Position

16. Throughout 2007 and the first half of 2008, the oil exporting ECO countries – Azerbaijan, Iran, Kazakhstan, Turkmenistan and Uzbekistan – had high savings as reflected in their current account surpluses. During the first half of 2008, Iran showed a current

account surplus of 11.2 percent of real GDP, Uzbekistan 16.8, Turkmenistan 15.5 and Kazakhstan 15.

17. At the same time, oil-importing ECO countries like the Kyrgyz Republic, Pakistan, and Turkey came under pressure. This was despite a 10 percent decline in world commodity prices during the second half of 2008. For Turkey, FDI covered one quarter of its current account deficit, which was 10 percent by end 2008. Reliance on foreign loans and stock portfolio investment by non-residents represented risks. However, Turkey's foreign exchange reserves, at US\$80 billion in 2008, meant it would not face recession. Pakistan's reserves fell from US\$14.3 billion in 2007 to US\$3.4 billion by end 2008. The position eased after it got a US\$7.6 billion IMF loan. The Kyrgyz current account deficit widened from 2 percent in 2007 to 6.5 percent by end 2008 due to exogenous shocks. The Kyrgyz and Tajikistan suffered disruptions in gas and electricity supplies following the earthquake in October 2008.

Inflation

18. Widespread currency depreciation deeply affected ECO countries, especially those with national currency units pegged to the US dollar. Their equity markets lost up to a third of their value in local currency and over 40 percent in U.S. dollars. Iran's headline inflation rate rose to 24.2 by mid-year, moderating to 22.0 percent by year-end. Azerbaijan's inflation started to rise from an already high rate of 19.5 percent in 2007. The price-wage spiral and second-round effects of currency depreciation raised risk of inflation in Turkey. On the other hand, Kazakhstan, Uzbekistan, Turkmenistan and Tajikistan managed to contain their end-of-the-year inflation at a single digit. Uzbekistan, as a net exporter of food and energy (mainly gas), augmented its export revenues while containing its inflation at a moderate 7 percent. Most other Central Asian ECO countries did likewise. Pakistan experienced sharp rises in monthly inflation rates from March 2008, due mainly to political developments, price increases and currency depreciation.

Trade

19. The total trade turnover in the ECO region rose from US\$511.5 billion in 2007 to US\$585.84 billion in 2008. In Uzbekistan and Kazakhstan, the overall trade turnover rose by almost 40 percent toward the end-2008 as against 2007. The loss in total quantity of goods and services traded was compensated by price mark-ups due to cost-push inflation driven by higher prices for food and energy. The sustainable level of trade in ECO was supported by capital stock of major regional trading partners.

Intra-regional Trade

20. ECO's intra-regional trade, around US\$33 billion in 2008, barely represented 6 percent of its share in global trade. There was a visible potential for growth and expansion to, at least, 10 percent by the year 2015. Nevertheless, as the world showed a tendency of 2-3 percent decline in trade, ECO's intra-regional trade appeared to flag slightly during 2008.

Investment

21. The ECO countries implemented a range of reforms to create favourable conditions for FDI. These included improvement in investment legislation, privatization, and

liberalization of investment flows. Re-gaining investor confidence remained high on the agenda for speedy economic stabilization. In countries such as Kazakhstan, the recovery of international reserves was achieved toward the end of 2008 at US\$22.4 billion. Early in the year, the withdrawal of foreign-owned assets had reduced it to US\$14 billion.

Conclusion

22. Appropriate policy responses to the financial crisis are expected to contain its impact on the ECO region. Even so, the stress is likely to be more protracted than envisaged earlier. Weakening global demand is depressing commodity prices. Oil prices declined by over 50 percent despite OPEC's decision to reduce production. Metals and food prices have also fallen from their recent peaks. This will result in lower growth prospects in many emerging and developing economies, including ECO's.

23. In order to arrest the likely downturn, macro-economic policies must address the challenge squarely. Specifically, fiscal policies should aim to keep the debt-to-GDP ratio on a downward slope. Stronger fiscal performance may be facilitated with sustained structural reforms, including adoption of a results-based fiscal framework for stricter control. Strengthening tax administration and monetary policy should keep focus on bringing inflation further down. As inflation falls, positive real interest rates should be restored to support domestic deposit growth and help banks to a more sustainable funding base.

III. ECO activities

A. Trade and Investment

24. The ECO countries have a visible potential to enhance trade among themselves and with the world outside. The graph has risen higher, and at an increasing pace, in recent years – both in volume and value. This has to be sustained and, with the regulatory framework of the ECO Trade Agreement (ECOTA), raised to the level of its potential. The broad contours of the strategy being followed are as under:

- i). Early and region-wise implementation of ECOTA to bring down tariff and non-tariff barriers.
- ii). Optimum utilization of the economic resources of the region through an effective favourable regulatory investment framework.
- iii). Increased involvement of the private sector in regional trade; reactivating all segments of the business community, including women and young businessmen.
- iv). Trade capacity-building of the member states, with the assistance of UN and international agencies.
- v). More frequent trade activities – fairs and exhibitions, buyer-seller meetings, trade forums – regularly and all across the region.

25. ECOTA is central to trade cooperation among the countries of the region. Signed in July 2003, its implementation has long been overdue. The agreement has finally taken effect, with the completion of ratification by the required number of five Member States. It will be implemented gradually over a period of 8 years, reducing tariffs to a maximum of 15

percent over 80 percent of the goods traded. The 1st Meeting of the Cooperation Council (Mersin, Turkey, May 2008) set the 1st of January 2009 for implementation to get underway. The Contracting Parties agreed to finalize their respective Positive, Negative and Sensitive lists by October 31, 2008. However, the positive lists from Afghanistan, Iran and Tajikistan are still awaited. The delay has decelerated this important initiative and, unless overcome quickly, would cast a shadow on ECO's declared goal of establishing a Free Trade Area by 2015. The exchange of offer lists is of utmost significance and must not suffer further delay.

26. Alongside trade, cooperation in the field of finance and economy received due attention. The 3rd Ministerial Meeting on Finance and Economy (Tehran, December 2008) took important decisions. The Member States agreed to establish a Joint Working Group to study the impact of the Global Financial Crisis on the region. It would prepare appropriate recommendations and strategies. Contact Groups would be formed at international financial institutions to safeguard collective interests as regional partners. New forums would be set up to facilitate cooperation among Tax Administrations, Investment Promotion Agencies and Stock Exchanges. The Finance Ministers also agreed closer cooperation in banking, re-insurance and prevention of corruption and money laundering. The meeting outlined specific activities to enhance private sector cooperation in areas of investment, trade fairs and development of women entrepreneurship.

27. The main highlights of progress in trade-related fields are as follows:

- i). The ECO Trade and Development Bank has become operational. More member states (Afghanistan, Azerbaijan and Kazakhstan) have shown interest in joining it. The Bank presently includes Iran, Pakistan and Turkey.
- ii). The establishment of ECO Reinsurance Company is in final stages. Its Articles of Agreement have been finalized and will be signed shortly at a meeting of the Heads of Insurance Companies that Pakistan has to convene.
- iii). The 1st ECO Heads of Central Banks Meeting (Karachi, April 2007) agreed the proposal of the State Bank of Pakistan to set-up a working group to institutionalize cooperation. It would implement the ECO Central Banks Network (ECBN). The Member States agreed more specific programs to make cooperation among the Central Banks meaningful.
- iv). In the field of investment, the Agreement on Promotion and Protection of Investment (APPI) has been signed by Afghanistan, Azerbaijan, Iran and Turkey. Pakistan is also ready to sign. With the implementation of APPI, the inflow of FDI into the region which stood at US\$62.7 billion during 2008 would increase appreciably.
- v). Investment-related activities have been made a high priority for 2009-2010. As agreed at the 3rd Ministerial Meeting on Finance and Economy (Tehran, December 2008), Tajikistan has been designated as the coordinating country for ECO initiatives on investment. It has been requested to host the 4th ECO Investment Conference. This forum will give a new impetus to the investment activities, including joint ventures.
- vi). Two major Agreements – on the Establishment and Operation of Smuggling and Customs Offences Data Bank and on Mutual Administrative Assistance in Customs Matters – have been signed. The decision of the 3rd Ministerial Meeting on Finance and Economy regarding implementation of the Agreement on Smuggling and Customs Offences Data Bank during 2009 was an important step forward.

- vii). The revised Protocol to the Agreement on Simplification of Visa Procedures for Businessmen and Transit Drivers has been finalized and will be placed before the 18th COM for approval.
- viii). The ECO Chamber of Commerce and Industry (ECO-CCI) has been reactivated. The 9th General Assembly and the 12th Executive Committee meetings of ECO-CCI as well as the 3rd Business Forum and the Buyers Sellers Meetings on the sidelines of 2nd ECO Trade Fair (Karachi, July 2008) contributed significantly to active involvement of the private sector in trade and investment promotion in the region.
- ix). A new Forum for Trade Promotion Organizations (TPOs) has been established, essentially, to harmonize efforts for expansion of trade. It would also contribute to integration of regional economies. The 1st Meeting of the ECO Heads of Trade Promotion Organization (TPOs) (Tehran, January 2009) took important decisions including:
 - Developing a joint strategy for promotion of intra-regional trade and trade with the rest of the world
 - Organizing Joint Trade Fairs, reaching an Agreement on Joint Promotional Activities and offering a composite stall in important events of the Member States for the publicity material of ECO-affiliated bodies and interested exhibitors.
 - Establishing ECO Trade Associations on regional basis.
 - Exchanging trade information and developing an electronic Trade Directory.
 - Encouraging research and training activities.
- x). A new ECO Women Entrepreneurs Forum (WEF) is being set up. A Preparatory Meeting with Iranian Women Entrepreneurs Council and other representative bodies was held at the Secretariat in August 2008. The 3rd Ministerial Meeting on Finance and Economy and the 19th Regional Planning Council (Tehran, January 2009) have endorsed the decision. The WEF will be formally launched at a Seminar on Women Entrepreneurship Development which Uzbekistan has been requested to host.
- xi). The ECO Trade and Investment Network Web Portal has been activated to establish regular linkages between the Secretariat and the Member States' trade and investment promotion agencies. The 3rd Ministerial Meeting on Finance and Economy called on Member States to expedite preparations for Orientation Seminars on the ECO Web Portal. These would be conducted by ECO experts during the first half of 2009.
- xii). A Trade Officers Working Group (TOWG) was established (September 2007) as an information-sharing mechanism to utilize the expertise of Trade Officers posted in ECO Missions in Tehran. It issues a monthly Newsletter on ECO activities, trade opportunities in the region, current developments and cooperation among the Member States.
- xiii). Collaboration with international organizations in trade and investment has been broadened. UNIDO has been associated with ECO projects, helping conduct surveys of the Member States' trade capacity. The survey was followed by an Expert Group Meeting on Trade Capacity Building in December 2007. The 2nd Phase of the ECO-UNIDO Project would commence shortly, with a total funding of US\$228,141/- and will be implemented over 12 months.

B. Transport and Communications

28. The transport sector holds the key to diverse other areas of regional cooperation. The geographic contiguity of ECO countries has further enhanced the role and relevance of this sector and it remains a high priority and receives due attention. The 7th ECO Ministerial Meeting on Transport and Communications (Antalya, April 2008) deliberated on regional transport cooperation in road, railway, maritime and civil aviation. It also discussed implementation of Transit Transport Framework Agreement (TTFA) and the Program of Action for ECO Decade of Transport and Communications. The meeting covered post and telecommunications and cooperation with international organizations as well.

29. The First HLEG meeting on the Program of Action for ECO Decade of Transport and Communications (Tehran, December 2008) reviewed preparation of a New Programme of Action for 2009-2015. A Format was worked out for submission of regionally important projects by Member States. A study would be initiated to prepare the new Program, involving consultants and representatives of donor countries and institutions. A financial mechanism would be set up to support transport infrastructure projects, including those to be anticipated in the new Programme of Action. Afghanistan has offered to host the 2nd HLEG Meeting in 2009.

30. The Transit Transport Coordination Council (TTCC) monitors implementation of TTFA through its five technical committees on Legal, Insurance, Road, Railway and Transit Trade Matters. These have been meeting regularly. In 2007, the 2nd Meeting of the TTCC and the 1st Meetings of the Railway Committee (Turkey, March 2007), the Insurance Committee (Iran, May, 2007) and the Road Committee (Pakistan, September 2007) met and took important decisions regarding implementation of TTFA.

31. The Second Meeting of the Insurance Committee (Tehran, July 2008) adopted the draft ECO Interim Motor Vehicle Third Party Liability Insurance Scheme (ECO White Card). It entered into force on 22 July 2008. On TTCC's request, Iran seconded an official to operate the Office of the ECO-Council of Bureaux at the ECO Secretariat, from 10th November, 2008. Additional experts are in the process of being recruited.

32. The Member States have to identify, within three months, a national insurance company or a specialized organization to join the insurance scheme as their National Bureau. So far, Afghanistan, Pakistan and Turkey have nominated their National Bureaus. The 1st Meeting of the Council of Bureaux would be held in 2009. The ECO College of Insurance would provide education and training to one student each from the Member States to enhance capacity for implementing the Scheme. An amount of US\$115,000 from the ECO Feasibility Fund would be needed for that purpose.

33. The 2nd Meeting of the Railway Committee (Tehran, December 2008) agreed a procedure to publish ECO Railway Maps and to enlist UNECE's cooperation in implementing TTFA. It decided to extend the ECO Istanbul-Tehran-Almaty Container Train to China, and to hold an HLEG and a trilateral Ministerial Meeting on starting the ECO Container Train on Istanbul-Tehran-Islamabad route with a demonstration run in 2009. It also agreed to study the feasibility of connecting the Kyrgyz Republic, Tajikistan and Afghanistan to the ECO regional railway routes. The 10th Meeting of the ECO Heads of Railway Authorities will be held in Pakistan in 2009.

34. The Member States have agreed to participate in the UNECE/UNESCAP's EATL Phase II project by attending the Second Session of the EATL Expert Group in Shanghai in early 2009, and the EATL sub-regional capacity-building workshop to be organized in partnership with ECO Secretariat. An ECO/OTIF workshop has been initiated with OTIF on Rail Transport between Europe and Asia in 2009.

35. The 19th RPC Meeting recommended to the CPR to allocate funds for Kazakhstan's proposal for a Feasibility Study of the Container Train on Bandar Abbas-Almaty Route. A meeting of the en-route countries would be held in Kazakhstan in 2009 on this subject. Afghanistan has proposed a Feasibility Study on a railway route from China along Tajikistan and Afghanistan. An EGM of the concerned Member States would discuss details of the Project.

36. The Second Meeting of the Road Committee (Tehran, December 2008) agreed to remove quota limitations on permits for transit vehicles. Also, regular reports would be submitted on observance of the technical requirements of road vehicles. Arrangements were agreed for early publication of the ECO Road Network Map and the Road Transit Routes Map.

37. The member states agreed to support IRU's truck caravan projects, notably the UNESCAP Asian Highway Truck Caravan in 2009. UNESCAP and IRU were requested to cover two parallel directions, one through Central Asian Republics and the Caspian Sea (Azerbaijan-Turkey) and the other through Turkmenistan, Iran and Turkey. The 19th RPC Meeting requested the Member States to actively participate in the ECO-plus China Seminar on the Silk Road to be held in Tehran in the second half of 2009.

38. Given the technical issues involved in implementation of Article 12 of TTFA, the RPC recommended organizing meetings of the consular officials of the Member States' Embassies in Tehran. Their findings would be submitted to an Expert Group Meeting on Visa Simplification, to be held prior to the 4th TTCC Meeting.

39. The Member States decided to establish a Contact Group to protect their interests in the framework of the UNECE/TIR bodies and meetings. The first meeting of the Contact Group was held on the sidelines of the UNECE/IRU Meeting on TIR Convention (Geneva, 3 February 2009).

40. The 1st Meeting of Transit Trade Committee (Tehran, December 2008) decided on a joint programme of action with IRU for promotion of the TIR Convention in the region. It would include capacity-building and relevant activities. Two ECO/IRU/UNECE National Workshops would be organized in Afghanistan and Pakistan, the only ECO countries still out of the TIR system. The TTCC approved the TOR of the National Inter-Ministerial Committees on transit and trade facilitation. Member States, who had not yet established such committees, were requested to do so at the earliest.

41. The 3rd Meeting of the TTCC (Tehran, December 2008) approved the reports of the recent Meetings of the auxiliary bodies. The Council decided to hold a number of transport-related events in 2009, including the next meetings of the TTCC and its auxiliary bodies and a joint ECO/UNECE (IRU) workshop on accession to and implementation of relevant international conventions. These would include a joint meeting on the legal issues of

railway transit transport, involving UNECE, OSJD, UIC, OTIF and UNESCAP. A joint workshop would be organized for capacity building on international conventions.

42. A Technical Assistance Grant worth US\$412,000 for implementation of TTFA was approved by IDB in October 2008. In addition, the CPR approved US\$100,000 from the ECO Feasibility Fund. Fifty thousand dollars were released in 2008 and the rest would be transferred in 2009. Separately, a TTFA Fund has been established with an initial amount of US\$ 150,000. In 2008, the CPR allocated US\$50,000 from the Feasibility Fund. Action is underway for allocation of the remaining US\$100,000, to implement the Fund's Work Programme for 2009.

43. As meetings of the TTCC are hosted in alphabetical order, the 3rd TTCC Meeting decided that the next Meeting of the TTCC be held in Kazakhstan. In order to ensure a focused outcome of the technical committees, it was decided to hold their meetings back-to-back with the TTCC. Accordingly, Kazakhstan was requested to host the next meetings of the auxiliary bodies of the TTCC prior to the 4th Meeting of the TTCC in 2009.

44. As the 7th Ministerial Meeting decided, an ECO Unit is being established in each Member State's Ministry of Transport and Communications for effective implementation of TTFA and the decisions of the ministerial and other relevant meetings.

45. The Second Phase of the ECO/IDB Project on Multimodal Transport was completed in June 2007. The third phase, comprising ten national workshops, began in 2008. So far, five workshops have been held in Afghanistan (July 2008), Azerbaijan (September 2008), Iran (July 2008), Kazakhstan (August 2008) and the Kyrgyz Republic (October 2008). Dates have been set for the National Workshops in Pakistan (2-3 March 2009) and Turkey (25-26 March 2009). Dates and venue for Tajikistan are being fixed. Turkmenistan has conveyed that holding the workshop was premature for them. Uzbekistan has yet not fixed any date. The deadline for Project completion is March 2009.

46. A Meeting of the Five En-route Countries of the ECO Istanbul-Tehran-Almaty Container and Passenger Trains (Tehran, December 2008) decided to further shorten the travel-time to seven days. It considered the tariff tables and wagon charges, and agreed to conduct a survey to streamline ECO trains. A meeting of the Consultants and National Focal Points of the Member States and China should be held by July 2009. The Secretariat is pursuing launching of a demonstration train on Istanbul-Urumchi-Istanbul route in 2009.

47. The Chinese delegation attending the meeting of the Five En-route Countries (Tehran, December 2008) renewed their interest in revitalizing the China-Middle East-Europe Railway Corridor. China would also help address the issue of empty containers returning from Almaty. The meeting of the En-route countries agreed to revise the Action Plan for Revitalizing the China-Middle East-Europe-Corridor, involving China.

48. An outline each of the three regional projects to upgrade the capacity of Sarakhs Station (Iran), rehabilitate Taftan-Quetta railway (Pakistan), and build railway by-pass around Van Lake (Turkey) has been forwarded to IDB. The Bank has expressed interest in financing the Projects, and awaits formal requests from the three Governments.

49. During the 4th Meeting of Heads of Reference Marine Organizations (Tehran, February 2008), the transit Member States offered maritime transport facilities to the

landlocked Member States. UNCTAD offered technical assistance for a regional study on implementing the Almaty Programme of Action for landlocked and transit countries. Iran has provided a list of facilities, discounts and special arrangements at Chabahar Free Zone. Pakistan and Turkey are expected to take similar initiatives. Iran has offered to conduct a regional study agreed to be made on implementing marine-related Articles of the TTFA. The ECO marine website "www.ecomarine.org", designed by Turkey, has started functioning since February 2008.

50. A study has been proposed to plan for implementation of the Almaty Plan of Action and to Address the Special Needs of the Landlocked and Transit Countries. It would cover two selected sea ports in each ECO transit country (Iran, Pakistan and Turkey) to be designated for concessional tariffs and facilities for the landlocked member states.

51. The 1st Preparatory Meeting for establishing the ECO Logistic Provider Associations' Federation (ECOLPAF) was held in Tehran in February 2008. The Turkish Freight Forwarders Association has since prepared the draft Statute of the ECOLPAF which has been circulated to Member States for comments. So far, only Iran has sent in its views. The 2nd Preparatory Meeting of the Federation will be held in Turkey.

52. Cooperation in civil aviation has made little progress. Following the 18th RPC, the Member States were requested to review the report of the First ECO Meeting on Civil Aviation (Karachi, 2001) and come up with proposals to improve cooperation in this field. The 2nd Meeting of the ECO Civil Aviation Authorities and Heads of National Airlines is scheduled for 2nd half of the year 2009 at the ECO Secretariat. It would review cooperation in this field and take decisions to add it more substance.

53. In the postal sector, as agreed at the 4th Meeting of the ECO Postal Authorities (Baku, October, 2007), a draft logo for the common stamp to be issued on the occasion of the 10th ECO Summit has been prepared. It is based on samples provided by Afghanistan, Azerbaijan, Iran and Turkey. The Workshop on Privatization of the Postal Services is scheduled for May 2009 in Iran. The Committee Meeting on establishing linkages between the postal financial services and e-shopping facilities of the Member States will be held in Turkey. The 5th Meeting of ECO Postal Authorities is scheduled for Islamabad this year.

54. The 14th Meeting of the Heads of Telecommunication Authorities would be held in the second half of 2009 in Tehran. The Agenda of the TAEFOS Meeting would be merged into that of the HTA Meeting. It would, *inter-alia*, consider preparing a regional cooperation programme in Communications.

55. In 2008, the Secretariat further expanded transport relations with relevant international organizations. IDB, UNCTAD, IMO, UNESCAP, IRU, IRF, UNECE attended ECO Meetings. An MOU was signed with IRU. A trilateral Agreement is scheduled for signing with IDB and UNESCAP on the sidelines of the 10th ECO Summit (Tehran, 11 March 2009). It focuses on implementation of TTFA and development of UNESCAP's Trans-Asian Railway and Asian Highway Projects in the ECO Region. An MoU has also been signed with the UPU. Negotiations are in process with FIATA, the Council of Bureaux of the International Third Party Motor Vehicle Insurance System (Green Card), and other relevant institutions.

C. Energy, Minerals and Environment

Energy

56. The 18th RPC recommended extension, upto the year 2010, of the existing Plan of Action for Energy/Petroleum cooperation. The Plan is meant to promote energy cooperation and develop ways and means to expand sustainable development and efficient use of indigenous resources for fuel and power generation. Formal decision about the Plan shall be made by the 2nd Ministerial Meeting on Energy/Petroleum, which is scheduled for Dushanbe in 2009. It would take important decisions about the energy sector which has long lacked substance. Since the 1st Ministerial Meeting was held 8 years ago (Islamabad, November 2000), intensive preparatory work is needed to make the forthcoming Ministerial Meeting fruitful and productive. Therefore, the Secretariat has proposed to hold a High Level Experts Group Meeting (HLEG) before the Ministerial Meeting. It would address pending issues, set the agenda and make all related arrangements. Any Member State may offer to host the HLEG as early as possible.

(i) Interconnection of ECO power systems

57. An important priority of the Plan of Action was the interconnection of power systems of member states. The Contract on the Consultancy Services was negotiated and signed with NESPAK on 20th June, 2005. The feasibility study, funded by IDB, commenced in August 2005. It was to be completed by April 2007. The 119th CPR meeting (December 2006) designated Pakistan as the coordinating country for inter-connection of power systems.

58. As per TOR, the study would be conducted in close cooperation with the Member States. Each member state was requested to nominate a Focal Point and provide requisite data for the timely completion of the study. Unfortunately, it suffered a significant delay, due mainly to late submission of data by some member states and non-submission by others. The deadline for completion of the study had to be extended to April 2008.

59. The 7th Meeting of Specialized Experts Task Group (SETG) on power (Islamabad, February 2008) reviewed the matter and agreed a new schedule for the study to be finalized by end of February 2009. The SETG specified timeframe for Interim Reports No.1, No.2, and Draft & Final Reports. Under the new schedule, the Inception Report based on data provided by 8 countries (except Turkmenistan and Kazakhstan) would be followed by Interim Report No. 1. It was to be presented to the Secretariat no later than August 2008. This deadline could not be met. In view of repeated delays and with no prospects of making these up, IDB informed the Secretariat of having to close the project on December 31, 2008 and the consequent need to terminate contract. Accordingly, the Secretariat issued notice to NESPAK for termination of the Contract on Consultancy Services.

60. The 19th RPC called on the Secretariat to consider and analyse, in collaboration with the coordinating country, reasons that lay behind the termination of the study. It also stressed the need to elucidate the lessons learnt and examine effective measures to salvage the data already collected. It further recommended that the Secretariat explore power projects for possible financing by IDB and other international partners. The Secretariat is awaiting concrete proposals from the Member States.

(ii) World Bank study on Regional Energy Trade

61. The Secretariat has been in contact with the World Bank about a study on regional energy trade. It was the focus of a workshop in Almaty (November 2008) which was the second in a series. The workshop was attended, beside ECO countries, by representatives of the World Bank, EBRD and Central Asia South Asia Regional Electricity Market (CASAREM). The participants expressed keen interest in the WB study "South Asia: Policy Paper for Regional Energy Trade, Trading Arrangements and Risk Management in International Electricity Trade". It contained useful insights into energy systems, policy and institutional framework of the ECO countries and their potential for energy trade. They discussed prospects of investment in power generation and transmission. The workshop laid emphasis on the need for power trade with the eastern cluster of ECO countries and beyond. These countries faced more energy deficits and had a greater demand complementarity of a seasonal nature.

62. The report titled "Trading Arrangements and Risk Management in International Electricity Trade, October 2008" prepared under Energy Sector Management Assistance Programme (ESMAP) of World Bank for ECO member countries, was circulated to ECO member states in January 2009. It will be discussed at the next joint ECO/WB Workshop.

(iii) Training Courses

63. Turkey has hosted seven Training Courses on Energy Efficiency and Conservation since 2002. Held under the auspices of the Turkish National Energy Conservation Center (NECC), these were attended by 51 engineers from the ECO countries. The last of these was conducted in June 2008 in Ankara. The courses covered a broad range of fields like energy management, energy audit, economic analysis, energy efficiency on steam systems, electricity and lighting. The training courses were found very useful by the Member States. The 8th International Training Course for Energy Managers is scheduled for 25th May-8th June 2009 in Ankara.

(iv) Inter-regional Working Group on Power Trade

64. To facilitate regional power trade and enhanced energy security and sustainable development, an interregional Working Group on Power Trade and Interconnection was established. It is jointly led by UNESCAP and ECO, with the participation of ASEAN, SAARC and PIF. The Terms of Reference of the Working Group were adopted by the 11th Consultative Meeting of the Executive Heads of the Sub-regional Organizations (Almaty, May 2007). The Secretariat is working, in collaboration with UN ESCAP, to convene the 1st meeting in 2009.

(v). New and Renewable Energy

65. The 1st Meeting of ECO Working Group on New and Renewable Sources of Energy will be convened in 2009. Iran has kindly offered to host it. The Secretariat is working out the exact date in consultation with the concerned Iranian authorities.

vi). Dissemination of Energy information of member states on the ECO Website

66. Publicizing energy information on the ECO Website was agreed by the 18th RPC (Islamabad, March 2008). The Council appreciated the Secretariat's efforts to collect and place on the ECO Web-site relevant data about Oil and Gas sectors of the member states and recommended continuing the effort, using all available data. The web page titled "Energy sector information" has been set up in the relevant section of the ECO Web-site. It contains information on the annual oil, gas and power production and consumption of the member states.

Minerals

(i) Publication of the ECO Mineral Data Booklet

67. The 18th and 19th RPC meetings requested member states to provide updated mineral data, as per the agreed format, to the National Focal Point of Turkey. The latter, as Project Manager, would issue the second version of the ECO Mineral Data Booklet (MDB). To date, only Iran has provided the data. The other member states, particularly Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan, were called upon to expedite providing the latest data, as per agreed format, to the Project Manager (Turkey) latest by 1st June 2009.

(ii) The ECO Geosciences Database and Mineral Distribution Map

68. The 18th RPC endorsed the recommendation of ECO Heads of Geological Surveys (Tehran, May 2007) for the establishment of ECO Geosciences Database and compilation of a Mineral Distribution Map (MDM). The Geological Survey of Iran (GSI) was designated as Project Manager to establish a web-based system of unified and valid Geosciences Database (GD) and compile a Mineral Distribution Map of the region. For the first phase, US\$ 50,000 were allocated from the Feasibility Study Fund.

69. The Project Manager developed necessary digital format (for collecting requisite data) which was circulated to Member States. They were requested to designate their representatives to the Working Group on compilation of ECO MDM. So far, only Azerbaijan has designated its nominee and conveyed the relevant Mineral Maps to the Project Manager. The other member states are requested to kindly expedite providing data and designating NFPs within three months to facilitate timely implementation of the project.

70. Meanwhile, the Geological Survey of Iran has started gathering relevant data from the web sites of the ECO countries. It has organized the data into portals of geography, geology, natural disasters, reserves and resources. These are being processed to prepare maps, for each member country and for the region as a whole. Due to dispersion and decentralization of the data, GSI has designed a website to display it in an easy manner at <http://www.ecogeodb.com>. The website has a maps section where all existing maps are available in digital formats.

71. The 19th RPC appreciated the allocation of US\$350,000/- by GSI to establish the initial phase of the ECO Geosciences Data Base. It also welcomed the idea of establishing ECO Geosciences Regional Centre in Iran and requested the CPR to consider the proposal, in the light of the modalities for establishment of ECO Regional Centres.

Environment

(i) The 3rd Ministerial Meeting

72. The 9th ECO Summit (Baku, 5 May 2006), expressed deep concern at the continued degradation of environment and underscored the need for early implementation of the ECO Plan of Action on Environment. The 3rd ECO Ministerial Meeting on Environment (Almaty, 30 June 2006) recalled the Declaration of the 9th Summit and extended the term of the Plan of Action up to 2010. The Ministers also agreed that Member States submit their National Progress Reports (NPR) on implementation of the Plan of Action annually. This would be done positively in the beginning of the year on the agreed format, enabling the Secretariat to submit a consolidated regional report to CPR/RPC, as well as the next Ministerial Meeting on Environment. An integrated NPR for 2007 provided by Afghanistan, Azerbaijan, Iran, Pakistan and Turkey has been published (February 2009). Member states may kindly submit their NPRs for 2008 in the first quarter of 2009 enabling the Secretariat to issue a consolidated report before the next Ministerial Meeting on Environment scheduled for Pakistan, April 2009.

(ii) The ECO Institute of Environmental Science and Technology

73. The 3rd Ministerial Meeting endorsed the recommendations of the Task Force for the creation of an ECO Institute of Environmental Science and Technology. It was agreed that the functions of the Institute be carried out by the existing College of Environment in Tehran, provisionally and on project basis, for the next four years. The 19th RPC emphasized early establishment of the Institute. Also, it requested Iran, as per decision of the 120th CPR, to expedite setting up a panel to formulate Modality for the selection of the President of the Institute and the basic documents required. The Council further requested Iran to present nominations for the post of the President of the Institute at the earliest.

(iii) The ECO Bulletin on Environment

74. The Secretariat has been regularly publishing the ECO Bulletin on Environment. The first 6 issues of the Bulletin were published in 2005-2008. Material for the 7th issue was received from Azerbaijan, Iran, Pakistan and Turkey only. It was published in February 2009. Due to non-contribution of material by some member states on regular basis, the 5th Working Group Meeting on Environment (Baku, May 2008) proposed that the Bulletin be published twice a year in order to ensure quality contents. All member states may kindly cooperate in timely provision of necessary material to the Secretariat so that the Bulletin could be published without delay. The above issues are placed on the ECO Web site.

(iv) Activities on Biodiversity

75. The First ECO Experts Group Meeting on Biodiversity (Islamabad, April 2007) adopted a Work Plan on Biodiversity for 2007-2015 as also a Calendar of Events. The Secretariat has been regularly circulating a list of the requisite actions to member states. The 19th RPC requested Kazakhstan, the coordinating country for the Work Plan, to expedite indicating exact dates and venue for hosting the 2nd Experts Group Meeting (EGM) on Biodiversity. It asked for a date in the first half of 2009 as it had been more than a year that they offered to host the meeting. Iran, Pakistan, Turkey and Turkmenistan have offered to

host meetings on Biodiversity in 2009/10. They are requested to finalize programmes of the meetings and inform the Secretariat for further action at its end. The remaining member states are requested to indicate their willingness to host meetings on Biodiversity (2008-2015) together with particulars of their national focal points.

(v) Activities on Ecotourism

76. The 3rd Ministerial Meeting established a Task Force to study the region's potential for Ecotourism and to work out a regional programme for cooperation in this field. The Task Force met in December 2007 in Tehran. A year later, the first Experts Group Meeting on Ecotourism was held in Ankara (December 2008). The 19th RPC emphasized early implementation of its recommendations and welcomed the adoption of the Plan of Action on Cooperation in the field of Ecotourism. The Council invited the member states to offer acting as the Coordinating Country for implementation of the Plan. As regards establishment of a Database on Ecotourism, the 19th RPC requested the Member States to expedite providing the concerned Iranian authorities with requisite information, as well as offer hosting the 2nd Experts Group Meeting on Ecotourism sometime in 2009.

(vi) The 1st EGM on Watershed Rehabilitation

77. The 1st Seminar on Watershed Rehabilitation was held in Malatya, Turkey (May 2007). The participants shared their experiences in sustainable rural development through adaptable watershed management and rehabilitation measures. The 2nd Seminar/Training Course on Watershed Rehabilitation was scheduled for Tehran in October 2008. Unfortunately, due to non-provision of timely itineraries by the participants, the event had to be cancelled. The 19th RPC appreciated Iran's offer to host the 2nd Seminar and requested them to renew their offer for 2009. It also called on the member states to actively participate in the event.

(vii) The 6th WGM on Environment

78. The 19th RPC took note of the outcome of the 5th Meeting of the ECO Working Group on Environment (WGM) held in Baku, May 2008, and emphasized early implementation of its recommendations. The Council appreciated the offer of Iran to host the 6th WGM after the 4th Ministerial Meeting on Environment (Islamabad, April 2009).

(viii) The 4th Ministerial Meeting

79. At the 19th RPC, Pakistan renewed its offer to host the 4th Ministerial Meeting on Environment, preceded by a Senior Officials Meeting, in Islamabad in April 2009. The Council stressed that the member states take active part in the meeting and confirm to the Secretariat their participation as early as possible. The Secretariat circulated, on 22 January 2009, draft agendas for the meetings, the list of ECO Ministers for Environment and relevant UN bodies to be invited, requesting the concerned authorities of Pakistan to initiate arrangements for the meeting and convey the exact dates for circulation to member states.

D. Agriculture, Industry and Tourism

80. Agriculture is a major factor of development in the economies of the ECO member countries. Given their population growth, the demand for more food and the potential of this

sector, there is a genuine need to intensify cooperation in agriculture. ECO's effort is to establish, in collaboration with international organizations, an institutional basis for long-term cooperation among agricultural scientists, planners and development practitioners. The objective is to achieve sustainable agricultural development in the region and tackle issues of poverty and undernourishment.

81. The 4th ECO Ministerial Meeting took very useful decisions, including approval of the establishment of the ECO Seed Association and establishment of ECO Center for Efficient Utilization of Water. The ECO Regional Centre for Risk Management of Natural Disasters (ECO-RCRM) has already been operational in Mashhad since September 2007. The establishment of the ECO Permanent Veterinary Commission (ECO-VECO) is in final stages. The efforts for the implementation of the ECO Regional Program for Food Security have been continuing in collaboration with member states and relevant international organizations. National projects under RPFS in Afghanistan, Iran, and Turkey, have been approved for funding by Islamic Development Bank. Projects in Azerbaijan, Kazakhstan, Kyrgyzstan, and Pakistan are under consideration of the Bank.

The ECO Regional Program for Food Security

82. RPFS is based on a strategic framework for sustainable agricultural development and food security in the region. It has two major components – increasing the food production capacities of member states, and facilitating food trade. RPFS represents the cutting edge of ECO's efforts in the field of agriculture. It comprises 9 regional components and one specific programme on Community-Based Food Production in Afghanistan, with the objective of complementing national initiatives and strengthening regional economic integration. The total estimated budget of the program is US\$64.8 million. Program components are as follows:

- Combating Transboundary Animal Diseases
- Integrated Pest Management
- Coordinated Research on Wheat Improvement
- Inter-and intra Regional Trade Promotion
- Support to Agricultural Advisory Services
- Development and Maintenance of Pastures
- Establishment of Regional Plant Genebank
- Strengthening of Regional Seed Supply
- Support to the Regional Centre for Risk Management of Natural Disasters
- Afghanistan: Community based Food Production

83. To raise funds for implementation of the RPFS, a donor's conference was held in Antalya on May 8, 2008. Delegates from member states and international organizations including FAO, World Bank, ICARDA, ECO TDB, CIGAR, JAICA, IDB and TIKa participated in the Conference. They expressed support for early implementation of the Programme. The 4th ECO Ministerial Meeting on Agriculture (Baku, September 2008), appreciated the holding of the Donor's Conference and called on the Secretariat to accelerate implementation of RPFS in collaboration with FAO and donor institutions. It also requested the Ministers for Finance of the Member States to send letters to IDB, WB and other donor institutions for financial support to RPFS. In addition, member states were

requested to provide funding for the implementation of the RPFS. This would facilitate securing assistance from donor agencies. Turkey expressed its readiness to provide its contribution through FAO Office in Ankara.

Strengthening Seed Supply in the ECO Region

84. ECO and FAO signed a Technical Cooperation Programme (TCP) in February, 2006, for strengthening seed supply in the region with specific emphasis on Central Asia. FAO and ICARDA provide technical assistance under the TCP.

85. The objectives of the Project are (i) review of developments in the national seed sector, (ii) capacity building for seed marketing and promotion, (iii) harmonization of regulatory and policy framework, and (iv) organization of regional seed trade conference. The overall objective is the integration of the seed sector and promotion of seed trade.

86. The 4th Ministerial Meeting appreciated the progress of ECO-FAO Technical Cooperation Program on Strengthening Seed Supply in the ECO Region. It approved the establishment of the ECO Seed Association in Turkey and thanked the Turkish Government for its commitment to provide technical as well as financial assistance for the Association. The concept note on the seed component of ECO-RPFS, which had been prepared by FAO in collaboration with ICARDA, Turkey, and the ECO Secretariat, was endorsed and its speedy implementation emphasized.

87. The Ministerial Meeting endorsed the regional schemes for plant variety protection and release, seed certification and phytosanitary measures. These had been designed by the three ECO Regional Workshops on Harmonization of Seed Regulations held in Islamabad, Baku, and Istanbul in 2007 and 2008. It called for their timely and effective implementation. The Meeting also took note of the decision by the 3rd ECO-FAO Regional Workshop (Istanbul, July 2008) for holding the 1st ECO Seed Conference and Trade Exhibition in Turkey, November 2009. The Committee Meeting on the Establishment of ECO Seed Association will be held in Antalya, March 14-16, 2009 and will be hosted by Turkey.

Water Management

88. The ECO-IDB-FAO Regional Workshop on Water Demand Management was held in Islamabad on 5-11 November 2006 with the financial/technical assistance of IDB/FAO. It worked out a Plan of Actions and Initiatives for better utilization of water in the field of agriculture. These included establishing an ECO Regional Water Management Center (ECO-RWMC) in Islamabad. The Centre was approved by the 4th Ministerial Meeting which requested Pakistan to prepare, in collaboration with member states, the Secretariat, FAO and the other concerned international organizations, a project proposal for the Center. It also recommended to CPR to allocate seed money for it from the ECO Feasibility Fund so that donors could be approached for funding.

Risk Management of Natural Disasters

89. The ECO Regional Centre for Risk Management of Natural Disasters (ECO-RCRM) was inaugurated on 4 September 2007 in Mashhad. The MOU establishing the Center was signed by eight ECO Member States (except Turkey and Uzbekistan). The Meeting decided

to establish a working group including Afghanistan, Azerbaijan, Iran, Pakistan, ECO Secretariat, FAO, UNDP and WMO to draft the statute of the Regional Centre.

90. The 4th Ministerial Meeting considered the Draft Statute prepared by the Secretariat and the Meteorological Organization of the Islamic Republic of Iran (IRIMO) and proposed that a meeting of the Working Group be convened to give shape to the Statute. This was done at the Working Group Meeting held in Tehran in December 2008. The Statute would be finalized by the 2nd Meeting of the ECO Heads of Meteorological Organizations scheduled for Turkey in April 2009. The final draft statute would be submitted to COM for approval.

Establishment of ECO Permanent Veterinary Commission (ECO-VECO)

91. The First Meeting of Heads of Veterinary Organizations was held in November 2006 in Tehran. It considered the proposal for Establishment of an ECO Permanent Commission for Prevention and Control of Animal.

92. The 3rd Ministerial Meeting on Agriculture (Tehran, March 2007) decided to establish ECO-VECO and requested the Working Group to finalize the draft document on ECO-VECO by April 2007 for submission to the 17th COM (October 2007). The Working Group met in April 2007 and prepared the first draft statute on ECO Veterinary Commission (ECO-VECO).

93. The 17th COM approved, in principle, the recommendations of the 3rd Ministerial Meeting on Agriculture (Tehran, March 2007) and the first Meeting of the ECO Heads of Veterinary Organizations (Tehran, November 2006) to establish ECO-VECO as an affiliated body of ECO. The Council recommended that the document covering the objectives, responsibilities and mechanism for functioning be finalized by the next meeting of the Heads of Veterinary Organizations/Ministers of Agriculture and submitted to the CPR for final approval on behalf of the COM.

94. The 4th Ministerial Meeting (Baku, September 2008), pursuing the decision of the 17th COM, decided that the Draft Document on ECO-VECO, proposed by Iran, be finalized by the 2nd Task Force Meeting scheduled for Tehran in the second week of April 2009. The final draft document would be submitted to the 2nd meeting of the ECO Heads of Veterinary Organizations (Turkey, April 2009) and subsequently to CPR for final approval.

ECO Agricultural Bio-technology Network

95. The 2nd Ministerial Meeting on Agriculture (Antalya, December 2004) endorsed Iran's offer to establish a Network for Agricultural Biotechnology. It would assist national researchers to apply biotechnology to meet national and regional needs in agricultural biotechnology.

96. The 105th CPR approved (October 2005) US\$ 50,000 from the ECO Feasibility Fund to establish the network. The project is expected to be completed within two years. The ECO-ABN would function as a regional institution affiliated to ECO. The total capital cost of this project would be US\$ 1,400,000. The Experts Group Meeting (Tehran, April 2006) finalized the proposed document for establishment of ECO-ABN and the work plan. The ECO Secretariat requested (October 2006) the National Focal Point of Turkey to

prepare the draft Plan of Action for development and harmonization of bio-safety regulations in the ECO region. Turkey has since provided the draft plan of action. The National Focal Point of Pakistan was requested to send regional information about Intellectual Property Rights on biotechnology. A project proposal would then be prepared for development/harmonization of bio-safety regulations. The information is still awaited.

97. A Letter of Agreement was signed between the ECO Secretariat and the Agricultural Bio-Technology Research Institute of Iran, providing the latter with US\$50,000/- from the ECO Feasibility Fund for the establishment of the Network. It was welcomed by the 4th Ministerial Meeting. The Meeting called on the relevant international organizations to provide technical as well as financial assistance for the establishment of ECO-ABN. Iran would host the 1st Meeting of the National Focal Points on Biotechnology Network in May/June 2009 in Tehran.

Industry

98. Industry contributes a significant share to the GDP of ECO member states. It provides employment to a large segment of their population. Industrial products account for a big part of their export revenues. An important objective of ECO is to enhance effective utilization of the industrial potential of the region. To this end, efforts are aimed at increasing productivity, enhancing institutional capacity, developing economic infrastructures and promoting industrial trade. These require, apart from national endeavours, effective institutional linkages at regional and international level.

99. Member states have shown strong political will and commitment to closer industrial cooperation. This has been evident at Ministerial Meetings. The 3rd Ministerial Meeting (Lahore, November 2006) agreed a set of measures to enhance the share of industrial goods and services in trade, initiate viable joint projects, create investment-friendly environment and encourage the private sector's role. Progress has since been made toward the ECO Technology Transfer Centre, SMEs Development and the Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (RISCAM). Further headway will be made at the 4th ECO Ministerial Meeting and 3rd HLEG Meeting on Industry. These were originally scheduled for Kazakhstan in 2008. However, Astana has not yet confirmed hosting these events. The 19th RPC (Tehran, January 2009) called for any member state to host these events in 2009.

Privatization and private sector development

100. Privatization remains a priority in the industrial sector. The 3rd Meeting of the Heads of Privatization Administrations and 2nd HLEG on Privatization and Private Sector Development (Antalya, April 2008) reviewed implementation of the Plan of Action on Privatization. It also took decisions to encourage public-private partnership (PPP), intensify cooperation among ECO Stock Exchanges and establish an ECO website on Privatization. Two workshops on privatization, one each in Ankara and Baku were held in 2006 and 2007 respectively. The 3rd ECO Meeting of High Level Experts Group (HLEG) and the 4th ECO Meeting of Heads of Privatization Administration will be hosted by Azerbaijan, 20-22 May 2009.

Development of Small and Medium Sized Enterprises (SMEs)

103. The 3rd Ministerial Meeting on Industry approved the Plan of Action on Entrepreneurship and SMEs Development. Implementation of the Plan is assigned to a Steering Committee on SMEs, comprising the coordinating countries (Iran & Turkey), Pakistan, the ECO Secretariat and any volunteer member state. The first meeting of the Steering Committee (Tehran, January 2008) agreed a set of project proposals for ECO SME Fair (Iran), Digital Information Exchange Network (Pakistan) and Training Workshops (Turkey). The Committee also examined the possibility of establishing a Policy Dialogue Platform in the form of roundtable with the participation of Heads of SMEs and representatives of the private sector. It was agreed that the proposing countries would prepare detailed proposals and action plans. The latter would include a list of activities together with dates for implementation. At the next HLEG and Ministerial Meeting on Industry, member states would make specific commitments for these activities.

RISCAM

104. The 3rd Ministerial Meeting on Industry considered the Draft Statute of ECO Regional Institute for Standardization, Conformity Assessment, Accreditation & Metrology (RISCAM), and decided that the Headquarters of RISCAM be located in Iran. The Secretariats of the Technical Management Board of Standardization and Accreditation would be located in Turkey, Metrology in Kazakhstan and Conformity Assessment in Iran.

105. The 17th COM (Herat, October 2007) approved, in principle, the establishment of RISCAM. The Council asked for early settlement of outstanding issues with regard to the financial aspects and for the final draft Statute to be submitted to the 4th Ministerial Meeting on Industry for approval and signing.

106. The 18th RPC noted that during the EGM of ECO-UNIDO Joint Project on Trade Capacity Building (Tehran, December 2007) Iran, Pakistan, Turkey and Kazakhstan, as members of the Task Force, had resolved outstanding issues about the Statute of RISCAM. Iran, Turkey and Pakistan also confirmed their approval formally.

107. The 3rd EGM on Standardization, Conformity Assessment, and Accreditation & Metrology (Tehran, February 2009) prepared draft Road Map for the provisional implementation of RISCAM Statute. The Road Map and the Statute are expected to be approved by the 18th COM (Tehran, March 2009).

Technology transfer and management

108. The 1st Permanent Committee Meeting on the Establishment of ECO Technology Transfer Center (Tehran, October 2007) agreed four project proposals:

- Identifying potential transferors and transferees in the ECO region
- Identifying supporters of Technology Transfer process in the region
- ETT Center establishment – Phase 0
- Improving the contents, form, and functions of ETT Center website

109. The 18th RPC requested the CPR to consider allocating US\$50,000 from the Feasibility Fund for phase 1 and 2 each for their immediate implementation. The estimated

duration of each project would be one year. The Council recommended that funding from donor organizations be obtained for the implementation of phase 3 and 4. The Council requested the member states to fill in questionnaires prepared by Iranian Industrial Development Research Organization (IDRO) for the establishment of Technology Transfer Center and except Azerbaijan, Iran, Pakistan and Turkey, to nominate Focal Points on Technology Transfer and Management. With the website of ETT already launched, member states were requested to enter relevant data to the website to make it more useful.

Industrial Property Rights

110. The 17th RPC (February, 2007) noted that the 3rd Ministerial Meeting on Industry approved the Plan of Action on Industrial Property Rights, and called on Member States to come up with concrete project proposals for its implementation. Under the Plan, a Coordination Committee comprising experts from the Member States and the ECO Secretariat guided by the Turkish Patent Institute, would monitor the implementation process. Turkey expressed its readiness to host the First Meeting of the Committee in Ankara in 2007. TPI provided a questionnaire for preparing a training program for the Member States. Only Afghanistan and Iran turned in the filled in questionnaire.

ECO Nanotechnology Network (ECO-NAN)

111. The 1st ECO Taskforce Meeting on Establishment of ECO Nanotechnology Network (Tehran, May 2008) agreed a Project Proposal for submission to the CPR and to the 18th COM for approval. The task force prepared a work plan and decided to continue its next meeting under the Steering Committee envisaged in the Project. The date and venue of the first meeting of the Committee would be fixed in consultation with member states. IDB's representative welcomed the initiative and stated that IDB could extend its financial support, provided a complete and ready-to-implement project proposal was submitted to the Bank. The project was approved by the 137th CPR Meeting (July 2008) which allocated US\$ 50,000/- from the ECO Feasibility Fund. Iran contributed US\$100,000/-.

112. In order to set up the network, a Regional Coordination Unit would be established. It would develop collaborative research and fund raising programmes. Also, an enabling communication system would be created by launching a website, e.g. www.eco.nano.org. Meanwhile, the Member States (except Iran and Turkey) are requested to prepare country profiles on nanotechnology.

Tourism

113. Tourism is important for economic development and closer understanding among the peoples of the region. The Quetta Plan of Action (1993) called for facilitation of visa issuance and cooperation among tourism organizations. This sector has been picking momentum since the two HLEGs and the first Ministerial Meeting on Tourism.

The 1st Ministerial Meeting on Tourism

114. The 1st ECO Ministerial on Tourism (Tehran, October 2008) took important decisions as follows:

- Approved a Plan of Action on Tourism.

- Approved a Modality for the establishment of the ECO Tourism Promotion Fund and called on the Member States to support its effective functioning. Afghanistan, Azerbaijan, Iran and Turkey offered to contribute to this Fund as soon as it became operational.
- Emphasized increased cooperation among the national tourism organizations and the tourism industry, especially the private sector.
- Appreciated the efforts of the ECO Cultural Institute to prepare the ECO Tourism Guidebook and called on Member States who had not yet done so, to provide requisite material for the Guidebook within three months.
- Declared the ECO Day (28th November) as the ECO Tourism Festival Day and thanked Iran for its readiness to host the 1st ECO Tourism Festival Day in 2008 in Gilan.

115. In addition, the meeting discussed the following:

- i. Decided to establish a working group comprising Afghanistan, Azerbaijan, Iran, Tajikistan, Turkey and Uzbekistan. Afghanistan offered to host its first meeting in Mazar-e-Sharif on Nourooz, 21st March, 2009.
- ii. Decided to create ECO Tourism Website
- iii. Establish ECO Electronic Library
- iv. Relax Visa procedures
- v. Promote Ecotourism
- vi. Encourage Health Tourism and Rural Tourism

116. Turkey expressed its readiness to host the 4th HLEG on Tourism in 2009. It would also inform the Secretariat about the possibility of hosting the 2nd Ministerial Meeting in 2009.

E. Human Resources and Sustainable Development

Human Development and Millennium Development Goals (MDGs):

117. ECO regional cooperation in the health sector has lately gained fresh momentum. Given the impact of such cooperation on the lives of the people of the region and the fact that valuable experiences and capabilities are available in the region, the ECO countries have a lot to gainfully share with each other. A string of health-related events yielded encouraging results. These included the first meeting of the Heads of Blood Transfusion Organizations, a meeting on counterfeit medicine, a tour of reproductive health institutions and a seminar on hospital safety. These and other similar events have to be held regularly and at a higher level. The 19th RPC (Tehran, January 2009) welcomed the Secretariat's proposal to hold a Ministerial Meeting on Health during 2009. In addition, a meeting each in Turkey and Pakistan would be held this year on ECO Drug Regulatory Authority Network, and ECO Blood Transfusion Services Network. Iran has offered Master of Public Health (MPH) courses for health officials of member states.

118. The Secretariat is pursuing preparation of a regional analytical report on Millennium Development Goals (MDG) utilizing, as the 18th RPC recommended, the services of an international consultant. UNDP and UNICEF have been approached. The latter has already agreed to support such a study, both technically and financially. The study would help make a clear assessment of the needs and available potential of the region. A credible roadmap could then be drawn up for future cooperation in this increasingly important field.

Natural Disaster Management

119. The Third ECO International Conference on Disaster Risk Management was held in Tehran in October 2008. It was a continuation of the Workshop on ECO School Earthquake Safety Review (Istanbul, June 2006) and the ECO International Conference on Disaster Risk Management (Islamabad, October 2007). The Tehran conference was part of efforts to promote a culture of disaster management and safety and to devise strategies for better regional cooperation in this field. The deliberations covered (i) Drought, (ii) Climate Change, flood, (iii) Seismic Risk Reduction, (iv) Disaster Risk Management and (v) Hospital Safety. The Conference also drew up a set of recommendations. The next Conference would be held in Dushanbe in 2009.

120. The Secretariat coordinated a few events with concerned UN agencies to promote awareness of disaster management. These included a media interaction in collaboration with UNISDR and WHO (January 2008) and an ECO-ISDR Workshop on the Global Assessment Report (Tehran, July 2008). The latter focused on Disaster Risk Reduction and Progress Review and Reporting Framework on the Implementation of Hyogo Framework for Action (HFA) in the ECO Region. In addition, following a successful workshop titled "Legal Framework of Humanitarian Assistance" held at Tehran University in November 2007, UN/OCHA and ECO propose to organize two events on Drought Management and Climate Change and Natural Disasters during 2009.

Drug Control Coordination Unit (DCCU)

121. Drug production and trafficking is a challenge no country or region can overcome single-handedly. It has to be tackled jointly on, both, the regional and international planes. The Secretariat has, accordingly, established cooperative relations with relevant agencies. These include, in particular, UNODC, IOM and EC. With the latter, a Memorandum of Understanding was signed in Tehran on 3rd February, 2009. EC would contribute Euros 9.5 million for ECO's counter narcotics programme, mainly to finance technical assistance, training, seminars and equipment for the Member States. Another MOU was signed with IOM on 27 January 2009 in Geneva. It would cover migration management issues, in particular, human smuggling.

122. The First ECO Regional Workshop on Irregular Migration and Human Trafficking (Kish, Iran, March 2008) was organized in collaboration with IOM. It was the first ECO event focused on migration and refugee-related specialized training. The workshop drew up recommendations which are being followed up. The First EGM on Drug Control (Tehran, April 2008) revised the Plan of Action on the subject, considered the possibility of transforming DCCU into a Regional Center, enhancing its capacity and preparing a Legal Document for Regional Cooperation on Drug Control.

123. The First HLEG on Drug, Terrorism and Trans-national Organized Crime (Ankara, April, 2008), recognizing that terrorism posed a serious challenge to peace and security in the region and beyond, called for a comprehensive approach in coordination with the UN. It was decided that Member States would exchange information and experiences regarding techniques, facilities and effective ways of combating terrorism. The meeting agreed on a Joint Strategy for submission to the 2nd Interior Ministers Meeting. They also agreed to establish national focal points by Member States on drugs, terrorism and transnational crimes, as well as National Coordinators for exchange of information. The meeting acknowledged the importance of establishing a Data-bank.

124. The Second ECO Interior Ministers' Meeting (Ashgabat, May 2008) reviewed progress made since the previous meeting (Tehran, November 2006). It considered a number of security issues and agreed to intensify cooperation and exchange of information and expertise. The meeting approved a Plan of Action on Drug Control and a Joint Regional Strategy on Combating Drugs, Terrorism and Trans-national Crime. Turkey would host the 3rd ECO Interior Ministers Meeting in 2009 and Pakistan an Expert Group Meeting on Terrorism this year.

F. Project and Economic Research & Statistics

Reconstruction of Afghanistan

125. A Special Fund for Reconstruction of Afghanistan (SFRA) was created by the 12th COM and the 7th Summit Meeting (Istanbul, October 2002). The 14th COM (Dushanbe, September 2004) approved the Modalities for the Fund. Iran deposited US\$1,000,000/- and Azerbaijan US\$150,000/- in SFRA. Pakistan and Turkey pledged US\$ 5 million each and have, so far, deposited US\$ 1 million and US\$ 400,000/- respectively. At the 17th COM (Herat, 20 October 2007) Kazakhstan expressed interest in ECO's reconstruction activities in Afghanistan and offered to support it. The concerned Kazakh authorities may kindly expedite further action. Three projects have been approved so far. These include Deh Mazang Public Park and Kabul Zoo, a school and a health centre in Bamian and a maternity hospital in Faryab. Construction work on the Park and Zoo is nearing completion. Action on the other two projects is in progress. Lately, a project worth US\$600,000/- for the construction of block A of the Ministry of Rural Rehabilitation, Training and Research Centre in Kabul has been approved by 144th CPR (8 February 2009). The following additional projects have been proposed by the Afghan Government:

- (i) Polyclinic in Kabul City;
- (ii) A school building in Rahman Mina, Kabul;
- (iii) Construction of the Khoshal Khan Mena Public Park in Kabul;
- (iv) Two bridges over Kabul River.

126. The above project proposals have been circulated to Member States. These will be pursued further with the CPR's approval.

Status of the ECO Feasibility Fund

127. The ECO Feasibility Fund is meant to cover the cost of pre-feasibility and feasibility studies of regional projects. The current balance in the Fund is worth **US\$ 1,383,760.81**. This Fund is being utilized for such projects as the establishment of the Nanotechnology Network, the ECO Agricultural Biotechnology Network, and Implementation of the Transit Transport Framework Agreement TTFA). If necessary, the Council of Ministers, upon the request of the Secretary General, may consider supplementary contributions to sustain the operations of the Fund. The Fund is operated by the Secretary General following the CPR's decision. The Secretary General is also authorized to seek assistance from Member States, individual donors and international organizations to raise additional funds for pre-feasibility and feasibility studies of ECO projects.

ECO Annual Economic Report

128. The ECO Annual Economic Report provides a consolidated analysis of macro-economic development both, in individual ECO member countries and in the region as a whole. It is based on information, essentially, provided by member states. Only when statistical data are not furnished by a member state in time are other credible sources used. These include UN Statistics Division, WB, IMF and ADB.

129. The Secretariat has issued separate Statistical Bulletins on Azerbaijan, Iran, Turkey and the Kyrgyz Republic. Those on Kazakhstan and Afghanistan have been posted on the ECO Website. Other Member States may provide relevant data to the Secretariat to prepare such bulletins. Azerbaijan's proposal for issuing a summary of the country profiles of ECO member states was welcomed by the 1st HLEGM (Tehran, October 2008). It was in line with the international practice of stratifying economic and financial information on countries. The Secretariat will follow it up together with reports, reviews and analytical outlines about the region's economic developments prepared for ECO's meetings, news bulletins and the website. These reflect ECO's studies on the wider regional agenda, including economic developments, regional integration, intra-regional trade, alternative sources of energy as well as free and special economic zones in the region.

The ECO Economic Journal

130. The 18th RPC meeting endorsed the proposal to publish the ECO Economic Journal and requested the Secretariat to prepare its Terms of Reference (TOR). The 6th NFPM decided that the publication be issued on a quarterly basis and questions of funding, including payment to contributing authors, be submitted to CPR for approval. The Editorial Board will comprise prominent researchers from member countries. They will maintain links with regional and national research institutions. The Secretariat has requested the member states for analytical articles on their economic developments and related regional issues for the Journal. They have also been requested to nominate candidates for the Editorial Board.

Cooperation with International Organizations

131. During 2008, cooperation was expanded with SESRIC (the Statistical, Economic and Social Research and Training Centre for Islamic Countries), FAO, UNECE (United Nations Economic Commission for Europe) and UNESCAP. The Secretariat is pursuing further involvement of international agencies in ECO capacity-building process. Regular interaction is being established with donor organizations, including World Bank, IDB,

ADB, EBRD and ECO Trade and Development Bank for technical and financial support to ECO projects and programmes.

Project Implementation

132. Fourteen of ECO's 31 ongoing projects and proposals are at the processing stage. It is important to streamline project documentation, including delegation of necessary authority to the Secretariat for approval. Moreover, an effective replenishment mechanism to sustain operation of Funds is also important. Efficient project implementation requires a credible Project Monitoring mechanism. It may be a separate unit within the Secretariat to help develop measurable indicators of project implementation at input and output level.

G. International Relations

133. Cooperation between ECO and UN agencies is conducted under the framework of a Resolution adopted by the UN General Assembly once every two years. It encompasses all areas of cooperation between the UN and ECO. The last such Resolution was adopted by the 63rd General Assembly Session on 15th December, 2008 by consensus.

134. The 15th Informal Meeting of ECO Council of Ministers was held on 24 September 2008, on the sidelines of the UNGA. It was over an Iftar-Dinner hosted by H.E. Dr. Rangin Dadfar Spanta, the Foreign Minister of Afghanistan and the Chairman of COM. Eight member states attended, 4 at Ministerial level – Afghanistan, Azerbaijan, Iran and Pakistan- and 4 at Ambassadorial level, including, Kazakhstan, Kyrgyzstan, Tajikistan and Turkey. The Secretary General's report focused on ECO's recent activities, follow-up action on decisions of the 17th COM (Herat, October 2007) and implementation of ECO agreements.

135. The Secretary General also had meetings with senior UN officials. In his meeting with the High Representative for Least Developed Countries and Landlocked States, Mr. Cheick Sidi Diarra (23rd September, 2008), the Secretary General proposed two joint studies in the field of Trade and Investment and Transport and Communication. The High Representative expressed his willingness to help ECO in those studies and requested an outline of the proposal for further action at his end. The outline was duly sent to New York. Action is in process in consultation between the High Representative and UNCTAD.

136. In a separate meeting with the Director General of UNIDO, Dr. Kandeh K. Yumkella (25 September 2008), the Secretary General briefed him on implementation of ECOTA. He mentioned some difficulties and requested UNIDO's support to remove them. The Secretary General also proposed that UNIDO's Country Representative in Tehran be accredited to the ECO Secretariat. The Director General promised careful consideration of the proposal. The UNIDO official has since been appointed as PR at the ECO Secretariat. UNIDO has extended technical and financial assistance worth US\$228,141/- for trade capacity-building of ECO member states.

137. Earlier, the Secretary General attended the 3rd Meeting of the Foreign Ministers of the Conference on Interaction and Confidence Building Measures in Asia (CICA) in Almaty on 25th August, 2008. He also signed an MOU between ECO and CICA. It covers exchange of information and best practices in areas of mutual interest.

138. The Secretary General of Shanghai Cooperation Organization and the Executive Director of CICA visited the ECO Secretariat in September 2008 and January 2009 respectively. Very useful discussions were held, identifying areas of possible cooperation and early implementation of MOUs signed with these organizations. Work Programmes are under preparation to implement the MoUs.

H. New Regional Institutions

139. **Modalities for the Establishment of Regional Centres, Specialized Units and Grant of Affiliation to Non-ECO Bodies and Organizations** were approved by the 144th CPR (February 8, 2009). The 17th COM had authorized the CPR to give the approval on its behalf. The Modalities would streamline the establishments of ECO Regional Centres and Specialized Agencies.

140. Progress was made towards operationalizing the ECO Science Foundation in Pakistan and the ECO Educational Institute in Turkey. Pakistan has circulated the Initial Budgetary Estimates and Working Formula of the ECO Science Foundation (ESF). These were approved in principle by the Iran and Tajikistan. The Basic Documents were circulated to Member States earlier for consideration. Pakistan informed the 19th RPC that the 1st Board of Trustees Meeting of the ESF would be held in Islamabad in the 2nd half of 2009. It would approve the basic documents and formally inaugurate the ESF. An Expert Group Meeting (EGM) would precede the BoT meeting.

141. The Turkish delegation informed the 19th RPC that Turkey had ratified the Charter of the ECO Educational Institute (ECO-EI) and official notification to that effect would be conveyed shortly. The delegation also announced that the 1st Board of Trustees Meeting of ECO-EI would be held in the 1st half of 2009.

ECO Awards 2009

142. The Selection Committee for ECO Awards held a meeting on 24 December 2008 at the Secretariat. The Committee recommended the following nominees:

Sr. No.	Name of Country	Name of Nominee	Field/Category
1	Pakistan	Dr. A.R. Kemal	Economics
2	Tajikistan	Mr. Talbak Nazarov	Economics
3	Kazakhstan	Professor Dr. Meruert Abusseitova	History, Culture, Literature & Fine Arts
4	Kyrgyzstan	Mr. Akylbek Kylychev	History, Culture, Literature & Fine Arts
5	Azerbaijan	Mr. Vaqif Abbasov	Science & Technology
6	Afghanistan	Mr. Gholam Jelani	Education
7	Iran	Dr. Mojtaba Khayyam Nekouee	Agriculture & Environment
8	Turkey	Associate Prof. Ismail Koyuncu	Agriculture & Environment

143. The recommendations were endorsed by CPR. No nomination was received from Turkmenistan. Uzbekistan was not eligible under the ECO Rules.

IV. Recommendations

ECO events

- The frequency of ECO meetings and the average number and level of participants have registered a respectable increase over the past two years. This needs to be maintained to ensure steady progress and region-wide impact.
- Every sector of regional cooperation must receive due attention. Those with little substance, like energy and industry, should get added support of member states. (Ministerial meetings on both energy and industry have long been overdue. Tajikistan will host one on energy this year. A member state may offer to host the next Ministerial Meeting on Industry.)
- As the 17th COM (Herat, October 2007) decided, each member state must host at least two meetings in a year. Some member states did not meet even such a modest target in 2008. The COM decision is binding and should be implemented this year.

Trade

- The Global Financial Crisis has affected all parts of the world, including the ECO member states. Its impact can only be contained with joint, coordinated actions. Expedient implementation of ECOTA, concessional tariffs, identifying potential joint ventures, and cooperation in key areas of finance and economy need urgent attention.
- The implementation of ECOTA is critical for regional economic integration. The agreement has taken effect. But the crucial step of exchange of offer lists is still awaited. It has to be expedited. Also, more member state must sign and ratify ECOTA.
- Important ECO agreements and institutions – ECOTA, ECOTDB, ECI, ESF, ECO-EI – do not yet have all member states on board. Kazakhstan, Afghanistan, Azerbaijan have shown interest in joining ECOTDB. They may expedite further necessary action. Other member countries may sign ECO agreements and join institutions for fuller impact and outcome.
- The role of the private sector has to be encouraged in regional trade and business activities. A set of new forums are being established to that end. These include the ECO Trade Promotion Organizations, the ECO Investment Promotion Agencies, ECO Women Entrepreneurs Forum and ECO Young Entrepreneurs Forum. These will serve very useful objectives and merit all-out support of the member states.

Transport and Communications

- The member states' interest and initiatives are welcome in all areas of ECO activity. Unfortunately, ideas floated at important forums are not followed up with proper details. (The proposals for the extension of the container train to Afghanistan, Tajikistan and Kyrgyzstan have yet to be followed up with necessary details despite repeated reminders by the Secretariat.)
- Implementation of TTFA is underway with due sense of urgency. Successive meetings of TTCC and its committees have received support from member states. An important step forward would be the creation of Infrastructure Development Fund. International donor agencies are being approached. Member states' support will have a very positive effect.

Agriculture

- The Regional Programme for Food Security needs the financial contributions of member states. We must be seen helping ourselves for international donors to extend assistance to us.

International Relations

- ECO enjoys a good image and standing with UN and international agencies. New MOUs have been signed. More must be negotiated. Member states should support early implementation and take full advantage of facilities offered.

ECO publications

- ECO publications frequently get delayed, losing much of their relevance for lack of timely supply of information and data. Expedious response of the member states can help ensure fresh and up-to-date publications.

Administrative Matters

- ECO's Rules of Business need updating. The COM may authorize the CPR to undertake this task urgently to bring the rules in step with the current needs and conditions of the organization.
- The Secretariat has a key role in promoting the aims and objectives of ECO. It must have personnel with a high degree of commitment, experience and ability to match the challenges of their jobs.
- Delayed payment of member states' contributions to the Secretariat's budget causes avoidable problems. Effort has been made to fix each country's contribution. This should facilitate payment by member states in the early part of the year.