

The 15th Council of Ministers

Report of the ECO Secretary General

(Astana, Republic of Kazakhstan, 01 October, 2005)

Annex-III

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I. PREFACE

1. In accordance with the Article–IX of the Treaty of Izmir, it is indeed a great honour and privilege for me as the Secretary General of ECO to submit herewith a comprehensive Report on salient activities of ECO since the 14th Council of Ministers (COM) meeting (Dushanbe/Tajikistan, September 12, 2004) to the 15th COM meeting scheduled to be held on 29 September-October 01 2005, in Astana, Republic of Kazakhstan.

2. In preparing the present report, I have drawn on my nearly two years' experience as Secretary-General, on my own conscience and convictions, and on my understanding of the Charter of the ECO. The objectives of ECO represent our collective resolve for the economic development of the region and the betterment of the living conditions of our peoples and purposes it is my duty to promote.

3. As per the practice instituted at the ECO Secretariat, we have prepared follow up reports in order to ensure succinct description of the important actions undertaken by the Secretariat in collaboration with the Member States for steady realization of programmes/projects approved and recommended by the sectoral ministerial meetings, COMs and ECO Summits. These reports were discussed and finalized during the monthly sessions of the Council of Permanent Representatives (CPRs). To this end, for the information of the Council of Ministers a consolidated report is prepared and included in the working documents of 15th COM. I am confident that with the unstinted cooperation of the Member States, our mutual cooperation will lead ECO to attain the programmes/projects outlined in the said follow up report.

4. The 15th meeting of the ECO Regional Planning Council (RPC), held on February 14-17, 2005 at the ECO Secretariat, critically reviewed the progress of implementation of ECO's approved programmes in all priority and non-priority areas. With a view to realize ECO objectives and goals, the Council evolved basic strategies/policies and plans to ensure further progress on projects and programmes which are in the common interest of the Member States. The annual calendar of events of the Secretariat for 2005/2006, which was formulated and finalized by the said Council, as well as the annual work programme of the Secretariat prepared accordingly are also included in the working documents of the 15th COM meeting for consideration and approval.

5. On the other hand, in this report, I have drawn the inspiration to include all areas of cooperation as well as administrative matters in which progress is important and desirable. I have stressed on issues, which I believe action is both vital and achievable in the coming months. These are within reach and actionable regional projects/proramms that if we can garner the necessary political will. Most of them are within the common priorities of ECO Member States and will be considered and approved during the 15th COM meeting. However, some cooperation issues are new or still need to be advanced and developed through more frequent technical

meetings/workshops and be considered during other occasions of COMs to increase the existing level of interaction and partnership in the region. And, of course, none of the proposals advanced here obviate the need for urgent action this year to make progress in gained momentum to revitalize ECO in the international arena and continue its demonstration towards new heights to serve more effectively in the interests of ECO Member States.

II. EXECUTIVE SUMMARY

6. Since the 14th COM meeting, we have been able to hold three important Ministerial meetings with fruitful results in areas such as Environment, Agriculture, and Commerce/Foreign Trade. The Second ECO Ministerial Meeting on Environment (Istanbul/Turkey, 6 October 2004) reviewed and endorsed several amendments to the ECO Plan of Action on Environment (2003-2007). In this regard, I would like to underline the need for the ECO Countries' Environment Ministries/Agencies to work together under the ECO Working Group on Environment (WGE) towards preparation of effective plans for implementation of said Plan of Action. As the emphasis is also given by the Member States, we have to work towards responding to the needs for promoting human resource development in the fields of environment and environmental technology support in the ECO region. I believe that our endeavours would enable the 3rd ECO Ministerial meeting on Environment, which is scheduled to be held in 2006 in Kazakhstan, to provide further impetus in invigorating regional cooperation in this field.

7. I am pleased to inform that taking into consideration existing potentials of agriculture sector in the ECO region and its importance for the economies of the Member States, the Second ECO Ministerial Meeting on Agriculture (Antalya/Turkey, 6-7 December 2004) underlined the importance of allocating more resources for financing agriculture and rural development programmes. In this regard, I would like to request the Member States to expedite the activation of ECO Contact Group in relevant international organizations to follow up and secure technical and financial assistance for joint programmes between ECO and these organizations. Meanwhile, approval of ECO Plan of Action for Drought Management and strengthening the ECO cooperation in the field of livestock development, conservation of animal and plant genetic resources and agricultural biotechnology were among the important decisions of this meeting.

8. Once again, the Member States during the third ECO Ministerial Meeting on Commerce/Foreign Trade (Istanbul/Turkey, 5-7 July 2005) resolved to undertake higher-level commitment through finalizing and signing important ECO agreements/documents i.e Promotion and Protection of Investment (APPI) in the ECO region, Establishment and Operation of ECO Smuggling and Customs Offences Data Bank and annexures of ECOTA on State Aid, Intellectual Property Rights, and Anti-Dumping and particularly on ECO Rules of Origin, which will now facilitate early operationalization of ECOTA. However, in order to promote and realize the benefits of the said agreements/documents, the non-signatory Member States are requested to sign them as soon as possible.

9. At this point, I would like to thank again and appreciate the excellent and generous host arrangements made by the esteemed government of the Republic of Turkey for the aforementioned ECO ministerial meetings on three substantive cooperation areas of ECO.

10. According to my recommendation to the 14th COM on designation of coordinators from the Member States for implementation of important projects, the 94th CPR decided to establish a Working Group to formulate concrete and specific proposals in this regard. Based on the report of the said Working Group, the CPR along with respective Terms of References approved the designation of coordinators. Accordingly, the Islamic Republic of Iran has been designated as a coordinator for the Agreement on Simplification of Visa Procedures for the Businessmen of ECO Member States and the Passenger/Container Trains from Almaty to Istanbul on the Trans-Asian Railway main line. While the Islamic Republic of Pakistan has been appointed coordinator for the ECO Trade Agreement (ECOTA), the Republic of Turkey will be the coordinator for ECO Trade & Development Bank. The draft action plans prepared by the Secretariat according to Terms of Reference adopted for the said coordinator Member States, would be finalized in coordination with the respective coordinators. Moreover, the Republic of Azerbaijan has recently agreed to be the coordinator country for the implementation of Transit Transport Framework Agreement (TTFA).

11. However, selection of coordinator for the Feasibility Study on Interconnection of ECO Countries' Power Systems funded by the Islamic Development Bank need to be decided. A status report on the issue will be submitted to the 15th COM meeting. I hope that the Member States would demonstrate their adequate interest so that the coordinator for the said project would also be selected at soonest possible.

12. I would now like to make few general comments on trade developments. While trade does not obviate the need for large scale supported development investments, an open and equitable trading system can be a powerful driver of economic growth in the ECO region, especially when combined with adequate political support. At present, ECO countries are often denied a level playing field to compete in global trade because of use of variety of tariffs, quotas, and subsidies that shelter producers and restrict access to global markets. Therefore, implementation of ECOTA and relevant trade facilitation programmes rightly lies at the heart of the trade development in the region. In view of the fact that, so far, only Pakistan and Tajikistan have ratified the ECOTA, there is an urgent priority to establish a time framed action plan for other signatory ECO countries to ratify this Agreement and non-signatory ECO countries to become a Party to it at the earliest. The ECO countries shall dismantle market access barriers and begin phasing out trade-barriers in the region in order to pave the way for free-trade plan of ECO. To address this priority, designation of the Islamic Republic of Pakistan as a coordinating country for early implementation of ECOTA and compilation of annexes of ECOTA shall fulfill Member States' participation requirements and realization of ECOTA no later than 2006.

13. Moreover, as an important step towards the early implementation of ECOTA, the 2nd High Level Expert Group (HLEG) meeting held in Islamabad on March 17-19, 2005 finalized the draft text of Optional Protocol on Fast Track Approach to ECOTA. However, this Protocol could not be realized due to some reservations raised by some Member States during the 3rd Ministerial Meeting on Commerce/Foreign Trade (July 7, 2005) held in Istanbul, Turkey. Therefore, the said Protocol will be reconsidered by the member states as one of the immediate agenda of the 4th HLEG meeting, which is scheduled to be held on the sidelines of ECO Trade & Investment Conference (9-10 November 2005, Kabul-Afghanistan).

14. I would like to stress that ECO countries, particularly the landlocked Member States, which rely on a few commodity products and trade routes, also face supply-side problem, which manifests itself in a lack of capacity to diversify exports, a vulnerability to price fluctuations and a decline in terms of trade. Therefore, in order to build trade competitiveness, recently finalized ECO Agreement on Promotion and Protection of Investment among Member States should be implemented towards promoting investments projects in sectoral productivity, particularly trade-related infrastructure, and competitive export industries. To this end, we have initiated preparation of a pragmatic multi-dimensional regional trade and investment strategy that among other issues would address these shortcomings. In fact, encouraging diversification, and reducing vulnerability to commodity price fluctuations, where support for them in the region has fallen far short of what is necessary. In addition, we are following up and giving countenance, where necessary, to the inter-regional cooperation framework initiated by the Islamic Development Bank (IDB) to resolve projects/activities in this regard.

15. Today, rapid exchange of updated data/information relating to trade and investment among the ECO Member States has gained special significance. In this regard, ECO has held several seminars. The 3rd ECO Seminar on Trade and Investment Information Networking held in Karachi, Pakistan on 31st January-01 February 2005 was the latest. The interactive ECO Web portal (www.tradeeco.org), which was developed with financial assistance of UNDP, is being upgraded time-to-time according to the recommendations of Member States and ITC Expert. Moreover, utilization of a sum of money from ECO Feasibility Fund for this purpose has already been proposed to CPR for approval.

16. ECO Chamber of Commerce and Industries (ECO-CCI) unfortunately has been dormant for some time now. It is desirable to make ECO-CCI an effective body of ECO through reactivating the Afghan Chamber of Commerce and Industry (ACCI) with the technical support of Member States since it possesses the current Chairmanship of ECO-CCI. Trade and Investment Conference, 10th Executive Committee Meeting of ECO-CCI, and ECO-CCI Trade Fair are scheduled to be held simultaneously 9-10 November 2005 in Kabul, Afghanistan. The ECO-CCI, Afghan Investment Support Agency (AISA), and the Ministry of Commerce of the Islamic Republic of Afghanistan are actively working for efficient convening of said events/activities in a befitting manner with the assistance of international agencies/organizations based in Kabul. I am confident that with the support and active participation of member states and regional/international organizations the said Conference would accomplish its' objectives.

17. The 2nd phase of the ECO/ITC project that will also support reactivation of the ECO-CCI will start in near future. The project document has been prepared and with the valuable assistance of ITC will be submitted to donors for securing finance. For the sake of increasing intra-regional trade and re-activation of the ECO-CCI, the Member

States have endorsed the utilization of US\$ 50,000- out of ECO Feasibility Fund with the contribution of other donors for the said project.

18. Keeping its importance in the promotion of trade and business activities in the region, we are making efforts to institutionalized ECO Business Forum and propose to be held on regular basis and on rotational basis. However, the assistance of Member States is crucial in order to find an appropriate occasion to organize the said Forum in 2005.

19. We are approaching to a pleasing end with regard to establishment of ECO Trade & Development Bank and ECO Reinsurance Company. We have recently acknowledged the concerned note informing the ratification of agreement on establishment of ECO Trade & Development Bank by the esteemed Parliament (Majlis) of the Islamic Republic of Iran. Thus, ratification processes of the said agreement by three signatory Member States have been completed. Towards this landmark inclination we are working in order to finalize various steps for establishment and date of operation of the Bank including selection of Consultant Company for preparation of relevant Business Plan, Appointment of the Board of Governors and President of the Bank, Payment of the initial installment, Articles of Headquarters Agreement and Articles of Agreement of Reinsurance Company.

20. When referred to the economic cooperation strategy in the ECO region, the Transport and Communications cooperation along with Trade and Energy sector enjoys high priority. In this respect, I would like to highlight an important development with regard to implementation of ECO Transit Transport Framework Agreement (TTFA). During the 3rd ECO Ministerial Meeting on Commerce/Foreign Trade (Istanbul, Turkey, 7 July 2005), the Minister of Commerce of the Islamic Republic of Afghanistan, H.E. Dr. Hedayat Amin Arsala, revealed that Afghanistan has ratified the said Agreement and the Instrument of Ratification will be communicated to the Secretariat through the diplomatic means shortly. The Agreement would thus come into force after six months from the date we formally receive the Instrument of Ratification from the Afghan authorities. Accordingly, the Member States are requested to consider nominating their representatives to the Transit Transport Coordination Council (TTCC) which will come into existence within six months of the entry into force of TTFA. This Council is mandated to monitor, implement, and coordinate matters related to transit transport among contracting parties.

21. In the energy sector, we have been actively pursuing implementation of the IDB-ECO project for a feasibility study on interconnection of power systems of ECO Member States and developing ways and means of power trade in the region. In this respect, the 96th CPR meeting considered and endorsed the IDB proposal to award the contract of consulting services to be performed for the above said feasibility study to the NESPAK-lead consulting consortium (Pakistan). Subsequently, a contract on the Consultancy Services was negotiated and signed by the ECO Secretariat and Consultant in June 2005, and sent to IDB with the request for the first disbursement, upon which the work on the study will be immediately commenced. I am pleased to report that the said study has commenced on 25 August 2005, upon the receipt of initial disbursement by the Consultant. Our main trust is to implement the subject feasibility in close cooperation with all the Member States, therefore, I would like to urge the Member States (except Azerbaijan, Iran, Kyrgyzstan, Pakistan, Tajikistan and Turkey) to nominate their National Focal Points to coordinate and facilitate this study.

22. In order to promote regional Energy Trade, our collaboration with the World Bank was materialized. A Workshop on Regional Energy Trade in the ECO region was convened with the cooperation and finance of the World Bank on 29-30 June 2005, in Tehran, at the ECO Secretariat. The representatives of eight Member States as well as the representatives of WB, ADB, IDB, and UNESCAP participated. The Workshop made a number of important recommendations on possible steps of pursuing the regional energy trade, including conduct of analytical work that would involve an ECO-wide advisory working group (AWG) and donors. In this regard, with the assistance WB if we can secure relevant funds, all ECO Member States would be requested to nominate their officials to the above said advisory group, which would work jointly with the WB team in managing the analytical work to be performed by the consultants.

23. Finalization of the FAO Technical Cooperation Programme (TCP) to support ECO for preparation of a Regional Programme for Food Security (RPFS) in late August 2005 was one of the major developments in the agriculture sector. Based on the national strategies of the Member States for agricultural development, the said TCP, inter alia, envisages preparation of an updated Regional Strategy for agricultural development and food security in ECO region with particular emphasis on the Central Asian sub-region. Moreover, during the joint ECO-FAO-IDB

meeting held on 28-29 August 2005 in Tehran, we have agreed on a follow up mechanism for implementation of the projects identified within the framework of the ECO Regional Programme for Food Security. The IDB has already expressed its interest in some of the projects. We are planning to organize a major donor conference preferably during 2006 in Turkey for regional and national food security projects.

24. At this point, I would like to express our appreciation of the support of FAO and IDB to the ECO in developing agricultural programmes, particularly for the proposed FAO/ECO Technical Cooperation Programme for strengthening seed supply in the ECO Region. Through the TCP, the FAO would allocate US\$ 350,000- for activities aimed at strengthening seed supply in the region. The CPR has also approved in principle to allocate US\$ 35,000-40,000- from ECO Feasibility Fund for this purpose. I believe that all these cooperation efforts will lead the Member States to make ECO region secure in food supply by the year 2015.

25. In line with the decision of the 2nd ECO Ministerial Meeting on Agriculture, the Islamic Republic of Iran has started the process of establishment of a “Regional Center for Risk Management of Natural Disasters” for drought monitoring and early warning in Mash'ad. It is expected that the MOU, which was signed between ECO and World Meteorological Organization (WMO) in December 2004, would also pave the way for effective involvement and contribution of WMO in the activities of the above-mentioned Center.

26. Preparations are on the way to organize the Second Ministerial Meeting on Industry on 21-25 November 2005 in Istanbul. This Meeting will review the implementation of the decisions of the First Meeting and will consider/approve the Draft ECO Regional Strategy on Industry, which has been prepared by the relevant Experts Group meetings. Moreover, a Task Force comprised of delegates from Iran, Pakistan, and Turkey would meet in Tehran on 18-19 September 2005 in order to consider ECO Regional Strategy, framework strategy for sub-sectors and specified project proposals.

27. The ECO continues to accord high priority to its participation in the international efforts aimed at the reconstruction/rehabilitation of Afghanistan. In this connection, the Special Fund for the Reconstruction of Afghanistan was established following its approval by the 14th COM and a feasibility study for the reconstruction of Nawar Bridge has also been assigned to the ECO Consultancy and Engineering Company (Pvt) Limited (ECO-CEC). In order to ensure expeditious implementation of the Plan of Action for Afghanistan, I undertook a visit to Kabul in June 2005. During my stay in Kabul, I was received by His Excellency Mr. Hamed Karzai, President of the Islamic Republic of Afghanistan and other Afghan dignitaries including His Excellency Dr. M. Amin Farhang, Minister of Economy and Coordinating Minister of International Assistance for Reconstruction Projects and His Excellency Mr. Hedayat Amin Arsala, Adviser to the President of Afghanistan and the Minister of Commerce. My visit has produced the desired results, as the concerned authorities of Afghanistan were able to furnish a list of projects to be undertaken by the ECO from the Special Fund for the Reconstruction of Afghanistan. Out of ten proposals received, the ECO Secretariat has short-listed three proposals and the details of the same have now been circulated to the Member States for their views/comments.

28. The activities outlined in the ECO's Plan of Action for participation in Reconstruction of Afghanistan are under implementation. For this purpose, establishment of ECO Fund will be realized through contributions of Member States to a bank account opened in the Habib Allied Bank, London. The Member States have been invited to make voluntary contributions to the said Fund, however, so far, only Islamic Republic of Pakistan had pledged an amount of US\$ 5 million. Nevertheless, as per the prerequisites of the Member States operationalization and utilization of this Fund depends on identification/selection of priority project(s) by the CPR from the detail list of projects to be provided by the Islamic Republic of Afghanistan.

29. The concerned Directorate at the Secretariat continued to undertake socio-economic research on several issues of interest to the ECO member countries. The ways and means bolstering cooperation in the field of economic research and statistics has been intensified through the National Focal Points (NFPs) of the Member States in this field. However, the 5th meeting of the NFPs has not taken place as no member state has come forward to host this very important event. Therefore, support of NFPs to intensify the studies and analysis of this Directorate is vital and the Member States that have not yet hosted this meeting so far are strongly recommended to consider hosting the same.

30. ECO external relations are progressing at a reasonable pace. We are strengthening and expanding our existing relations with the UNDP, FAO, UNESCAP, UNCTAD, IDB, UNODC, ITC, EU and there are emerging cooperation with OIC organs, ICARDA, Asian Development Bank, World Bank and other related international/regional organizations. An MOU with ASEAN is in the final stage of agreement and will be endorsed in near future whereas another MOU with Asian-African Legal Consultative Organization (AALCO) is under consideration by the ECO. We have been using these growing relations not only to enhance the prestige of ECO as a respectable regional organization but also to secure technical as well as financial assistance to further our goals and objectives. I strongly believe that the ongoing cooperation with relevant international bodies will help us in overcoming the existing difficulties in carrying out our projects and programmes.

31. The Drug Control Coordination Unit, after successful completion of Phase I and Phase II of drug control project, with the consent of CPR, has been absorbed in the ECO Secretariat and an Information Analyst from the Republic of Turkey has been appointed to this Unit. I hope that with the valuable assistance of the UNODC, Vienna, ECO's Draft Project Idea including strategic goals in the field of drug control and other related crimes in the ECO region amounting to US\$ 983,000 will find donor(s).

32. ECO Institutions/Specialized Agencies are carrying out their responsibilities in various fields and as per the decision of the 11th COM they will present their annual reports on their performance, challenges, and recommendations to the 15th COM. However, brief information on some of these institutions/agencies is provided in the following pages. On the other, I would like to underline that the ECO-CEC requested that it may be given special status of being ECO's Regional Institution/Specialized Agency. The 13th and 14th RPC also recommended the same and CPR has approved the proposal. The 15th COM may consider endorsing the decision and accord ECO-CEC status of an ECO Regional Institution. Moreover, a status report with regard to signing/ratification of various ECO agreements, conventions, and MOUs has been prepared and included in the working papers of 15th COM meeting for consideration of Member States.

33. The Administration is one of the most important sections of the Secretariat. The effective and efficient performance of this Section enabled us to design an additional conference room and office space for accommodating the ECO meetings and the staff of the Secretariat. Moreover, due to well-managed Documentation Center in the ECO Secretariat, all the incoming and outgoing documents are registered in the electronic format and hard copies are kept in the appropriate files. This Section is also making important contributions for the publicity of the Organization, through maintenance of ECO website (www.ECOsecretariat.org) and publication of ECO News Bulletin on a quarterly basis. Moreover, we have newly designed the website on ECO which replaced the previous version and launched on March 7, 2005. The documents/publications stored at this digital portal speaks itself of how far ECO has succeeded in promoting its goal of all-round socio-economic development of the peoples of the ECO region. Of course, our endeavours are to keep updating the information contained in this website from time to time according to the latest developments. In this context, we have also succeeded to develop and facilitate a "Secured Web-site" which is only authorized to Member States in order to access prior information (i.e agenda, annotated agenda, working papers, logistic arrangements, etc) on important ECO events, and the complete file of important decisions of all ECO high-level meetings and basic documents. I am confident that the member states are making full use of this initiative on the part of the ECO Secretariat.

34. Regarding the Secretariat's financial statement for the year 2004, we have been able to save as a surplus an amount of USD 96,043.19 (4.6 percent of the total Budget) that is transferred to the General Reserve Fund. Meanwhile, from January 2004 to July 2005 through ECO Special Support Fund, we have financed travel expenses of participants on twelve ECO meetings with total amount of USD 29,110.72. The Audit Report for the year 2004 prepared by the concerned Board was endorsed by the 102nd CPR with some recommendations for the future financial activity of the ECO Secretariat and submitted the same to the 15th COM meeting for consideration/approval. The adopted Budget of the Secretariat for the year 2005 is about USD 2,096,501, but this amount is projected to increase by about 10-15 percent in case the salary increments and the new Organization set-up are approved. However, I would like to call attention that the Secretariat does not receive the funds/contributions from some of the Member States every year well in time, which accumulates to their accounts with regard to outstanding dues. A detailed status report with regard to contribution of Member States is also included in the working papers of 15th COM meeting. In view of that, the 15th COM may decide on the matter to devise a mechanism so that each member state pays its contribution to the Secretariat's budget well in time and who have not yet paid their outstanding contribution to do so on a priority basis.

35. A capable and effective Secretariat is indispensable to the work of the ECO. As the level of cooperation is deepening and widening, so too must the Secretariat. That is why as instructed by the 14th COM meeting, a Report was prepared and finalized by the CPR according to the recommendations of the Eminent Persons Group (EPG), in order to launch a package of structural reforms for the Secretariat. This Report followed up with a further set of managerial and technical improvements for the new organizational chart of the Secretariat supported with effective recruitment policies and salary scales aimed at giving the Secretariat a more focused work programme and systematic planning and budgeting and enabling the Secretariat to provide better service.

36. I hope that the 15th COM meeting will approve the said Report and give broad support, which will be an important step in enhancement of effectiveness and efficiency of ECO. I believe these changes will improve our ability to do the job the Member States expect of us. However, in order to enable these changes to go far enough, the Member States need to take sufficient care, when they provide and nominate peoples/resources adequate for the post at the Secretariat, those also suit for the task. It requires a renewed effort of the Member States to secure the highest standards of efficiency, competence, and integrity. While committing a just balance between the Member States as possible in our staff recruitment policy, where as due consideration shall also be given for gender balance. Moreover, there is a need to revise the job qualifications and job description of the ECO Secretariat's posts and may be made more comprehensive in the light of past seven years' experience when the Secretariat had last made administrative changes in the organizational structure.

37. Moreover, I believe that the Secretary-General must be given the discretion, the means, the required authority, and the expert assistance that is needed for managing an organization, which is expected to meet the needs of the Member States. Similarly, the Member States must have the oversight tools that they need to hold the Secretary-General truly accountable for his strategy and leadership. The Secretary-General, as Chief Administrative Officer of the Organization, must be given a higher level of managerial authority and flexibility to adjust the staffing table as necessary and without undue constraint. I hope the 15th COM will also act promptly on these observations/proposals.

38. The Council of Permanent Representatives (CPR) is an important decision-making body of ECO. Usually it meets every month at the ECO Secretariat and some times holds extraordinary sessions to look into the important issues, which required urgent attention of this body. The esteemed representatives of the member states will convene for the 104th meeting of CPR on September 14, 2005. The Islamic Republic of Iran hosted the 100th meeting of CPR on 24th June 2005 in the Qeshm Free Trade Area in a commemorative manner. The CPR has deliberated and made decisions and cooperated with the Secretariat on implementation of many important issues besides the routine functions and preparing for the 15th COM meeting to be held in Astana, Republic of Kazakhstan and the 9th Summit scheduled to be held in Baku, Republic of Azerbaijan, during 2006.

39. With regard to status of activities/events held since January 2005, we have been able to realize around 17 activities out of 53 activities, which were scheduled during the 15th RPC meeting. This represents around 32 percent implementation rate. In the case of non-ECO events, 7 out of 9 activities/events were attended, representing around 78 percent implementation rate. In addition, ECO has participated in 6 regional/international events upon invitations, which were not reflected in the Calendar of Events approved by the 15th RPC. However, considering the inadequate level of participation of the Member States and difficulties in achieving the quorum for the events mentioned in the approved Calendar of Events of the Organization, in collaboration with CPR a recommendation paper has been prepared. These recommendations outline proposals with regard to preparation of directory of national focal points, preparation of future calendar of events/meetings with focus on action-oriented important events/meetings, use of Special Support Fund (SSF) by all Member States with the increased number of events, and establishment of field offices in the capitals of ECO Member States. I believe that the 15th COM meeting will consider and support the aforesaid recommendations.

40. Efforts have also been made to publicize the achievements and activities of the organization. This has been done in the form of periodical interviews and meetings with media-men, academicians, and scholars. On major events of the organization, press releases are issued that are duly carried by the media.

41. I would like to submit now a comprehensive resume of the progress and achievements regarding the main cooperation sectors of our organization during the period under review in the following pages.

III. ECO ACTIVITIES

A. Trade and Investment

(i) ECO Trade Agreement (ECOTA)

42. ECOTA was signed by five Member States during the 2nd Ministerial Meeting on Commerce/Foreign Trade, held in Islamabad, Pakistan on 17 July 2003. Since then, the ECO Secretariat is pursuing for its implementation in the region through urging Contracting Parties to expedite ratification process and approaching to non-signatory Member States to be Party to it as soon as possible. This agreement will enter into force after the date of receipt of the instrument of ratification, acceptance, or approval from five Contracting Parties. Amongst the Contracting Parties, so far, only Pakistan and Tajikistan have ratified the said Agreement.

43. The 1st High Level Expert Group (HLEG) meeting on Trade and Investment, held in Ankara, Turkey on January 13-15, 2004 recommended to adopt a “Fast Track Approach to ECOTA”. The 15th RPC meeting held in Tehran, Iran on February 16-18, 2005 also emphasized to formulate an Optional Protocol for the same purpose. Accordingly, the 2nd HLEG meeting held in Islamabad on March 17-19, 2005 finalized the draft text of Optional Protocol on Fast Track Approach to ECOTA with consensus, to be placed for signature by the signatory Member States of ECOTA. Although, signing of the said Protocol was included in the agenda of the 3rd Ministerial Meeting on Commerce/Foreign Trade (July 7, 2005) held in Istanbul, Turkey, it could not be realized due to some reservations raised during the said Meeting. The Council of Ministers may urge the 4th HLEG meeting to resolve controversial issues so that the Member States could sign the Protocol at the earliest.

44. The 3rd Ministerial Meeting on Commerce/Foreign Trade approved and signed a “Protocol for the annexes of ECOTA on (i) ECO Rules of Origin (ii) Anti-Dumping Measures, (iii) State Aid, and (iv) Intellectual Property Rights”. The said Protocol was signed by four Member States, i.e. Afghanistan, Iran, Pakistan, and Turkey. Moreover, Pakistan has already ratified the said Protocol. We are confident that this important achievement would now facilitate signature/or ratification process of ECOTA with its annexes by the Member States.

45. Meanwhile, the 98th CPR has designated Pakistan as a coordinating country for early implementation of ECOTA. According to “terms of reference” adopted by the CPR, the Secretariat has prepared and conveyed a draft action plan for the perusal of the coordinator. The Secretariat and the coordinating country would finalize the said action plan, which would not only address relevant activities and programmes to expedite operationalization of ECOTA but would also adopt a strategy for non-signatory Member States to become a Party or align some of their tariff and non-tariff structures within the framework of ECOTA.

(ii) Trade Promotion

46. The 1st phase of ECO/ITC project to promote intra-regional trade was successfully completed with the holding of its last activity on 13 December 2004 in Istanbul, Turkey i.e 3rd Buyers/Sellers Meeting on Pharmaceuticals. The 2nd phase of the project will also start in near future. The project document has been prepared and presented to the 101st meeting of the CPR held at ECO Secretariat on 12 July 2005. For the sake of increasing intra regional trade and the re-activation of the ECO-CCI, the Member States have endorsed the utilization of US\$ 50,000- out of ECO Feasibility Fund with the contribution of other donors for the said project.

47. In addition, the initiative of the Secretariat to prepare a regional trade and investment strategy, in order to find effective ways to address trade and investment facilitation/promotion needs and requirements in the ECO region, was welcomed by the Member States. According to the Istanbul Communiqué, which was adopted during the 3rd Ministerial Meeting of Trade/Commerce (Istanbul, 7 July 2005), in collaboration with the relevant HLEG we are planning to devise a multi-dimensional regional trade and investment strategy. The aforesaid HLEG meeting, which is to be held in Kabul, will also study preparation of such strategy and the 2nd phase of ECO/ITC project will be oriented towards this end.

48. Since April 2004, ECO-CCI Chairmanship is with the Afghan Chamber of Commerce and Industry (ACCI). The aim is to make ECO-CCI an effective body of ECO through reactivating ACCI with the technical support of Member States. The Trade and Investment Conference, 10th Executive Committee Meeting of ECO-CCI, and ECO-

CCI Trade Fair are scheduled to be held simultaneously in Kabul, Afghanistan on 9-10 November 2005. The ECO-CCI, Afghanistan Investment Support Agency (AISA) and Ministry of Commerce of the Islamic Republic of Afghanistan are actively working for efficient convening of these events in a befitting manner with the assistance of international agencies/organizations based in Kabul. Member States may be urged to make these events more successful by actively participating and providing possible technical and financial support to ACCI in these events. Meanwhile, the 4th meeting of HLEG is also expected to be held in Kabul on the sidelines of the abovementioned events to resolve the remaining issues of the annexes of ECOTA and the Fast Track Approach to ECOTA.

49. The First ECO Business Forum was held in October 2002 in Istanbul. Keeping its importance in the promotion of trade and business activities in the region, the Business Forum will be institutionalized and its meetings are to be held on a regular and rotational basis. The Member States are supporting the idea earlier floated by the Republic of Turkey. The Secretariat is now looking for an appropriate occasion to organize the said Forum in 2005.

(iii) Investment Promotion

50. Keeping in view the unrealized investment potentials of ECO Member States' economies, it is imperative for the ECO to promote investment in the region. During the Second ECO Regional Trade and Investment Conference, held on April 18-19, 2004 in Kabul, Afghanistan, the need for concrete arrangements among the Member States in this regard was emphasized. Therefore, the HLEG on Trade, Investment, and Other Related Matters, which was also tasked for the said purpose, after several meetings, finalized an Agreement on Promotion and Protection of Investment in the ECO region during its 3rd meeting held in Istanbul on 5 July 2005. The said Agreement was presented to the Member States for their approval/signature during the 3rd Ministerial Meeting on Commerce/Foreign Trade held in Istanbul on 7 July 2005. The aforesaid Ministerial Meeting approved the Agreement and initially three Member States namely, Afghanistan, Azerbaijan, and Turkey have signed the same. However, this Agreement would come into force upon signature/ratification of at least four ECO Member States. Therefore, in order to expedite early implementation of the Agreement, other Member States are requested to sign it at the earliest.

51. As I have stated above ECO Trade and Investment Conference will be held in Kabul, Afghanistan on 9-10 November 2005. We have already circulated to the member states the draft agenda of the Conference. The main theme of Conference will be "Private Sector Promotion in Afghanistan and Regional Development", and we are planning to organize a Panel Session on the last day of Conference, which would be of paramount importance to business and trade community of the region, particularly operating in Afghanistan. Conclusion/outcomes i.e reports, recommendations of the sideline meetings/activities will be highlighted during the said Panel Session and we are planning to release a Joint Statement or Declaration as the outcome of the Conference. Besides the delegations from member states, we are expecting the representatives of ITC, ADB, IDB, UNDP, UNCTAD, UNESCAP, and other relevant regional/international organizations to participate in this Conference. I am confident that with the support and active participation of member states and regional/international organizations the said Conference would accomplish its' objectives.

(iv) Trade Facilitation

52. Customs and Transit Trade cooperation also plays an important role in the economic cooperation among the ECO Member States. The 4th meeting of the ECO Council of Heads of Customs Administration (CHCA), held in Baku, Republic of Azerbaijan, on May 16-18, 2005 finalized the text of the draft Agreement on establishment and operation of the ECO Smuggling and Customs Offences Data Bank. The said Agreement was approved by the Member States and initially signed by Afghanistan, Pakistan, and Turkey during the 3rd Ministerial Meeting on Commerce and Foreign Trade. Recently, we have acknowledged the willingness of Kyrgyzstan to sign the said agreement. We hope that other Member States would also become a Party to this agreement as soon as possible in order to expedite operationalization of said Data Bank. This Agreement would come into force upon signature/ratification of at least four ECO Member States. To this end, an action plan will be prepared in coordination with Turkey (host of Data Bank) leading to the operationalization of the Data Bank.

53. The 4th meeting of ECO-CHCA also reviewed a UNDP Consultant report on simplification and harmonization of customs procedures and agreed to form a sub-committee of experts to further consider actions on

the recommendations of the Consultant. Cooperation with WCO within the framework of MOU signed between ECO and WCO, cooperation with ADB and customs cooperation among the ECO Member States were also reviewed during the said meeting and it was decided to further strengthen this cooperation. Member States were requested to provide their customs news/material to Islamic Republic of Iran Customs Administration (IRICA) on a regular basis for publication in the ECO Customs Newsletter. It was also decided that the Secretariat would prepare a consolidated list of Customs Focal Points in order to establish a better channel of communication between the Secretariat and the Customs Authorities of the Member States. The Council elected the Head of Turkish Customs Administration as its next Chairman and the First Deputy Chairman of State Customs Committee of Azerbaijan as its Vice-Chairman. The Secretariat is working on the relevant issues and the Member States may take prompt actions on these issues.

54. Exchange of updated data/information relating to trade and investment among the ECO Member States has gained special significance. In this regard, ECO has held several seminars. The 3rd ECO Seminar on Trade and Investment Information Networking held in Karachi, Pakistan on 31st January-01 February 2005 was the latest. In this Seminar, ECO Member States actively participated and agreed to designate fresh Focal Points on Trade and Investment for prompt exchange and presentation of relevant data/information through the interactive ECO Web portal (www.tradeeco.org), which was developed with financial assistance of UNDP. The said Web portal is being upgraded time-to-time taking into account the recommendations of ITC Expert who participated in the abovementioned Seminar. Moreover, utilization of ECO Feasibility Fund is being proposed to Council of the Permanent Representatives (CPR) for this purpose.

55. There is an urgent need to follow the effective implementation and further updating/expanding the scope of the agreement on simplification of visa procedures for the businesspersons of the Member States to further facilitate the contact and communication among the citizens of the Member States. In this regard, the 15th Regional Planning Council (RPC) held in Tehran welcomed the positive consideration of the Islamic Republic of Iran to host the 1st Experts Group Meeting (EGM) composed of representatives of the Ministry of Foreign Affairs and the CCI of the member states to operationalize and further revise the Agreement on Simplification of Visa Procedures for the Businessmen of ECO Member States. The Iranian authorities have already been requested to announce their readiness to host the meeting along with exact dates of the 1st EGM. I am confident that with the collaboration of Iran, as the coordinator country for this Agreement, we would be able to progress rapidly on this subject.

(v) ECO Trade and Development Bank & ECO Reinsurance Company

56. Iran, Pakistan, and Turkey are the signatories to an Agreement for the establishment of the ECO Trade and Development Bank (ECO-TDB). The said agreement was recently ratified by the esteemed Parliament (Majlis) of the Islamic Republic of Iran. Thus, completion of ratification process by three signatory Member States will pave the way for the following steps with regard to establishment of said Bank;

- (i) Appointment of the Board of Governors;
- (ii) Payment of the initial installment (equivalent to ECO Unit 60 million (equal to US\$ 87.6 million) by the founding members in equal amounts within 90 days from the date of the coming into force of these Articles of Agreement (Establishment Date)
- (iii) Appointment of the President of the Bank;
- (iv) Make arrangements for the appointment of Directors of the Bank;
- (v) Make arrangements for the determination of the date on which the bank shall commence its operation (after the preparation of the Business Plan etc)

57. The Contracting Parties have provided the list of the relevant Consultancy firms to be considered for preparation of the Business Plan of ECO-TDB. The offer of bids for preparation of Business Plan for ECO-TDB within the framework of agreed TOR's have already been invited but no bids have yet been received. Pakistan and Turkey have also provided the names for the Selection Committee to choose the Consultant firm for the preparation of the said Business Plan. All the member states may provide their offer of bids for the preparation of Business Plan for ECO-TDB and Iran may provide a name for the Selection Committee. We are working with the Coordinating Country (Turkey) for early establishment of said Bank.

58. Iran, Pakistan, and Turkey are also signatories to a Memorandum of Understanding on establishment of the ECO Reinsurance Company but the Articles of Agreement of the Re-insurance Company remain to be signed. The lacunas pointed out by Islamic Republic of Pakistan and Republic of Turkey in the Draft Articles of Agreement for the establishment of ECO Reinsurance Company, were considered/discussed in the joint Trilateral Interim Committee (TCI) meeting held at the ECO Secretariat, Tehran, on February 17, 2005 and most of them were removed. Despite the recommendation of the said meeting and the frequent reminders of this Secretariat, the member states have been unable to convene the next meeting of the said Committee within 60 days to finalize the Articles of Agreement. As the ECO Reinsurance Company can be operationalized, with finalization/approval of these Articles, the concerned member states may expedite their efforts for its finalization.

59. The opening of bank branches in each others' countries can provide necessary financial mechanism to facilitate business among the ECO member countries. The first step in this process is the exchange of information on regulations governing the opening of foreign banks. The Member States (who have not done so) may provide the mentioned information to the Secretariat in order to be circulated among the other Member States.

60. The Secretariat welcomes the offer of Pakistan and Iran for the facilities of printing bank notes, stamps and machine-readable travel documents and the Pakistani offer of training in commercial and central banking and hope that the new Member States will take maximum benefit of it.

(vi) Finance & Economy

61. The 1st ECO Ministerial Meeting on Finance/Economy, held on 30 January 2004 in Islamabad, formed a High Level Experts Group (HLEG) comprising the Senior Officials (focal points) of the Ministries of Finance/Economy and regulatory agencies of the Member States. 15th RPC meeting requested the Member States to host the first meeting of HLEG to study and suggest a framework for cooperation in the areas of Finance/Economy and prepare groundwork for the Second Ministerial Meeting on Finance/Economy. Secretariat has repeatedly requested Member States that one of them may volunteer to host the said meeting and to fix the dates. The matter needs special attention of COM to hold the subject meeting at the earliest.

62. As per the decision of the 1st Ministerial Meeting on Finance & Economy, we are pursuing to convene the 1st meeting of the Heads of Central Banks of the Member States. I am confident that this meeting would provide a fresh impetus to develop a Framework of Cooperation for sharing information and experiences among the Central Banks of the Member States and prepare an MOU to be signed in this regard.

63. The 1st Informal meeting of the Ministers of Finance and Economy was held in Washington on the sidelines of IMF/World Bank meeting on October 4, 2004. The meeting was coordinated by Embassy of the Republic of Turkey in Washington. The Ministers observed that such meetings would be useful for consultations among the ECO Member States. The Secretariat is planning to hold the 2nd Informal meeting of Ministers of Finance and Economy on the same lines as the first one, on 24-25 September 2005 or on the sidelines of the 31st Annual meeting of Board of Governors of IDB, to be held in Kuwait on 30-31 May 2006.

B. Transport & Communications

(i) Railway Transportation

64. Container and Passenger train projects on Trans-Asian Railway mainline are considered as two important transport projects in the ECO. For this purpose, we have prepared and circulated among the Member States the Terms of Reference for the Working Group to implement the said projects. Moreover, we have also asked the member countries to introduce their nominees for the said Working Group. So far, we have acknowledged the names of the nominees from Azerbaijan, Iran, Kyrgyzstan, Pakistan, Tajikistan, Turkey, and Uzbekistan.

65. With regard to holding the 1st meeting of the said Working Group, the Secretariat proposed to Turkmenistan and Uzbekistan to consider hosting the said meeting considering the 8th ECO Summit which urged all the Member States to do their utmost for early implementation of the same, but no reply has been received from the said Member States in this regard.

66. Eight meetings of Heads of ECO Railway Authorities have been held so far for discussing on the main issues of railways in the ECO countries including container and passenger trains, railway tariff policy, railway common information system and other related issues to the railway of ECO. The 9th Meeting of Heads of ECO Railway Authorities, scheduled to be held in Kyrgyzstan was postponed due to recent development in the said country. Thereof, the relevant authorities of Kazakhstan have been requested to host this meeting and we are hoping to receive a positive response in this regard.

67. Regarding the revised draft Action Plan for revitalizing and operating the China-Middle East-Europe Corridor prepared by Iranian Railways which was circulated among the Member States in the 8th Meeting of Heads of ECO Railway Authorities (Istanbul/July 6-7, 2004), the 15th RPC has asked the Member States to send their views on the said draft to the Secretariat. So far, the Secretariat has received the views of Turkey and Pakistan on the said draft.

68. In addition, the Iranian Railway Authorities will publish the ECO Railway Map according to the Member States' views received by the Secretariat before January 2005, which were conveyed to the relevant authorities.

69. About ECO railway tariff policy, a MoU was signed in the 8th Meeting of the Heads of ECO Railway Authorities in Istanbul on July 6-7, 2005 by all participating countries. To implement the said MoU, we followed the issue of harmonization of the railway tariff policy of the Member States and requested them to send their reports on the developments of the same to the Secretariat at the earliest. Despite the fact that in 15th RPC meeting, the Member States were requested once again to provide the said reports, so far, we have only received the report of Turkey in this regard. However, presentation of the mentioned reports will be incorporated in the agenda of the 9th Meeting of the Heads of ECO Railway Authorities.

70. In order to identify and solve the existing problems of empty, lost and damaged wagons of the Container Train in the Trans-Asian mainline, which is one of the obstacles in the way of smooth running of the said train, the railway authorities of Kazakhstan had prepared a Draft Agreement on establishment and operation of Common Container Pool (CCP) for the Almaty-Istanbul container train. This draft had been circulated among the Member States and we have asked concerned member states, which have not sent their views on the said draft to do so. So far, the said views have been received from concerned Member States except Kyrgyzstan, Tajikistan, and Uzbekistan. The Republic of Kazakhstan may give its analysis report on the received views in the 1st Meeting of the Working Group on implementation of Almaty-Istanbul railway mainline.

(ii) Other Means of Transportation

71. Implementation of Transit Transport Framework Agreement (TTFA) is other important issue, which is being followed by the ECO. The said agreement covers all modes of transportation including insurance and other related issues. The Secretariat has emphasized on the importance of the ratification of this agreement in several meetings as well as in its contacts with the relevant officials of the Member States. So far, five member countries namely Azerbaijan, Kazakhstan, Kyrgyzstan, Pakistan, and Tajikistan have ratified the agreement. Afghanistan unofficially has informed the Secretariat about ratification of TTFA in that country. In addition, the Secretariat has requested the Member States to introduce their nominees for Transit Transport Coordination Council (TTCC), which will monitor and follow implementation of TTFA. Azerbaijan has recently agreed to be the coordinator country for the implementation of TTFA.

72. The relevant Iranian authorities published the first edition of the ECO Road and Railway Maps as the projects envisaged in the ECO decade of Transport and Communications. Regarding the second edition of the ECO Road Map, the Experts Meeting on ECO Road Network Map was held in the Secretariat on June 22-23, 2005. The meeting decided on publishing the new version of the said Map by Iranian relevant authorities based on UNESCAP standards. In addition, the Member States were asked to send their final technical views on the said map to the Secretariat before 15 September 2005. Turkey will publish the ECO Road Directory after publication of ECO Road Network Map.

73. The 2nd phase of the Multimodal Transport Project has started. Terms of Reference of this phase of the project have been circulated among the Member States. All the National Consultants from the Member States have been introduced to the Secretariat except from Turkmenistan. The country reports have been received from Turkey,

Pakistan, and Kazakhstan. The other Member States should send their report at the earliest considering the fact that the deadline for receiving the reports has already been passed. A workshop will be held in the Secretariat to discuss the country reports by the Member States' national consultants as well as the consolidated report, which will be provided by an international consultant recruited by UNCTAD. The workshop of the project will be held in the Secretariat after preparing the consolidated report by the International Consultant of UNCTAD based on the country reports.

74. The 1st Meeting of the Heads of Reference Marine Organizations was held in Tehran on October 13-16, 2003. In the said meetings, the cooperation in the field of sea transportation was discussed and all related issues were studied. In the 15th RPC the representative of Turkey expressed the readiness of his country to hold the 2nd Meeting of the Heads of Reference Marine Organizations in the second week of July 2005. However, this meeting has been rescheduled to be held on 29-30 September 2005 in Turkey. The annotated agenda and working paper of this meeting have been conveyed to the member states.

75. Other important area of cooperation related to the field of Transport is Insurance. The first meeting of ECO Insurance Experts Group was held on September 6-7, 2005 in Tehran. The Central Insurance of Iran was the host of this meeting. The experts of the member states have emphasized the necessity of having a unified insurance policy as well as special services in the ECO region. In addition, the proposal of experts from Iran on considering the Central Insurance of Iran as the location of the Central Bureau for the Third Party Liability Insurance in the ECO region was supported by some of the experts of the member states.

76. About cooperation of the Member States in the field of Civil Aviation, in the 15th PRC, the Council urged the relevant authorities of Pakistan and Turkey to provide their own versions of the Draft Framework Agreement on Cooperation of Air Transport as it was also requested in the 14th RPC. So far, we have received the relevant document only from Pakistan and circulated it to the member states.

(iii) Communications

77. In the field of communications, the 14th Meeting of the Directors General of the ECO Telecommunication Companies, the 1st Meeting of Information and Communications Technology (ICT), the 2nd Meeting of ECO Postal Authorities and the Workshop on Postal Security, which were scheduled to be held in Iran on May 2-5, 2005, were postponed due to the lack of quorum. The new dates for holding the mentioned meetings are being studied by the relevant authorities of Iran to be given to the Secretariat and will be conveyed to the Member States soon.

78. With regard to Trans-Asian Europe Fiber Optical Cable System (TAEFOS), Kazakhstan had prepared a proforma for gathering the information on the Transit prices of TAEFOS Parties. The ECO Member States have been requested to fill the proforma which was circulated to them in the 4th meeting of TAEFOS (Baku/ October 28-29, 2004), and send it to Kazakhstan authorities under intimation to the Secretariat. So far, the Secretariat has received the filled proforma only from Iran and Turkey. Holding the 5th Meeting of TAEFOS is to be determined in a volunteer host country.

79. Considering the importance of cooperation for implementation of training programmes being made by the Member States, in the 13th meeting of Directors General of Telecommunications of ECO as well as in the 1st meeting of ECO Postal Authorities it was proposed that the ECO surveying postal expert group visit the Postal Training Centre of Pakistan in this connection. This visit has not been materialized yet considering that the Secretariat has not received any date for the said visit in spite of sending some notes to the relevant authorities of Pakistan and asking them for the fixed date. The issue may be discussed in the 2nd Meeting of ECO Postal Authorities and be decided.

C. Energy, Minerals, and Environment

(i) Energy

80. The 8th Summit highlighted the need for establishing interconnected electric power systems in the region to achieve better patterns of electricity production, exchange and trade; facilitating development of

oil and gas pipeline networks in the region; promoting cooperation for the development of new and renewable resources of energy; and enhancement of efficiency in energy production and use.

81. In particular, the Secretariat and the Member States were called upon to expedite the implementation of the IDB-ECO project for a feasibility study on interconnection of power systems of ECO Member States and to deliberate on developing ways and means of power trade in the region.

82. In this respect, we would like to inform that 96th CPR meeting considered and endorsed the IDB proposal to award the contract of consulting services to be performed for the above said feasibility study to the NESPAK -lead consulting consortium (Pakistan). Subsequently, a Contract on the Consultancy Services was negotiated and signed by the ECO Secretariat and Consultant in June 2005, and sent to IDB with the request for the first disbursement. The said study has commenced on 25 August 2005, upon the receipt of initial disbursement by the Consultant.

83. It is expected that the work on the subject feasibility study will be implemented in close cooperation with the Member States. In this regard, the Member States were requested to nominate their National Focal Points to coordinate and facilitate this study. Azerbaijan, Iran, Kyrgyzstan, Pakistan, Tajikistan, and Turkey have already nominated their focal points, and the other Member States are expected to do so at the earliest.

84. In order to promote regional Energy Trade, the Secretariat discussed the subject topic with the World Bank (WB) missions to Tehran arranged in October and December 2004. As an initial step, the Bank proposed to organize with its assistance an ECO event on regional energy trade, with invitation of multilateral and bilateral donor organizations, especially, those having active programmes in the energy sectors of the ECO Member States.

85. As a result of our collaboration with the World Bank, a Workshop on Regional Energy Trade in the ECO region was organized on 29-30 June 2005, in Tehran, at the ECO Secretariat. The World Bank financed the said workshop and eight representatives of ECO Member States as well as representatives of WB, ADB, IDB, and UNESCAP participated.

86. On the basis of the presentations and discussions, the Workshop made a number of important recommendations on possible steps of pursuing the regional energy trade, further analytical work that would be needed, etc. This work would involve an ECO-wide advisory working group and donors. It is anticipated that the analytical work would be completed over the next 18-24 months, with donor-funded involvement of specialized consultants, which may be arranged by WB. In this regard, subject to WB obtaining ESMAP funds, all ECO Member States would be requested to nominate their officials to the above said advisory working group (AWG), which would work jointly with the World Bank team in managing the analytical work performed by the consultants.

87. In continuation of the training courses on energy efficiency and conservation organized and conducted for energy managers from the Member States in Ankara in 2002-2003, the concerned Turkish authorities informed the Secretariat that it was found beneficial to organize the international courses on Energy Efficiency and Conservation every year, under a new JICA Project on "Third Country Training Programme". In the scope of this project, international training courses were arranged in November-December 2004 and June 2005 with the participation of the engineers from the ECO Member States. Participation of ECO Member States experts in those above Courses was arranged by cooperation between the host and ECO Secretariat.

88. To promote cooperation on the development of regional Oil and Gas transportation routes the 4th High Level Experts Task Group (4th HLETG) meeting on Oil and Gas Pipeline Routes as well as a Workshop on the same subject matter convened on 4-6 May 2005 in Ceyhan Terminal of BOTAS Co., Turkey.

89. The 4th HLETG meeting recommended that ECO might consider developing cooperation in the field of energy with relevant regional and international organizations as is required for promoting its energy projects, particularly related to exporting the region's hydrocarbons to international markets. In this connection, we are planning to conduct a Joint ECO/OPEC Workshop on International Petroleum Market, which is included in the ECO Calendar of Events/ Meetings 2005-2006.

90. The 15th RPC meeting, while emphasizing the need for a review of the implementation of the Plan of Action for Energy/Petroleum cooperation (2001-2005), requested to prepare draft Plan of Action for a new 5-year period to

be put on for consideration and approval of the 2nd ECO Ministerial meeting on Energy/Petroleum, which will be held end of this year or early 2006 in Tehran. We are working on the draft Plan of Action and updating draft Agenda of the 2nd Ministerial meeting and expect active participation and inputs of the Member States, in this regard.

(ii) Minerals

91. The process of submission of the required data for compilation of ECO Mineral Data Booklet (MDB) was finalized and the Project Manager (Turkey) introduced the data received from the Member States with regard to MDB during the 15th RPC meeting. The copies of that document were also circulated to the Member States. Since the Secretariat has not received any objections, the Project Manager was requested to arrange for the publication of the first version of MDB at the earliest.

92. Upon the recommendation of the 15th RPC meeting, the matter of publication of ECO MDB as well as the other proposals for cooperation in the field of minerals will be subject of consideration by the 3rd ECO Mineral Experts Group meeting, which is included in the Calendar of Events/ Meetings for the year 2005. In this respect, the Member States, particularly those mentioned in the calendar as possible venues, are kindly invited to offer their readiness to host this meeting.

(iii) Environment

93. The status of implementation of the Plan of Action on Cooperation among ECO Member States on Environment (2003-2007) and other related issues were the subjects of consideration by the Second ECO Ministerial Meeting on Environment which was held on 6 October 2004 in Istanbul, Turkey. The representatives of the United Nations Environment Program (UNEP), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), World Meteorological Organization (WMO) and Islamic Development Bank (IDB) also attended the meeting.

94. The ministerial meeting adopted the modifications to the above-mentioned Plan of Action and the Istanbul Communiqué on Cooperation in the field of Environment. The approved amended text of the Plan of Action was circulated among the Member States, accordingly. The Ministers/Heads of Delegation reviewed the implementation of the Plan of Action on the basis of information provided by the ECO Secretariat and, while appreciating the implementation of a number of thematic activities, endorsed several proposals made by the Member States for the implementation of the Plan of Action.

95. The Ministers/Heads of Delegation took note of the establishment of the ECO Working Group on Environment (WGE) tasked to prepare the implementation plans for cooperation in the different fields of the environment and appreciated the outcomes of its first and second meetings held in 2004.

96. The 3rd meeting of WGE was held in Islamabad, Pakistan, on 23-25 February 2005, after the 2nd ECO Ministerial meeting on Environment. Apart from the consideration of the implementation of the Plan of Action on Environment, the participants reviewed the Calendar of Events/ Meetings for 2005/2006 related to the environment and made some offers/ proposals in this respect. It was recommended to convene the 4th and 5th WGE meetings prior to the 3rd ECO Ministerial meeting on Environment to be held in 2006 in Kazakhstan, which offered to host this event.

97. As envisaged by the Plan of Action on Environment, the first and second issues of the ECO Quarterly Bulletin on Environment were prepared and published by the ECO Secretariat, and circulated to the Member States in March 2005 and August 2005, respectively. These issues are also available on the ECO Web site. In this respect, the concerned authorities of the Member States were requested to submit timely their information for the said Bulletin and extend full cooperation to the ECO Secretariat through their national focal points on environment, so that these Bulletins could be issued as planned.

98. A Task Force was established with the participation of the representatives of three Member States namely Iran, Pakistan and Turkey to commence consultations /preparatory work in collaboration with the ECO Secretariat on the establishing of ECO College on Environment. The first meeting of that Task Force was held in Tehran in May 2005. The 2nd and 3rd meetings are planned to be held in Pakistan and Turkey, in September and October 2005,

respectively. Then, the recommendations of the Task Force will be submitted for consideration of ECO Member States and decision-making bodies.

99. In order to arrange an exchange of information on the environmental issues between the Member States, it was recommended to establish an ECO E-mail group on Environment. In this respect, Turkey expressed its readiness to launch such a network area in cooperation with the concerned authorities in the Member States.

100. In order to support the implementation of the Plan of Action on Environment, the ECO Secretariat in cooperation with the Member States was working with the Secretariat of the World Meteorological Organization (WMO) on preparation of Memorandum of Understanding (MOU) between ECO and WMO. Upon approval of the CPR, the said MOU was signed in December 2004. We hope that this MOU would serve the interests of the ECO Member States by utilizing the potential of WMO for promotion of ecology and protection of the environment.

101. Within the preparatory works for the 5th Ministerial Conference on Environment and Development 2005 for Asia and the Pacific, ECO Secretariat cooperated with ESCAP in the preparation of a report on the State of the Environment in Asia and the Pacific 2005 (SOE 2005) for its publication. This report was considered by the UN ESCAP Preparatory meeting held on 7-8 October 2004 in Istanbul with the participation of seven ECO Member States, back to back with the 2nd ECO Ministerial Meeting on Environment. This assistance of ECO Secretariat and cooperation of ECO Member States in this respect were highly appreciated by the UNESCAP.

D. Agriculture, Industry, Health and Tourism

(i) Agriculture

102. The Second Ministerial Meeting on Agriculture held on 6-7 December 2004 in Antalya-Turkey. The meeting reviewed the progress of ECO cooperation in the field of agriculture since the First Ministerial Meeting on Agriculture held in Islamabad in July 2002 and adopted the Antalya Declaration providing guidelines for future cooperation in the field of agriculture.

103. Finalization of the FAO Technical Cooperation Programme (TCP) to support ECO for preparation of a Regional Programme for Food Security (RPFS) in late August 2005 is one of the major developments in the agriculture sector. The TCP started with enhancing the skills of the ECO Secretariat and the Member States for their direct involvement in situation analysis, formulation, appraisal, monitoring and evaluation of activities/projects related to the Food Security. In this regard, two training workshops were organized. The 1st workshop on "Agricultural Policy Analysis and Food Security" was organized in October 2003 in Almaty-Kazakhstan and the 2nd Workshop on "Agricultural Project Analysis" was held in September 2004 in Issyk Kul, Kyrgyz Republic.

104. The TCP, inter alia, envisages the preparation of an updated Regional Strategy for agricultural development and food security in ECO region and the Central Asian sub-region and formulating Regional Programme for Food Security for the ECO region along with projects, based on the national strategies for agricultural development of the Member States. The above-mentioned documents have been prepared by ECO and FAO during the missions to all Member States in 2004. A midterm investment programme for each member state including draft bankable projects has also been prepared, which will be submitted for donors' consideration.

105. The joint ECO-FAO-IDB meeting held on 28-29 August 2005 in Tehran has agreed on a follow up mechanism for implementation of the projects identified within the framework of the ECO Regional Programme for Food Security. The IDB has already expressed its interest in some of the projects. A major donor conference would be organized in 2006 preferably in Turkey for regional and national food security projects.

106. In line with the decisions of the Senior Officials Meeting on Agriculture (Tehran, July 2004), and the 2nd Ministerial Meeting on Agriculture, Islamic Republic of Iran has started the process of establishment of a "Regional Center for Risk Management of Natural Disasters" for drought monitoring and early warning in Mash'ad. It is expected that the MOU, which was signed between ECO and World Meteorological Organization (WMO) in December 2004, will pave the way for effective involvement and contribution of WMO in the activities of the abovementioned center. So far, Islamic Republic of Afghanistan, Republic of Azerbaijan, Islamic Republic of Iran, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkey, and Turkmenistan have supported the said proposal.

107. In the field of development of post harvest and processing industries as a priority area determined in Agriculture sector, the Republic of Turkey hosted the “ECO Workshop on Post Harvest and Processing Technologies (vegetables and fruits)” on 13-14 October 2004 in Yalova. The Turkish authorities are also planning to organize another Workshop on prevention of post-harvest losses of cereals and pulses in the year 2005.

108. During the 1st ECO Senior Officials Meeting on Agriculture, representative of the Islamic Republic of Pakistan as coordinator country for water management expressed that the relevant authorities of Pakistan are preparing their proposed policies and programmes for ECO cooperation in the field of water management. The I. R. of Pakistan will also host a regional training workshop on water management in 2005. The Republic of Turkey, as coordinator country for agro-trade promotion, will organize a meeting on the subject matter during the year 2005.

109. The 2nd Ministerial Meeting on Agriculture considered the proposal of the Secretariat on FAO/ECO Regional Technical Cooperation Programme (TCP) project for capacity building enhancement in ECO member countries on WTO Agreement on agriculture and food safety regulations. In this regard, it was decided to follow up the issue with FAO to include the project under the FAO Umbrella Programme for Capacity Building on WTO Agreement on Agriculture. In the meantime, the matter will also be followed up within the FAO-TCP Project for Food Security in the ECO region. During the 15 RPC Meeting, the Islamic Republic of Pakistan and Republic of Turkey expressed their readiness to hold training courses on WTO Agreement on Agriculture and thus to assist the other member countries in the negotiations for accession. The Islamic Republic of Iran as coordinator country for sanitary and phyto-sanitary issues, will organize a workshop on these issues with FAO assistance. The Near-East department of FAO would invite ECO countries and the Secretariat to their regional workshop on WTO Agreement on Agriculture.

110. The Second Ministerial Meeting on Agriculture supported the Regional Technical Cooperation Programme (TCP) proposed by FAO for strengthening the seed supply in the ECO region with a particular emphasis on Central Asia. Through the TCP, the FAO would allocate US\$ 350,000 for activities aimed at strengthening seed supply in the region. After receiving the signed copies of the project document by five member countries, the Secretariat has communicated with the FAO. We are in close contact with the relevant department of FAO for finalization of TCP document and starting its implementation, which also constitutes an important component within ECO Food Security Programme. The CPR has also approved in principle to allocate US\$ 35,000-40,000 from ECO Feasibility Fund for this purpose.

111. According to the decision of the 1st Senior Officials Meeting on Agriculture and the 2nd Ministerial Meeting on Agriculture, Iran has started the process of establishing a regional agricultural biotechnology network. Agricultural Biotechnology Research Institute of Iran (ABRII) will coordinate the above-mentioned activities and will host a workshop and coordination meeting in this regard. The CPR has recently approved in principle the allocation of US\$ 50,000 for the said issue.

112. As a first step for eradicating the existing deadly animal diseases, I.R. of Iran as coordinator country for livestock sector will initiate a comprehensive survey on the situation of livestock sector in the region leading to preparation of the ECO sub-sectoral strategy for livestock development. The ideas of Establishment of a Permanent Commission for Prevention and Control of Animal Diseases in the region and establishment of Buffer Zones in Border Areas of ECO Member States for Animal Quarantine were also approved by the 1st SOM on Agriculture. The Commission will supervise an overall analysis of the latest situation of animal diseases in the Member States, trans-boundary movement of animals in the region, problems in preventing/controlling/eradicating livestock diseases facing the governments. The draft Terms of Reference of the said Commission will be prepared for discussion during the 1st Meeting of the Heads of Veterinary Organizations, which is scheduled to be held on 7-9 November 2005 in Tehran.

113. During the 14th ECO Council of Ministers Meeting in September 2004 in Dushanbe, the Minister of Foreign Affairs of Republic of Tajikistan expressed his full support to the proposal of Republic of Azerbaijan concerning the establishment of an Association or Forum of Cotton Producers and Exporters within the framework of ECO which would allow the member countries to take up their proper place in textile industry of the world. The 2nd Ministerial Meeting on Agriculture discussed the proposal and decided that the Secretariat may continue its consultations with the Member States, especially in the Republic of Azerbaijan and Republic of Tajikistan for further study/elaboration of this issue. Recently, the Republic of Azerbaijan has conveyed a project proposal for establishment of the

abovementioned forum which has been circulated among the Member States. The response from Member States in this regard is still awaited.

(ii) Industry

114. The First ECO Ministerial Meeting on Industry held on 25-28 January 2004 in Tehran was a turning point in the history of ECO industrial cooperation. The Meeting adopted the Plan of Action for Industrial Cooperation in the ECO region. After the Ministerial Meeting, seven important events have been organized in the field of industry, leading to several substantial decisions.

115. The First ECO Ministerial Meeting on Industry decided to establish an Experts Group for identifying industrial potentials of the Member States for regional cooperation in the field of industry and preparation of ECO Regional Strategy on Industry. The 1st and 2nd Meetings of the Experts Group which were held respectively in September 2004 in Ankara and in March 2005 in Islamabad- Pakistan, finalized the draft text of the strategy and decided to circulate it among the member countries and international organizations like UNIDO for their views/comments and possible contributions.

116. The EGM agreed that detailed studies should also be carried out in sub-sectors to identify potentials and needs of the member countries and the region as a whole. The seven areas of automotive and automotive parts industry, transportation industry, chemicals and petrochemicals industry, mining and metallurgical industry, textile, leather and clothing, agricultural and food processing industry, electrical and electronic home appliances have been selected from sub-sectors mentioned in Para 20 of the Plan of Action for Industrial Cooperation in the Region along with coordinator and responsible countries. The Coordinator countries would compile statistics and other relevant information from the member countries and prepare a study analyzing the sub-sectors with the assistance of ECO Secretariat. Further steps to be taken under each sub-sector would be determined based upon the findings of these studies.

117. The Task Force comprised of delegates from Iran, Pakistan, and Turkey would meet in Tehran on 18-19 September 2005 in order to consider ECO Regional Strategy, framework strategy for sub-sectors and specified project proposals.

118. During the First Ministerial Meeting, it was decided to hold ministerial meeting annually. The Republic of Turkey has informed that they are planning to host the first HLEG meeting and the Second Ministerial meeting on Industry on 21-25 November 2005 in Istanbul. This Meeting will review the implementation of the decisions of the First Meeting and will approve among others the Draft ECO Regional Strategy on Industry, which has been prepared by the EGM. The Third Ministerial Meeting would be held in 2006 in the Islamic Republic of Pakistan.

119. The First Ministerial Meeting on Industry decided to establish a High Level Experts Group (HLEG) on Industry. The HLEG will coordinate, liaison, monitor, administer, and supervise the implementation of the Plan of Action. The Member States shall submit semi-annually national progress reports on the implementation of the Plan of Action to the HLEG through ECO Secretariat. The HLEG will report to the annual meetings of ECO Ministers of Industry and relevant ECO fora.

120. The 2nd Workshop on Development of Small & Medium Sized Enterprises (SMEs) was held in Ankara & Istanbul from 29 November to 3 December 2004.

121. The First Meeting of the Heads of Privatization Administration of the ECO Member States was held on 5 July 2004 in Tehran preceded by the Experts Group Meeting on Privatization and Private Sector Development on 3-4 July 2004. The Meeting of the Heads of Privatization Administration considered the ECO Draft Plan of Action on privatization and private sector development. The Plan of Action on Privatization will be effective after approval by the Ministerial Meeting on Industry. The implementation of this Plan of Action shall be the responsibility of High Level Experts Group (HLEG) on Privatization and Private Sector Development. The First Meeting of High Level Expert Group (HLEG) on Privatization and Private Sector Development and the Second Meeting of the Heads of Privatization Administration of the ECO Member States would be held on September 30–October 3, 2005 in Islamabad, Pakistan.

122. The enforcement of industrial standards in the region in line with the international standards and improvement of quality management systems according to International Standards Systems (ISS) is another priority area that is highlighted in the Plan of Action for Industrial Cooperation. In this regard, the Republic of Turkey, in collaboration with the ECO Secretariat, organized a Workshop on Standardization, Conformity Assessment, and Accreditation for ECO Member States on 25-26 August 2004 in Ankara. The First Experts Group Meeting on Standardization, Conformity Assessment, Accreditation, and Metrology was held in July 2005 in Istanbul and finalized the draft Statute of the ECO Regional Organization for Standardization, Conformity Assessment, Accreditation and Metrology (ROSCAM) and the draft Regional Cooperation Strategy for ROSCAM. The First Meeting of the Heads of Standardization Organizations to be held in 2005 in Tehran will consider the above-mentioned Statute and Strategy.

(iii) Health

123. The 1st Meeting of Heads of Red Crescent Organizations of the Member States, which will be held in 2005 in Iran, is an important initiative in the field of health. This meeting will enhance cooperation among these organizations and the preparedness of the member countries in times of disaster. This meeting may also discuss promotion of trade of pharmaceuticals, medical goods, and services. So far, the Republic of Tajikistan and Republic of Turkey have conveyed country reports on the activities of their Red Crescent Organization.

124. The 15th RPC meeting supported the proposal of I.R. of Iran for hosting the international exhibition and workshop in the field of medical tourism and invited the Member States to participate in the event. The Council also welcomed the proposals of the Iranian delegation for establishment of permanent medical exhibitions in ECO countries, joint commission of supporting/improving medical tourism industry and joint investment for establishing the health medical centers and urged the Member States to actively participate in these activities. The proposal of relevant authorities of Iran to host a meeting in this regard in November 2005 has already been communicated to member states.

(iv) Tourism

125. The ECO basic Documents call upon the Member States to take early action for development of the tourism industry in the region. Accordingly, the 15th Meeting of RPC appreciated the willingness of the Islamic Republic of Iran to host the 3rd ECO Expert Group meeting on Tourism in 2005 in Iran to review the long-term perspectives and to consider the preparation of Draft Plan of Action in the field of tourism to be drafted on the basis of the recommendations of the first and second ECO Expert Group Meetings on Tourism in held 1992 and 1993. The Secretariat has also circulated a short paper on ECO Cooperation in the field of tourism for views/suggestions of the Member States. The Secretariat is also negotiating with the ECO Cultural Institute (ECI) in Tehran for preparation of the ECO Tourist Guide book as proposed by previous events on tourism.

E. Project Research

(i) ECO's Participation in Reconstruction of Afghanistan

126. The reconstruction of Afghanistan continued to enjoy high priority in the Work Programme of the ECO Secretariat in the period under review. The revised Plan of Action envisages:

- (i) Establishment of ECO Special Fund to finance some priority projects in Afghanistan;
- (ii) Utilization of ECO Feasibility Fund for the feasibility studies for the priority projects in Afghanistan on a case to case basis;
- (iii) Allocation of an adequate amount out of ECO Feasibility Fund for implementation of projects other than feasibility studies on a case to case basis;
- (iv) Holding of an ECO Seminar on the reconstruction of Afghanistan; and
- (v) Training courses for Afghan officials in the priority sectors.

127. The 14th COM meeting approved the modalities for the Establishment and Operationalization of ECO Fund for Reconstruction of Afghanistan as prepared by the Financial Experts meeting of the Member States held in Kabul on April 21, 2004 and instructed the Secretariat to open an account and begin with the necessary implementation as envisaged in the modalities. As per instructions, an account No. 02132/103276/05 has been opened in the Habib

Allied Bank, London. Islamic Republic of Pakistan had already pledged US\$ 5 million to the Fund. However, the Government of the Islamic Republic of Pakistan will release this amount once the project(s) have been identified. The other Member States may also contribute in the said Fund.

128. ECO Secretariat has already awarded a contract for a Feasibility Study for Rehabilitation of Nawar Bridge of Hesarak Nangahar Province, Afghanistan, to ECO-CEC through the financing from the ECO Feasibility Fund. The work on the feasibility study has not been completed yet due to some logistic problems being faced by ECO-CEC, which have now been overcome. A team of ECO-CEC visited the site on June 3-7, 2005.

129. ECO Secretariat had also submitted a proposal to the CPR for another feasibility study for Construction of Canal Crossings in Farah Province of Afghanistan proposed to be awarded to ECO-CEC to be financed from ECO Feasibility Fund. The CPR will give its decision after receipt of satisfactory progress report on the work of the first feasibility study for rehabilitation of Nawar Bridge of Hesarak of Nangahar Province of Afghanistan.

(ii) Visit to Afghanistan

130. During my visit to Kabul on June 3-7, 2005, the Managing Director of ECO-CEC and the Director of Project Research also accompanied me. The mission's basic purpose was to review the ECO Secretariat's participation in the international community's reconstruction efforts in Afghanistan and to get first-hand knowledge about the projects being proposed by the authorities of Afghanistan to be undertaken by the ECO Secretariat.

131. This mission was successful in a way that it helped to establish coordination between the focal points in Kabul and ECO Secretariat for early implementation of ongoing projects as well as the future projects. The mission also obtained the political support from higher authorities of Afghanistan with regard to the important matters of ECO such as ratification of ECOTA, TTFA, Trade Fair/Business Forum, etc. In addition; the mission was also able to sort out the communication problems with regard to the ongoing feasibility study on the Hesarak Bridge as direct contact was established between the Managing Director of ECO-CEC and the concerned Afghan officials.

(iii) Follow-up Reports

132. The Secretariat prepared follow-up reports on the implementation of decisions of the 14th COM and 8th Summit Meetings on a regular basis and submitted the same to the CPR Meetings. These will now be submitted to the 15th COM meeting for consideration.

133. The Secretariat also prepared status of follow-up on the implementation of decisions of the sectoral ministerial meetings regularly to the Member States. An updated status report in this regard will also be submitted to the 15th COM meeting as well.

134. Status of ECO Calendar of Events for 2004 and 2005 was prepared and submitted to the Member States on a regular basis.

(iv) Cooperation with ECO-CEC

135. With the support of the governments of all the ECO Member States, a central resource pool was created in the shape of ECO-Consultancy and Engineering Company (Pvt) Ltd., or ECO-CEC, to participate in the development projects to be sponsored by ECO Member States and ECO Investment and Development Bank. The ECO founder states; Iran, Pakistan, and Turkey hold an equal share in ECO-CEC: Turkey being represented by two companies, and Iran and Pakistan by one each. The Iranian and Turkish companies specialize mainly in oil and gas pipelines, refineries, petrochemical and industrial engineering, while the Pakistani partner in all other fields of development engineering, including communication, power, urban development, public health, telecommunications, water resources development and agriculture. The company remains keen to promote and develop expertise and for this it has successfully held two ECO Conferences on the role of ECO-CEC in the Member States, first in Lahore on 27-30 March 2002 and second in Ankara on 14-16 October 2003.

136. The 3rd Conference on ECO-CEC's Role in the Development of ECO Member States is scheduled to be held in Lahore – Pakistan in 2005. ECO-CEC is going to prepare two feasibility studies for priority projects of reconstruction of Afghanistan to be financed from ECO Feasibility Fund.

137. ECO-CEC has requested that it may be given special status of being ECO's Regional Institution/Specialized Agency. 13th and 14th RPC recommended the proposal for CPR and approved the proposal. The 15th COM may consider endorsing the decision and accord ECO-CEC status of ECO Regional Institution. The CPR has also recommended that the ECO-CEC may be given the status of a Regional Institution of ECO.

(v) ECO Feasibility Fund

138. The Secretariat is also responsible to make arrangements within the framework of the ECO Functional Methodology to use the ECO Feasibility Fund for financing feasibility studies in the ECO priority projects. In this respect, it coordinates action with other sectoral units and obtains CPR's approval. So far, US\$ 50,000/- for the ECO/ITC Promotion of intra-trade project and US\$ 11,000/- for feasibility study for rehabilitation of Nawar Bridge of Hesarak Nangahar Province, Afghanistan, have been allocated from the ECO Feasibility Fund. Allocation of US\$ 23, 000/- for feasibility study for construction of canal crossings in Farah Province of Afghanistan is in the pipeline. Moreover, establishment of ECO Agricultural Biotechnology Network (ECO-ABN) and FAO-ECO Technical Cooperation Programme (TCP) on strengthening the seed supply in the ECO region with special emphasis on Central Asia are projects that are being considered to benefit from the ECO Feasibility Fund.

(vi) Publication of the ECO “Directory of Training Institutions” and Compilation of “Roster of Leading Experts”

139. The Secretariat compiled a Directory of Training and Research Institutions of the member countries in the fields of Trade and Investment, Transport and Communications, Industry, Energy, Health, Science, Education and Culture. A Roster of leading Experts/Consultants of the Member States in the above areas was also prepared. The Roster and the Directory were published together and distributed among the Member States for better utilization (vide Note No.PR/DIR.ROS/2003/1292 dated July 23, 2003). In addition, since the first issue, some Member States have furnished their updated versions of the both Directory and Roster.

140. Presently, the Directorate of Project Research is collecting updated information from the Member States to prepare a revised version of the ECO Directory of Training Institutions and the Roster of Leading Experts/Consultants.

(vii) Training Activities

141. Within the framework of the UNDP Capacity Building project, the Secretariat succeeded to arrange a training course for project cycle management in 2002. Taking into account the high turnover of ECO staff, since then, the Secretariat proposed similar training courses for its' staff as well as the staff of the ECO focal points in the Embassies of the Member States in Tehran.

142. The First Joint ECO–UNESCAP Training Workshop titled “Participatory Project Design Based on the Logical Framework Approach (LFA)” was organized and held at the ECO Secretariat with the assistance of UNESCAP Team from April 17- 21, 2005. The ECO Secretariat's officials, the representatives from ECO Member States' Embassies in Tehran (namely Afghanistan, Pakistan and Turkey) as well as participants from various governmental organizations of the Islamic Republic of Iran were participated.

143. The workshop was part of ECO's efforts aimed at capacity building of its Secretariat. This need was felt because the trained and experienced staff have already left the organization after the termination of their terms of assignment. In addition, preparing the projects (for presentation to international organizations and other donors) was an essential need of the Organization.

144. The Secretariat is now planning to organize short term training courses in the field of hydro power generation for engineers from ECO Member States with the technical support of ECO-CEC. This training programme will be announced to the Member States after the finalization of the details and schedule in consultation with ECO-CEC.

145. Furthermore, as per the provisions of the Plan of Action for reconstruction projects of Afghanistan, the Secretariat is also examining the possibility of arranging training courses for Afghan officials in the priority areas.

**(viii) Activities for the efficiency and the effectiveness of ECO;
EPG's Recommendations**

146. The 13th Meeting of the Council of Ministers (COM) set up an Eminent Persons Group (EPG) from the Member States with specific time frame and target. The Group submitted its recommendations to the 14th COM meeting on the measures to promote efficiency and effectiveness of the ECO Secretariat. The 14th COM meeting endorsed EPG's report in principle. However, the Council decided that the CPR may further review the report prepared by EPG including the proposal for ECO Vision 2015 and submit its recommendations/views to the 15th COM meeting.

147. A Working Group established by the 93rd CPR meeting is reviewing the EPG's recommendations and its work is at the final stage. EPG's recommendations incorporating the views/comments of the CPR will be submitted to the 15th COM meeting for consideration.

148. As regards of ECO Vision 2015, the 98th CPR decided that this may be issued as a reference document of ECO after the conclusion of the 15th COM meeting instead of the usual Communiqué. The Working Group of the CPR is also working on this and the final text of draft ECO Vision 2015 will be submitted to the 15th COM meeting for adoption.

F. Economic Research and Statistics

(i) Analytical studies and statistics

149. The Secretariat has been mandated to strengthen and cooperate with national statistical and economic research centers/institutes for improved collection and dissemination of regional statistical data and conducting socio-economic research on several issues of interest to the ECO member countries. The Directorate of Economic Research and Statistics (DERS) is carrying out this task by preparing technical studies, reports and background documents for presentation to the related ECO meetings/workshops with a view to identifying the socio-economic developments at country and regional levels. The Directorate is engaged in implementation of ECO Joint Economic Research Programme that evolved three research projects proposals on the main ECO cooperation areas at sectoral and macro-economic levels. Although, draft framework studies conducted on some of the identified research topics but implementation process retard mainly due to Secretariat's limited technical, financial resources and poor cooperation/support received from research centers/institutes in the Member States in the concerned fields over the past years.

150. Nevertheless, the Directorate in its own capacity continues preparing brief analytical studies and policy-oriented research under programmes such as ECO Annual Economic Reports, Progress of ECO decade, Macroeconomic and Foreign Direct Investment Overview of the ECO region, Human Development Index performances of ECO countries, ECO Prospects and Challenges in Transport and Communications sector, ECO Guidebook, ECO Statistical Bulletins, ECO Guidebook on statistical methodologies, ECO Website, Macroeconomic performance issues and policies in the ECO countries, ECO Regional Human Development Report, etc. It also maintains sectoral databases that support time series data from 1996 up to the present on all member countries primarily collected at regular intervals from the national statistical authorities in each member country.

151. The Dushanbe Declaration 2004 issued on the occasion of 8th Summit held on September 14, 2004, in Dushanbe stressed the "expediency of intensification of ECO activities in the field of economic researches and statistics with a view to promote elaboration of conceptual framework aimed at deepening of economic cooperation and extending of economic integration within the ECO region".

152. To attend the above-mentioned target, the Secretariat prepared and circulated the draft ECO Framework of Cooperation and the Plan of Action in Statistics among the Member States requesting them to convey their views/comments as soon as possible so that the same could be discussed in the meeting of National Focal Points on

Economic Research & Statistics. The said Framework and the Plan of Action was initially discussed by the 15th RPC held on February 14 1-7, 2005, in Tehran which underlined that regional cooperation in statistics should be intensified and guided by principles of practical utility, quality, transparency, and accessibility, in conformance with international standards, while still ensuring confidentiality. In order to ensure the production and improvement of statistics that are needed for the ECO decision bodies and cooperation activities, the Council urged the Member States to intensify their cooperation activities according to the strategic thrusts identified in the said Plan of Action on Statistics.

153. To implement the recommendations of the 15th RPC, the Secretariat has been requesting the Member States to forward their comments/views on the draft ECO Framework of Cooperation and the Plan of Action. Some of the Member States have apprized of their views to the Secretariat. However, the Member States who have not yet conveyed their views/comments in this regard are requested to do so at the earliest possible.

(ii) National Focal Points (NFPs) on Economic Research and Statistics

154. In order to facilitate abovementioned issues an important activity of the Economic Research & Statistics Directorate is holding of the meeting of National Focal Points (NFPs) on Economic Research & Statistics of the ECO Member States. These meetings thoroughly discuss the ways and means to bolster cooperation in the field of Economic Research and Statistics. The main purpose of holding these meetings is to identify common concerns and develop regional approach at addressing new challenges and strengthening regional coordination among Member States in the fields of economic research and statistics. The NFPs meeting provides valuable contribution to the activities of the Secretariat. The main issues and activities of the Secretariat are programmed during these meetings. So far, four meetings of the National Focal Points (NFPs) have been held. The fourth NFPs meeting took place in Baku on December 12-13, 2002.

155. Unfortunately, the 5th meeting of NFPs has not taken place as no Member State has come forward to host this very important session. The 15th RPC strongly recommended the convening of 5th NFPs meeting in year 2005 and requested those Member States who have not yet hosted this meeting to consider hosting the same.

(iii) ECO Annual Economic Reports

156. Publication of ECO Annual Economic Reports is important, as similar publications, pertaining to previous years received considerable interest from regional and international institutions/users. The 15th RPC requested the Member States to remind their National Focal Points on Economic Research and Statistics to cooperate and provide the requisite material to the ECO Secretariat for compilation and updating of ECO Annual Economic Reports. Unfortunately, the Secretariat is still awaiting information from some of the Member States.

(iv) Statistical Bulletins

157. Preparation and publication of ECO Statistical Bulletins has strategic thrust of obtaining, processing and disseminating officially authorized statistics on the member countries. Accordingly, the country-wise statistic bulletins of Azerbaijan, Kyrgyzstan, and Turkey in English and Russian languages and containing 260 socio-economic indicators divided into 20 major chapters including summary definitions attached as a supplementary material to each chapter will be published very soon. Preparations of similar bulletins for the remaining Member States' are underway and the drafts will be circulated to respective Member States for their consent prior to publication. Conclusively, the Directorate will prepare a comprehensive ECO Statistical Year Book containing the data from all Member States. Therefore, the Member States are urged to make their best efforts in providing the required statistical indicators to the Secretariat.

(v) ECO Countries Key Indicators

158. The Directorate prepared ECO Countries Key Indicators 2003 presenting the most current available economic, financial, and social data on the ECO member countries during 1996-2002. Presented by 27 tables these indicators are flagship electronic publication at ECO Website (www.ECOsecretariat.org). However, there is a need to formulate a mechanism that the requisite information reaches the Secretariat timely. The targets would be possible to achieve if the Member States pay attention to harmonizing the meetings in the field of economic research and

statistics. Regular contacts and coordination between the focal points of the Member States are extremely necessary in this regard. Field visits to some of the NFPs of the Member States to promote effective information exchange and cooperation and arrange training facilities is a required necessity in this regard.

(vi) UN Millennium Development Goals

159. Cognizant of the importance of the UN Millennium Development Goals (MDGs), the Directorate is pursuing to embark on a feasible regional project plan attributable to ECO Feasibility Fund in collaboration with Member States, United Nations agencies and Funds, the World Bank, IMF, and OECD for monitoring progress of ECO countries towards the achievements and challenges of the MDGs. The said project is aimed to produce a regional progress report on the subject and organize regional seminars/workshops in association with relevant international organizations. The Member States are requested to support the Secretariat in its endeavours to accomplish this task. Moreover, the said project will also attempt to attain preparation of ECO development indicators.

160. Concurrently, the 15th RPC while appreciating the contribution of the Directorate urged all the Member States to ensure their cooperation and participate at appropriate level in the scheduled events of this Directorate. However, continuing lack of support from Member States and poor workforce placed at this Directorate preclude achieving further steps in implementing its programmes. More staff and cooperation are needed to coordinate development indicators and relevant information at the regional level. At this point, the Eminent Persons Group (EPG) in its report has recommended the merger of Project Research and Economic Research and Statistics Directorates. If the 15th COM adopts the EPG's recommendations, the Member States would be requested to give more importance for staffing of these Directorates with qualified personnel who could successfully attend the assigned tasks. Furthermore, there is a need to prioritize the identified activities of these Directorates and formulate ways to implement them successfully.

G. Relations with Regional/International Organizations and Coordination Unit

161. ECO external relations are progressing at a reasonable pace. The Secretariat has been endeavoring to provide ECO greater international visibility as well as help seeking financial and technical expertise from the international donor agencies. ECO has used its growing links with UN bodies and regional organizations as well as financial institutions to promote development projects in the region. The 59th UN General Assembly, on 22 October 2004, adopted bi-annual Resolution on "Cooperation between the United Nations and the Economic Cooperation Organization (ECO)" which will improve ECO's relations with all UN agencies. However, there is a large number of Regional Organizations like ECO, competing in international arena for funds, technical assistance, and support available with International Financial Institutions, donor agencies, and donor countries. ECO needs to work hard to compete for scarce resources present internationally.

162. It is reiterated on the recommendation of Regional Planning Council (RPC) that the non-signatory Member States may expedite the ratification process to enable this organization to accelerate its pace. The Member States are also requested to send their project proposals for ECO's new joint programmes especially with those organizations with which ECO has MOUs.

163. ECO is seeking financial and technical support from international/regional organizations like UNDP, FAO, UNESCAP, UNCTAD, IDB, UNODC, EU and there are emerging cooperation with OIC organs, ICARDA, Asian Development Bank, World Bank and other trade related international organizations. The Secretariat signed Memoranda of Understanding (MOUs) with the UN Environmental Programme (UNEP) and World Meteorological Organization (WMO) in August 2004 and December 2004 respectively.

164. FAO is supporting ECO for preparation of a Regional Programme for Food Security, which is being implemented successfully. Two training/capacity building workshops have been jointly organized by FAO and ECO in the Member States.

165. UNDP has sponsored the project entitled the capacity building of the ECO Secretariat at a cost of 1 million US\$. The Islamic Development Bank (IDB) has agreed to grant US\$ 0.4 million for the feasibility study on interconnection of ECO countries power system, which is in the final stage of its implementation.

166. I visited New York and Washington from 20 September to 4 October 2004 in a schedule to attend the 59th Session of the UN General Assembly (27-30 September 2004), the Informal Meeting of ECO Council of Ministers (COM), 9th Joint ECO-ASEAN Ministerial Meeting and OIC Ministerial Meeting, bilateral meetings with high level UN representatives and other officials. Now we are preparing to attend the upcoming 60th Session of the UN General Assembly to be held during second half of September 2005.

167. Upon the invitation of the Asian Development Bank (ADB), I attended the 3rd Ministerial Conference of Central Asian Regional Economic Cooperation (CAREC) held on 31 October – 1 November 2004 in Astana, Kazakhstan. The participants of the conference discussed the common high priority issues related to transport, trade and energy as well as matters of interaction with other international and regional institutions. On the sideline of this conference, I was able to hold bilateral meeting with the ADB President. The President agreed that there is a similarity of ECO and CAREC objectives. The ADB President assigned Director General of ADB East and Central Asia Department to identify the possible fields of bilateral cooperation. We have prepared a comprehensive working paper consisting of proposals in transit trade, establishment of regional transit system, capacity building of customs organizations of ECO Member States and new and renewable sources of energy, which was sent to ADB. The proposals were welcomed by the ADB. Now the relevant directorates of the ECO Secretariat are working on these proposals.

168. Moreover, an MOU with ASEAN is in the final stage of agreement and will be endorsed in near future whereas another two MOUs with the Asian-African Legal Consultative Organization (AALCO) and the Islamic Chamber of Commerce (ICCI) are under consideration.

(a) ECO Specialized Agencies and Regional Institutions

169. According to the decision of the 11th Council of Ministers, the Presidents/Chairmen of the operational ECO Institutions/Specialized Agencies will present their annual reports on their performance, challenges, and recommendations to the COM. The 14th Meeting of the COM called upon the ECO's Specialized Agencies and Regional Institutions to take necessary actions to promote their performances. However, brief information on following institutions/agencies is given below:

i. ECO Cultural Institute (ECI)

170. The Charter of the ECO Cultural Institute was signed during meeting of the Council of Ministers in 1995 by Afghanistan (ratified), Azerbaijan, Iran (ratified), Kazakhstan, Pakistan (ratified), Tajikistan (ratified), Turkey, and Turkmenistan. The Cultural Institute is carrying out its responsibilities in various cultural activities according to its 3-Years' Plan (2004-2006) prepared in the light of the aims and objectives as enshrined in its Charter. It coordinates cultural exchange programmes, such as visits of academicians, scholars, artists, and students. ECI conducts various scientific seminars, and lectures. The 1st Preparatory Experts' Meeting for 3rd meeting of Board of Trustees (BOT) will be hosted by ECI in August 2005 in Tehran. The subject meeting is being organized for the following objectives:

- a. To develop understanding among the experts of the Member States in the three main areas of
 - (i) arts and crafts
 - (ii) communication and media,
 - (iii) sports, as delineated in ECI's approved 3 year plan.
- b. Committee of experts will discuss and present final plan of action, to be considered and be approved later by the 3rd BOT Meeting in Islamabad.

171. The cost of room and board, local transportation, international traveling to and from Iran, for three experts per country will be borne by the ECO Cultural Institute.

ii. ECO College of Insurance

172. The ECO College of Insurance Tehran, affiliated with the Allameh Tabatabaee University of the I.R. of Iran would launch a new Degree programme i.e. M.A. Area Studies (ECO Region) in September 2005. The Ministry of Science Research and Technology of the Islamic Republic of Iran has offered postgraduate scholarships for the Member States.

173. The 15th Meeting of the ECO Regional Planning Council approved holding of Workshop on e-commerce education for Small & Medium Enterprises (SMEs) in 2005. The workshop would be held on 7-9 November 2005 in the ECO Secretariat in collaboration with the Ministry of Industries & Mines of the I.R. of Iran and ECO College of Insurance.

174. As per the recommendations of the Eminent Persons Group (EPG) and decision of the 15th RPC meeting, we have convened a Working Group composed of representatives of member states and ECO College of Insurance on September 12, 2005 at the ECO Secretariat to facilitate the transition of the ECO College of Insurance to ECO College of Management.

175. The said Working Group discussed the draft text of Statute of the ECO College of Management including its main activities, legal status, organs, and financial sources, etc. prepared by the ECO College of Insurance. The Working Group will meet again on October 9, 2005 at the ECO Secretariat in order to continue discussions in this regard. The recommendations/outcomes of this Working Group through CPR will be submitted for consideration/approval of the Council of Ministers (COM).

(b) Drug Control Coordination Unit

176. The said Unit was established in July 1999 under the ECO-UNODC Project. The said Project expired on 31 December 2004 and the DCCU has been absorbed in the ECO Secretariat. The 15th RPC appreciated the integration of DCCU into the Secretariat and requested the Member States to provide full support to the Secretariat in order to implement the ECO Plan of Action on Drug Control. The First ECO Interior Ministers Meeting on 18-20 April 2005 in Tehran was postponed due to lack of quorum which was going to be convened to provide guidelines on drug control, combating organized crimes, money laundering, harmonization of legal structure etc.

177. The Project Idea Document for DCCU for a period of three years has been prepared by the UNODC. The two sides held various meetings in this regard and finalized the Draft Project Idea, which has been officially sent to UNODC for onward submission to UNODC, Vienna. An amount of US\$ 983,000 has been foreseen in the new project to strengthen the existing DCCU strategic goals in the field of drug control and other related crimes.

178. With the consent of CPR, an Information Analyst from the Republic of Turkey has been appointed to DCCU on 5th July 2005. The 15th RPC approved holding of HIV/AIDS Preventive Education Workshop. The Member States have been requested inform their willingness to conduct the workshop.

H. Administrative Matters

179. The Administration is one of the most important sections of the Secretariat. It has around 50 percent staff of the Secretariat for the performance of various duties/functions such as translation and interpretation, information technology, conference services, library, public relations, protocol, maintenance of building and documentation centre etc. Due to good performance of Administration Section the effectiveness and efficiency of the Secretariat has improved considerably.

180. Besides the above mentioned main functions, routine and daily affairs, the Administration Section had been given the task of preparation for holding various important meetings of the decision-making organs such as CPR, regular Senior Officials' Meeting (SOM)/COM. For example in the last year, the Administration prepared for more than 24 meetings of the Council of Permanent Representatives (CPR) and related Working Groups.

181. The Administration also made all necessary arrangements for the 15th meeting of the Regional Planning Council (RPC) on February 14-17, 2005, at the ECO Secretariat, which was held on non-hospitality basis. It had also made requisite arrangements for the 1st SOM meeting, which was scheduled to be held at the Secretariat on May 30-31, 2005. However, the meeting could not take place.

182. The Administration Wing also made all necessary arrangements for the following events, which had no host country and were held in the ECO Secretariat. The said meetings have been held from the last COM up to 1st August, 2005:

1. 15th Fifteenth Meeting of the Regional Planning Council (RPC) of the Economic Cooperation Organization (ECO), 14-17 February 2005.
2. The joint Trilateral Interim Committee meeting on the establishment of ECO Trade & Development Bank and ECO Reinsurance Company, 17th February, 2005.
3. Training Workshop on “Participatory Project Design based on the Logical Framework Approach” jointly organized by the ECO and UNESCAP at the ECO Secretariat in Tehran, 17-21 April 2005.
4. High Level Experts Meeting on ECO Road Map, June 22-23, 2005.
5. Workshop on Regional Energy Trade in the ECO Region, 29–30 June 2005.

183. Since carrying out the upkeep work of the Secretariat building is one of the major responsibilities of the Administration Wing, it accomplished the same in a very satisfactory manner. In order to improve the condition of the building and to create additional space, a new conference room was added to the premises. The conference room provided a great help for the Secretariat in accommodating the meetings of the Review Committees during the 15th RPC and other Working Groups. Furthermore, one room of the Secretariat was partitioned into four rooms to improve the working condition for the staff of the Secretariat.

184. Documentation Center was established in the ECO Secretariat on October 2002. Since the above-mentioned date, all the incoming and outgoing documents are registered in the electronic format and hard copies are kept in the appropriate files. Since the 14th COM, the Documentation Center received approximately 1500 incoming correspondences, and issued approximately 1700 outgoing correspondences. According to filing and registration system of the Documentation Center, the needed documents could be traced easily. The original documents will be kept in the Documentation Center for five years, then they will be sent to the archives section of the Secretariat, which will be established soon.

185. The Administration Wing has been taking wide-range tangible and cohesive steps for the publicity of the Organization and more particularly in the Member States. To achieve the objective in this regard, the ECO website was completely overhauled with a view to provide comprehensive information to the Member States and the common viewers on a variety of subjects related to the Organization and the Member States. The website can be viewed at www.ECOsecretariat.org.

186. The Administration also continues the publication of ECO Bulletin on a quarterly basis. Besides other, it contains information and main features of the events/meetings held after previous edition, forthcoming events, interviews of eminent personalities and experts on the regional economic, cultural, and environmental situation etc.

187. In order to facilitate the access of concerned Divisions/Directorates at the Secretariat and the relevant offices/focal points of the Member States for coordination and exchange of information, the Administration Section prepared and circulated among the Member States a Directory of National Focal Points of the ECO Member States. The Directory has also been pasted on the ECO’s web site. The Assistant Director (Admn) was designated as Officer-in-Charge to look after the work of preparation of the Directory after gathering necessary information from the Member States. The Administration also makes necessary arrangements for celebration of ECO Day on 28th of November every year, and it is planned that all ECO National Focal Points at the Ministries of Foreign Affairs of the Member States to be invited to the Secretariat, in order to give them an opportunity to become more familiar with the Secretariat and its work.

188. For the financial year 2004, the approved Budget amounted to US\$ 2,070,877; the total expenditures came to US\$ 1,974,833.81 and the amount of US\$ 96,043.19 (4.6 percent of the total Budget) has been saved as a surplus that is transferred to the General Reserve Fund. The Audit Board, comprising the Representatives of the Islamic Republic of Iran, Islamic Republic of Pakistan, and Republic of Turkey, visited the ECO Secretariat from April 10-14, 2005 and audited the accounts of the ECO Secretariat for the year 2004. The Audit Report for the year 2004 prepared by the said Board was endorsed by the 102nd CPR with some recommendations for the future financial activity of the ECO Secretariat and submitted the same to the 15th COM meeting for consideration/approval.

189. The total non-payments of the contributions for the period from 1999 to 2004 came to US\$ 852,653.86. However, it should be noticed that in 2004 the amount of the received contributions was US\$ 2,170,954.89, which meet not only the Budget amount for the year 2004 but also part of previously unpaid amount.

190. The 95th CPR held on 19 January 2005 adopted the Budget for the ECO Secretariat for the year 2005 on the amount of US\$ 2,096,501. From January 2005, the Member States have transferred about US\$ 1,972,578. The outstanding contribution is US\$ 976,578.

191. The projected Budget for the year of 2006 will be increased by about 10-15 percent in comparison with the previous year budget in case the salary increments are approved. Moreover, if the new Organization set-up is approved, than it will have some budgetary implications accordingly. For the Special Support Fund the ECO Secretariat annually allocates US\$ 25,000. For the year of 2004, the ECO Secretariat financed travel expenses of 27 participants on six meetings with total amount of US\$ 17,445.72. From January 2005 to July 2005, we have utilized US\$ 11,665 for six meetings.

IV. CONCLUDING REMARKS

192. Twelve years into the expansion of ECO from a trilateral organization into ten Member States that bound together in abiding ties of a common history, faith, and culture. We have it in our power to promote multidimensional regional cooperation and to create conditions for sustainable socio-economic growth and development. We can further promote regional trade, economic liberalization, and privatization and develop appropriate transport and communications infrastructures. We can increase mobilization and utilization of the region's material resources. We can effectively use agricultural and industrial potentials as well as regional solicitude for drug control and environmental protection. In addition, we can establish an institutional structure with real projects assisted by collectively implementable action plans to enable the ECO to achieve these noble goals. If we act together, we can make the region to play its full role in the globalization process striding for maximizing its benefits and minimizing the associated risks. It is vital to pass on to our people a brighter inheritance than that bequeathed to any previous generation for attaining long-term stability of the region.

193. With this purpose in mind, all the conditions are in place for us to do so. In a world of interdependence and interconnected threats and challenges, the spirit of common interest, if properly perceived, should bind all ECO Member States together in this cause, as should the impulses of our common goals. Our region has the rich human and natural resources as well as deep-rooted historical and cultural affinities to enhance regional cooperation, economic growth, and prosperity, if only those resources can be unleashed to improve the quality of life of the peoples of this region. And a desire exists to make the most far reaching programmes in the history of the ECO so as to equip and resource it to help advance this twenty-first century agenda.

194. After a period of progress in regional cooperation and taking into account the opportunities and challenges of the globalization process, the rapid social, economic, political and technological developments in the world and the prospects in the decades ahead which need to be addressed adequately through a common and collective approach, there is a yearning among Member States to adopt a Vision for ECO. However, we have yet to go a long way to realize, in full, economic integration and prosperity in the ECO region. This is a goal worth pursuing with single-minded determination.

195. The years ahead present desirable opportunities to move decisively in this direction. On the auspicious occasion of the 15th Council of Ministers meeting, the Member States will come together in Astana to review progress of ECO and to give high level countenance to the goals and objectives that have been set for our organization. Moreover, adoption of "ECO Vision 2015" by the Council of Ministers as a Basic Reference Document of ECO will provide the highest-level policy guidelines, which will enlighten the future course of action of the ECO to bring this organization in conformity with the role that it should play as a dynamic regional organization capable of leading its Member States.

196. The Member States have a central role to play in ensuring that the Organization's mandates stay current. Despite its achievements, ECO has a long way to go before it can be developed as an effective instrument of regional cooperation. We need to focus on the vastness of this challenge. Strong political will, accompanied by supportive actions for ECO will be reflected in extending practical support to early ratification of various agreements, conventions, and MOUs and establishment of various ECO institutions such as ECO Trade and Development Bank, ECO Science Foundation, ECO Reinsurance Company, can alone yield the desired results. At this instance, I would like state that ECO projects/programmes older than five years should be reviewed in order to

see whether the activities concerned are still genuinely needed or whether the resources assigned to them can be reallocated in response to new and emerging challenges. Non-ratification and/or non-implementation of ECO projects/programmes have slowed down the pace of economic integration within the region. Since my assumption of the post of the Secretary General, I have asked my Directing Staff to shift priorities from mere exchange of information to critical appraisal of the ECO work plan.

197. Before I conclude, I would like to reiterate that if today we do not push strongly for deeper regional cooperation, the integration achieved so far is not likely to prosper. Therefore, it is my sincere hope that the unstinted cooperation that we receive from the Member States would also be continuing in the days to come in order to avoid this and promote ECO's economic planning and development strategies.

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