

The 8th Council of Ministers

Report of ECO Secretary General for the year 97-98

(*Almaty, 9 May , 1998*)

Annex-IV

*MR. CHAIRMAN,
HONOURABLE MINISTERS,
DISTRINGUISHED DELEGATES*

First of all, let me extend to you, Mr. Chairman, my congratulations and those of my staff in the Secretariat, on your assumption of the Chairmanship of the Council of Ministers. Knowing you as we do, we are confident that with your wisdom and skills, our Conference will reach a successful conclusion. We are also sure to benefit from your able guidance in your capacity as the Chairman of this Council over the next twelve months. I wish to convey my profound gratitude to the Government of the Republic of Kazakhstan for the gracious hospitality extended to us from the moment of our arrival in this beautiful country and for the excellent arrangements made for the smooth conduct of our three event business i.e. the Senior Officials Meeting prior to this Session and the Summit following this Meeting.

We owe our special thanks to the outgoing Chairman, H.E. Dr. Kamal Kharrazi, the distinguished Foreign Minister of the Islamic Republic of Iran who assumed the Chair of this Council following his assignment to the high office of the Foreign Minister in August last year. It was during his tenure that the Secretariat shifted to a beautifully located and befitting building in the north of Tehran for which we in the Secretariat are thankful to the Iranian Government. From this year, we have started to hold the important Regional Planning council Meeting and numerous other meetings within the Secretariat premises.

The meeting of the Council of Ministers, to be followed by the Summit is a significant occasion as it is the last high level ECO event in this beautiful city before the Capital is shifted to Akmola, now renamed ASTANA. May I take this opportunity to felicitate the Honourable President and the people of the Republic of Kazakhstan on this auspicious occasion? We will cherish Almaty as the Second Host City after Ashgabat among the Central Asian States to hold the ECO Summit and the COM Meeting.

The last one year has been of intense activity for our Organization. ECO witnessed the culmination of its new organizational and functional set up with the addition of two more Directorates of Economic Research and Statistics and Project Research. Induction of professional staff in the revised set up has given added impetus to the formulation and implementation of our agreed programs. The Organization's priority programs in the fields of Transport and Communications and Energy got a great boost at the Extraordinary Summit held in Ashgabat in May last year on the initiative of His Excellency President Saparmurat Niyazov. I feel honoured to inform this august body that substantial action has already started in the aforementioned priority areas in terms of identification and preliminary studies of the important projects the details of which are contained in this year's Regional Planning council meeting report which is

placed on Your Excellencies' Agenda for kind approval. In my Annual Report for the year 1997-98, I will brief the esteemed Council on three aspects i.e. i) Ongoing activities and future projects, ii) External relations, and iii) Matters pertaining to the Restructuring & Reorganization. In the end of this Report, I wish to submit certain observations and suggestions for better and more efficient functioning of the Organization for your kind consideration.

PART-I

ONGOING ACTIVITIES AND FUTURE PROJECTS

5. Since detailed progress in sectoral activities has already been provided in the Report of the Regional Planning Council, I would limit this part of my Report to the salient ongoing activities and future projects in various sectors.

TRANSPORT & COMMUNICATIONS

6. Following the Ashgabat Summit Declaration last year, this sector witnessed noticeable progress in its various spheres. The holding of Second Ministerial Meeting on Transport and communications was a concrete and timely push to the Summit recommendations. The recent RPC Meeting has strongly endorsed their recommendations which inter alia, include the adoption of a Programme of Action for ECO Decade of Transport and communications (1998-2007) including the Plan for the Development of Telecommunications and Postal links in the ECO Region, setting up of a Permanent Commission on Transport and Communications to be located in Ashgabat, recommendation to bring ECO Road Network in line with the international standards, preparation of Directory of ECO Road Network and holding of regular Ministerial meetings every two years etc. Pakistan has offered to host the 3rd Ministerial meeting on Transport and Communications in the year 2000 at Islamabad. I feel honoured to inform that the ECO Road and Railways Network maps have been prepared and would soon be published.

7. Following Ministerial Meeting's recommendation, a High Level Experts Group (HLEG) was convened in Islamabad on 2-5 April, 1998 to consider the draft Transit Transport Framework Agreement (TTFA). To expedite their work, the HLEG has held its second meeting on the sidelines of the Senior Officials Meeting.

8. Another development was the inter-agency consultative meeting on ECO/IDB/ESCAP/UNCTAD Joint Project on International Transport Development in the ECO Region held in Bangkok in October 1997. The meeting discussed the Project which particularly focuses on Central Asia and Azerbaijan and is proposed to be completed with the expected financial assistance from the IDB by the year 1999.

9. In the field of telecommunications, the Tenth meeting of the Directors-General Telecommunications was held in Islamabad on November 24-25, 1997 which considered the progress in regional telecommunication activities and in particular the implementation of TAEFOS Project. As recommended by the RPC, this Council may

urge the new Member States to consider their accession to South West Asia Postal Union (SWAPU) and to attend, as a first step, the forthcoming annual meeting of this Union to be held in Tehran next month.

10. It is a matter of satisfaction to report that the ECO shipping Company which started to function with leased ships since March 1996 now possesses three vessels of its own navigating in the Persian Gulf, Indian Ocean, the Far East and the Caspian Sea. These operations yielded approximately 3.6 million US dollars in revenue in the year 1997. For the current year, the Company is planning to purchase two Ocean-going ships for the Far East region and three medium size ships for the Indian Ocean. The deal for the purchase of two tankers to operate in the Caspian Sea is already under negotiation. We are grateful to the IDB who have offered to extend leasing facilities to the ECO Shipping Company for which necessary documents have already been forwarded to them by the Iranian authorities.

TRADE & INVESTMENT

11. Two Agreements namely ECO Transit Trade Agreement and the Agreement on simplification of Visa Procedures for businessmen in the Eco Region entered into force in late 1997 and early 1998 respectively. It is now the duty of the Member States to prepare their own maps of land routes, railways routes, ports and designate border Customs Units to be used in cargo movements. The Council may urge the Member States who have not ratified these Agreements to expedite the process. It may also recommend the non-signatory Member States to consider their accession to these important trade related Agreements.

12. The Fourth meeting of the Custom's Heads of Member Countries held in Almaty in September 1997 has produced an important "Memorandum of Understanding on Cooperation against Smuggling and Customs Frauds" which the Council may sign during the current session.

13. The General Assembly of the ECO Chamber of Commerce & Industry (CCI) has met twice in Ankara and Karachi in August and December 1997 respectively. I would urge the remaining member states (i.e. Turkmenistan and Uzbekistan) whose national chambers have not sought affiliation to the ECO Chamber to join the ECO-CCI.

14. It would not be out of context to report to this Council the lack of tangible progress during the period under report, on two important regional institutions namely ECO Trade and Development Bank and ECO Reinsurance Company. It goes without saying that their early establishment will stimulate and augment many other ongoing ECO activities and programs related to trade and investment. A Status Report on the Regional Institutions whose Agreements were signed during the Third ECO Summit in Islamabad in March 1995, has already been circulated to the Member States. The same is submitted again in the Working Papers for the Eighth COM Meeting. The Secretary General would like to remind once more that the ratification formalities related to the

Agreement on Trade & Development Bank are still not completed. So far, only Pakistan has accomplished the required ratification process. On the other hand, the decline in the volume of transactions of ECO Reinsurance Pool is a matter of concern. The CPR seized of this issue, has invited the relevant authorities in Pakistan to extend full support to facilitate and enhance the activities of the ECO Reinsurance Pool and also requested other members of the Pool to do the same.

15. A Seminar on WTO Regulations was held in Istanbul in September 1997. Since five of the ECO Member Countries are in the process of accession/applications, a second Workshop of Accession Procedures and related negotiations with WTO, in any member country wishing to host the same would be a welcome event.

16. I may draw the Council's attention to another important ECO event which was scheduled for the past year but was postponed due to lack of quorum i.e. High-Level Experts Group Meeting on "Tariffs and Non-Tariff Trade barriers in the ECO Region" This event is now planned, thanks to the Iranian offer of hospitality, for August 1998 in Tehran. Let us ensure our experts' participation in this highly important meeting which would bring us a step further in direction of elimination of trade barriers in our region, as stipulated in the Treaty of Izmir.

ENERGY, MINERALS AND ENVIRONMENT

17. Energy was another priority area identified in the Economic Cooperation Strategy and re-emphasized in the Ashgabat Declaration of 1997. Following a review meeting on issues related to the Energy, Minerals and Environment held in the Secretariat last September, a strategy was defined to proceed in these fields. Accordingly, the First Ad-hoc Committee meeting on ECO Oil & Gas Pipeline Routes was held in Ashgabat on November 10-11, 1997 followed by a meeting of a High-Level Experts Task Group (HLETG) held in February this year. This group has started its work in two phases i.e. receipt of current supply and demand assessment in the ECO region (Phase-I) and Feasibility Study on approved pipeline routes/projects as envisaged in the Ashgabat Declaration (Phase-II)

18. In line with the Ashgabat Declaration which calls for profitable projects envisaging oil & gas exploration, development and transportation, the First meeting for establishing the ECO Drilling Company (EDC) was held in Ahwaz (Iran) last month. The Report of this meeting has been adopted by the RPC which has welcomed the idea. Pakistan has offered to host the Second Meeting of the Chief Executives of National/Private Drillings Companies of ECO Member States in Karachi in September this year for further consideration of this issue.

19. The First Ad-hoc Committee Meeting on Power which was held in Ashgabat in November 1997, set up a Specialized Experts Task Group (SETG). This group is proposed to be convened in September 1998 to study a report presently under preparation by the Turkish authorities regarding analysis and proposed integration of Power Systems of the Member States.

20 .minerals Sector, introduced in the revised functional set up of our Organization requires due cooperation from the Member States. The Secretariat has prepared a detailed Working Paper on this subject which has been reviewed by the RPC. A Round Table Conference (RTC) on Investment Promotion for the Mining Industry in the ECO Region in collaboration with UN ESCAP is envisaged in this year's Calendar of Events.

21. A successful Workshop on Urban Air Pollution was held in Ankara in December 1997. In line with para 26 of the Istanbul Declaration, a Plan of Action for Eco Region's Environment was prepared at the conclusion of the Workshop which was circulated among the Member States early this year. This Action Plan has now been adopted by the RPC. The Member States may cooperate in promoting the awareness about the environmental issues in the ECO region and harmonizing environmental rules/regulations and legislation.

AGRICULTURE & INDUSTRY

22. Despite the fact that the agriculture is a vital sector in our region's economies, due attention, however, could not be paid to this important field in the context of ECO. Last year, out of 8 planned activities in this field, only one did occur. However, this year seems promising in terms of identification of studies/seminars and offers of hosting them by some Member States. Included among this year's activities is a Regional Survey to determine the Exportable Surpluses and Deficits necessitating imports of Agricultural Commodities and Seminar on Food Security in the ECO Region in collaboration with FAO with whom the ECO has signed a Memorandum of Understanding in December 1997.

23. Industry is another field which has considerable scope for regional cooperation. In this regard, Member States may consider the need for early finalization of Regional Treaty for Promotion and Protection of Investment among the ECO Member States. Member States may also be requested to furnish their focal points in Research and Development (R&D). Exchange of information regarding incentives and concessions offered by the Member States is another way of increasing regional cooperation in this field. During my visit to UNIDO Headquarters in Vienna in March this year, UNIDO offered technical support for sponsoring a Conference on Investment Promotion Measures in the ECO Region.

PART- II

EXTERNAL RELATIONS

24. The past twelve months have witnessed additional efforts to establish, consolidate and expand ECO's relations with other regional and international organizations.

25. First of All, I would touch upon the UN General Assembly Session held in New York in the fall of 1997 where ECO holds an observe status since 1993. The Fifty-

second General Assembly Session was meaningful for ECO in many ways. Firstly, the General Assembly considered and adopted for the third consecutive year, a resolution on enhancing the cooperation between the UN and the ECO. The resolution – comprehensive and strongest so far, notes with satisfaction, the emphasis placed in last year's Ashgabat Summit Declaration on priority areas of Transport and Communications and Energy. An important development in this year's resolution is its para 6 which invites the relevant international financial institutions to extend their assistance in the implementation of ECO's programs and in particular, to the establishment of a comprehensive transport and communications infrastructure that would provide the landlocked countries with greater mobility to promote inter-regional trade and commercial and economic interaction with the outside world.

26. Secondly, the Secretary General addressed the General Assembly Session from the rostrum. This was an opportune time to brief the world body on our Organization's aims, objectives and the progress it has made so far in a very little time period. Secretary General's address contributed in adding significantly to our Organization's stature at the UN.

27. Thirdly, the Secretary General met with the UN Secretary General Mr. Kofi Annan on November 2, 1997. This was the same day the General Assembly adopted the ECO UN Resolution.

28. The UN annual event also provided an opportunity, as usual, for a joint Meeting for ECO-ASEAN Foreign Ministers in New York. The third ECO-ASEAN Ministerial Meeting held on October 3, 1997 was attended by Singapore's Foreign Minister, Professor S. Jayakumar, Iranian Foreign Minister, Dr. Kamal Kharrazi, Kazakh Foreign Minister, Mr. Kassymgomart Tokaev, Representatives of other ECO Member States, the Secretary General of ECO and the Representatives of ASEAN Secretariat. The Meeting expressed satisfaction with the recent evolution of cooperation between the two organizations, particularly with the fruitful results of the first visit of the ECO delegation of senior officials to the ASEAN region. The ECO delegation comprising of representatives of Kazakhstan, Turkmenistan and ECO Secretariat visited the ASEAN Headquarters in Jakarta in September, 1997. The focus of the visit was investment and trade promotion between member states of ECO and ASEAN and the two Organizations informed each other on the initiatives taken in those fields. Another outcome of the New York meeting between ECO and ASEAN was the ASEAN proposal to hold a seminar on International Trade for ECO and ASEAN member states in 1998.

29. Equally auspicious for projections of ECO's image was the occasion and the venue of the 8th OIC Summit held in Tehran on December 9-11, 1997. Amid the galaxy of Islamic World's leaders, the Secretary General was again provided with an opportunity, to address the inaugural session of the august audience and brief them on ECO and its activities particularly during the past five years to promote regional cooperation and in establishing mutually beneficial inter-regional contacts. The Summit unanimously adopted a resolution on cooperation between OIC and ECO. The resolution, inter alia, "urges the specialized agencies and other affiliated organizations

and programs of the OIC system to continue their advisory services and technical assistance to the ECO and its associated institutions in the attainment of their objectives". Already linked with OIC through an MOU since 1994, the latest resolution was a significant boost for our organization in consolidating and strengthening its ties with the OIC and its affiliated institutions.

30. The Secretary General also had the honour to represent ECO at the 25th ICFM Session held in Doha (Qatar) on March 15-19, 1998.

31. The Secretary General's visit to IDB Headquarters in Jeddah in July 1997 was also productive. IDB, which has in the past, lent the ECO its experts and co-sponsored a seminar on "Trade and Investment in the ECO Region", was very receptive to the idea of establishing a data-base in the ECO Secretariat. They have now approved to finance a team of experts from the OIC's Statistical, Economic and Social Research and Training Center (SESTRIC) in Ankara to help establish the same. His Excellency Dr. Ahmed Mohamad Ali, the President of the Bank reaffirmed their readiness to support other the ECO programs particularly in the fields of investment, trade liberalization and infrastructure development.

32. Mr. James Gustave Speth, Chief Administrator of UNDP and Coordinator of UN Agencies visited the Secretariat on 31 August, 1997. During the meeting, Secretary General conveyed to him the approval of ECO for the project document titled "Support to ECO Member Countries in Trade Efficiency and Economic Cooperation' to be executed by UNCTAD. Subsequently, the Secretary General's presence in New York during the fall 1997 provided an opportunity to sign this document with UNDP's Regional Administrator Mr. Rafiuddin Ahmad. As a follow up, a Joint ECO/UNCTAD Mission to Turkmenistan, Uzbekistan and Kazakhstan was carried out on March 4-14, 1998, in order to explore the opportunities for cooperation in the fields of trade efficiency, trade and transport facilitation and reforms and modernization of customs procedures among the Member States. The next such Mission to Azerbaijan, Kyrgyzstan and Tajikistan is expected to proceed next month (June) in order to have a complete picture of the Project Proposal and subsequent formulation of a Program of Assistance by the UNDP for financing and implementing the Project.

33. UNDP Senior Consultant Mr. Ragaa Makharita has prepared a Project Document titled "Capacity Building of the ECO Secretariat. The Secretary General has been mandated by the CPR, within the parameters set by the Council, to negotiate with the UNDP for implementing the operational part of the Project which will involve UNDP's assistance for operation of the new Directorates of Economic Research and Statistics and Project Research and provision of training facilities, computers and other office equipment to enhance the efficiency of the Secretariat.

34. UNDP also funded a "Study on Economies and Resource Complementarities of the ECO Member States" prepared by their Consultant Mr. Bekele Endeshaw in October 1997. this exhaustive study stretched over eight chapters assess existing and

potential prospects for a closer economic relationship especially in Energy, Trade and Investment fields among the ECO Member Countries.

35. Another important development in promoting ECO's image globally has been the preparation of a 'Guide Book', by Ambassador Ahmad Kamal, under a UNDP/UNITAR project proposed by UNDP and endorsed by the CPR.

36. The UNDP Silk Road Regional Cooperation Project involving Xinjiang province of China and some ECO Member Countries may be placed under the umbrella of ECO. The CPR while welcoming the suggestion requested the Secretariat to furnish more details on the scope and objectives of the Project for further consideration.

37. The Secretary General's multi-purpose visit to Vienna in early March, 1998 was great step forward in ECO's march towards fruitful cooperation with some important organizations such as UNIDO, OPEC, OPEC Fund and UNDCP.

38. The Secretary General met with Director General UNIDO in Vienna. The meeting was the first formal contact between the Heads of ECO and UNIDO after the signing of the Relationship Agreement between the two organizations four years ago. UNIDO offered all possible support in the form of training facilities, technical data and information to the Eco Secretariat. Following the visit, UNIDO has proposed two Industrial projects for the ECO Region namely: Program for Technology Capacity Building in the ECO Member States, and Regional Investment Program for ECO Member Countries.

39. The Secretary General also called on the Director General OPEC Fund, Dr. Y. Seyydi Abdulai on March 2, 1998. Dr. Abdulai was briefed about ECO's revised structure and activities. In return, he informed that OPEC fund did not allow financing of projects of its member countries and of such countries having per capita income of US\$1200 or more. Accordingly, at present only four ECO Member States viz; Afghanistan, Pakistan, Kyrgyzstan and Tajikistan are eligible for OPEC funding.

40. In a separate meeting with Secretary General OPEC, the latter offered short-term training facilities for ECO officials who will handle the ECO data-base. He also offered to provide technical data and information available in the OPEC's Data Services Department.

41. The Secretary General also called on Mr. Pino Arlacchi, the Executive Director UNDCP in his office. The two Organizational Heads signed the UNDCP Project for establishing a Drug Control Coordination Unit (DCCU) in the ECO Secretariat.

42. The third consultative meeting of the Heads of Sub-regional Organizations of Asia and ESCAP was organized in Tehran on May 18-19, 1997. Among others it was attended by the Executive Secretary of ESCAP, Secretaries General of ECO-ASEAN, SAARC and South-PACIFIC forum. His Excellency Dr. Ali Akbar Velayati, the then Iranian Foreign Minister inaugurated the meeting. ESCAP as initiator and coordinator

for the meeting had prepared the background papers of the meeting. The Secretariat will also participate in the Fourth consultative meeting of the Sub-regional Organizations of Asia scheduled to be held in Katmandu in October this year.

43. FAO Director General H.E. Dr. Jacques Diouf who was visiting Iran to attend in the 8th OIC Summit signed with ECO Secretary General a Memorandum of Understanding on cooperation between the two organizations on December 8, 1997 in Tehran. The cooperation with FAO is expected to be enhanced with the Working Visit of the Secretary General to FAO Headquarters in Rome this year.

44. In view of the growing trend towards greater inter-regional cooperation, ECO has also explored the possibility of mutually beneficial cooperation with important trading and financial institutions such as European Bank for Reconstruction and Development (EBRD), Asian Development Bank (ADB) and Asian Clearing Union (ACU). Similarly, our organization has been approached by various other regional organizations such as Economic community of Western African States (ECOWAS), Southern African Development community (SADC) and Un Economic and Social Commission for Western Asia (ESCWA) expressing their interest to establish cooperative relationship.

45. In last year along, ECO has achieved considerable attention from the international community. The Secretary General and his staff has spared no efforts in building and promoting the ECO's image and stature both within the outside the region. Of course, they are joined in this task by matching efforts and strong resolve on the part of ECO Member States. Looking ahead to the dawn of a new millennium, ECO is poised to take its rightful place as a major regional organization in the international arena.

PART –III

MATTERS PERTAINING TO RESTRUCURING & REORGANIZATION

46. This part of the Report is prepared in compliance with para 21 of the Implementation Plan on Reorganization and Restructuring of ECO approved during the Extraordinary COM Meeting held in Izmir in September 1996.

Implementation of Legal Documents:

47. The provisional implementation of the revised Treaty of Izmir, Agreement on Legal Status of ECO, and the Host Country Agreement has started with effect from January 1, 1997 with the exception of Article-XI of the Treat of Izmir (regarding Financial Regulations) on which the interim arrangements are being followed.

48. So far, Islamic Republic of Iran and Islamic Republic of Iran and Islamic Republic of Pakistan have ratified the revised Treaty of Izmir. The former has also ratified the Agreement on Legal Status of ECO.

Implementation of Functional Documents

49. The following Basic Documents have also come into force with effect from January 1, 1997:

-  Rules of Procedure;
-  Functional Methodology;
-  Economic Cooperation Strategy for the Eco Region;

Implementation of Administration Documents:

50. The Staff and Financial Regulations of the ECO Secretariat have come into force with effect from 1st January, 1997. The implementation of salary scales of the Staff Regulations related to Category-III Staff has also come into force since then. However, some amendments related to Staff and Financial Regulations were approved during the Seventh Meeting of ECO Council of Ministers in April 1997 and Extraordinary Meeting of ECO Council of Ministers in December 1997.

Accreditation of Permanent Representatives:

51. The organizational structure of ECO as approved by the Council of Ministers is now being adhered to by all the relevant organs with effect from January 1997. The ECO Member States have almost completed arrangements to accredit their Permanent Representatives/Ambassadors to ECO. Representatives of eight Member States have formally presented their credentials to the Secretary General. The Council of Permanent Representatives (CPR) is meeting regularly and has, so far, held 21 Meetings during the past 16 months.

Changes within the Secretariat Structure:

52. The Organizational Set-up of the ECO Secretariat has almost been completed during the period under report. The newly established Directorate of Economic Research and Statistics became functional since February this year. The Director responsible for Project Research has already been appointed and will assume his duties with effect from 1st June 1998.

Interim Measures

53. As it would be recalled, the Secretary General had proposed some interim measures regarding the organizational set-up and these proposals were approved during the 7th Meeting of COM. May I request the Council that the interim arrangements regarding the fields of responsibility of the two Deputy Secretaries General and combination of the posts of Conference Services Assistant and the Public Relations Assistant are retained for current year also.

Recruitment of Personnel:

54. With regard to the staff strength approved by the Council of Ministers, all the necessary steps have been taken to recruit fresh staff and to integrate the existing personnel in accordance with the relevant provisions of the Staff Regulations. By July

1998, all the vacant posts will have been filled in the Secretariat. However, the interim arrangements proposed by Secretary General and approved by 7th Meeting of COM regarding the recruitment of some staff members may be continued during the current year. The Secretariat may be authorized to recruit remaining five Program Officers during the next year.

ECO Scale of Assessments:

55. An interim arrangement regarding financial provisions for the Secretariat Budget upto the year 2000 had been decided by the Council of Ministers in May 1996. The Working Group established in pursuance of the relevant decision of the Extraordinary COM meeting held in Izmir in September 1996, entrusted to work out the new Scale of Assessment for the contributions to the Secretariat's budget held four meetings and submitted the outcome of its deliberations to the Council of Permanent Representatives. The CPR in its meeting held on 13 April 1998 decided to request the Member States to seek fresh instructions from their respective capitals to finalize the issue.

Observer and Dialogue Partnership Status:

56. A document titled "Modalities, Scope and Conditions for Observer Status and Dialogue Partnership" drawn up by a Working Group was considered by the CPR which decided to study/review the document in detail particularly from the legal point of view.

Observations & Suggestions

57. Before conclusion, I would like to submit to the esteemed Council certain observations along with suggestions related to the smooth and efficient functioning of the Organization in general and the Secretariat in particular.

I) Council of Ministers' Regular Meeting on the sidelines of the UNGA session.

As is known, council of Ministers meets every year in New York on the sidelines of the United Nations General assembly session. Although, this meeting has regular character, it is regarded as an informal gathering providing an opportunity to the Honourable Foreign Minister of the Member States to exchange views. A formal character may be given to this meeting, whenever required, to enable the Ministers to take decisions on certain pending issues such as entry into force of an urgent amendments in the regulations and / or arrangements regarding the administrative matters. This would obviate the need to wait for the annual session of the Council in matters requiring urgent action.

II) General Reserve Fund.

As provided in Article 10 of Financial Regulations, credits shall be available for commitment only during the financial year to which they relate. The balance so available shall be transferred to a General Reserve Fund. Expenditure from this Fund in subsequent years shall only be

incurred with specific authorization of the Council of Ministers. There is no mention in the Regulations as for which specific areas this fund can be utilized. The authorization to utilize this fund may be given to the CPR so that the requests of Secretariat in this respect could be timely considered by this body on behalf of the COM on case by cases basis.

III) Recruitment Policy.

According to the Staff Regulations, appointments to Category (Except Deputy Secretaries General) and Category-II posts shall be made by the council of Permanent Representatives at the recommendation of the Secretary General. In accordance with the amended Article 6.7 of these Regulations, a 5-member Panel has been established to assist the Secretary General. Although Articles 6.4 and 6.5 of the Staff Regulations provide for the recommendatory function of the Secretary general, this has an ambiguous character since it is not in harmony with Article 6.7 which stipulates that the recommendations of the Panel shall be submitted to the Council of Permanent Representatives for decision. In practice however, recommendations are not made by the Secretary General but exclusively by the Panel. Of course, the Secretary General may submit his recommendations separately, but this can at times create rather a conflicting situation. To avoid this kind of undesirable situation, the Secretary General should be given the authority to shortlist candidates for the Panel taking into account the criteria of highest standard of efficiency, competence and integrity as well as equal geographical distribution as laid down in Article 7 of the Staff Regulations. In other words, the panel should make their recommendations exclusively from the nominees short-listed by the Secretary General.

In this context, the Secretary General would like to submit another observation. As the Panel makes, as a matter of a fact, the recommendations to the CPR, this may pave the way for informal arrangements among the concerned Member Countries. Hence, it would be appropriate to leave to the Secretary General, the entire responsibility of selecting nominees at least for Category-II staff. The existing selection procedure for Category-I staff may continue.

There is another equally important issue concerning the selection of nominees and their appointment. The recent practice has show that candidates both for category-I and Category-II are nominated by the Member Governments from the Ministries and governmental departments. No candidature has been forwarded so far from the Universities, Research Centers or autonomous bodies. Eventually, all staff members appointed to directing or professional posts are former government officers, mainly from Ministries of Foreign Affairs. Consequently, these officers most probably will consider their position in the Eco Secretariat as a temporary one having in mind that one day they will return to their previous national departments. Thus, it may not be realistic to expect a thoroughly professional behaviour of international civil service from this staff. The

Secretary General, while submitting these views for consideration of the council, is motivated by the fact that one of the principal aims of the restructuring process was to ensure a new identity and a working environment suitable for an organization of truly international character. The Secretary General should also be authorized to relieve any staff member upto the level of Directors from his posts on the grounds of inefficiency/misconduct. The existing regulations present a very cumbersome procedure to relieve staff members from their duties.

IV) Frequency of CPR Meetings

In accordance with the organizational structure of ECO approved by the Council of Ministers, the Council of Deputies had been re-designated as council of Permanent Representatives (CPR), which is now meeting regularly, as permanent body to exercise supervisory and policy making functions on behalf of the Council of Ministers. The Council of Permanent Representatives held 21 meetings in the past 16 months. In comparison to 41 meetings of the Council of Deputies held in a time period of 11 years, it can be easily judged that the CPR has had a high frequency of meetings. To a great extent, this was necessitated in view of the implementation process of restructuring and associated additional work involving financial and recruitment matters. May I also underline an observation in this regard? It is a well-know fact that every international or regional organization has a supervisory body on the pattern of CPR to oversee the activities of the concerned organization and to exercise the policy making functions, but is also a very well know fact that there should be a balance of authority between the organs which make decisions and the ones which implement them. If this balance outweighs unilaterally, there is always a risk to become stunted. To avoid this kind of risk and to provide the Secretariat an efficient and befitting environment to practice its role, the CPR meetings may be held with reasonable time interval.

V) Postponement of events due to absence/lack of quorum:

Last year out of 38 events/programs 21 were postponed due to lack of quorum. Needless to emphasize that the venue and schedule of approved ECO events be strictly adhered to by the Member States. The Secretariat further wishes to suggest that in order to increase the chance for holding the meetings of ECO and to reduce the possibility of postponement and subsequent cancellation, the quorum for the non-decision making ECO events such as Workshops, Training Programs and Seminars be reduced from 6 to 4. Already three Member States namely Iran, Turkey and Turkmenistan have shown their concurrence to this proposal. If the council agrees with this suggestion, the Secretariat may propose an amendment in the relevant provisions of the ECO rules of Procedure in due course.

VI) Need for better liaison between the Secretariat and the ECO Embassies in Tehran/Respective Ministries in ECO Capitals:

ECO Embassies in Tehran should have, to the extent possible, specialized staff to deal with ECO matters. The same can hold good for respective Ministries of Foreign Affairs in ECO capitals. Presently some member countries have set up separate Departments/Bureaus to deal with the ECO Affairs. The Secretariat is of the opinion that such practice could be adopted by other Member States.

There is a greater need for assigning focal points in concerned Ministries/departments of the member countries for quick contact and speedy interaction especially in matters requiring urgent action. This seems all the more important in view of the establishment of Economic research & Statistics Directorate in the Secretariat and its constant requirement of updated statistical and other information.

VII) Hosting of ECO events in the member countries.

A large number of ECO events are envisaged to be held in ECO member countries. The Secretariat would appreciate a more generous and eager approach from Member States in this regard. I would like to take this opportunity to pay tribute to the Government of Republic of Turkmenistan for their voluntary approach in hosting a great number of ECO events during the period under report.

VIII) Boosting of high level commitment in priority areas of ECO:

An effective way to speed up initiation/follow up of ECO programs is to organize periodic ministerial meetings. Following points are submitted in this regard for consideration.

A) As laid down in Article-VI of the Treaty of Izmir, the COM may, if deemed necessary, propose the convening of meetings of other Ministers in the formulation of plans and projects in their respective fields through sectoral or joint ministerial meetings.

B) Eco rules of Procedure also provide the convening of meetings of other ministers by the Council of Ministers for the formulation and recommendation of plans and projects in their respective fields as contained in CH-1, Article-2.

C) In their Second Meeting in Ashgabat in March this year, ECO Transport and Communications Ministers realizing the efficacy of such gathering, have decided to meet regularly every two years.

D) Already there exists the precedent of a successful ECO Ministerial Meeting in the field of Health held in Tehran in January, 1994

E) There is a prevalence of periodic ministerial meetings in specific economic spheres in many regional organizations such as the ASEAN, the SAARC, southern African

Development community (SADC) etc. The Secretariat is of the opinion that similar practice could be followed in ECO's other priority areas such as Energy, Trade, Agriculture and Industry to boost the regional cooperation and carry forward ECO's relevant programs in these fields.

IX) Provision of Modern Communication/Office Equipment

The Secretariat is in dire need of contemporary communication Equipment such as Computers, Internet-E-mail Line, and an appropriate Library and Documentation Center to perform its work efficiently.

58. I would like to conclude my Report by wishing the Excellencies every success in their today's deliberations. It is my firm belief that with your able guidance and continuous support we will keep and expand the achievement of positive results for the socio-economic welfare and infrastructural betterment of our richly endowed region.

I thank you all.