

The 13th RPC Meeting

Report of Secretary General on the ECO Activities

(Tehran, 20-22 April, 2003)

Annex-V

Preamble

1. The 12th meeting of the Regional Planning Council took place on March 4-7, 2002 in Tehran under the chairmanship of Dr. Seyed Mohammad Hossein Adeli, Deputy Minister of Foreign Affairs for Economic Affairs and the Head of the delegation of the Islamic Republic of Iran. Since then many important developments have taken place with regard to the work and programmes of the Organization. Keeping in view these developments, a comprehensive report has been prepared covering all priority sectors. The objective has been to brief the member states on what has been achieved with regard to various decisions of the high level ECO organs and what remains unrealized. The report also makes a mention of the methodology needed to ensure realization of the objectives of the Organization as enshrined in the Treaty of Izmir.

2. The Regional Planning Council is an important ECO platform. It is expected that the meeting would deliberate on the report in addition to the working papers already circulated by the ECO Secretariat. I expect the member states to examine the report carefully, bring out the short comings, both in terms of past decisions and future methodology, so that a meaningful attitude could be adopted to making the Organization more effective in the coming years.

Trade and Investment

- **Objectives:**

3. As per the Treaty of Izmir, the objective of the Organization in the trade sector is to take measures towards progressive removal of trade barriers within the ECO region and expand intra and inter-regional trade, keeping in view the experiences of other regions and global economic trends.

- **Tasks implemented:**

4. Since the objective in this sector, as stated above, is to liberalize trade and expand it regionally, a two-track strategy is being followed in ECO trade cooperation: i. Removal of tariff and non-tariff barriers in the region, thus providing regulatory and enabling environment for trade (top-down activity from governmental to business sector); ii) Increasing the interaction of private sector in various products groups potentially important in the region (bottom-up activity from business to governments)

5. Concerning the first component, a High Level Experts-Group (HLEG) comprising the officials from Ministries of Commerce/Foreign Trade of the member states is presently working on developing a regional trade agreement i.e. ECOTA, for removal of tariff and non-tariff barriers. The HLEG in its 4th meeting held in Almaty (9-10

September, 2002) considered in detail all the articles of the draft ECOTA and concluded that a second draft Agreement be proposed on the basis of recommendations made by the member states for discussion in the next meeting. Moreover, there are some other activities supporting this first component, namely trade facilitation activities such as annual meetings of ECO Heads of Customs Administrations, Trade and Investment Information Networking, WTO Seminars, Training Courses on various customs issues.

6. Among the latter group of activities, Customs Cooperation deserves an important place. The Heads of Customs Administration get together each year under the name of Council of Heads of ECO Customs Administration (CHCA), to review and discuss ongoing cooperation activities. In their 2nd meeting held in Tehran (2 September, 2002) it was decided to establish a Regional Data Bank on Smuggling and Customs Offences, which is to be technically and financially supported by the Turkish Customs Administration. CHCA also deliberated on Afghanistan issue and expressed its readiness to extend all possible assistance in rebuilding Afghanistan Customs Administration, which in turn, undertook to convey its specific needs to the Secretariat at the earliest. The meeting also appreciated the offer of Iran Customs Administration to prepare and publish regular ECO Customs News Letter in order to create awareness about regional customs issues.

7. The second component (bottom-up approach) is rather new in ECO Trade cooperation and it largely revolves around joint ECO/ITC project aimed at holding a series of buyers-sellers meetings in potential product groups for intra-ECO trade. The purpose of this activity is two-fold: First, to bring traders together in specific groups with a view to raising business awareness in the region as well as to provide inputs to HLEG regarding trade impediments for necessary action; second, it is also hoped that the capacity of ECO Chamber of Commerce and Industry would be strengthened.

8. As an important step in implementation of the joint ECO/ITC project, the 1st Buyers and Sellers meeting (BSM) was held in respect of textiles and clothing in Istanbul (October 17-18, 2002) where more than 80 companies from the member states participated to establish business contacts. The 2nd BSM is scheduled to be held on food products in Almaty (March/April, 2003). Moreover, the 1st ECO Business Forum was organized on the sidelines of the 7th ECO Summit and 12th COM meetings. The forum reviewed and discussed trade constraints in the ECO region and communicated the views of the ECO business community in this regard to the governments of the member states. The business representatives also made recommendations for removal of the existing trade barriers.

9. In order to promote investment in the region, the 1st ECO Regional Investment Conference was held on Kish Island (Iran) on February 17-18, 2003. It was participated by the representatives of all member states except Islamic Republic of Pakistan and Turkmenistan. The said conference was also attended by representatives from UNCTAD, UNESCAP, UNIDO, IDB and Kish Free Zone Organization, who made presentations on specific topics.

10. The member states represented in the conference also considered the draft Agreement on Promotion & Protection of Investment among ECO member states (APPI). The Islamic State of Afghanistan and the Kyrgyz Republic offered to host the 2nd ECO Regional Investment Conference in their respective capitals. During the 1st ECO Regional Investment Conference, the member states decided to:

constitute a High Level Experts Group (HLEG) to study and finalize the said draft APPI within a reasonable time frame.

hold the Regional Investment Conferences on a regular basis and on specific themes. "Promotion of Direct Investment in Afghanistan" was adopted as the theme for the 2nd ECO Regional Investment Conference.

- **Tasks which have been planned but could not be implemented due to some difficulties**

11. In this regard, two activities are worth mentioning. The first one is with regard to establishment of Trade & Investment Information Networking in the ECO region. So far, only two seminars to discuss the modalities of the proposed networking system have been held in Tehran (Iran) and Antalya (Turkey) respectively. However, the 3rd Seminar could not so far be held owing to the non-confirmation of the date for holding this Seminar by the host country namely Pakistan. It may be mentioned here that the holding of 3rd Seminar is critical to the establishment of the proposed networking system as it would finalize the plan of action and project document prepared by the ECO Secretariat with the assistance of ITC and UN-ESCAP.

12. The second area which requires immediate attention concerns the ECO Trade Fairs. As you may recall, one of the major objectives for establishing the ECO Chamber of Commerce & Industry (ECO-CCI) was to facilitate the holding of Trade Fairs & Exhibitions aimed at promoting intra-regional trade. However, since 1999, ECO-CCI has not been able to hold any Fair or Exhibition owing to lack of financial resources and institutional support from the member-Chambers.

- **ECO recommendations regarding removal of difficulties**

13. As already stated in the preceding paragraph, the plan of action and project document regarding the establishment of ECO Trade & Investment Information Networking System, needs to be urgently reviewed by the member states. However, in order to do so, the 3rd Seminar on Trade & Investment Information Networking System needs to be convened as soon as possible. In this regard, IR of Pakistan may be requested to organize the said Seminar at an early date.

14. As regards, the question of organizing the Trade Fairs/Exhibitions, it suffices to say that without the active interest, patronage and financial support of all the member-Chambers of ECO-CCI, Trade Fairs & Exhibitions would continue to remain illusive as ever.

- **Sectoral activities with regard to international agencies**

15. It is imperative for the Organization to develop and strengthen relations with the relevant international and regional organizations to secure their technical and financial assistance in realizing the objectives of ECO. These organizations are: UN Agencies (UNCTAD, ESCAP, UNECE, ITC, UNDP), WTO, WCO, World Bank, OIC/IDB and the International Road Union (IRU). In this regard ECO has continued to cooperate and deepen its relations with these organizations. These efforts are reflected in conclusion of a draft MOU between ECO and WCO. After having been unanimously approved by the 73rd CPR, the MOU is likely to be signed during the Secretary General's forthcoming visit to Brussels to attend a donors conference on Afghanistan.

16. ECO Secretariat has also received an invitation from UNESCAP to attend the Regional Round Table on Investment Promotion and Facilitation to be held in Dushanbe, Tajikistan from 2-4 April, 2003. In addition to the above developments ECO has also been identified as a counterpart agency by the International Trade Centre for a project, titled, "Integrating Central Asian member countries into the Multilateral Trading System". In this behalf ECO will be participating in a High Level Regional Symposium/Ministerial Conference scheduled to be held in Tashkent, Uzbekistan in June this year.

17. Among the regional organizations, from which ECO can draw useful lessons of regional cooperation, are EU, ASEAN, BSEC, (Persian) GCC, COMESA, SADC, etc. Apart from these organizations, ECO may also approach some donor institutions and countries such as ADB, Japan (JETRO), Netherlands, Australia, Switzerland, etc. for financing of some ECO projects.

- **Prospects and future course of action**

18. Removal of tariff and non-tariff barriers (NTBs) and thus securing a closer regional economic integration is very important for the region in the long term. However, the short to medium term prospects for this objective are challenging. Governments and private sectors of the most member countries lack the effective institutional and human resource capacities to deal with the complexity of the multiple demands of regional and multilateral trade agreements.

19. Hence, opting for a purely business-oriented trade enhancement methodology and approach for developing intra-regional trade appears to be more viable in the short to medium term. This approach has already been tested successfully within the framework of ECO/ITC Project. It is, therefore, recommended that ECO would organize Buyers and Sellers (BSM) meetings on an ongoing basis on several product groups and gather information on tariff and NTBs on these products groups and then feed them back into the inter-governmental process of regional trade liberalization.

- **Objectives:**

20. In this sector, our objectives were determined by the Treaty of Izmir, Quetta Plan of Action (para 9), Istanbul Declaration (ECO Long-Term Perspectives) and the Almaty Outline Plan for the Development of Transport Sector in the ECO region as well as set forth in the Economic Cooperation Strategy for the ECO region. The foremost objective has been to develop seamless movement of transport not only as a support for trade expansion but also as trade in services throughout the region with expanded links to outside markets.

21. In this regard, efforts were designed to develop new and modern transport and communication infrastructures enabling trucks and rail wagons to travel from one end of the region to the other, in accordance with internationally accepted standards and by routes prescribed by the member states. Keeping in view the paucity of funds, cooperation has been ensured in collaboration with international agencies active in the region for development of infrastructure as well as harmonization of regulatory regime concerning the use of all modes of transportation in the ECO region.

- **Tasks implemented:**

Programme of Action for the ECO Decade of Transport and Communications (1998-2007)

22. The Programme was adopted by the 2nd Ministerial meeting on Transport and Communications on 14 March, 1998 in Ashgabat and endorsed by the 8th COM meeting held in Almaty on 9 May, 1998. Substantive progress has been made with regard to the implementation of this Programme. Since it is very exhaustive in nature and the resources of many countries do not match their aspirations, more time would be needed to ensure its smooth implementation.

23. Nevertheless the 4th ECO Ministerial meeting which was held in Izmir on September 26-27, 2002 expressed satisfaction over the achievements of the Organization in this sector, highlighting the important initiatives undertaken since the 3rd ECO Ministerial meeting.

Launching of a demonstration container train from Almaty to Istanbul via Tashkent and Tehran

24. One of the most spectacular achievement in this priority sector has been the launching of a regular container train on Istanbul-Almaty route since January 20, 2002, in accordance with the decisions of the 5th and 6th meetings of the Heads of ECO Railway Authorities held in Almaty on September 19-21, 2000 and in Baku on October 30-November 1, 2001 respectively as well as of three Special Working Group (SWG) meetings. Unfortunately, there is no container traffic from Almaty to Istanbul due to non-competitive tariff on this route. As a result, the route has not picked up too much traffic.

25. The 4th Ministerial meeting on Transport and Communications (Izmir, September 26-27, 2002) taking into account the important role of container trains in the development of transportation on Trans-Asian Railway route, decided to urge the concerned authorities of the member states to finalize all pending matters including tariffs and to take further necessary actions. The 7th meeting of the Heads of ECO Railway Authorities held in Dushanbe on December 23-25, 2002 recommended the application of US\$ 0.2 per one (20-foot) container-kilometer on Druzhba-Almaty-Tashkent-Turkmenabad-Tehran-Istanbul-Kapykule route with the aim to making this route more attractive for the shippers/consignees.

26. The above meeting requested the ECO Railway Authorities to nominate their representatives to the coordinating unit (Steering Committee) to monitor and ensure the smooth running of container trains on the Trans-Asian Railway main line.

Opening of International Passenger Traffic on Almaty-Tashkent-Turkmenabad-Istanbul route of Trans-Asian Railway main line

27. The MoU among the railway administrations of the Islamic Republic of Iran, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkish Republic, Turkmenistan and Republic of Uzbekistan on the opening of international passenger traffic on Almaty-Tashkent-Turkmenabad-Tehran-Istanbul route of Trans-Asian Railway main line prepared by the Task-Force was signed in Baku on 31 October, 2001 during the 6th meeting of the Heads of ECO Railway Authorities.

28. According to this MoU, the international passenger traffic on Almaty-Tashkent-Turkmenabad-Tehran-Istanbul route would be carried out by two trains, viz, Almaty-Tashkent-Turkmenabad-Tehran international passenger train No.19/20 and Tehran-Istanbul international passenger train, to be connected at Tehran railway station.

29. The international passenger traffic between Tehran and Istanbul was launched on March 13, 2001 and the 1st pilot (technical) run of the international passenger train No.19/20 from Almaty to Tehran and back was inaugurated on March 14-17, 2002 with the participation of officials and experts from the relevant departments of the participating ECO railways and representatives of mass media. Since then, there had been no substantive progress towards actual running of the train. This hiatus, however, has been effectively used to smoothen technical problems blocking improvement of regular operation of the train.

30. The 7th meeting of the Heads of ECO Railway Authorities (Dushanbe, December 23-25, 2002) requested the Iranian, Kazakhstan and Turkmen railway authorities to arrange a meeting of the relevant experts at Mashhad to resolve all the pending issues and prepare jointly instructions for the train crew and the railway station personnel of the Iranian railways to ensure safety of the international passenger train No.19/20 Almaty-Tehran as well as a test run of 1BM standard passenger coach from Sarakhs station to Mashhad. The above meeting concluded that the experiment of launching a passenger

train without facilitating visa issues including reduction of transit fee would not make it commercially viable.

Study and formulation of a flexible tariff policy for economical and efficient organization of railway transportation in the ECO region

31. The process for adoption of unified/agreed tariffs on ECO railways routes was initiated by Kazakhstan delegation during the 4th meeting of the Head of ECO Railway Authorities (Lahore, October 26-28, 1999). This meeting, decided to set up an Experts Group to study and formulate a flexible tariff policy for economical and efficient organization of railway transportation in the ECO region.

32. The 7th meeting of the Heads of ECO Railway authorities (Dushanbe, December 23-25, 2002) discussed the Minutes of the 4th meeting of the Experts Group (Ashgabat, January 9-11, 2002) and the draft MoU on the ECO Railway Tariff Policy formulated by the said meeting. It also deliberated upon a new version of the draft MoU, prepared in the light of para 3.1 of the above mentioned Minutes, presented by the Kazakhstan delegation. Both these documents, though substantially similar, presented some variations with regard to the proposed tariff policy etc. In view of the variations, the meeting decided that these documents should be considered further at Experts' level to finalize a common ECO tariff policy. The Kazakhstan delegation offered to host the said Experts' level meeting in early 2003. Prospects for a consensus document are high.

Establishment of PCTC

33. The establishment of an ECO Permanent Commission on Transport and Communications (PCTC) was initiated by the President of Turkmenistan at the 3rd ECO Summit held in Islamabad on March 15, 1995 and envisaged in para 16 of the Ashgabat Declaration (1997). The 2nd ECO Ministerial meeting on Transport and Communications (Ashgabat, 14 March, 1998) decided to set up a High-Level Experts Group to work out its organizational structure, terms of reference and working mechanism and the 3rd ECO Ministerial meeting (Islamabad, April 27-28, 2000) adopted (with Turkmenistan abstaining) the Terms of Reference of the PCTC.

34. The 11th RPC meeting (Tehran, March 1, 2001) requested the member states to designate their representatives to the PCTC before April 1, 2001, in line with the Article 2 of its TOR so as to enable the ECO Secretariat to organize its 1st meeting at the earliest. However, due to lack of quorum, the Commission could not meet last year, though convened thrice.

35. In view of the current status of declining support for PCTC, the 4th Ministerial meeting decided to set up an Experts' Working Group to look into the possibility of creating an alternate structure to serve as a coordinator for the overall implementation of the projects envisaged in the Programme of Action for ECO Decade of Transport and Communications. In addition, the meeting proposed the secondment of experts by member states at their own expense for shorter or longer duration to assist the ECO

Secretariat in its efforts for developing and implementing various projects and action plans in the field of transport and communications. So far the expert working group could not be convened. Also, no member state has shown any interest to depute any additional staff at its own expense to the Secretariat.

Study of the possibility of introduction of an ECO Multilateral Quota for Road Transport Permits and Harmonization of Bilateral Road Permit Prices

36. The Use of the Road Transport Permits is envisaged in Articles 15 and 17 of the Transit Transport Framework Agreement (1998). At present, the member states (except Afghanistan, Pakistan and Turkmenistan) apply the Road Transport Permits among themselves, on bilateral basis.

37. The 11th RPC meeting (Tehran, March 1, 2001) decided to set up a Working Group to study the possibility of introduction of an ECO Multilateral Quota for Road Transport Permits and harmonization of bilateral road permit prices upon the proposal from the Turkish delegation at the 3rd ECO Ministerial meeting (Islamabad, April 27-28, 2000). A meeting was scheduled to be held in Turkey on September 18-20, 2001. However, it was postponed upon the request of the relevant authorities of the host country.

38. During the 4th Ministerial meeting on Transport and Communications (Izmir, 26-27 September 2002) some delegations expressed their views that there was an urgent need to remove the existing non-physical obstacles to the means of transport in the region. In view of the needs of a new idea and common efforts to facilitate road transport in the region, the said meeting decided to set up a working group to consider the comments/views of the member states on the Turkish proposals namely the ECO Multilateral Permits and Draft ECO MoU on the Facilitation and Harmonization of international Road Transport of Goods which should be conveyed to the ECO Secretariat by January 1, 2003. So far, no member state has sent its views on the Turkish proposals.

- **Implementation of TTFA and TTA**

39. The Agreement (TTA) was adopted in 1995. So far all member states excepting Afghanistan and Uzbekistan have signed and ratified the agreement. As per agreement TTA should have been implemented but it remains un-operational due to inherent problems. These problems relate to establishment of guaranteeing associations acceptable to respective Customs. Lately some progress has been made to this effect, still a lot remain to be done.

40. The 5th meeting of the Transit Trade Committee and 2nd Sub-Committee on the implementation of TTA held in Tehran on August 31, 2002 discussed the implementation of the TTA. The participants appreciated the decisions of the 12th RPC meeting (March 6, 2002) to set up an Experts' Level Group including representatives

from Customs, Transport authorities and the private sector to reconcile the differences between TTFA and TTA and harmonize them for early operationalization. The meeting also agreed by a majority vote that the differences especially between Article-10 of TTA and Article-28 of TTFA may be looked into by the Custom authorities of the member states with the intention of revising the same to evolve a more harmonious relationship between the two ECO transit agreements.

41. The Secretariat feels that TTA should have been implemented by now. The countries which have not introduced their Guaranteeing Association are requested to do so without any further delay.

42. TTFA forms the basis for a smooth operation of movement of cargo, passengers and equipment among and beyond the members of the ECO region. TTFA, which is a very comprehensive framework agreement capable of emerging as the key vehicle for ensuring a cost effective multimodal transport system has yet to be ratified by all member states.

43. So far only Azerbaijan, Kyrgyzstan, Pakistan and Tajikistan have ratified it, without indicating how many of them have actually moved towards amending their national laws on transportation to bring them into synchronization with the parameters of TTFA. The delegations of the Republic of Kazakhstan and Republic of Turkey informed the 4th ECO Ministerial meeting (Izmir, September 26-27, 2002) that the formalities for the ratification of TTFA were likely to be completed within a short period.

44. The remaining member states, namely I. S. of Afghanistan, I.R. of Iran and Turkmenistan are requested to complete the requisite formalities at national level to ratify TTFA and its Annexes at the earliest to make it operational in 2003. There is a special request to the Government of the Republic of Uzbekistan to put into effect its statement at the 11th RPC meeting that it was ready to accede to TTFA and its Annexes.

45. Unless, these two documents were to be implemented, the objective to establish land, rail and sea links of the ECO countries to the global markets would remain elusive.

- **Sectoral activities with regard to international agencies:**

- **UNESCAP**

46. The MoU between the ECO and UNESCAP was signed on July 7, 1993. The cooperation between the Transport and Communications units of the Secretariats of both organizations are fruitful and prospects.

47. The 4th ECO Ministerial meeting on Transport and Communications (Izmir, September 26-27, 2002) welcomed the offer of UN ESCAP to share its Asian Highway database resources with the ECO Secretariat and appreciated the information with respect to the planned meetings of the particular relevance to ECO.

UNCTAD

48. The MoU between the ECO and UNCTAD was signed on November 23, 1999. The 4th ECO Ministerial meeting on Transport and Communications took note of the close cooperation between UNCTAD and ECO.

IDB

49. The MoU signed between the ECO and IDB on July 7, 1993 proposed to undertake a comprehensive study on the introduction of multi-modal transport operations in the ECO region. The relevant Technical Assistance Grant Agreement between IDB and ECO was signed on 11 September 1999 on the basis of project document prepared jointly by ECO/IDB/ESCAP/UNCTAD.

50. This project is at its advanced stage of implementation. The national transport and trade facilitation consultants from Azerbaijan, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan and Turkey have submitted their reports. IDB has been requested to provide the 2nd installment of the committed funds to ensure UNESCAP studies and visits to the designated border crossings in the region.

UNDP

51. The MoU between the ECO and UNDP signed on March 15, 1995 provided for the following consultancy services under UNDP/ECO Capacity Building in its first phase:

- a. Preparation of the concept paper on cooperation in the field of telecommunications;
- b. Cooperation in railway rolling stock production, repair and maintenance;
- c. Implementation of ECO Transit Transport Framework Agreement (1998).

52. Under the 2nd phase, UNDP has agreed to finance only the projects related to expansion of intra regional trade and studies to this effect. As a result, the Secretariat managed to get UNDP's commitment for the following projects:

- a. Enhance implementation of the TTFA system
- b. Transport linkages development
- c. Border points constraints identification

UIC

53. The MoU between the ECO and UIC was signed in Tehran on January 31, 2001. Only three ECO member states namely I.R. of Iran, Pakistan and Turkey are members of UIC.

OSJD

54. The MoU between ECO and OSJD was signed in October, 2001. The seven ECO member states namely Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan are active members of OSJD.

55. The 11th RPC meeting (Tehran, March 1, 2001) requested the Governments of the I.R. of Pakistan and the Republic of Turkey to expedite their joining OSJD for the common benefit of the region and the 11th COM meeting held in Dushanbe on May 4, 2001 endorsed this decision.

56. So far, none of the ECO officials has attended the OSJD events but the participation of ECO representatives in major events/meetings of OSJD would be desirable as envisaged in the above MoU.

IRU

57. The draft MOU between the ECO and IRU is under consideration of IRU. All ECO member states (except Afghanistan and Pakistan) enjoy relationships with this organization. At present, Afghanistan wants to restore its membership in the IRU. The regional representatives of IRU are very active in the relevant ECO regional activities. The IRU Secretariat has always invited the ECO Secretariat representatives to attend its conferences and seminars/workshops.

- **Future course of action**

Follow-up of the implementation of the Programme of Action for the ECO Decade of Transport and Communications (1998-2007).

Promotion of the regular container traffic from Almaty to Istanbul on the Trans-Asian Railway main line and to extend this train route from Almaty to Lianyingan sea port with Chinese railways and from Istanbul to European countries.

Early promotion of the regular international passenger traffic on Almaty-Tashkent-Turkmenabad-Tehran-Istanbul route by the train No.19/20 Almaty-Tehran and Tehran-Istanbul train.

Early operationalization of TTFA and TTA as well as establishment of the Transit Transport Coordination Council (TTCC).

Facilitation and harmonization of international road transport in the region.

Consideration of possibility of the member states' cooperation in the field of sea port and shipping facilities.

Working out of the proposed draft ECO Framework Agreement on Cooperation in the field of Air Transport.

Expansion and improvement of the intra-regional telecommunication and postal services among the ECO member states.

Implementation of ECO/IDB/UNESCAP/UNCTAD joint project on introduction of multi-modal transport operations in the ECO region.

Promotion of the ECO role in the UN SPECA and Silk Road Area Development Programme.

Energy, Minerals and Environment

- **Objectives:**

58. As directed by the Treaty of Izmir and the Quetta Plan of Action (1993) to intensify mobilization and utilization of ECO region's huge natural resources in particular energy resources, the development of network of pipelines and the interconnection of power systems of the member states to meet the entire region's energy requirements and provide outlets for access to international markets for the landlocked member states have become main elements of the ECO strategy in this field.

- **Tasks implemented:**

Energy:

59. In accordance with the Plan of Action for Energy/Petroleum Cooperation in the ECO Region for the period 2001-2005 adopted by the First ECO Ministerial meeting on Energy/Petroleum, Islamabad, November 8, 2002, the following actions have been undertaken.

60. As per the recommendation of the 11th RPC Report, the ECO Secretariat called for the 5th SETG meeting on Power. The said meeting was held in Tehran during July 21-22, 2001. It finalized the Draft Technical Assistance (Grant) Agreement (DTAA) between IDB & ECO for the feasibility study on the ECO countries power systems interconnection, and redefined the Scope of Work and Terms of Reference (ToR) for the above study.

61. During the visit of the IDB President to the ECO Secretariat on August 26, 2001, the aforementioned Agreement was signed by the two sides. The said Agreement has come into the force after its approval by the 61st CPR meeting held in January 2002. Recently, IDB has sent the letter of invitation for five bids to the consulting companies introduced earlier by the member states. It is expected, that the selection of the Consultant for the subject feasibility study would be done soon and the study may start accordingly.

62. The requests for the possible technical assistance to finance the cost of another important feasibility study on ECO Oil & Gas Pipeline routes have been submitted to the

World Bank and Asian Development Bank as well as Islamic Development Bank (IDB). Recently IDB has announced that it would consider the case and reflect their views to the Secretariat accordingly.

63. As it was requested by 11th COM, the draft ECO Wide Policy on Energy has been formulated. That policy includes, among others things, the Regional Cooperation on the New and Renewable Energy Sources. To promote the development in this new area, the 12th RPC recommended to consider the matter during the forthcoming second Ministerial meeting on Energy/Petroleum planned to be held in Tehran during the course of the year 2003.

64. Considering that ECO Power Trade Strategy may be an important step of Regional Energy Trade recognized by the 10th RPC as one of the opportunities for the sustainable economic development, the ECO Secretariat organized the 1st ECO Workshop on Regional Power Trade Strategy on April 24-25, 2002 in Tehran at the ECO Secretariat with the financial assistance of the Islamic Development Bank

65. During the Workshop and Ad-hoc Committee meeting of Experts on Energy Conservation and Efficiency, both held in Ankara (December 5-6, 2001), the participants considered and endorsed the Outline & Methodology for Energy Conservation in the ECO countries.

66. With the view of expanding cooperation among the member states in the field of hydrocarbon industries, the 2nd ECO Workshop on Petroleum Products, Marketing Study and Trade Issues was organized in Esfahan, Iran on May 6-8, 2002.

Minerals:

67. The Islamic Republic of Iran hosted the 1st ECO Ministerial meeting on Enhancement of Regional Cooperation in Mineral Sector during 29-31 October 2001, in Tehran. The meeting proved to be very useful and a draft Plan of Action on ECO Minerals was drawn and agreed upon.

68. A programme for strengthening the Regional Cooperation in Energy, Environment and Minerals was drawn up and agreed upon.

69. In order to facilitate a programme for strengthening the Regional Cooperation in Energy, Environment and Mineral sectors and under the UNDP Capacity Building Project, appropriate ToR for UNDP Technical Assistance were formulated. UNDP helped this Directorate by assigning a Consultant who prepared a report on ECO Mineral Plan of Action. However, this report is to be completed during the course of the year 2003 once additional financial assistance may become available through the UNDP capacity building programme.

Environment:

70. The consumption of Energy is closely interlinked with environment hazards. There are a number of areas where the effect on environment is more visible. Many of these effects were considered during the Training Workshop on Energy Resources Development and their Environmental Impact Assessment held on October 7-9, 2001 in Tehran.

71. In order to consider all the regional environmental aspects together, the 12th RPC endorsed the idea of holding the 1st ECO Ministerial meeting on Environment. This meeting convened successfully in Tehran on December 15, 2002 and was preceded by a Senior Official meeting on December 13-14, 2002.

- **Tasks which have been planned but could not be implemented due to some difficulties**

72. The Secretariat is awaiting the positive response of the member states on hosting some proposed workshops and expert meetings on topics such as renewable energy resources, efficiency in Energy Sector and Environmental Training.

- **Sectoral activities with regard to international agencies:**

73. The Islamic Development Bank has come forward with assisting ECO to finance the Feasibility Study on the Project "Interconnection of ECO Member States Power Grids". The Bank also helped ECO to organize a Workshop on "Strategy of Power Trading in ECO Region".

74. IDB is going to look at the possibility of assisting ECO on the project of "ECO Hydrocarbon Pipeline Routes, different options" by providing financial resources to carry out the necessary feasibility study. ECO has had limited cooperation with ESCAP in the field of Energy. However, the Secretariat is optimistic about the future cooperation.

Agriculture, Industry and Health

75. According to the Treaty of Izmir, one of the objectives of the Organization is "to enhance efforts for effective utilization of the agricultural and industrial potentials of ECO region" (Article II, para k). Also, the Quetta Plan of Action and Istanbul Declaration, outlining the long-term perspectives for ECO give due importance to the ECO cooperation in Agriculture.

76. In pursuance of this mandate, several activities based on the proposals covering areas such as plant protection and production, prevention of animal diseases, food security, combating desertification, among others, received from the member states were included in the work programme of the Organization.

77. However, despite the existence of great potentials and opportunities available in the region, not much progress has been made before the year 2002. Several reasons are behind this low performance: financial constraints faced by some member states

which prevented them to participate in the planned meetings; lack of institutional and human resource capacity to respond to the proposed activities; lack of clear vision as to opportunities and priorities for regional cooperation.

78. Notwithstanding these reasons, there are considerable potentials and opportunities for forging ECO cooperation in agriculture. In this regard, there is an urgent need to evolve well-framed and integrated approaches and to prioritize and streamline the present activities in order to have more effective cooperation.

79. In order to address these issues a two-day Regional Workshop on Food Security and Agricultural Cooperation was held on 29-30 May 2002 in Istanbul, Turkey. During this workshop the representatives of member states and some international organizations i.e. FAO and ICARDA, specified a number of critical issues for possible cooperation among ECO member countries taking into account their impact on food security and sustainable agricultural development in the member countries. The meeting also discussed the outcomes of the Joint Identification Mission, initiated by the ECO Secretariat with the assistance of the Food and Agriculture Organization of the United Nations (FAO) and financial support from Islamic Development Bank (IDB) and aimed at assessing the possibility of preparing a regional project document on ECO cooperation in agriculture to be submitted for donors' consideration. The workshop also came up with some recommendations, which were submitted to the 1st ECO Ministerial meeting on Agriculture for consideration.

80. The political commitment on the future cooperation framework is also essential. Therefore, the 1st ECO Ministerial meeting on Agriculture provided an appropriate forum to ensure political endorsement and to guide the Secretariat. The 1st ECO Ministerial Meeting on Agriculture was held on 23-25 July 2002 in Islamabad. The meeting was attended by the esteemed Ministers of Agriculture of Afghanistan, Iran, Pakistan, Tajikistan and Turkey and delegations from Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan. International organizations, FAO, ICARDA and UNESCAP were also represented in the meeting.

81. During the meeting, the participants reviewed and analyzed the challenges and achievements of ECO countries in agriculture sector. ECO member states, Iran, Pakistan and Turkey volunteered to coordinate among the ECO countries on specific areas such as drought management (Iran), water management (Pakistan), trade promotion (Turkey), development of post harvesting and processing industry (Turkey), conservation of genetic resources and exchange of information through networking. They also agreed to evolve an "ECO Strategy for Agricultural Development and Food Security" with the support of the Food and Agriculture Organization (FAO) of the UN.

82. The meeting unanimously adopted "Islamabad Declaration on Agricultural Cooperation among the ECO Member States", providing a common vision to achieve sustainable agricultural development in accordance with resource endowments and comparative advantages.

83. Furthermore, within the context of the Calendar of Events for the year 2002, a “Workshop on Diagnosis of Rinderpest Disease”, was held on 08-12 December 2002, in Tehran in close cooperation with the Veterinary Organization of the Islamic Republic of Iran. At the workshop, the veterinarian experts and officials from ECO Member States discussed on diagnostic programs in force and the latest status of rinderpest in their respective countries and exchanged views and experiences on diagnosis of some other important livestock diseases. The participants also examined the special programs on laboratory work at the Central Veterinary Laboratory of the Veterinary Organization and Razi Institute.

84. The Secretariat has institutional relationship with FAO the major UN organization working in the field of agriculture, since the signing of the Memorandum of Understanding (MoU) in 1997.

85. FAO pays great importance to the cooperation with ECO Secretariat on agricultural activities and has supported food security initiative of ECO by preparing a draft Regional Strategy for Agricultural Development and Food Security (RPFS), which was circulated among the member states in 2000. The Secretariat has benefited from FAO's active participation in the Joint Identification Mission to selected ECO countries. In this project, the Islamic Development Bank (IDB) has generously provided financial assistance for the Secretariat's participation.

86. Moreover, Food and Agriculture Organization of UN (FAO) organized a side event for ECO, on the sidelines of the World Food Summit: *five years later* (WFS:*fyl*) held on last June in Rome. In this side event the delegations from the member states, FAO officials and the ECO Secretariat had the opportunity to exchange views on how to better cooperate in developing agriculture from a regional perspective with particular emphasis on the formulation of a regional programs for Agricultural Development and Food Security for ECO Member States. To this end, the Secretariat has approached FAO to prepare the above-mentioned program through a technical cooperation program, which will include bankable projects for donors' consideration. The draft project, amounting to US Dollar 309.000.- is currently being discussed between two organization. It will be finalized soon this year.

87. The Secretariat also signed a MoU with the International Center for Agricultural Research in Dry Areas (ICARDA) in 1999. ICARDA works to promote sustainable agricultural development to alleviate poverty and hunger and achieve food security in developing countries. ICARDA has currently been undertaking joint research activities on different topics with some of ECO countries, particularly with Azerbaijan, Iran, Pakistan, Turkey and Uzbekistan and has recently set up a liaison office in Tashkent, Uzbekistan. The Secretariat will activate the cooperation with ICARDA on mutually beneficial and relevant agricultural issues.

88. In the light of the above, it can be said that the year 2002 has proved to be a benchmark for ECO cooperation framework on Agriculture in the future. Under the guidelines provided by the Agriculture Ministers in Islamabad meeting and laid down in

the Islamabad Declaration, the Secretariat will pursue the decisions/issues agreed therein. In this regard, the finalization of the FAO project is critically important to elaborate future actions. Priority areas for ECO cooperation in agriculture have already been cleared. Works, done so far, have shown that the major priority areas for collective actions of ECO member states can be listed under five categories: (i) Plant Production and Protection; (ii) Livestock Production and Animal Health; (iii) Agricultural Marketing and Information; (iv) Resources Management and Environment; (v) strengthening Efficient Management of the Agriculture sector. It should be reiterated that without efficient and strong cooperation of the ECO member states these cannot be achieved.

Industry

89. According to para (d), Article II of the Treaty of Izmir, the basic Charter of ECO, one of the main objectives of ECO is to provide for smooth integration of the economies of the member states into world economy to ensure their fuller participation in the globalization process. In line with this objective, the ECO Secretariat has also been streamlining activities in the field of industry, with special emphasis on the field of industrial restructuring policies. Accordingly, in order to enhance the role of private sector in the economic development process of the member states, the Secretariat has focused on two basic elements of the industrial restructuring policies; privatization and the development of small and medium sized enterprises, which are the most important concerns for both developing countries and transition economies of ECO member states.

90. Within this perspective, the ECO Workshop on Privatization was held on 9-10 June 2002 in Istanbul, Turkey. This workshop provided the member states with the new development in privatization and created a regional forum to share knowledge and expertise among the member states and to benefit from each other's experiences. During the seminar, participants have been acquainted with institutional underpinnings of the privatization process. It was emphasized that privatization is not an end itself, but a mean to end the inefficiencies of central planning and irrational involvement of state in the economy. It was also emphasized that in the absence of well-functioning markets and enough sources of funds, mass and rapid privatization could cause negative impacts as well. In this regard, the need for handling privatization in the context of comprehensive structural reforms was reiterated.

91. The workshop agreed that the future policy alternatives for countries and regions have to be analysed in the context of global economy. In spite of significant differences among regions of the world there are convincing arguments that call each region to design its own strategy on how to cope with the challenges of globalization. Competitiveness of transition economies in the global era cannot be effectively established without dismantling the centrally-planned economic systems that had, over several decades of its existence proved to be economically inefficient and thus inferior to the market led type of economy.

92. Moreover, the ECO Workshop on the Development of Small and Medium Sized Enterprises was held from September 30 to October 02, 2002, in Tehran, Iran. The workshop provided a regional forum to share knowledge and expertise among the member states and to benefit from each other's experiences and contributed to the development of the skills of national SME institutions from the ECO member states.

93. The ECO Secretariat is well aware of the changing realities and the requirements of globalization as characterized by technological developments, networking of markets through interrelationship of trade, investment, and technology transfer. In this regard, it is critically important to establish a common understanding among ECO countries to catch up with the recent developments in the global era and to evolve a regional cooperation framework in the field of industry. For this reason, it is important to convene the First ECO Ministerial meeting on Industry to provide the ECO Secretariat with the Ministerial guideline for its industrial activities.

Health/Population

94. Although the 1st meeting of ECO Health Ministers, convened in 1994 in Tehran outlined a broad framework for further formulation and preparation of specific proposals, ECO cooperation in the field of Health has not been satisfactory so far. However, the cooperative activities in this sector have been based on collaboration with international organizations.

95. In this respect, the Secretariat has cooperative relationship with international organizations, UNFPA, UNICEF, and WHO in the health sector. This relationship resulted in eight joint activities from 1994 to 2000. Currently, the Secretariat is cooperating with UNFPA to organize a Seminar on HIV/AIDS Disease and Adolescent Health. The magnitude of human suffering and increased burden of care and treatment makes HIV/AIDS a major challenge for the global community as well as for ECO region. During the ECO Secretary General's visit to New York, UNFPA has already confirmed its technical and financial assistance for the said event.

96. Meanwhile, the Secretariat actively participated in the Fifth Asian and Pacific Population Conference which was held on 11 - 17 December in Bangkok. In addition to the bilateral meetings held with the heads of UNESCAP and UNFPA and speech was delivered by the Secretary General in the plenary session and a report titled "Population and Development in the ECO Region" was submitted to the conference.

97. Today, the need to enhance health and hygienic situation is one of the key issues in developing countries, especially in terms of development. Far reaching impacts of dissemination of diseases are decimating the productive sector and straining on the budgets of many developing countries. Thus, the regional action and cooperation to prevent epidemic diseases are needed for the ECO member states to have healthy societies to bolster economic growth.

Tourism

98. The 12th Meeting of RPC emphasized the importance of the tourism in the economic development and promoting mutual understanding among the Member States, and welcomed the proposal of Kyrgyz Republic to activate this sector at regional level and urged the Secretariat to study the issue. Accordingly, the Secretariat requested the Member States to furnish their proposals with a view of launching a regional initiative on tourism. So far Azerbaijan, Kazakhstan, Tajikistan and Turkey have sent their proposals to the Secretariat. Tajikistan and Kazakhstan have also sent informative papers on the potentials and problems of their tourism sector. The responses of the other member states are still awaited.

99. It should also be noted that the ECO Cultural Institute (ECI) has plans to publish a "Directory on Tourism of ECO Region", which will give a summarized information on the tourism sectors of the Member States, with the aim of highlighting the potentials in this regard.

Project Research

- **Reconstruction of Afghanistan**

100. In the light of the decisions and recommendations of CPR and WGSO, the Secretariat through this Directorate prepared a strategy paper on ECO's participation in the reconstruction of Afghanistan and submitted the same to COM through CPR.

101. The 12th COM held on 12th October 2002 in Istanbul discussed the issue in great detail and took the following decisions:

- (i) Welcomed the efforts of the member states of ECO in devising a Plan of Action to promote international and regional participation in this plan.
- (ii) While taking note of the offers of training facilities/scholarships in various fields from some member states, requested the Government of Afghanistan to avail of these offers at the earliest.
- (iii) Supported the establishment of a Special ECO Fund to assist early implementation of the reconstruction projects in Afghanistan keeping in mind the technical and financial capabilities of the member states and priorities of the Afghan Government.
- (iv) Decided that the financial experts from the member states would be invited to finalize the financial modality for the establishment and subsequent operation of the Special ECO Fund for reconstruction projects in Afghanistan. In this regard these experts would present their recommendations to the Ministers for final approval.
- (v) Called for arranging an ECO seminar on the reconstruction of Afghanistan in order to come up with realistic and concrete recommendations for raising ECO's collective assistance programme for Afghanistan. The national coordinators dealing with the subject in member states could also be invited to participate in

the seminar to coordinate a region-wide ECO assistance programme.

- (vi) Welcomed the idea of utilization of the ECO Feasibility Fund for preparation of feasibility studies for the reconstruction projects and directed the Secretariat to approach international donor agencies for financing these projects.
- (vii) Urged the Secretariat to prepare a Plan of Action taking due note of the various proposals of the member states to be forwarded to the relevant regional and international organizations such as UNDP, ADB, IDB, UNDCP and WB to raise additional funds for the proposed reconstruction projects. The Secretariat was also asked to use its technical expertise to prepare, where needed, bankable documents to facilitate the acceptance of project profiles for funding by international agencies.
- (viii) Directed the Secretariat to effectively disseminate information, as provided by the Government of Afghanistan, on new regulations, laws, etc. in the defined priority areas, for reconstruction in Afghanistan to facilitate participation by the member states as well as the regional and international donors in the reconstruction work in Afghanistan.
- (ix) Expressed their appreciation to the Secretariat for the preparation of the document entitled "Participation of ECO in the Reconstruction Work in Afghanistan".

102. The Directorate included in its programme the follow up on the decisions of COM on the issue. That is to say; establishment of special ECO fund, arranging of the seminar on ECO's participation in reconstruction of Afghanistan with the participation of international organizations, contributions to be made from the ECO Feasibility Fund, seeking financial and technical assistance from international donor agencies, dissemination of information on Afghan's needs to the member states and updating the strategy paper which may contain a Plan of Action.

103. On February 13-18, 2003, the Secretary General upon an official invitation of the Government of Afghanistan, visited Kabul to discuss ECO's participation in the reconstruction of Afghanistan. The Secretary General held meetings with the Foreign Minister as well as other Ministers of Afghanistan i.e. Trade, Transport, Communications, Mines and Industry, Public Works, Reconstruction and Urban Development and Housing. He was also received by the President of Afghanistan.

104. The Secretary General informed the Afghan officials about ECO's activities, plans and programmes to assist in reconstruction of Afghanistan as decided by 12th meeting of COM i.e. organization of an ECO seminar with the participation of international organizations, establishment of special fund, contributions to feasibility studies of Afghanistan's priority projects from the ECO Feasibility Fund and the preparation of an updated ECO strategy paper on the issue. On the other hand, Afghan officials requested that (i) ECO may provide training facilities to Afghan technicians in

the priority areas i.e. communication, transport etc. (ii) ECO may be a part of the 2nd UNDP led conference on Afghanistan with participation of Afghanistan, Iran, Pakistan and Turkey. (iii) ECO Secretary General may participate in the 2nd meeting for Afghanistan Development Framework (ADF) being held in Brussels on March 15-16, 2003. (iv) Implementation of some of the priority projects of Afghanistan may be assisted by ECO.

105. A comprehensive report on the visit of the Secretary General to Afghanistan was circulated to member states vide Secretariat note No.PR/AFG/2003/0272 dated February 26, 2003.

- **List of ECO Projects**

106. In consultation with the member states and their relevant authorities, the Directorate compiled a list of projects requiring feasibility studies for 2002. These projects were evaluated and, after some modification, submitted to international and regional institutions for technical assistance. The subjects list was updated quarterly and semi-annually within 2002. These projects range from large regional construction i.e. of highways, railways communication lines, oil and gas pipelines, studies on regional issues and problems, preparation and publication of books, guidebooks, rosters and maps. Special care is taken while approaching donor agencies. Prior to this, the Secretariat evaluated the projects in the light of ECO objectives with suggestive grading as high, medium and low and consults member states to know their national priorities.

107. In line with the decisions of the four meetings of the Working Group of Senior Officials (WGSO) held in 2001 and 2002, the member states, for the first time, were requested to indicate if there existed a need for professional consultancies for projects. In response, Azerbaijan, Iran, Kyrgyzstan, Kazakhstan, Pakistan, Tajikistan, Turkmenistan and Turkey evaluated the list of projects. Turkey, in addition to the evaluation, indicated the need of consultancies for some of the projects including Expanding Intra-ECO Trade, Joint ECO/IDB/ESCAP/UNCTAD Project on International Multi-modal Transport Operations in the ECO Region, Implementation of Transit Transport Framework Agreement (TTFA), Interconnection and Parallel Functioning of Powers Systems of the ECO Member States and Regional Survey to determine Exportable Surpluses and Importable Deficits Necessitating Imports of Agricultural Commodities.

- **Second phase of ECO-UNDP programme**

108. UNDP Capacity Building Project terminated in 2001 and the new phase of UNDP ECO cooperation initiated in 2002. The Directorate worked with UNDP and finalized a project document which envisages 10 projects to be implemented in the field of Trade and Transportation. The Directorate is also organizing selection of international consultants, provision visas for their field visits to the member states and other arrangements for the smooth implementation of the project. The said 10 projects are as follows;

- A. ECOTA Framework Document Covering Status of Non-tariff Barriers and Harmonization of Tariffs and Transit Fees in the ECO region.
- B. Finalize the Ongoing ITC Activities
- C. Identification of Direct Investment Potential of ECO member states
- D. Business Plan for ECO “Trade and Development Bank”
- E. Business Plan for ECO “Reinsurance Organization”
- F. Enhance Implementation of the TTFA System
- G. Simplification of ECO Customs Organization and Procedures
- H. Transport Linkages Development
- I. Border Points Constraints Identification
- J. Trade Information System Development

- **Cooperation with ECO-CEC**

109. With the blessings 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 the ECO member states and ECO Investment and Development Bank.

110. ECO-CEC is a joint venture between an Iranian company, PIDEK and TURKPEK, which itself is a joint enterprise between two Turkish companies, TUMAS, TUSTAS and one Pakistani company NESPAK. The Iranian company holds one-third equity shares of ECO-CEC, while the rest lie with TURKPAK. The equity holding of TURKPAK is divided equally between Turkey and Pakistan.

111. 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.

112. The combined talent resource of the four partners totals well over 3,500 people, outstanding professionals in their particular fields of specialization, which can be drawn on for the specific needs of any ECO-CEC project, large or small.

113. Since its inception ECO-CEC has tried to get a foothold in the ECO related development activities. So far it has not been able to secure any consultancy, although the member states are pursuing many projects in their areas. The company remains keen to promote and develop experts and for this is preparing to hold a conference on the role of the ECO-CEC in the member states.

114. The Directorate organized a Conference on ECO-CEC’s role in the development of the member states in Lahore on March 27-29, 2002. The Conference attracted wide participation from private sector and a full session was devoted to presentation from reputable firms in the field of reconstruction of road transportation projects, dams as

well as power transmission and airports. Their presentations were relevant to the long-term planning of the ECO member states.

115. The Conference, inter-alia, discussed the ECO-CEC's possible role in the Inter-Connection and Parallel Functioning of Power Systems of the ECO member states project. In this respect, reference was made to similar two projects titled "Inter-Connection Studies for Coal Fired CEPA Power Plant" and "Power Inter-Connection between Pakistan and India" and NESPAK's role in the development of the National Grid System in Pakistan. The participants strongly recommended to the ECO Secretariat to ensure the participation of ECO-CEC in ECO/IDB Inter-Connection and Parallel Functioning of Power System of ECO member system project. Necessary action to this effect will be taken by the relevant Directorate in the ECO Secretariat.

116. The Directorate is trying to get consultancy service for ECO-CEC for the project on Power Interconnection of the ECO member states. The Directorate has included in its programme to organize another ECO-CEC event next year in Turkey.

- **ECO Feasibility Fund**

117. DPR is also responsible to make arrangements within the framework of the ECO Functional Methodology to use the ECO Feasibility fund for financing feasibility studies of ECO priority projects. In this respect, it coordinates action with other sectoral units and obtains CPR's approval. So far only \$ 50,000.- (fifty thousand Dollar) has been allocated for the ECO/ITC Promotion of intra-trade Project. The project is progressing and the details can be seen in the Trade Section. The Directorate is currently preparing a set of proposals for effective utilization of this fund after due approval of the competent authorities.

- **Publication of the ECO Projects Document**

118. Directorate publishes a booklet titled ECO Projects. The information on each ECO Project includes background, name of the signed document with date, the objective, total cost and the financing sources, as well as status of the project. It is a routine publication which neither entails high costs nor too much labour. However, it comes handy when a request has to be made to a donor.

- **Directorate of Project Research as Coordinating Unit**

119. The Directorate has been functioning as a focal point for inter sectoral coordination among various departments of the ECO Secretariat to implement ECO decisions and policies. In this respect, the Directorate is preparing follow-up reports on the decisions of Regional Planning Council (RPC), Council of Ministers (COM) and other Ministerial meetings and CPR. In the same manner, the Directorate is preparing a consolidated annual calendar of events and annual work programme of the Secretariat as stipulated in ECO Basic Documents and submit the same to CPR, RPC and COM meetings for approval. The Directorate also follows up on the implementation of events

and the work programme and submits status reports to the Secretary General and the member states. Moreover, the Directorate prepares and submits a list of priority projects to be supported by Special Support Fund (SSF) to CPR for approval.

120. DPR made all necessary preparations including agendas, draft reports working papers etc. for meetings held during the 2001 and 2002 in respect of Working Group to assist CPR, CPR meetings, (51st – 69th meetings of CPR), 11th and 12th RPC and 11th and 12th COM, 7th ECO Summit and 1st, 2nd, 3rd and 4th meetings of Working Group Senior Officials (WGSO).

121. DPR prepared and submitted to CPR in 2001 and 2002; a Report on the Implementation of the Decisions of 11th COM meeting, b) on the Implementation other Ministerial meetings and c) recommendation for ECO events to benefit from Special Support Fund (SSF).

122. The Directorate was assigned the coordinating role at the committee established at the ECO Secretariat pursuant to the decision of CPR to work on how ECO can participate in reconstruction of Afghanistan. The Directorate prepared a strategy paper on ECO's participation in the reconstruction of Afghanistan and submitted it to CPR. The paper as per the decisions of CPR will also be submitted to the 13th COM meeting for consideration.

- **Status of Agreements/MoUs**

123. The Directorate in cooperation with the other units in the Secretariat prepares a status report on signed Agreements/MoUs for submission to the decision-making organs of ECO i.e. CPR, COM etc.

- **Partnership and Dialogue Observer Status**

124. The Directorate prepared a status report on the draft Modalities for Granting Observer Status to be submitted to 4th WGSO and CPR.

- **Use of private Consultancies**

125. In accordance with the WGSO recommendations, the Directorate, with the coordination of other ECO units prepared/compiled and circulated the following list of projects in priority areas on May 20, 2002 to be considered by the member states for utilization of professional consultancies:

1. Promotion of Investment among the member states
2. Trade & Investment Information Networking System for ECO Region
3. Establishment of disease surveillance mechanism in the ECO member states
4. Regional survey to determine exportable surpluses and importable deficits necessitating imports of agricultural commodities

5. Preparation of a Directory/Guidebook on ECO Road Network to help drivers of road transport to be published in English and Russian
6. To conduct a study in close cooperation among ECO member states for the development, production and maintenance of rolling stocks of the region and other railway equipment taking into consideration the traffic demand and the future direction of trade flows
7. Transit Transport Framework Agreement (TTFA) and Transit Trade Agreement (TTA)
8. ECO Oil and Gas Pipeline Route(s)
9. Caspian Sea Water Pollution Control
10. Semipalatinks Nuclear Test Ground Rehabilitation Project
11. New and Renewable Sources of Energy (NRSE).

- **List of high priority events**

126. In accordance with the WGSO recommendations, the Directorate, with the coordination of other ECO units prepared/compiled the following list of high priority events for which no hosts were available for extending full hospitality to participants by utilizing ECO Special Support Fund (SSF) and provided CPR approval in this regard.

1. 5th HLEG meeting on Tariff & Non-Tariff Barriers (TTB)
2. 3rd Seminar on Trade & Investment Information Networking in the ECO Region
3. 1st meeting of ECO Permanent Commission on Transport and Communication (PCTC)
4. 6th SETG meeting on Interconnection and Parallel Functioning of Power Systems of ECO Member States
5. Workshop on Diagnosis of Livestock Diseases
6. Seminar on Economic benefit and the need for developing strategic action plans for promotion of ECO priority projects

- **Additional activities**

The Directorate has scheduled a Seminar on Economic benefit and the need for developing strategic action plans for promotion of ECO priority projects to take place in November 2002 at the Secretariat and invited the focal points of ECO from the Ministries of Foreign Affairs of member states

The Directorate included in its programme to organize a training course on ESCAP modalities for project and pre-feasibility outlays for ECO member states in Tehran.

Activities in the field of finance and economics

127. This activity in this area has been included among other activities of the Directorate as CPR recently asked the Secretariat to deliberate on holding meetings of Ministers of Finance/Economics of the member states to promote cooperation in economics. The preparatory meeting and the 13th meeting of RPC may discuss the

issue and come up with recommendations to be submitted to CPR and COM. The Directorate would follow up on the implementation of the decisions/recommendations. A ministerial meeting in this regard has been provisionally envisaged in the ECO Calendar of Events.

Economic Research and Statistics

- **Objectives:**

128. Statistics and economic research essentially have cross-sectoral applications including analyzing and measuring knowledge based economy, development indicators, national accounts and emerging areas such as globalization, poverty, environment, information and communication technologies. Accordingly, the Directorate has a crucial mission in the light of the ideas behind the ECO activities. The Directorate and the member states need to give their best efforts for supporting economic and social cooperation among the ECO countries.

129. The Directorate of Economic Research and Statistics (DERS), set up in February 1998, continues to improve the flow of statistics and economic information from the national organizations/institutes to the Secretariat and back. Its activities are planned to fulfill the need for exchange of statistical data and economic information at regional level and a way to channel/disseminate this information effectively through regional macro-economic analysis and sectoral research studies. Thus to provide the ECO region's policy-makers and analysts with a wide range of statistical indicators and analytical studies to support their work is of the essence.

130. However, despite poor cooperation in the concerned fields over the past years, it may suffice to note that the Directorate has successfully carried out analytical studies and policy-oriented research on issues related to the region's socio-economic progress with a special focus on macroeconomic issues (ECO Annual Economic Reports, Progress of ECO decade, Preparation of ECO ministerial meeting booklet on transport and communication, ECO Guidebook, ECO Statistical Yearbook, ECO Guidebook on statistical methodologies, ECO website, Macroeconomic performance issues and policies in the ECO countries, ECO Business Guidebook)

131. In addition, the Directorate has set off to undertake indigenous research studies on the socio-economic situation, potential and development of the member states, at the country and sectoral levels with a view to bring forth existing possibilities of cooperation, as well as generate proposals for new ones. In this regard, it endeavors to implement a Joint Economic Research Programme, which is designed to conduct research studies to strengthen cooperation and establish a common approach among the member states.

132. The Directorate is coordinating various aspects of economic research and statistical activities including training workshops/seminars in the region. The

Directorate had identified National Focal Points (NFPs) for effective performance of necessary cooperation.

- **Tasks implemented**

133. The tasks implemented by the Directorate since its establishment is given below:

1. Improved the flow of statistics and economic information from the national organizations/institutes to the Secretariat and back.
2. Undertook analytical studies and policy-oriented research on issues related to the region's socio-economic progress with a special focus on macroeconomic issues.
3. Established sustainable contacts/cooperation network with National Focal Points/experts on economic research and statistics based in the Member States.
4. Designed an ECO Joint Economic Research Programme and is making progress in its implementation.
5. Initiated establishment of a research network and enable the research institutes/organizations in the member states to work together more closely in areas of ECO interest and expertise.
6. Secured UNDP consultancy for statistical publications and long-term research studies on issues with cross-sectoral applications including Trade, Energy, Food and Agriculture, Industry, Infrastructure, Transport and Communication with a view to bring forth existing possibilities of cooperation, as well as generate proposals for new ones.
7. Actively participated in the establishment of computer center and library at the Secretariat.
8. Assisted World Bank to setup its Live Database in the Secretariat.
9. Developed sectoral databases with an extensive list of socio-economic indicators.
10. Fostered partnership with other regional/international agencies and institutions in the area of economic research and statistics.

- **Ongoing tasks/activities**

National Focal Points (NFPs) on Economic Research and Statistics

134. Along these lines in order to achieve necessary cooperation and effective implementation of Directorate's activities, the National Focal Points (NFPs) has held four meetings so far. NFPs not only provide valuable contributions to the activities of the Directorate but also act as a reference of the Directorate in the fields of economic research and statistics. The main issues and activities of the Directorate are programmed during NFPs meetings. Unfortunately, the 4th meeting of NFPs could not be held in 2001. This was a major challenge for the Directorate to implement and follow-up its activities promptly in 2002. However, the 4th NFPs meeting was later organized in

Baku, Republic of Azerbaijan from 12 to 13 December 2002 set out important targets, i.e. improvement of rapid and continuous information network among member states and the Secretariat, accurate and reliable data/information collection and dissemination for economic and social policy formulation and decision-making, analyzing recent socio-economic trends and policy developments in the member states and the region, undertaking research in the development strategies, plans, and policies of member countries, etc. Therefore, active cooperation and full attendance by NFPs to these meetings need to be ensured.

135. NFPs meetings are very significant for ECO as these provide an important forum once a year for exchanging experiences and strategies for enhancing regional cooperation on economic research and statistics programmes. Unfortunately, NFPs at its 4th meeting could not find a host for the fifth meeting. Therefore, there may be no chance for the subsequent meetings of NFPs unless a member state agrees to host it.

Preparation and publication of ECO Annual Economic Reports

136. Despite lack of human resources, the Directorate endeavors to prepare the ECO Annual Economic Reports. So far, four issues of the ECO Annual Economic Reports comprising information on the ECO region macro-economic performance along with economic and social indicators on member states for the years 1997, 1998, 1999, and 2000 had been published. This publication receives considerable interest from regional and international institutions/users. The content of the Report for year 2001 have been approved by the 4th NFPs meeting. Hence, substance and timeliness of the Report largely depends on necessary inputs provided by the member states for country reports as well as statistical tables, the urgency in providing necessary information/data is of essence.

137. The Directorate is working on the subsequent issue of the said Report. The Directorate will improve the intraregional macroeconomic performance of the ECO region analyzed under the relevant chapter of the report and consider including statistical indicators such as human development index, intraregional investment depending on their availability.

Preparation and publication of ECO Statistical Yearbook

138. Preparation and publication of an ECO Statistical Yearbook is a substantial programme that has strategic thrust of obtaining, processing and disseminating officially authorized statistics on the member countries. Major aim is to avoid duplication and/or inconsistencies that may occur due to the entry of interdependent data. The Directorate is making efforts to accomplish this task by collection of necessary data through socio-economic indicators questionnaires circulated to the member states. Preparing a regional statistics yearbook covering more than 100 indicators considering the technical capacity of the Directorate and difficulties confronted in collection of required data and composing comparable cross-country tables may be noted. Therefore, the member states are urged to make their best efforts in providing the required statistical indicators

to the Secretariat according to abovementioned questionnaire. This will ensure a complete set of tables for this publication.

139. The Directorate will revise the tables of the said yearbook upon availability and provision of data by the member states. If required, the Directorate may decide to curtail the range of indicators to be covered by this publication. This will minimize the difficulties. Moreover, it will allow the member states to send minimum amount of essential information and the Directorate will derive the additional ones. The Directorate will continue the implementation of this programme and prepare the first draft of the said yearbook in 2003.

140. The Directorate recognizes the adoption of a common approach on methodology/calculation and collection/dissemination relevant statistical data in the ECO region as long-term process. At the initial stage, the member states were requested to submit their meta-data information along with index definitions used in their countries for compilation of statistical data pertaining to the list of socio-economic indicators. As a supplementary material for this Yearbook, DERS is also preparing a Guidebook on Methodological issues used in the member states on calculation of main socio-economic indicators.

- **Economic Research Programme**

141. The main objective of the Programme is to conduct research studies to strengthen cooperation and establish a common approach among the member states. Leading research institutes have been determined in connection with three research projects identified within the framework of this Programme. Some member states designated relevant research institutes to cooperate and participate in the implementation of research projects. The Directorate is acting as coordinator in activities determined for each research projects.

142. Nevertheless, three research activities in progress are ambitious and non-availability of fund for their implementation within the sources of ECO Secretariat should be underlined as a major impediment. Therefore, the success of the said programme in part depends on the availability of international funds and, in part, on the willingness of the member states to be active partners. The member states are kindly requested to devote the necessary financial and technical support to this programme aimed at strengthening research cooperation and contributes coordination among ECO countries to maximise the complementarities in their economies.

Dissemination of statistical data in the ECO Region and harmonization of the ECO countries' System of National Accounts-SNA

143. The Directorate is also working to harmonize the statistical indicators to monitor comparable social and economic progress in the member states. Most notable issue is the limitations/weaknesses that engender implementation of international recommendations/practices by the member states. At this point, the Directorate has

identified activities to ensure; good quality socio-economic information for ECO region, effective access to national statistical systems outputs; and international awareness and recognition of the ECO region statistical needs and priorities. Implementation of the 1993 System of National Accounts (SNA) has been one of the major thrusts of National Statistical Offices (NSOs) in the ECO region. It will not only carry out an economic analysis and investigation, accede to the detailed statistics on the national accounts and coordinate and unify methods of the compilation of the national accounts according to the recommended system of the United Nations but also be effective in presenting timely statistics in this respect, as well.

144. To support development of member states capacities on the methodological practices, the initiative of the Secretariat materialized with UNESCAP financed subregional training workshops first on environment statistics held in Bangkok from 1-12 October 2001 and second on implementation of 1993-SNA in ECO countries in collaboration with UNSD and State Institute of Statistics (SIS) of Turkey, in Ankara from 21 to 25 October 2002. These workshops nevertheless considerably contributed to the technical human development of member states. It has brought about emerging training needs in the member states on other issues such as non-observed economy. The Directorate is planning to organize a subregional training workshop in this regard in 2003.

145. The member states should also need to adopt their statistical practices to the international codes and standards, classifications and methodology. Subscribing to the Special Data Dissemination Standard (SDDS) and adhering to the General Data Dissemination System (GDDS) would be an important step.

ECO Business Guidebook

146. Despite lack of human resources within the Directorate, preparation and publication process of the ECO Business Guidebook has continued. The Directorate is revising, translating, and editing the information received from member states in this regard. The Directorate will continue its efforts as directed by para 92 of the 12th ECO RPC report and paste the prepared information on ECO Website instead of publishing a series of Guidebooks. While in order to achieve the fundamental aim of these electronic publications the member states need to cooperate in providing any required or update information when requested by the Secretariat.

Dissemination of economic news/information on ECO countries

147. The sense of importance and appropriateness felt for disseminating economic news/information of member states on the ECO website that aim at providing regular news/information concerning important macroeconomic and sectoral performance of the ECO region. The Directorate had prepared a content/framework for publicizing the economic news/information of member states on the ECO Website and reserved special pages on the ECO website incidentally. The member states are requested to provide the relevant news/articles on quarterly basis for this electronic publication.

148. The Directorate will assist the improvement of ECO website which should provide links to the relevant websites of the ECO member states as well as regional and international organizations/institutes. In this regard, the member states are requested to provide web addresses of the relevant organizations in their respective countries to the ECO Secretariat. Additionally, development on official statistics that makes the announcement on the important statistical surveys and censuses to be conducted by member countries and covers the news/documents/articles on new developments realized in the official statistics may also be disseminated on ECO Website if provided by member states. This will promote regional statistical needs and priorities through electronic media.

ECO recommendations regarding improvement of cooperation and proper implementation of tasks of Directorate should be included

1. The member states are requested to effectively participate in the activities of the Directorate and promote the objectives and plans of the ECO Secretariat in the area of research and statistics.
2. In view of the importance of the 5th meeting of NFPs, the member states are requested to advise their respective NFPs to fully cooperate with the ECO Secretariat in this regard.

Activities with regard to international agencies

149. The Directorate represents the region at a number of regional and international forums when the need and opportunity arise. At meetings, the Directorate endeavours to learn of the developments that may affect the ECO, to represent the ECO viewpoint as appropriate, and to ensure that the regional priorities are given due considerations. The Directorate continues to exchange experience, publications and technical information relevant to its endeavors to develop interregional cooperative mechanism in priority areas.

150. During 2002, the Directorate continued to strengthen its collaboration with several regional/international organizations by attending meetings in its fields to familiar itself with their programmes/projects and support country delegates from the region, particularly in promoting awareness of the training needs of the region. In this respect, the initiation of the Secretariat was materialized by UNESCAP financed subregional training workshop on implementation of 1993-SNA in ECO countries in collaboration with UNSD and State Institute of Statistics (SIS) of Turkey in Ankara from 21 to 25 October 2002. The workshop provided an appropriate forum to introduce/discuss key elements/issues of 1993 SNA and exchange experiences and strategies of ECO countries in its implementation. It also aimed to identify and formulate strategies that would strengthen the capacity of the ECO countries in compiling and maintaining national accounts statistics. The Directorate will follow the conclusions and recommendations of the workshop promptly. Within the framework of UNDP-ECO Capacity Building Project, two consultants were ensured to assist the ECO Secretariat

to design and implement the ECO Joint Economic Research Programme and to assist in the harmonization of statistical activities in the ECO region.

151. The Directorate, in collaboration with regional and international organizations is planning to co-organize training workshops on the non-observed economy and the 1993 System of National Accounts (SNA) in 2003. However, the member states are kindly requested to cooperate and consider offering host facilities for the abovementioned workshops to ensure their realization.

International Activities

152. 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.

153. In this regard the first effort had been to get an important resolution passed in the United Nations, in order to persuade UN agencies and other international financial organizations (IFIs) to help cooperate with ECO. In September 2002, ECO had been successful in getting such resolution approved which is now placed in official UN Website.

154. Before that, informal meeting of ECO Ministers took place in New York on 17 September, 2002 on the sidelines of the General Assembly Session, which jointly endorsed the draft resolution for tabling it in its 57th Session.

155. Later in the day 7th ECO ASEAN Joint Ministerial meeting took place which was chaired jointly by the Foreign Ministers of Tajikistan and Indonesia representing ECO and ASEAN respectively. This meeting enjoined the two organizations to cooperate with each other for the benefit of each other. It also approved the terms of reference of a joint study on ECO-ASEAN Cooperation.

156. Secretary General of ECO utilizing his presence in New York also called on Senior UN Officials. In his meeting with Mr. Lakhadar Brahimi he sought his support for ECO's efforts for reconstruction in Afghanistan. In his call on UNDP administrator Mr. Hafiz Pasha and Executive Director of UNFPA he discussed the state of ongoing cooperation with these UN organizations and proposed new areas of cooperation.

157. However, ECO's major benefactors have been UNDP, Islamic Development Bank, UNDCP and ITC. ECO has meaningful relationship with United Nations social Commission for Asia and Pacific (ESCAP), United Nations Conference on Trade and Development (UNCTAD) and Food and Agriculture Organization (FAO). ECO is also trying to develop its relations with, United Nations Economic Commission for Europe (UNECE), Colombo Plan Secretariat and ASEAN. ECO would soon carry out a study on finding ways and means of concretizing ECO's relationship with ASEAN as this project has been approved by the 7th ECO ASEAN Joint Ministerial meeting. With Colombo

Plan, a MOU has been approved by the decision making body of ECO. The two secretary Generals are likely to sign in April 2003. A plan to organize a workshop on the role of spirituality on Drug Demand Reduction with Colombo Plan was on its final leg of implementation when it was postponed due to lack of quorum. We hope our member countries that have not done so would communicate the names of their nominees and other requested information so that a new date could be announced. We attach a lot of importance to this workshop as it introduces a very important but new actor against drug abuse, onto the stage.

158. UNDP is an important partner of ECO. ECO is involved with it in a million dollar project on the Capacity Building of ECO Secretariat. Various consultancies are being undertaken under this project; and several, at least ten, are going on, at the moment. Secretary General of ECO has called on its Regional Director in New York in September 2002 and persuaded him to extend the tenure of the present project so that all consultancies could be implemented and the fund available would not expire. The next three year program was also discussed in the meeting.

159. With the Islamic Development Bank, ECO has concluded until now two grant agreements amounting to \$ 672,000. A \$ 400,000 grant agreement to carry out the feasibility study for connecting power systems of ECO countries was signed in September 2001; while a \$ 272,000 technical assistance grant agreement was signed earlier for carrying out feasibility study on introduction of Multi-Modal Transport Operations in the ECO region. IDB is also is being involved in funding some bankable projects in the field of Agriculture.

160. With UNDCP which is now called UNODC, ECO has a project worth nearly \$ 800,000 on establishing Drug Control Coordination Unit in the Secretariat. The first phase has been implemented and the 2nd phase started from December 2002. An opening meeting between the Secretary General and the UNODC representative in Tehran took place on February 23, 2003. Both sides reviewed the project document and future strategies to successfully implement the project, to the satisfaction of ECO Member States and donor agencies. Both sides expressed satisfaction that the unit is now fully manned and has contacted the focal points to receive their reports. Both sides also expressed the hope that the project will go a long way in contributing towards efforts to combat trafficking in illicit drugs in the region.

161. International Trade Centre is helping ECO in expanding trade amongst ECO member states through a project signed between the two sides. A product selection workshop was held in March 2001 with its assistance during which a priority list of product groups having the maximum potential for trade was prepared. Based on its results, 1st Buyer Sellers Meeting was held in respect of textile & clothing sector in Istanbul in October 2001. The spade work of demand/supply surveys was carried out before this.

162. The Buyers/Sellers meeting was attended by nearly 100 companies from our member states. All of these companies made useful contacts with each other. Confidential

with the success of this meeting, ECO plans to organize another such meeting in the field of food products and agriculture, on May 21-22, 2003, in Almaty, Kazakhstan.

163. As part of the implementation of this project, an ECO Business Forum Meeting was held on the sidelines of 7th Summit. In this meeting, the participating private sector reviewed trade constraints in the region. They also recommended ways to the government officials, to remedy the situation.

164. There are several other initiatives in the region too, like marketing missions, trade fairs etc. this organization has been engaged into. ECO will also participate in ITC's Regional Trade Promotion Program for Central Asian CIS Member Countries.

165. The United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) is another important organization with which ECO is involved. This UN body covers a large stretch of countries from East to West Asia. ECO is involved with it in Multi-Modal Transport Project. It also provides ECO technical assistance in a variety of sectors and sends its experts in ECO seminars and workshops.

166. Another important activity carried out under this umbrella is the Annual meeting of Heads of Regional Organizations and ESCAP. The strength of membership of five regional organizations that participate in this meeting is 43 countries. ECO, SAARC, ASEAN, Pacific Forum and ESCAP participate in its deliberations. All sorts of economic and social issues are discussed and decided.

167. The Secretary General participated in its 7th meeting in Bali in September 2002 and saw enormous opportunities to increase cooperation with the regional organizations involved. The 8th meeting is going to be held in the ECO Secretariat in Tehran, this year and it would be a good opportunity for ECO to lead the discussion in the interest of ECO.

168. With UNCTAD, ECO is involved in multimodal transport study project, in collaboration with IDB and UNESCAP. Also ECO has received technical assistance from UNCTAD in transit trade arrangements. This organization has also used ECO's expertise to promote TIR Convention in the region.

169. The Secretary General of ECO visited the UNCTAD Secretariat and met with its Secretary General H.E. Ambassador Rubens Ricupero on April 23, 2002. The heads of the two organizations agreed to formulate joint approaches in developing programmes which would attract the support of the donor agencies. UNCTAD agreed to organize a regional seminar for ECO under the UNEP-UNCTAD Capacity Building Task Force Programme and also agreed to render technical assistance to ECO in the field of investment promotion.

170. Similarly with Food and Agriculture Organization, ECO is involved in several ways. ECO supported the World Food Summit resolution in Rome in June 2002. They organized a side event for ECO exclusively, on the sidelines of the Summit. The

occasion provided an opportunity to understand each other's point of view. Now ECO is involved in discussions with them in a technical assistance program for agriculture development and Food Security for ECO member states amounting to US\$ 309,000. Donors are being sought to fund the program and presently ECO is involved in discussion with both IDB and FAO in this regard and chances of finding a suitable donor is high.

171. Secretary General participated in the 10th Ministerial meeting of Organization for Security and Cooperation (OSCE) in Europe in December 2002 in Porto. He contributed a policy paper on Narco Terrorism which was greatly appreciated by the 36 participating ministers and other senior officials from 66 countries. As OSCE was shifting its focus more on economic issues, the ECO participation helped in making useful impression on the participants which included several ECO donors.

172. Taking the opportunity the Secretary General called on the Foreign Minister of Portugal, Azerbaijan and Tajikistan. He also received representatives of several European countries and heads of international organizations. His visit was highlighted by the Portuguese, Spanish and Iranian media.

173. Secretariat is also in contact with the Crans Montana Forum-an elite gathering of world political and business leaders. Its meeting is scheduled to take place in the last week of June, 2003 in Switzerland. Secretariat has proposed six ECO related topics: a) ECO role in Central Asian Development, b) Reconstruction in Afghanistan, c) The pace of economic reform in Central Asia, d) Transition from command to market economy, e) Integration of Central Asia into the multilateral trading system-Challenges and Prospects, f) Regional trade liberalization efforts and the role of Central Asia. We hope that when this event will take place, ECO aims and objectives would receive wide publicity world wide.

174. There have always been some good proposals about ECO's relations with the international organizations put forth from member states. Unfortunately, its follow up mechanism has remained weak. ECO wants to have a regular mechanism of consultations with the international organizations as it has with UNDP and UNDCP so that the movement towards greater realization of ECO's objectives vis-à-vis these international organizations do not discontinue at the signing of the Memorandum of Understanding with them.

ECO Cultural Institute

175. The Charter of the ECO Cultural Institute was adopted by the Council of Ministers (COM) in their meeting held on January 21-23, 1995 and was signed on March 15, 1995 in Islamabad during the Third ECO Summit.

176. Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan, Turkey and Turkmenistan have signed the Charter. However, only Afghanistan, Iran, Pakistan and Tajikistan have so far ratified the Charter of the Institute.

177. The first meeting of the Board of Trustees of the ECO Cultural Institute was held in Tehran on October 22-23, 1996. The second meeting of BOT was held on 25-26 January 2000. The ECO Culture Institute is in the process of organizing its third meeting and is in contact with the government of Iran.

ECO Science Foundation

178. The Charter of ECO Science Foundation was signed during the Third ECO Summit held in Islamabad on March 15, 1995. All the ten member states have signed the Charter. However, so far, only Azerbaijan, Iran, Pakistan, Tajikistan and Turkmenistan have ratified the Charter of Foundation. Government of Pakistan has to announce its first meeting of its Board of Trustees.

ECO Educational Institute

179. Except Uzbekistan, all the ECO Member States had signed the Charter of the Institute on the occasion of the 8th COM Meeting and the Fifth ECO Summit Meeting held in Almaty on May 11, 1998. So far, only Iran and Tajikistan have ratified its charter.

ECO Regional Institutions

- **ECO College of Insurance**

180. The ECO College of Insurance, formerly RCD College of Insurance was reopened in 1991. The College located in Tehran is affiliated with the Allamah Tabatabai University. The College intends to cater the Insurance training needs of the ECO member states. The subjects of study include economics, law, management, applied sciences, accounting, finance, and insurance leading to a Bachelor of Science degree in Insurance Management. Students from the ECO Member States except Iran are exempt from entrance test for admission in the College. College is presently involved with the Council of Permanent Representatives of ECO to discuss ways and means to give it a greater ECO flavor.