



**FOURTH  
REGIONAL ECONOMIC COOPERATION CONFERENCE  
ON AFGHANISTAN (RECCA IV)**

**(Istanbul, 2-3 November 2010)**

***THE ISTANBUL DECLARATION***

Participants at the Fourth Regional Economic Cooperation Conference on Afghanistan (RECCA IV) held on 2- 3 November 2010, in Istanbul:

Welcomed the inauguration of the Conference by H.E Ahmet Davutoğlu, Foreign Minister of the Republic of Turkey and H.E. Zalmay Rassoul, Foreign Minister of the Islamic Republic of Afghanistan and noted the strong participation in the Conference by the Afghan delegation, and the participation of 27 countries and 14 international and regional organizations, institutions and bodies;

Welcomed the successful outcomes of the Kabul International Conference on Afghanistan held on July 2010 as an important milestone in the Kabul Process, remarked by the transition to Afghan leadership and ownership;

Appreciated the timely convening of the Fourth Regional Economic Cooperation Conference on Afghanistan as an important contributor to achieving the objectives outlined in the Kabul Conference through greater regional cooperation, which is one of the five pillars of the Kabul Process;

Reaffirmed their strong commitment to the sovereignty, independence, territorial integrity and national unity of Afghanistan;

Underscored that the vital element of peace in the region is a safe, secure, stable and prosperous Afghanistan, which could be ensured through a regional framework that reflects friendship and cooperation with regional neighbors;

Reiterated their commitment to support the Government and people of Afghanistan as they make substantial progress in strengthening security, developing the country, reconstructing the national economy, and improving good governance and human capital;

Welcomed the Presidential and the Provincial Elections of 2009 and the Parliamentary elections held on 18<sup>th</sup> September 2010 and reiterated their strong belief that lasting peace and stability in Afghanistan could only be achieved through enhanced national unity, solidarity, reconciliation and reintegration within the context of the Constitution of the Islamic Republic of Afghanistan as well as the unwavering support of neighbors and countries in the region;

Appreciated the support and contributions of donor countries, international and regional organizations to improve the economic and social development of Afghanistan;

Noted that Afghanistan and neighboring countries had been integrated through mutual cooperation throughout history. The cultures in the region, populations and their languages are profoundly intertwined; rich human and promising economic potential are commonly shared;

Raised awareness of the common interlinked risks and challenges threatening the region, such as all forms of terrorism, extremism and all aspects related to illicit narcotic drugs;

Stressed the importance of a comprehensive approach which should include regional cooperation as an indispensable pillar in addressing the challenges in Afghanistan and beyond;

Noted the centrality of Afghanistan in the production, transmission and distribution of energy resources; the economic potential of Afghanistan's natural resources for the stability of the state and the region, and the prosperity of its peoples;

Acknowledged the considerable progress achieved by important international and regional meetings held since RECCA III, in Islamabad (2009) which included the Istanbul Summit on Friendship and Cooperation in the "Heart of Asia" (2010), the London Conference on Afghanistan (2010) and the Kabul Conference (2010), and reiterated the importance of fully implementing the joint decisions taken at these international and regional meetings;

Affirmed that RECCA IV was a follow-up to, and builds upon, the success of the previous three Regional Economic Cooperation Conferences on Afghanistan held in Kabul (2005), Delhi (2006) and Islamabad (2009);

Noted the significance of regional organizations and international financial institutions and welcomed the positive role played and the support provided to Afghanistan by organizations such as the Asian Development Bank (ADB), Conference on Interaction and Confidence Building Measures in Asia (CICA), the Central Asia Regional Economic Cooperation (CAREC), the Economic Cooperation Organization (ECO), the Organization of Islamic Conference (OIC), the South Asian Association for Regional Cooperation (SAARC), the Shanghai Cooperation Organization (SCO), the UN Economic and Social Commission For Asia-Pacific (UNESCAP), the United Nations Special Program for Economies of Central Asia (UNSPECA) and the World Bank (WB); and appreciated the agreement of these organizations to establish a Core Group for enhanced coordination of Afghanistan's regional engagement, welcoming the "Inaugural Meeting of the Core Group" organized by Turkey in Istanbul on 3 November 2010, extending the scope of their regional cooperation;

Stressed that regional cooperation with Afghanistan begins with the support of regional neighbors, bears great potential and is effective when it is regionally owned, steered and governed in a sincere, transparent and constructive manner;

Welcomed the establishment of the Center for Regional Cooperation (CRC) at the Afghan Ministry of Foreign Affairs in Kabul in May 2010, which serves as the RECCA Secretariat and acknowledged the role of the CRC to support the Government of Afghanistan in strengthening its regional economic cooperation agenda;

Recalled the growing number of processes aimed at contributing to enhanced bilateral, trilateral and quadrilateral cooperative ties in the region;

Appreciated the support from Afghanistan's neighbors, Pakistan and Iran by accepting millions of Afghan refugees in their countries and providing social and welfare support, and emphasized the need for creating the conditions for their early and voluntary return to their homeland with the assistance of the international community;

Stressed the importance of regional projects in enhancing peace and development not only for Afghanistan but also for all neighboring countries;

Acknowledged that Afghanistan's economic development and regional economic stability are best supported by practical and meaningful cooperation in specific projects; underlined their resolve to give impetus to project-based cooperation in the areas of trade, transit, border management, energy, transport, mining, agriculture, labor migration, private sector development and human resource development;

Welcomed the signing of the Afghanistan, Pakistan Transit Trade Agreement on 28 October 2010 and look forward to its full implementation;

Took note also of the signing of the Transit Trade Agreement between Tajikistan and Afghanistan on 25 October 2010;

Welcomed the signing of Turkmenistan-Afghanistan-Pakistan-India (TAPI) Heads of Agreements and the initialing of TAPI Gas Pipeline Framework Agreements on 20th September 2010 as a significant step forward in improving regional connectivity;

Commended the holding of a “Business Forum” on the sidelines of the RECCA Conference which brought together representatives from regional Chambers of Commerce and Industry, investment agencies, private sector institutions and companies; expressed special thanks to The Union of Chambers and Commodity Exchanges of Turkey (TOBB) and Foreign Economic Relations Board (DEIK) and the Afghanistan Investment Support Agency (AISA) for the successful organization of the event;

Welcomed the joint Afghan-UAE initiative to organize the first International Conference on Investment on Afghanistan which will take place in Dubai, on 30 November 2010; and also welcomed Egypt initiative to host a meeting on Afghanistan on the sideline of the OIC Summit Conference in Cairo in March 2011;

Appreciated the first meeting of the Academic Platform for Afghanistan held in cooperation with the Boğaziçi University which brought together several members of academia and think tank institutions from Afghanistan, its neighbors as well as from other RECCA IV participating countries, and recommended the continuation of this practice in the margins of future RECCA Conferences;

Welcomed the verbal reports of the moderators from the Academic Platform for Afghanistan and noted that lasting peace and stability in Afghanistan could be ensured within a favorable regional environment; increased coordination synergy among various regional mechanisms and bodies would yield more effective results; greater regional connectivity through practical cooperation, particularly in the fields of energy, infrastructure and trade, accompanied by appropriate training and capacity building efforts bear significant potential.

## **RECCA PARTICIPANTS RECOMMENDED THE FOLLOWING:**

### **A) INFRASTRUCTURE**

#### **Regional Roads**

- 1) The prioritization of major collaborative regional road investments with support from international and regional partners which included the agreement to: establish a framework for national and regional Public Private Partnerships; the establishment of a trans-boundary policy which included institutional investment priorities; the establishment of a regional road transport master plan and integration benchmarks to support the Resource Corridor Initiative and develop regional cooperation.

#### **Regional Railways**

- 2) Establishment of an integrated regional railway system that would provide the foundation for significant investments, all of which were essential for diversifying growth and creating sustainable employment. Such an approach would also strengthen market competitiveness across the entire region lowering import and export costs, whilst also opening up new markets.
- 3) The resolution of technical and logistical issues to allow greater regional integration; detailed discussions to secure financing arrangements for a more holistic approach to regional railway development; greater development and clearer regional understanding of the linkages with other vital sectors such as mineral resources and SME development.

#### **Regional Extractive Mine Industry**

- 4) The implementation of the Afghan Regional Resource Corridors Initiative would need to include the prompt resolution of technical and design issues, whilst also addressing several high-level risks, chiefly identifying which ‘anchor’ projects made the initiative feasible from an economic point of view.
- 5) The emphasis on the ability of local and national expertise in the area of governance of resource extraction (royalties, taxation, and revenue sharing) to be built and reinforced within the Afghan Government as resource extraction provides the potential for

long-term economic and social development which would be of benefit to local and provincial communities in the region.

- 6) Regional public-private partnerships and investment to enable commercially viable projects which were considerate of investment risks and which included options to mitigate investment risks through partial risk guarantees and other financial investments through International Financial Institutions, should be completed within one year.

## **B) TRADE, TRANSIT AND BORDER MANAGEMENT**

### **Regional Transit and Trade Agreements**

- 1) The support of international, regional and donor partners for the implementation of APTTA and encouraged regional neighbors and countries in the region to use it as a model to develop trade and transit agreements in the region.
- 2) That Afghanistan should capitalize on the progress made on APTTA to re-invigorate transit agreement with neighboring countries on transit and traffic routes, transportation of cargo, customs facilitation etc., within six months and look to conclude agreements within eighteen months.
- 3) Improvement of import and export procedures. Steps forward included identifying best practices among countries in the region; facilitating exchanges of policy and technology, scientific and administrative expertise so that regional countries could upgrade their own standards and contribute to regional improvement.

### **Trade Facilitation**

- 4) The World Bank to work closely with countries covered or affected by its North West Sub-Region Facilitation Project to focus on the removal of non-tariff barriers including improvement and harmonization of the environment for trade and transit (e.g. transit treaties), policies and regulations to facilitate trade (e.g., customs procedures), improving trade supporting infrastructure (e.g., land border stations) and improving trade supporting transport services (e.g., trucking industry).

## **Customs and Transport Infrastructure Harmonization and Upgrade**

- 5) That the international stakeholders support the construction of a permanent Customs Training Academy, while the reform of the Afghan Customs Administration is being taken forward.
- 6) That insufficient storage (particularly cold storage) in Afghanistan is an impediment to the export of agricultural products as well as the development of local markets. Construction of basic dry goods storage/warehouse facilities are needed in order to minimize spoilage across provinces in Afghanistan.
- 7) That support by regional and international partners to the World Bank's proposal for a "Truck Modernization Fund." The modernization of truck fleets in the region should be considered a priority and related support could be linked to countries' efforts to reduce entry barriers and promote harmonization of operating and measuring standards.

## **Enhancement of Border Cooperation**

- 1) That the BLO concept needed to be agreed upon and endorsed at the political level and that the RECCA process was an appropriate forum to explore a mechanism to facilitate such a political agreement. The establishment of Border Liaison Offices (BLOs) at the main Border Crossing Points required expediting. The UNODC-implemented BLO pilot project at Torkham served as a model for relevant Afghan Border Crossing Points.
- 2) That regular dialogue between regional Customs Departments needed to be established and supported. Closer communication between Afghanistan and Central Asian countries' Customs Departments is needed in order to take advantage of the significant trade potential.

## **C) EDUCATION AND VOCATIONAL TRAINING**

- 1) Support of regional and international partners for the establishment of additional technical schools and the expansion of capacity for existing ones.

- 2) The establishment of a systematic Human Resource Policy within a regional context, which would help improve market-friendly labor regulation and facilitation in order to create an enabling environment for job generation and employment both inside and outside of Afghanistan.
- 3) Support the skills learning programs with the assistance of regional and international partners, relevant to industries in which Afghanistan had a comparative advantage (such as carpet weaving courses) and also creating opportunities for marketing products.
- 4) Support to public-private regional partnerships to be facilitated in the areas of technical, vocational higher education and health education.

#### **D) AGRICULTURE**

- 1) Strengthening institutional links between research facilities and agriculture ministries across the region including the professional exchanges between agricultural and marketing experts; strengthening informational links by creating an online database of institutions, capabilities, existing and ongoing research; better sharing of existing agricultural data and support Afghanistan's research capabilities; improved coordination in support of the National Agenda between the international community and the Government of Afghanistan.
- 2) Take a regional and long-term approach regarding population growth in Afghanistan and the need to ensure food security through both research and practical initiatives focused on trade and investment.

#### **E) LABOR MIGRATION**

- 1) International and regional technical support for the implementation of the National Employment Policy and Strategy.
- 2) Development of an institutional and regulatory framework for managing migration together with building and strengthening institutional capacity for better managing migration including the issuing of licenses.



- 3) Develop labor migration MoUs between Afghanistan and labor receiving countries while making efforts for securing the allocation of “quotas” for Afghan workers for a specified period of time.
- 4) The Government of Afghanistan, in conjunction with the Afghanistan Central Bank and commercial banks, develop a regulatory and incentive framework to support official remittance flows.

#### **F) SMALL AND MEDIUM ENTERPRISES**

Regional and international partners, and IFIs to provide technical support and expertise to help implement the SME Strategy including capacity building for women’s’ entrepreneurship development.

#### **HAVE IDENTIFIED THE FOLLOWING REGIONAL ECONOMIC COOPERATION DELIVERABLES FOR CONSIDERATION BY REGIONAL AND INTERNATIONAL PARTNERS:**

##### **A) INFRASTRUCTURE (ENERGY, MINES AND TRANSPORT)**

###### **Roads**

- 1) The following regional road projects would provide support to the Afghan Regional Resource Corridors Initiative: The important projects identified by the Government of Afghanistan were:
  - i. Second two-lane road from Kabul and Jalalabad (Border Province with Pakistan)
  - ii. Second two-lane road from Kabul – Jabal Saraj
  - iii. Faizabad – Eshkashim (Border Province with Tajikistan) and Anjuman Pass to Ishkashim (Tajik border)
  - iv. Jabal Saraj – Sorobi road
  - v. The completion of the remaining components of the North - South Corridor (Balkh to Uruzgan Provinces)
  - vi. East - West Corridor (Herat to Bamyan Provinces)

- vii. The completion of the last components of Afghanistan's National Ring Road (from Armalik to Ghormach for 253 Km)

## **Railways**

2. The completion of the following regional railway projects would support the Afghan Regional Resource Corridors Initiative: The important projects identified by the Government of Afghanistan were:

- i. Mazar –Andkhoy Railway Project (225 km)
  - ii. Jalalabad - Landikotal Railway Project (98 km)
  - iii. Kandahar - Chaman Railway Project (121 km)
  - iv. Completion of Sangam-Herat Railway Project
- 2) Exploring the option of establishing a Regional Railway Working Group in the context of existing regional frameworks such as ECO, SAARC and CAREC to coordinate the implementation of the above and ensure the alignment and harmonization of regional efforts, within six months.

## **Civil Aviation**

- 3) The upgrading of the Herat Airport to an international airport would provide increased opportunities for national and international business travel.

## **National & Regional Resource Corridors Initiative**

- 4) The establishment of a special Infrastructure Trust Fund to be administered by the Asian Development Bank and fully supported by all development partners and donors in order to fund prioritized infrastructure project in Transportation, Energy and Mining, within three months.
- 5) Support the establishment of a regional multilateral structure which would appoint Ministers to the Regional Resource Corridors Technical Committee (RRC-TC), to be comprised of relevant Afghan and regional governments and leading experts, as well as the establishment of a dedicated Afghanistan Regional Resource Corridors Initiative Commission, within six months.

- 6) Support the establishment of a Commission, supported by regional and international partners to be led by a Commissioner who would provide cross-ministerial coordination and cooperation with regional ministries and the establishment of an International Cooperation Partner's Support Group to include relevant IFIs, and the identification of donors in a position to mobilize technical support alongside relevant representatives from regional organizations, within one year.
- 7) Establish a Memorandum of Understanding between all Afghan regional government entities and the Resource Corridors Commission, as the basis for establishing a whole-of-government approach, within six months.

## **Energy**

- 8) The World Bank and Islamic Development Bank support the member countries (Kyrgyzstan, Tajikistan, Afghanistan, Pakistan) by agreeing to fund the CASA 1000 initiative, subject to due diligence, for the realization of the project, within six months.
- 9) To conclude the Inter-Governmental Agreement and the pre-requisite agreements such as the Gas Sale and Purchase Agreement and Agreement on Transit fees, in order to start the implementation phase of the Turkmenistan-Afghanistan-Pakistan-India gas pipeline project, within three months.
- 10) Regional and International support to similar energy projects such as e.g. Shiberghan Gas - fired Power Station – 200MW, and the connection of North East Power System (NEPS) with the South East Power System (SEPS).

## **B) TRADE, TRANSIT AND BORDER MANAGEMENT**

- 1) The Canada-facilitated Dubai Process will continue to work toward the implementation of several RECCA recommendations, including: border infrastructure modernization; electronic customs data sharing; and the establishment of border liaison offices, among others. Following the next Dubai Process meeting on November 13-14, Canada will advise members of the international community of the areas where support is needed. In addition, Canada, as the current G8 President, will work with the

incoming G8 President, France, to continue advancing the G8 Afghanistan-Pakistan Border Region Prosperity Initiative.

- 2) That joint work on further trade facilitation between countries in the region needed to be fostered utilizing a range of regional fora. One such forum would be the UN Special Program for Economies of Central Asia (UNSPECA). That the Economic Cooperation Organization (ECO) could play an important role in helping technical cooperation between countries in the region and that South Asia, through SAARC, should play a key role in facilitating trade as both a partner and a market for Afghanistan.
- 3) That the World Bank would report to international donors by January 2011, on the status of the proposed North West Sub-Region Trade Facilitation Project, in particular highlighting whether or not the project is still a priority for the relevant countries (namely Pakistan and Afghanistan) and whether the World Bank will support the project. Regardless of whether or not the countries and Bank wish to proceed with the project, the Bank will share its assessment of the barriers to trade between Pakistan and Afghanistan and approaches the countries may consider to modernize their truck fleets to enhance trade.
- 4) That the US, Canada and the EU are currently, or will support the Customs Training Academy, aiming to link the Academy to other regional facilities. That the World Bank will liaise with the Afghan Government to cover any future gaps in support for the Academy.
- 5) That the Islamic Development Bank welcomed the idea of the construction of storage facilities and agreed to consider proposals pending further information.
- 6) That Canada would keep donors informed on the progress to establish and extend the Border Liaison Offices at Border Crossing Points, currently being taken forward under the Dubai Process. This would include the training of the Border Liaison Officers. That the number of Border Crossing Points (Torkham, Waish, Chaman and Ghulam Khan) where the efforts are currently focused could be increased with other donor support.

- 7) That continued dialogue on closer coordination of customs departments for Central Asia should be taken forward in the framework of UNSPECA in order to increase harmonization of customs procedures in the region. That UNSPECA would submit concrete project proposals by the end of 2010 and Turkey would explore future support to regional customs operations, working with Central Asian customs authorities.
- 8) In the field of counter narcotics, the EU, US and Canada continue to support a range of regional programs countering the flow of narcotics and precursor chemicals in the region, including the UNODC regional programs.

### **C) EDUCATION AND VOCATIONAL TRAINING**

- 1) To encourage regional and international organizations to facilitate greater access to vocational training, higher education and human resource support to vocational health training opportunities in Afghanistan. This included the provision of scholarships, especially by neighboring countries and international partners to support this process; support technical and vocational training centers, schools and institutions including student and teacher exchanges.
- 2) To build links between regional universities, colleges and Afghan Institutions to increase access to knowledge and skills; establish exchange programs and web-based knowledge-sharing and seminars.
- 3) To coordinate their approach to expanding scholarship opportunities to match the capacity development needs of Afghanistan.
- 4) To explore the engagement of the private sector across the region to promote and establish technical and vocational training centers, schools and institutions in private-public partnership.

## **D) AGRICULTURE**

- 1) To identify an existing mechanism or forum which was capable of developing a regional research and policy framework for Agriculture.
- 2) Those technical experts, including regional and international partners, would share information on best practices and discuss issues of importance for the agriculture sector, including long-term approaches regarding population growth and the need to ensure food security.
- 3) Identify three agricultural topics and three lead research institutions (governmental or regional) each tasked with hosting an incoming exchange with regional country participants in 2011; linking the needs of governments with the willingness and capacity of governmental or regional institutions to send training teams or individual experts abroad in the region.

## **E) LABOR MIGRATION**

- 1) To encourage international organizations such as ILO, IOM, UNHCR and also labor sending countries of the region to assist in the development of a Comprehensive National Policy on labor migration for Afghanistan including institutional capacity building of the MoLSMD for the better administration of labor migration with a special focus to support the existing mechanism for sending Afghan workers overseas.
- 2) To work towards establishing bilateral agreements between Afghanistan and labor receiving countries on labor migration.
- 3) Develop a regulatory and incentive framework with the support of regional and international partners on official remittance flows through formal banking channels e.g. non-resident deposits, development bonds, customs duty exemptions, partnership with micro-finance institutions and a rapid and cheap money transfer system.

## **F) SMALL AND MEDIUM ENTERPRISES**

- 1) Provide technical and financial support to SME development through capacity building and technical training as part of national priority programs; support innovation programs and Afghan enterprises, especially in non-trade industries, either through direct investment, or creating SME funds in banks to support domestic products or sector-specific products, all with lower interest rates that will be of benefit and value to regional neighbors and international partner countries.
- 2) To encourage the provision of capital investment to promote access to finance; facilitate exchange visits by private sector groups between neighboring countries to build understanding on SME micro-financing and micro-credit experience.
- 3) To support capacity building to SME implementation groups, such as Women's Businesses, Entrepreneur and Artisan Groups as well as sector-specific training to relevant entrepreneurs through regional and international exchanges, and in-country training covering issues such as literacy; management of finances; contracts and procurement.
- 4) To support market access and preferential treatment for products which originated from Afghanistan by regional and international partners. This would require regional partners to remove the restrictions on Afghan products, reduce and remove tariffs, to complement and add to concessions already provided through regional agreements and mechanisms.

### **RECCA Secretariat**

Support the RECCA Secretariat at the Centre for Regional Cooperation, Afghan Ministry of Foreign Affairs and the new monitoring and evaluation function to track and ensure progress on RECCA Conference recommendations.

The RECCA IV participants expressed their deep appreciation to the Government of Turkey for extending its warm hospitality and making excellent arrangements for the Conference and welcomed the offer of the Republic of Tajikistan to host the Fifth Regional Economic Cooperation Conference.