

## **Agreement Establishing the Central Asia Regional Economic Cooperation Institute**

THE CONTRACTING PARTIES,

**Taking into consideration** the need to establish a research and capacity building center to enhance the quality and effectiveness of the Central Asia Regional Economic Cooperation Program (hereinafter “CAREC”) as well as the agreement to establish the physical base of the Central Asia Regional Economic Cooperation Institute in the region, which was made at the 11<sup>th</sup> Ministerial Conference of the Central Asia Regional Economic Cooperation Program held in Wuhan, People’s Republic of China on 30 October 2012;

**Desiring** to constitute the Central Asia Regional Economic Cooperation Institute as an inter-governmental organisation, under the auspices of the Ministerial Conference of the Central Asia Regional Economic Cooperation Program that can carry out its functions as an entity with full legal personality;

**Recognizing** that the Central Asia Regional Economic Cooperation Institute has been identified as one of the operating priorities of CAREC to serve its members, and in this regard to adhere to the principles of equality, fairness and balance reflected in the Ministerial Announcement on the Establishment of the Physical Base of the Central Asia Regional Economic Cooperation Institute endorsed at the 13<sup>th</sup> Central Asia Regional Economic Cooperation Ministerial Conference in Bishkek, Kyrgyz Republic on 6 November 2014;

**Convinced** that the establishment of the Central Asia Regional Economic Cooperation Institute will serve as an important step forward towards regional economic cooperation and progress;

HAVE AGREED AS FOLLOWS:

### **CHAPTER 1 ESTABLISHMENT, PURPOSE AND FUNCTIONS**

#### **Article 1. Establishment**

By this Agreement the contracting parties establish the Central Asia Regional Economic Cooperation Institute (hereinafter “CI”) as an inter-governmental organization with full legal personality, which shall be afforded the preferential treatment and facilities necessary for carrying out the functions mandated to it as provided in this Agreement.

#### **Article 2. Purpose; Relationship with CAREC**

The purpose of CI is to enhance the quality of CAREC through knowledge generation and capacity building for effective regional cooperation to meet the goal of accelerating economic growth in the CAREC region.

### **Article 3. Membership**

(1).

(a) As used in this Agreement, “**CI Member Country**” means a Signatory that has deposited an instrument of ratification, acceptance or approval with the Depository.

(b) A Signatory will be afforded all of the rights of a CI Member Country under this Agreement, notwithstanding that it has not deposited an instrument of ratification, acceptance or approval with the Depository, until the later to occur of two years after the date on which this Agreement enters into force and the date that is two years after the date on which it becomes a Signatory.

(c) A Signatory that has not deposited an instrument of ratification, acceptance or approval with the Depository by the later to occur of two years after the date on which this Agreement enters into force and the date that is two years after the date on which it becomes a Signatory may participate in the affairs and programs of CI and attend Governing Council meetings as a non-decision making participant, but, until such time as it becomes a CI Member Country (i) its consensus in Governing Council decisions will not be sought, (ii) its representative may not serve as the Chairperson of the Governing Council, and (iii) it will not be eligible to appoint or nominate any person to any Management position (the matters specified in subclauses (i), (ii) and (iii) of this Article 3(1)(c) hereinafter referred to as “**Governance Rights**”).

(2). The Governing Council may grant CI observer status to countries that are not members of CAREC and organizations that can assist CI to achieve its objectives, with such designations, rights, obligations and privileges as the Governing Council may determine, but without Governance Rights

(3).

(a) A CI Member Country that withdraws from membership in CAREC must notify the Depository of its withdrawal from CI and may advise CI that it wishes to continue to participate in CI as an observer. The notice will constitute a withdrawal notice under subclause (b) of this Article 3(3), and any request to continue as an observer will be referred to the Governing Council for its consideration.

(b) Any CI Member Country may withdraw from CI at any time by delivering a notice in writing to the Depository. Withdrawal by a CI Member Country shall become effective, and its membership shall cease, on the date specified in its notice but in no

event earlier than six (6) months after the date that notice has been received by the Depositary.

(c) A withdrawing CI Member Country shall remain liable for all responsibilities and obligations to CI to which it was subject at the date of cessation of membership.

#### **Article 4. Functions**

To fulfil its purpose, CI shall:

- (1). report on its past and proposed programs to CAREC at each annual meeting of the CAREC Ministerial Conference;
- (2). align its programs with the strategic goals of CAREC;
- (3). provide innovative solutions based on the sharing of good practices to enable CAREC and the CI Member Countries to respond to regional challenges and cooperative processes;
- (4). enhance the capabilities of government officials in CAREC and the CI Member Countries to engage in regional cooperation processes, improve their capacities to plan and implement regional cooperation projects, and build their capacities for informed policy analysis;
- (5). conduct strategic research by mobilizing world-class intellectual resources to enhance regional cooperation capacity and accelerated growth in the CAREC region;
- (6). promote the effectiveness of scientific research in CAREC and among the CI Member Countries through joint or collaborative projects and wide dissemination of research findings and results; and
- (7). develop a network of research institutions in the CAREC region to serve as a resource base for strategic research and knowledge sharing, comprising among others, of universities, think tanks, and development institutions.

#### **Article 5. Principles of Operations**

- (1). The operations of CI shall abide by principles consistent with public international law and good governance, and apply good practices among international organizations, as may be appropriate to CI's purpose and functions.
- (2). The nature of the CI, as an entity for regional economic cooperation supporting CAREC, shall be reflected in all aspects of its operations, including decision-making, staffing, access to training and right of access to information.

- (3). The operations of CI shall be balanced and fair, considering the multitude of needs of CI member countries, without undue advantage to any one country, in planning or carrying out its work.
- (4). Capacity building services of CI will be distributed equitably among CI Member Countries based on their needs for capacity building to further enhance regional cooperation.
- (5). CI's program will reflect the strategic goals of CAREC as established from time to time by the Ministerial Conference of the Central Asia Regional Economic Cooperation Program (hereinafter "**CAREC Ministerial Conference**").

## **CHAPTER 2 GOVERNANCE**

### **Article 6. Structure**

The governance structure of CI shall comprise a Governing Council, an Advisory Council, Management and staff.

### **Article 7. Governing Council: Composition**

As used in this Agreement, "**Governing Council**" means a body comprised of one representative of each CI Member Country, selected by each CI Member Country's government and communicated through the ministers who represent those countries on the CAREC Ministerial Conference, acting according to the terms of this Agreement and according to such procedures as they shall establish among themselves by consensus from time to time. The Asian Development Bank shall be invited to participate in Governing Council meetings as a member without decision-making rights.

### **Article 8. Governing Council: Powers**

- (1). All the powers of CI shall be vested in the Governing Council.
- (2). The Governing Council may cause the CI to establish such subsidiary bodies of the CI as may be necessary or appropriate to meet the objectives of CI.

### **Article 9. Governing Council: Structure**

- (1). The position of Chairperson of the Governing Council shall be rotated annually among all the CI Member Countries in alphabetical order starting from the country that is acting as chair of CAREC during the year in which this Agreement enters into force, provided that the Chairperson may not be a national of the same country as the Director. Unless the Governing Council determines a different arrangement, the tenure of each Chairperson shall continue from the end of one annual meeting of the CAREC Ministerial Conference until the end of the following annual meeting of the CAREC Ministerial Conference. The Chairperson shall

convene meetings of the Governing Council and shall have such other responsibilities and authorities as are set out in the rules of procedure of the Governing Council.

- (2). Each member of the Governing Council shall appoint an alternate who shall have full power to act as his or her representative on the Governing Council when the member is not present.
- (3). Members of the Governing Council shall serve as such without remuneration from CI.

### **Article 10. Governing Council: Responsibilities**

The Governing Council shall be responsible to determine and ensure implementation of the strategic direction of the operations of CI in accordance with the purposes, functions and principles set out in Articles 2, 4 and 5 of this Agreement, and in particular shall:

- (1). maintain strategic oversight of, and set policy directions for, CI and provide overall guidance to CI operations;
- (2). approve organizational structure and level of staffing, and any changes in such organizational structure and staffing level;
- (3). oversee the appointment process for, appoint, suspend or terminate the Director and Deputy Directors;
- (4). appoint the Advisory Council members, and suspend or terminate any such appointments;
- (5). review such reports prepared by the Director and staff and such recommendations or other inputs from the Advisory Council as the Governing Council shall determine from time to time;
- (6). approve rules, procedures and regulations;
- (7). approve the annual and medium-term work program;
- (8). approve the external communications policy of CI;
- (9). supervise CI operations and monitor its outputs;
- (10). review and approve CI's annual report setting out the performance of the functions and duties of CI and containing an audited statement of CI's financial accounts and staffing levels;
- (11). approve observer status under Article 3(2) of this Agreement for countries that are not members of CAREC and for organizations;

- (12). approve host country agreements;
- (13). establish such committees as are necessary and appropriate to facilitate the general operations of CI;
- (14). review the CI's financial resource position annually and approve the CI's annual budget; and
- (15). perform other functions specified to be performed by it in this Agreement and such other functions as are necessary to achieve the objectives, roles and tasks of CI consistent with the purposes, functions and principles described in Articles 2, 4 and 5 of this Agreement.

### **Article 11. Governing Council: Procedures**

- (1). The Governing Council shall meet at least once a year, and as often and at such place as it may determine as required for the operations of CI.
- (2). A simple majority of the CI Member Country representatives on the Governing Council or their alternates shall constitute a quorum for any meeting of the Governing Council.

### **Article 12. Decision-Making**

Governing Council decisions shall be taken by consensus of all Governing Council members having Governance Rights.

### **Article 13. Advisory Council**

- (1). The Governing Council will appoint at least three persons to serve as members of an Advisory Council, chosen from among prominent thinkers, scholars and civil leaders who are outstanding in their respective fields or disciplines relating to the priorities of CAREC.
- (2). The Advisory Council will act as a sounding board and source of new ideas for CI and will suggest ideas and approaches to enhance the strategies and operations of CI.
- (3). Members of the Advisory Council may be compensated according to standards determined by the Governing Council.
- (4). The Director or his or her representative will serve as secretary of the Advisory Council.

### **Article 14. Management and Staff**

- (1). CI's organizational structure, management and staffing shall be guided by the following objectives:
  - (a) adherence to the principles of equal ownership, regionality, fairness and balance;
  - (b) enhancement of the effectiveness and efficiency of CI operations;
  - (c) development of CI's capacity for long-term sustainability and effectiveness; and
  - (d) balance in the representation of countries.
  
- (2).
  - (a) The recruitment and selection of candidates for Management and staff positions shall follow sound international practices that are transparent, fair, based on merit, and without discrimination on account of gender, race or religious beliefs.
  - (b) In appointing international staff, the Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to recruitment of professional staff broadly from CI Member Countries.
  - (c) The Governing Council shall establish mechanisms and policies that implement these principles.
  
- (3). The Governing Council shall appoint a Director and two Deputy Directors, to serve as the management of CI ("**Management**"), who shall hold office on such terms as are determined by the Governing Council.
  
- (4). Management shall, unless directed otherwise by the Governing Council, participate in the meetings of the Governing Council without decision-making rights.
  
- (5). The Director shall:
  - (a) be accountable to the Governing Council and subject to its general control;
  - (b) be the chief of CI and, unless the Governing Council decides otherwise, be responsible for the organisation of staff and overall performance of CI;
  - (c) be the legal representative of CI and conduct the current business of CI;
  - (d) submit to the Governing Council an annual report;
  - (e) serve as secretary of the Governing Council; and

(f) submit to the Governing Council a plan of the staffing levels, annual budget, and annual and medium term work programme of CI for review and approval.

(6). The Management and staff shall, in the discharge of their functions, owe their duty entirely to CI and to no other authority. CI Member Countries shall respect the international character of this duty and shall refrain from all attempts to influence any of the Management or staff in the discharge of their functions.

### **Article 15. Financial Management**

(1). CI shall be provided with the necessary financial and other resources to perform its functions effectively by voluntary contributions from CI Member Countries and by other means as approved by the Governing Council.

(2). CI shall establish financial rules and procedures in accordance with international standards. CI shall observe sound and prudent financial management policies and practices and budgetary discipline.

(3). CI shall not borrow funds.

(4). The financial year of CI shall begin on 1 January and end on 31 December of each year.

### **Article 16. Communications**

(1). Each CI Member Country may designate an official entity with which CI may communicate in connection with any matter arising under this Agreement. CI shall address all such communications to such designated official entity.

(2). The official language of CI shall be English, while other languages may be used as working languages, as appropriate, with necessary financial provision.

### **Article 17. Location**

(1). The headquarters of CI shall be located in the People's Republic of China.

(2). The CI may establish branch offices in any CI Member Countries, as approved by the Governing Council. In determining the location of the first branch, the Governing Council shall pay due regard to the offers made by the member countries.

(3). CI shall sign a host country agreement with each country that hosts a physical office of CI.

## **CHAPTER 3**



## **STATUS, PREFERENTIAL TREATMENT AND FACILITIES**

### **Article 18. Purpose of Status, Preferential Treatment and Facilities**

CI, Governing Council members and alternates, Advisory Council members, and CI employees and consultants or experts performing missions for CI (hereinafter “**CI Personnel**”) are entitled to the preferential treatment and facilities set out in this Agreement in the territory of all CI Member Countries in order to enable the CI to function as an intergovernmental organization to promote regional economic cooperation.

### **Article 19. Legal Status of CI**

CI shall have full legal personality and, in particular, full legal capacity to:

- (1) enter into contracts;
- (2) acquire and dispose of immovable and movable property;
- (3) institute and respond to legal proceedings; and
- (4) take such other action as may be necessary or useful for its purpose and activities.

### **Article 20. Preferential Treatment and Facilities of CI**

- (1). CI shall enjoy preferential treatment and facilities as stipulated in this Agreement except to the extent that it expressly waives its preferential treatment and facilities.
- (2). All CI Member Countries shall protect the safety of CI’s property, assets, archives and documents in accordance with their laws to the same extent as they protect the property, assets, archives and documents of any similar intergovernmental organization, subject to any specific agreement between CI and such CI Member Country.
- (3). Each CI Member Country shall afford to the CI’s official communications preferential treatment and facilities to the same extent as it affords preferential treatment and facilities to the official communications of any similar intergovernmental organization, subject to any specific agreement between CI and such CI Member Country.
- (4). CI and its assets, property, income, operations and transactions shall be exempt from taxation, provided, however, that CI shall not claim exemptions for excise taxes and taxes included in utility prices unless otherwise specified in a separate agreement between CI and a Member Country.

### **Article 21. Preferential Treatment of and Facilities for CI Personnel**

- (1). CI Personnel:
  - (a) where they are not local citizens or nationals of the CI Member Country

concerned, shall be granted the same preferential treatment in respect of immigration restrictions, and national service obligations and the same facilities as regards exchange restrictions as are accorded by each CI Member Country to the representatives and staff of comparable rank of similar intergovernmental organization;

(b) shall be granted the same treatment in respect of travelling facilities as is accorded by each CI Member Country to the representatives and staff of comparable rank of any similar intergovernmental organization; and

(c) shall be exempt from taxation on the salaries and emoluments paid to them by CI except where a CI Member Country deposits with its instrument of ratification, acceptance or approval a declaration that such member retains for itself and its political subdivisions the right to tax salaries, and emoluments, as the case may be, paid by the CI to citizens or nationals of such CI Member Country.

(2). CI and CI Personnel shall respect the laws of the countries where they conduct activities on behalf of CI and shall not interfere in the political affairs of such countries.

## **Article 22. Implementation**

Each CI Member Country shall take the action necessary to give effect in its own territory to the legal status, preferential treatment, exemptions and facilities of CI and CI Personnel set out in this Chapter 3 and shall inform CI of the action that it has taken on the matter.

## **CHAPTER 4 FINAL PROVISIONS**

### **Article 23. Amendments**

(1). This Agreement may be amended with the consent of all CI Member Countries, with such amendments being formalized by separate protocols as an integral part of this Agreement.

(2). Any proposal of a CI Member Country to amend this Agreement shall be communicated to the Chairperson of the Governing Council, who shall promptly bring the proposal before the Governing Council. When an amendment has been adopted, CI shall so certify in an official communication addressed to all CI Member Countries. Amendments shall enter into force for all CI Member Countries three months after the date of the official communication, unless the Governing Council specifies therein a different period.

### **Article 24. Interpretation and Dispute Settlement**

(1). CI Member Countries shall endeavor to settle disputes concerning the interpretation or

application of this Agreement within six (6) months from the occurrence of such disputes through negotiation.

(2). Any dispute that cannot be settled under paragraph (1) above shall be submitted to the Governing Council, which shall endeavor to resolve such dispute by consensus of all Governing Council members that do not represent parties to the dispute.

(3). No Signatory or CI Member Country may bring any legal proceedings against CI.

### **Article 25. Signature and Deposit**

The depositary of this Agreement shall be CI (hereinafter “**the Depositary**”). The Depositary shall communicate certified copies of the signed Agreement to all the Signatories.

### **Article 26. Ratification, Acceptance, Approval or Accession**

(1). This Agreement shall be subject to ratification, acceptance or approval by all CAREC member countries whose duly authorized representatives sign this Agreement (hereafter “**Signatories**”). Instruments of ratification, acceptance or approval shall be deposited with the Depositary, which shall notify the other Signatories of each deposit and the date thereof.

(2). Any country that becomes a member country of CAREC may become a Signatory to this Agreement.

### **Article 27. Entry into Force**

This Agreement shall enter into force on the day following the deposit with the Depositary of instruments of ratification, acceptance or approval of three countries that are members of CAREC, including the host country of the headquarters of CI.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective governments, have signed this Agreement.

Done in Islamabad, Pakistan on the [XX] day of October in the year two thousand and sixteen in a single original in the English language which shall be deposited with the Depositary.

**For the Government of the Islamic Republic of Afghanistan**

**For the Government of the Republic of Azerbaijan**

**For the Government of the People's Republic of China**

**For the Government of Georgia**

**For the Government of the Republic of Kazakhstan**

**For the Government of the Kyrgyz Republic**

**For the Government of Mongolia**

**For the Government of the Islamic Republic of Pakistan**

**For the Government of the Republic of Tajikistan**

**For the Government of Turkmenistan**

**For the Government of the Republic of Uzbekistan**