

Opening Statement by

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At the Business Dinner

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Excellencies, distinguished guests, ladies and gentlemen,

It is a great privilege for me to extend a warm welcome to you in this Business Dinner– indeed organized on the occasion of the establishment of our Bank and start of our operations. I am grateful to H.E Mr. İbrahim Çanakcı, Undersecretary of Treasury of Turkey, honourable member of our Board of Governors from Turkey to be here with us. I appreciate the distinguished members of our Board of Directors for their participation; in fact two of them have traveled from Iran and Pakistan to participate to this event. I am also happy to note that respective representatives of diplomatic corps of the ECO member states and representatives of business and civil community are with us this evening.

I would like to extend my regards to each and every one of you and delighted to have this opportunity to inform you about our aims and planned activities.

Excellencies, Distinguished guests,

First of all I would like to give you brief information about Economic Cooperation Organization (ECO). It is an intergovernmental regional organization established in 1985 for the purpose of promoting mutual economic, technical and cultural cooperation. The members include Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan. These countries are expanding framework of cooperation through implementation of joint programmes and projects in the areas of trade, energy, agriculture, industry, transport, communications, and human resource development.

Distinguished guests,

In today's world, enhancing regional economic cooperation is becoming more important and regional organizations like European Union (EU), Association of Southeast Asian Nations (ASEAN), are becoming more powerful and functional. This fact also helps the ECO to gain more power in coming years. The focus on this region is growing. It is vast about 8 million square kilometers (twice the size of European Union) and populated with more than 400 million inhabitants. The aggregate GDP of the region is now exceeding US\$ 1 trillion. Parallel to this trend, participation to global trade and investment inflows into the region is increasing. The region has certain advantages such as strategic geographical location, deep-rooted cultural and historical linkages as well as rich natural and human resources. However, the region is composed of countries with different levels of development. Progress towards realization of regional goals has been rather slow. The nature of multilateral cooperation and development architecture demands devotion, mutual benefits and giving up short term, narrow dividends in favour of long term, wider interests. We must be patient in this region but ensure that common aspirations are steady and keep heading in the right direction. In this respect, ECOBANK establishment process is a good sample.

Dear Guests,

Let me give you some information about our Bank. At present, the founding members of ECO; Turkey, Pakistan and Iran have signed and ratified the establishment Agreement of the Bank. The headquarters is in Istanbul, and we will shortly open Representative Offices in Iran and Pakistan. The Bank's authorized capital stands at 1 billion SDR (aprx. 1.6 billion US\$) and subscribed capital is 300 million SDR (around 480 million US\$). It is true that we have a modest capital size compare to other Multilateral Development Banks (MDBs) and even to some commercial banks in the member states. At this point, I would like to mention that MDBs have been able to mobilize resources in international capital markets on average three to four times of their capital. In addition, our shareholders support and joining of other ECO member states would strengthen our resources.

With regard to organizational set up, we have finalized the main guidelines, policies and procedures regulating our operations including scope of products and services. We have

benchmarked ourselves against sound practices of other MDBs and followed the international best practices adapting them to the needs of our region. We have established 16 departments and staffed with particular skills from the member states to carry out specific assignments, thereby enabling knowledge sharing and synergies. Our organization structure is designed to ensure efficiency, transparency and accountability. In this respect I would like to thank distinguish members of our Board of Governors, respective members of Board of Directors and my colleagues for their invaluable support in establishment of the Bank.

Dear Guests,

In accordance with our Articles of Agreement, our Bank's main purpose is to expand intra-regional trade and accelerate economic development in the region by providing financial facilities to private and public sector.

We do not seek to maximize our profit. However, our purpose is to provide medium-long term finance at reasonable costs with a favourable repayment conditions like other MDBs such as World Bank, Asian Development Bank, Islamic Development Bank, European Investment Bank, Black Sea Trade and Development Bank, etc. We aim to support regional development efforts, enhancing ownership and overall efficiency. We would serve as a vital source of knowledge and expertise on sustainable growth and development in the region.

In this connection, we are working on a range of products/operations that would reflect the Bank's involvement in sectors that are strategic for regional development. By nature our sectoral focus would depend on the demands of the local businesses as well as the priorities of member countries. The role of private sector is emerging in the region. In this direction we would provide funds to programs or projects in both the public and private sectors directly. Within the additionality perspective, our participation in such operations would to attract required financial sources. We would mainly concentrate on infrastructure projects in general and in particular development of sectors such as energy; agriculture; transportation; manufacturing; construction; and telecommunications. These sectors are driving forces of economic growth in member countries.

We will have three main lines of business: Project Finance, Corporate Finance and Trade Finance. Especially, in order to boost the regional trade potentials, trade finance would be an important feature of our operations. We will improve access to financing, and competitiveness of local firms, and cooperate with financial institutions to finance regional export and import transactions. The firms which are export oriented, involved in a sector requiring the transfer of technology and know-how into the region and generators of new jobs would be at the center of our operations.

On the other hand, we will also offer our clients a wide range of financial products including loans, equity investments, guarantees and other special products. We will further develop our product line as we develop specific expertise in the region. As development in the region proceeds, our products will get more and more relevant. At the initial stage we are working through financial intermediaries in member countries. We are at the final stage to finalize loan agreements with financial intermediaries for onward lending to SMEs in the member countries.

Dear Guests,

In conclusion, I would like to point out that ECOBANK is now on its way to commence full scale operations. We aim to give a new impetus to the on-going regional cooperation and forge strategic partnerships between the businessmen in the region. Together, we have to realize it to the best advantage of our peoples. It goes without saying that our success is the success of our countries. The prestige we will gain in the regional and global arena will be the prestige of our countries. I am confident that, with your support, we would be able to achieve our targets.

Thank you for your kind attention.

Now I would like to kindly invite H.E Mr. İbrahim Çanakcı to make his statement.