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**ECONOMIC COMMISSION FOR EUROPE**

**COORDINATING UNIT FOR OPERATIONAL ACTIVITIES**

**OPERATIONAL ACTIVITIES UNDERTAKEN IN 2001**

**Introduction**

1. Operational activities have continued to be carried out in the year 2001 in the following areas: early warning and conflict prevention; energy; enterprise development; environment; gender and economy; investment promotion; timber; trade facilitation; transport; and statistics.
2. Technical assistance has also been provided to individual countries and country-groupings (CIS, for example) at their request, as well as within the framework of special sub-regional cooperation programmes (SECI and SPECA), and initiatives (BSEC and CEI).

**I. SECTORAL AND CROSS-SECTORAL TECHNICAL ASSISTANCE**

**Early warning and conflict prevention**

3. The UNECE contributed to the OSCE Economic Forum in Prague (May 2001), which was devoted to the role of good governance in promoting security. Presentations were made on the role of the UNECE Aarhus Convention in promoting good governance and conflict prevention, and on the review of participating States' compliance with their commitments made in the OSCE Economic Dimension. The UNECE Secretariat also participated in the OSCE Seminar on Preventive Functions of the OSCE: Experience, Possibilities, Tasks (Kiev, Ukraine, 8-9 October 2001). A keynote speech on environmental security was delivered. The UNECE has proposed relevant instruments for preventing conflict through the training of officials in conflict prevention, the updating of the OSCE commitments and the dissemination of its standards and conventions. On 19-20 November 2001 in cooperation with the OSCE and experts of NATO, an international colloquium on the economic aspects to conflict prevention was organized in Villars (Switzerland). The Colloquium was followed by a week-long training of representatives of countries in transition in early warning and conflict

prevention, organized jointly by the UNECE and the UN Staff College (Turin). Funding was shared between the two organizers - UNECE and UN Staff College.

### **Energy efficiency and energy supply**

4. Operational activities in the field of energy were structured around four project/programme areas: the Energy Efficiency 21 project, the UNECE Gas Centre, regional advisory programme and sub-regional programmes to be considered separately.

5. The major goal of operational activities related to the Energy Efficiency project 21 is to assist economies in transition in improving overall energy conservation and efficiency. Special attention was devoted to creating Energy Efficiency Demonstration Zones (EEDZ) and development of financial mechanisms for attracting foreign investors to realise energy efficiency projects in transition countries. During 2001, within the scope of the Energy Efficiency 21 project activities focussed on Internet communications, networking and capacity building has been pursued. In March, two competitive bid tender contracts were awarded for Internet services and training on financial engineering. At the same time, six grants based on co-financing with the United Nations Foundation were awarded to implementing partners. The Project launched its website ([www.ee-21.net](http://www.ee-21.net)) during April 2001 which provides information services to project participants. A draft Handbook on Emissions Trading has been issued for review at the Steering Committee session in November 2001. Research work on the Study on Multilateral Institutions in Energy Efficiency has begun. Financing was provided by governments, development agencies and UN organizations and amounted to USD 200,000. In addition, United Nations Foundation provided USD 1,250,000 for the project on energy efficiency for climate change mitigation (Belarus, Bulgaria, Kazakhstan, the Russian Federation and Ukraine). USD 750,000 were provided for the same project by development agencies and private sector companies and institutions.

6. The operational activities of the UNECE Gas Centre (GC) focussed on supporting the efforts of governments and gas companies in economies in transition to create more decentralized and market-based gas industries. Apart from advisory and expert missions to these countries, the Gas Centre has set up channels for the exchange of know-how, information and experience between companies and institutions, employing such means as task forces, workshops, seminars, conferences, publications, and specific databases. It also contributed to institutional capacity building in these countries through training and technical advice. A meeting of the Task Force Group Gate 2010 to review the most important issues for the gas transportation business as a consequence of gas market opening was held in Budapest in March 2001. During the annual High-level conference hosted by OMV in Vienna (5-6 April), GC members were given an opportunity to exchange information on the security of energy supply and the role of natural gas in the energy mix. A workshop on future developments of the Yugoslav gas industry was held in Belgrade, Yugoslavia, on 15-16 November 2001. As far as IT is concerned the GC organised in June 2001 a working session dedicated to update its database with the participation of focal points of member companies. It also developed, in coordination with the Energy Division, web pages to set a complete system regarding energy within the UNECE. The activities of the GC are financed from the contributions of 26 major private and state-owned gas companies to the Trust Fund, totalling annually to USD 450,000.

7. The work of the Regional Adviser concentrated on energy efficiency projects, interconnection of electricity and natural gas networks, utilisation of new devices and

technologies in the energy field with particular emphasis on environmentally clean technologies.

8. Within the "Energy Efficiency Investment Project Development for Climate Change Mitigation" financed by the UNFIP, business plans for eight projects in the EEDZs of the Republic of Belarus have been elaborated through training course. Advisory assistance was provided to implement a first phase of the project "Improvement of Energy Efficiency in Public Sector (schools and hospitals) of the Republic of Belarus" financed by the World Bank. On 5 June 2001, the World Bank approved \$ 22.4 million loan for the implementation of the second phase of this project. Work has continued under the project on "Removing Barriers to Greenhouse Gas Emissions Mitigation through the Use of Wood Residues for Municipal Heat and Hot Water Supply in the Republic of Belarus" financed by GEF on identifying key barriers to a wide scale utilization of wood and wood waste based municipal heat and hot water supply, and possible sites for their utilization; evaluating the local capacity to operate, maintain and manufacture wood and wood waste fuelled boilers and components, etc. A new project proposal on "Removing Barriers to Implementation of Energy Efficiency Improvements in Belarus" was prepared and UNDP has provided USD 27,000 for its implementation in 2002.

9. Phase 2 of the joint Belarus/Russian Project on obtaining additional electricity through utilization of natural gas let-down pressure and producing cryogenic products, financed by the Belarus Government and Russian company "CRYOCOR" has started. A pre-feasibility study for installing "TURBODETANDER" at the co-generation power plant "Minsk-4" in the Republic of Belarus was done.

10. Eighteen projects were presented at the first session of the training course "Energy Saving in Russian Hospitals" within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation", conducted in Moscow Medical Academy,. Business plans for eight of these projects will be elaborated through the second session of the training course in 2002.

11. Implementation of the project "Wide utilisation of new energy efficient technology TRANSSONIC in municipal heat and hot supply systems", financed by the Russian company "FISONIC" and through the UN Development Account, has continued in the EEDZ "Chuvashya" (Russian Federation). Work has started on the project "Energy Efficiency Investment Project Development for Climate Change Mitigation" in Ukraine.

12. Eight projects in the EEDZs of the Republic of Kazakhstan were selected in 2000 and financed by UNFIP and Alliance to Save Energy (USA). They were further developed in preparation of a training course in 2002 within the project "Energy Efficiency Investment Project Development for Climate Change Mitigation".

13. A project document for the project "Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply in the Republic of Kazakhstan" was prepared for submission to GEF. This project is being closely coordinated with two UNECE projects: "Energy Efficiency Investment Project Development for Climate Change Mitigation" and "Rational and Efficient Use of Energy and Water Resources in Central Asia".

14. Substantial contributions were made to the International Conference "Topical Problems of Energy Efficiency and Business Opportunity in this Area in Russia" (Moscow,

Russian Federation, 12-13 March 2001), the workshop on “Problems of Accounting and Managing Energy Resources during its Consumption” (Moscow, Russian Federation, 15 March 2001), the International Symposium “Energy Efficient Economy as the Basis for Sustainable Development of Russia in the 21<sup>st</sup> Century” (Moscow, Russian Federation, 28-29 May 2001), and the Sixth Belarusian Energy, Efficiency and Ecology Congress, (Minsk, Belarus, 9-12 October 2001).

### **Enterprise development**

15. Technical assistance in this area was delivered within the framework of the newly established ECE Working Party on Industry and Enterprise Development, in particular on industrial restructuring, SME quality management and the development of the digital economy.

16. Preparations were made for the Round Table on Industrial Restructuring in Transition Economies held in Geneva on 12-13 February 2002. Expert meeting on best practice in the creation of quality assurance systems for enhancing competitiveness of SMEs was organized in Geneva on 25-26 October 2001. The 2<sup>d</sup> UNECE Conference on Digital Economy Development was organized in Bucharest, Romania, on 4-5 October 2001 and the UNECE workshop on e-government development was held in Budapest, Hungary, on 7 November 2001. Preparations were made for the seminar on e-work development in transition economies (Warsaw, Poland, 17-18 January 2002) and workshop on e-regulatory framework development (Geneva, 13 February 2002).

17. At the invitation of the Ministry of Entrepreneurship and Investments of Belarus, the UNECE secretariat undertook a fact-finding mission to Minsk (17-19 January 2001) with the goal of assisting the Government in establishing an Advisory Council on the Digital Economy and a Centre for Internet Enterprise Development. The secretariat made a preliminary assessment of the Teleinternet project of the Ministry and presented its recommendations concerning e-society development issues.

18. The programme of the Regional Advisory Services on the development of entrepreneurship and SMEs in countries in transition assists these countries in formulating national SME policy, designing promotion programmes, developing a relevant infrastructure and helping new entrepreneurs. Statistics and information on legislation and promotional measures are being collected and disseminated; information networks are being developed; case studies and information materials on SME development issues are being prepared; and project proposals for advisory services and training are being formulated. The approach to the development of SMEs in the economies in transition integrates three levels - strategic (policy making), institutional (support institutions) and entrepreneurial.

19. Technical assistance was provided to the elaboration of the national entrepreneurship policy of Belarus and of the new Government of the Republic of Moldova. UNECE participated in the preparation of an international Conference on **A**Economies in Transition share their experiences in SME and Entrepreneurship Development@jointly organized with the Croatian Ministry of SME and CEI in Sibenik (Croatia) on 7-8 June 2001, and in a CEI International Conference on **A**Internationalization of SMEs@held in Portorož (Slovenia) on 8-9 November 2001.

20. The UNECE Forum on Best Practice in Development of Entrepreneurship and SMEs in Countries in Transition: the Polish Experience (23 October 2001), and the Belarusian Experience (24 October 2001), as well as the Expert Meeting on “Best Practice in the Creation of Quality Systems for Enhancing the Competitiveness of SMEs” (25-26 October 2001) were organized in Geneva.

21. A Memorandum of Understanding on cooperation between the UNECE and the World Association of SMEs was signed at the end of October 2001. In response to the request of the Russian Federation Government concerning the restructuring of the light industry, a fact-finding mission with a group of Hungarian (TESCO) and German (GTZ) experts was undertaken in the Russian Federation in June 2001.

22. In an effort to promote women's entrepreneurship, a virtual Portrait Gallery of Excellent Women-Entrepreneurs with more than 150 women-entrepreneurs from 25 countries has been maintained at the UNECE website. A Workshop on “Women's entrepreneurship and SMEs” was held in Moscow (Russian Federation) in June 2001, and round table discussions were held with policy-makers and women-entrepreneurs in Minsk (Belarus), Chisinau (Republic of Moldova) and Budapest (Hungary), during 2001.

23. Considering the growing importance of women's entrepreneurial activities in job creation, UNECE created a regional Forum of Women-Entrepreneurs to mobilize a support of the public and private sector for women's entrepreneurship in order to improve the access of women's businesses to finance, information, technology and markets. The First Forum of Women-Entrepreneurs was held on 22 October 2001 in Geneva. It approved a number of proposals, including establishing a cyber-network among women's business associations and a cyber-market for individual women-entrepreneurs.

24. Within the framework of the Millennium Summit, the UNECE launched an initiative on Youth Entrepreneurship. A number of countries have expressed their interest in participating in the project. Potential partners that have so far agreed to study possibilities of joining the project are: UNIDO, UNICEF and the Prince of Wales Foundation.

## **Environment**

25. In the area of environment, technical assistance focussed on the promotion and implementation of environmental conventions, on Environmental Performance Reviews, as well as on supporting the development of land administration and urban development.

26. Under the *Convention on Long-range Transboundary Air Pollution*, one of the major objectives of technical assistance has been to create favourable conditions for implementing technology-related obligations of the Convention and its protocols, to facilitate the implementation of existing protocols and the accession of non-Parties, particularly countries in transition. To that end, collection of information has been carried out from the Parties and international institutions on control technology and product management practices for pollutants, covered by the protocols, and the establishment of collaboration with other international bodies, e.g. European Integrated Pollution Prevention and Control Bureau in Seville (Spain). A workshop on control technologies for emissions from stationary sources was held in Warsaw (Poland) on 5-7 December 2001.

27. Work under of the Cooperative Programme for Monitoring and Evaluation of Long-range Transboundary Air Pollution (EMEP) is also aiming at supporting Parties to the Convention to establish air emission inventories and monitor air pollution. A Task Force, led by the United Kingdom, is guiding the reporting on emission to the air of a wide range of pollutants. In collaboration with the European Environment Agency, an Atmospheric Emission Inventory Guidebook has been developed to help countries to perform the required tasks. The Meteorological Synthesizing Centre East of EMEP has organised expert workshops to assist countries of the CIS and other interested Parties to the Convention in the use of the Guidebook. The Chemical Coordinating Centre of EMEP organizes training workshops for monitoring experts and conducts field studies and laboratory comparisons.

28. Under the *Convention on the Protection and Use of Transboundary Watercourses and International Lakes*, pilot projects on monitoring and assessment of transboundary waters have been carried out or are planned for transboundary rivers and transboundary ground waters (with the Netherlands as lead country), and transboundary lakes (with Finland as lead country). They have been supported by the International Water Assessment Centre (IWAC), which was established and became operational in September 2000 under the Convention at the Netherlands Institute for Inland Water Management and Waste Water Treatment (RIZA).

29. In 2001, information needs have been specified for the following rivers: Bug (shared by Belarus, Poland and Ukraine), Morava (shared by the Czech Republic and Slovakia), Maros (shared by Hungary and Romania), Latoritza (shared by Slovakia and Ukraine), and Ipoly (shared by Hungary and Slovakia). Inventories of pollution sources have been made, and existing policy plans and water legislation have been analyzed.

30. In Europe, pilot projects for transboundary ground waters are being prepared for groundwater aquifers shared by Bulgaria and Romania as well as Hungary and Slovakia. Other European transboundary aquifers will be included in a second phase.

31. After the adoption of guidelines on the monitoring and assessment of transboundary and international lakes in September 2001, one new pilot project has been included in the Water Convention's programme of work. This project is carried out by Finland (as lead country) together with Estonia and the Russian Federation on the Lake Peipsi/Chudskoye (shared by Estonia and the Russian Federation), and Lake Pyhäjärvi (shared by Finland and the Russian Federation). The testing of lake guidelines will be carried out with harmonized programmes on both lakes, and special attention will be paid to the implementation of monitoring programmes according to both the Water Convention and the EC Water Framework Directive.

32. Apart from implementing provisions of the Water Convention, especially the new pilot projects that started in 2001 also serve as an example on how to implement in practice the monitoring elements of the EC Water Framework Directive.

33. The projects are financed by donor countries, the recipient countries as well as by the TACIS programme of the European Union. Funding from the TACIS programme include for the different countries and rivers: Ukraine (Bug and Latorica/Uzh) – Euro 2 million (1998-2001); Belarus (Bug) – Euro 2 million (2001-2003); Ukraine / Russian Federation / Kazakhstan (Tobol, Kura and Severski Donets rivers) - together about Euro 3 million. The contribution by IWAC amounts to some Euro 200,000 per year.

34. To mark the entry into force of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention), UNECE hosted a launching ceremony attended by representatives of governments, intergovernmental and non-governmental organizations on 30 October 2001. Many environmental Ministers and other stakeholders in the Aarhus process sent messages of support. For this event the Aarhus Convention Secretariat produced a Video News Release, which is available on the web site, as well as a leaflet (in English and French) on the Convention, which provides brief and accessible information on the Convention. The text of the Convention in the 6 official UN languages and in 10 other languages was made available on the Convention web site.

35. A programme of sub-regional workshops on the Aarhus Convention is being carried out to assist countries with economies in transition to implement the Convention. The workshops aim to raise awareness of the Convention's provisions, to identify challenges and to build capacity in applying it. The second such workshop on the Aarhus Convention for the South Caucasus region (Armenia, Azerbaijan and Georgia) took place in Armenia on 15-17 November 2001, as a joint project of UNECE, UNEP and OSCE with financial assistance from the Government of the Netherlands (USD 30,000).

36. Under the *Convention on Transboundary Effects of Industrial Accidents*, an international workshop and a realistic response exercise "Industrial Safety on Water Protection in Transboundary River Basins" focussing on the prevention, but also on the preparedness and response to industrial accidents was organised jointly with the Water Convention in Hungary on 3-5 October 2001. It was funded by the Government of Hungary and UN/OCHA (USD 20,000). The exercise was carried out in response to two simulated industrial accidents. Another response exercise is planned for 2002.

37. Under the *Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention)*, advisory assistance was provided to the organisation of a workshop on Environmental Law in the Caspian Region (Baku, Azerbaijan, 10-13 December 2001) which brought together 25 national participants (government officials, NGOs and independent legal experts who had prepared reviews of national environmental legislation) from the 5 Caspian States.

38. Under the *Environmental Performance Review Programme*, comprehensive environmental performance reviews were undertaken for Romania and Uzbekistan. A second review of Estonia was undertaken 6 years after the first comprehensive review. The EPR reports of the three countries were adopted at the Committee of Environmental Policy annual session in September 2001. At the CEP annual session a round table discussion on four major cross-cutting issues, i.e. integration of environment in sectoral policies and plans, use of economic instruments, the impact of privatization and the impact of foreign assistance and international cooperation in environment management was held with the heads of delegations of the reviewed countries and the CEP members. The reviews of Albania and the Former Yugoslav Republic of Macedonia started and will be completed for the next CEP session of November 2002.

39. In 2001, the following pledges were done in support of EPR: United Kingdom USD 21,744 and Netherlands USD 50,000. Totally USD 146,633 was spent on the EPRs on

Romania, Uzbekistan, Estonia and Albania. This was funded by earlier contributions from e.g. Italy, Netherlands, Germany and France.

40. In the field of housing and urban development technical assistance was provided in the framework of country profile studies of the housing sector of Lithuania, Romania and the Republic of Moldova. In cooperation and with financial support of UNDP, land administration reviews were done on Armenia and Georgia (USD 7,000 for Armenia). A proposal for a pilot project on land administration at the regional level was prepared for Armenia. These reviews were discussed at the second session of the Working Party on Land Administration in November 2001. Substantive assistance was also provided to organizing two workshops: on EU accession from a land administration perspective (Sweden, June 2001) and on title registration systems and real property markets (Armenia, October 2001).

### **Gender and Economy**

41. In 2001, new activities related to gender and economy have been launched. They focussed on advice and training on mainstreaming gender into economic policies, start-ups of new businesses and ICT. The UNECE co-organized with the World Bank and UNIFEM a regional Workshop on Gender and Labour Market (Warsaw, Poland, 15-17 January 2001), part of which was training. Training on gender and international financial institutions was also provided at another regional Workshop, which was jointly co-ordinated with the Network of East-West Women in Cracow (Poland) on 10-14 July 2001.

42. A Memorandum of Understanding on cooperation between the UNECE and UNIFEM was signed at the end of February 2001. The UNECE held consultations with UNIFEM at the Strategic Planning Meeting of UNIFEM (Bratislava, 3-4 October 2001) on developing joint projects on E-capacity building, especially, of women-entrepreneurs.

### **Investment promotion**

43. Technical assistance in this field helps improve the legal, regulatory and institutional environment for foreign direct investment (FDI) in the transition economies of Central and Eastern Europe and the CIS. The work is being carried out under the auspices of the Working Party on International Legal and Commercial Practice (WP.5) which prepares guides and manuals for improving the legal and regulatory frameworks for investment. WP.5 established three expert advisory groups to provide technical assistance in specific areas:

- The BOT (Build-Operate-Transfer) Group provides advice on attracting private investment into infrastructure services such energy, telecommunications, transport, water, waste disposal and environmental services.
- The Advisory Group on Intellectual Property Rights provides support to governments for improving the enforcement and protection of IP rights to attract investment in innovative, creative and high technology industries; and
- The Real Estate Advisory Group helps to attract investment in the financial services, mortgage banking, insurance and real estate brokerage industries.

44. In order to improve the legal, regulatory and institutional framework, the Groups provide assistance using the following methods: consultative visits of the Advisory group to the relevant government departments; training of civil servants and other officials; and project development.



45. The UNECE BOT Group convened two meetings in February and May 2001 aimed at establishing a PPP Alliance to help Governments implement projects through building partnership in infrastructure, particularly in the countries of Central and Eastern Europe and CIS. The Regional Adviser on Investment Promotion participated in the 4<sup>th</sup> meeting of the Working Table II of the Stability Pact in May 2001 presenting the assistance, which UNECE could provide in improving the legal and regulatory framework, building the capacity of Governments and identifying pilot projects through launching a special programme on PPPs under the Investment Compact of the Stability Pact. A special session with the Romanian Government and the Stability Pact on PPPs was organized at the Stability Pact Regional Conference in Bucharest, Romania, on 24 October 2001. The inaugural meeting of the PPP Alliance will be held in March 2002. The purpose of the UNECE PPP Alliance is to bring together all of Europe's PPP Units to exchange experience and promote cooperation.

46. The UNECE Advisory Group on the Protection and Implementation of Intellectual Property Rights for Investment organised Consultative Meetings in the Russian Federation (23-24 April 2001) and Ukraine (23-24 October 2001). The reports of the Consultative Visits to Latvia and Lithuania were finalised and issued. The Advisory Group organised a regional Seminar for participants from Bulgaria, Hungary and Romania from the Judiciary and Enforcement Agencies (Sofia, Bulgaria, 3-5 April, 2001) and substantively contributed to the organisation of the USPTO Symposium on the Internet and intellectual property crime (London, United Kingdom, 1-3 March 2001), and an EPO/WCO/UNECE training Seminar for the Customs and Police officers on IPR enforcement (Tallinn, Estonia, 8-10 October 2001). The activities of the Group are financed from the contributions of private companies to the Trust Fund totalling annually to USD 180,000.

47. In March 2001, the UNECE REAG Group organised a seminar at the annual MIPIM Conference in Cannes (France) to promote a dynamic, viable and well regulated market in real estate in the transition economies. On 13 September 2001, the UNECE REAG Group declared the A Land for Development Programme<sup>®</sup> to be launched at a Real Estate Summit in Rome (Italy) on 4-5 March 2002. The Summit to be held with Tecnoborsa of Italy will attract representatives from Governments committed to creating more active and socially dynamic real estate markets. The development programme will *inter alia* promote European standards of valuation, social housing and real estate financing mechanisms in the transition economies in cooperation with high level NGOs such as the Royal Institute for Chartered Surveyors, FAO and the World Bank.

## **Statistics**

48. Operational activities in this field have been focussed on providing technical assistance to the economies in transition on conducting population censuses, introducing statistical information technologies, improvement of macro-economic statistics, and social reporting and monitoring.

49. Technical assistance to Albania on census preparation was completed in March 2001. UNECE actively participates in the Steering Committee set up on the occasion of the forthcoming population census in The former Yugoslav Republic of Macedonia with the European Commission, the Council of Europe and OSCE. This Steering Committee has the task to follow-up the whole operation, and specifically to prepare and facilitate the work of the international High Level Expert Group overseeing the observation mission of the census.

50. In the area of statistical information technology the following workshops were organised on: management of statistical information technology (Geneva, February 2001); statistical data confidentiality (Skopje, The former Yugoslav Republic of Macedonia, March 2001); methodological issues involving integration of statistics and geography (Tallinn, Estonia, September 2001). Advisory services were also provided on a bilateral basis to Armenia in the field of information and communication technologies and related fields (Yerevan, July 2001).

51. In the field of macro-economic statistics technical assistance was provided to CIS countries during the joint UNECE/OECD/CIS meeting on national accounts for CIS countries in St. Petersburg (Russian Federation) in May 2001, and meeting in Paris (France) in October 2001. A special session on consumer price indices for countries in transition in Central and Eastern Europe and in the CIS, in cooperation with the ILO was held in Geneva on 1-2 November 2001.

52. Under the project on social reporting and monitoring in transition countries the ad hoc seminar on social monitoring and human development reporting for economies in transition from Southeast Europe was organized in Warsaw, Poland, on 21-24 November 2001; a regional gender statistics website was being developed under the auspices of an ad hoc task force of experts from 11 UNECE member countries and the European Commission; and development of statistical measures of human security (draft studies on South-east Europe and Central Asia have been completed in the first half of 2001).

### **Sustainable development**

53. This programme aims at support of projects that, directly or indirectly, assist in the creation of employment in small and medium-sized enterprises in transition countries, while improving environmental conditions at the same time. Projects helping to create employment directly require industrial partnership with enterprises in other transition countries or in traditional market economies. Projects in indirect support of employment concern capacity building in the public sector, or improvement of infrastructure as a precondition of economic activities. The guidance obtained by the Commission at its annual session with regard to priority subjects and regions is followed in programme development.

54. Projects are either derived from results obtained in work on the Commission's approved work programme or directly suggested to the UNECE secretariat by partners in transition countries. Projects are screened by the UNECE secretariat before their inclusion in the programme. Project descriptions are agreed with the competent project proponents in the transition country in which they are pursued, i.e. primarily the national Government. Project implementation is sought in cooperation with the UNDP country offices, through which coordination occurs with the activities of the UN system at large in the country concerned.

55. A website was created and regularly updated. It contains a brief summary of the purpose of the programme, its methods of work, and brief project descriptions. By the end of 2001, the programme includes 45 projects in ten countries and two sub-regions (i.e. projects that go beyond the borders of one country). The initiation of programmes is under discussion with two more countries. Results have so far been obtained for thirteen projects (i.e. 30%). Partners in traditional market economies continue to be sought through contacts of (a) national, regional or local governments; (b) special national institutions for international cooperation; (c) chambers of industry or commerce; (d) other international organizations,

including IFI-s; and (e) individual enterprises, mainly upon recommendation of Chambers of Industry or Commerce.

56. Also under this programme, a programme for environmental protection in the South Caucasus has been developed following the request of the three countries concerned. The programme constitutes the only such programme in this sub-region on which each of the three countries concerned has agreed to cooperate with each other.

57. The implementation of this sustainable development programme requires extra-budgetary funding. Several potential donor countries or institutions have been approached for funding contributions. In response, Italy has promised a contribution of Euro 128,000. Several small contributions (totalling approximately to USD 10,000) have been forthcoming from Germany (through the Government of the Free State of Bavaria), Italy, UNDP and WHO.

### **Timber**

58. Technical assistance and substantial contributions were made to the following events in the timber sector: the Seminar on women in forestry (Viseu, Portugal, 2-6 April 2001); the Joint UNECE/FAO/ILO Workshop on new trends in wood harvesting with cable cranes (Ossiach, Austria, 18-24 June 2001); and the Workshop on forests and forestry in central and eastern European countries *The transition process and challenges ahead* (Debe, Poland, 14-16 September 2001).

### **Trade facilitation**

59. Since 1997, assistance in the area of trade facilitation has been provided by the UNECE and the Czech Republic within the framework of a project entitled "Support to Trade Facilitation Measures and UN/EDIFACT Implementation in Selected Eastern European Countries". Funding for this project was first approved by the Czech Government in 1996 and, subsequently, was regularly extended on a yearly basis. This project has been implemented in cooperation between Czech experts (specifically, the Czech national trade facilitation body - FITPRO), UNECE and specialists from the beneficiary countries. During 2001, Ukraine, Belarus, Republic of Moldova and Lithuania were among the project beneficiaries. Seminars, consultations, and an exchange of experience and information targeted at government officials and representatives of the private sector have been organized: training workshops on trade facilitation and electronic business (Geneva, 26-29 March 2001), and on successful services exporting (Geneva, 11-12 June 2001); and workshops on trade facilitation and electronic business for Lithuanian private and public sector representatives (Vilnius, 29-30 October 2001), and for Moldova private and public sector representatives (Chisinau, 6-7 December 2001).

60. Advisory assistance was provided to the Yugoslav Electronic Data Interchange Association and Yugoslav Chamber of Commerce and Industry on trade facilitation and electronic business standards during a one-day seminar held in Belgrade (Yugoslavia) on 18 June 2001.

61. In the framework of the World Bank TTFSE programme, the UNECE Regional Advisor participated in the last working session and the evaluation round of the Executive

Training Course held from 2 to 7 July 2001 in Thessaloniki (Greece). This training course was organized by the American College of Thessaloniki. It included the key executives from the national PRO Committees in the SECI region that will be in charge of the national implementation of the training facilitation component in the context of the TTFSE programme. Advisory assistance was provided to BULPRO and TURKPRO during the meeting in Plovdiv, Bulgaria, on 28 June 2001. This meeting of high-level representatives of Bulgarian and Turkish governmental agencies and business communities, concentrated mostly on problems concerning visas for the business community and professional truck drivers in the sub-region, in particular bilaterally between Bulgaria and Turkey.

62. At the request of the Government of Belarus to provide assistance in sorting out the problems accumulated at a terminal on the Belarusian-Polish border, consultations with PHARE, TACIS and the World Bank have been initiated. A joint fact-finding mission of experts was undertaken in December 2001 to explore possible solutions, including a BOT scheme.

63. Technical assistance has continued to be provided under the project on ACapacity Building to Improve Trade Finance and Investment Prospects for the Russian Timber Sector@ (funded from the extra-budgetary sources) which is being implemented in the Arkhangelsk and Leningrad Oblasts of the Russian Federation. The project covers the following issues: sustainable management practices for the Russian timber industry; improved trade procedures in the timber industry; innovative trade finance techniques; capacity building for improved foreign investment; and timber port operations. Under this project the following meetings were held in 2001: workshop on sustainable development of biomass logistics (Arkhangelsk, 27 February-2 March); workshop on sustainable development and certification in the Russian Forest industry (St Petersburg, 5-6 March) fact finding mission on sustainable development of biomass in Norway and Sweden (7-11 May); workshop on sustainable development and biofuel use in the Russian Forest industry (St. Petersburg, 2-4 July); and workshops on sustainable development on forest sector (Rotterdam, 17-19 September and St. Petersburg, 7-18 December).

64. At the invitation of the Slovak Government a workshop on standardization and conformity assessment matters in the transition economies was organized in Bratislava on 12-13 December 2001 with RB funding and contributions in kind from the Slovak Government.

## **Transport**

65. UNECE is a signatory to the TEM and TER Trust Fund Cooperation Agreements and is responsible for the technical and administrative backstopping of both projects. As part of this effort, assistance was provided to the TEM and TER countries through the organization and holding of meetings, preparation of documents, contacts with other Governments and institutions to work with or support the project and report on project developments to the UNECE bodies, as well as holding meetings with Governments or Government entities, which could potentially participate in or be members of the Projects. The approval by the TEM and TER Projects Steering Committees of a new short-term strategy aiming at the further integration of the projects in the new European transport context is among the most important events of the projects in the year 2001. This new strategy includes: (a) a set of actions aiming at the review of priority infrastructure needs, elaboration of an updated inventory of these needs and of a realistic plan for their covering; (b) tasks aiming at the

integration of TEM and TER into the Pan European transport context and guidance to the most important directions the projects should focus on in this respect; (c) cooperation of TEM and TER with other fora and related initiatives aiming at the creation of the necessary synergy that will assist in the attainment of their objectives, and (d) practical actions that will increase TEM and TER Project visibility in the European transport reality.

66. Within the work programme of the Black Sea Pan-European Transport Area (BS-PETrA) project, technical assistance was provided to the Working Group on Transport Infrastructure on drafting a report on transport infrastructure related to ports and hinterland connections to corridors, Protocol on harmonization of institutional aspects of transport and customs procedures of its Working Group; and Proposal on an enhanced coordination of cooperation between Corridor IX-Southern Section, the Black Sea PETrA and TRACECA and the role of a support office which were subsequently approved by the Steering Committee in Bucharest (Romania) on 2-3 April 2001. A report on 'Comparative analysis of the Action Plans/Programmes of the Black Sea PETrA and BSEC was also prepared.

67. At the invitation of Kazakhstan advice was provided on priority UNECE legal instruments for accession by Kazakhstan and on their implementation (April 2001). During an advisory mission to the Federal Republic of Yugoslavia, the basis of a work programme on transport activities between UNECE and FRY was formulated (June 2001). Advisory assistance and briefing was provided to the Czech Ministry of Transport and Communications on SECI and SPECA transport activities, as well as on recent initiatives in the development of Euro-Asian Transport Links (July 2001). Two missions were undertaken to Belgrade to advise the Serbian Ministry of Transport and Communications on the formulation of transport projects and their financing (September and November 2001).

68. In pursuance of a decision taken at the Meeting of the Executive Secretaries of the five regional commissions in September 1999, a project on Capacity-Building Through Cooperation in Developing Interregional Land and Land cum Sea Transport Linkages was prepared and approved for funding by the UN Development Account Fund. The project was approved and its implementation is expected to start in 2002. On 23-24 January 2001, the Directors responsible for Transport of the five Regional Commissions met in Beirut in order to draft the Project document, including the overall objective of the Project, its specific objectives and the activities to achieve them.

## **II. TECHNICAL ASSISTANCE TO SUB-REGIONAL COUNTRY GROUPINGS**

### **Southeast European Cooperative Initiative (SECI)**

69. Technical assistance has continued to be provided to SECI in discharging its tasks of encouraging cooperation among the countries of the region and facilitating the access of Southeast Europe to European integration processes. In addition to providing advisory services at the meetings of the SECI Agenda Committee, Business Advisory Council and SECIPRO, this assistance has concentrated on the projects highlighted below, some of which have achieved positive results. Last year the activities under some SECI projects were largely taken over by the Stability Pact.

70. *Border-crossing Facilitation - Actions to Overcome Operational Difficulties (lead country - Greece).* The 4<sup>th</sup> and 5<sup>th</sup> sessions of the Regional Road Transport Committee (RRTC) were held in Turkey (Istanbul, 11-12 June and Antalya, 9-10 October 2001). The

following progress has been achieved: the E-Road sections in the SECI region have been identified on which lorries in international transport are allowed without requiring payment of charges for excess weight and dimensions; an international goods road vehicle weight certificate (IVWC) has been finalized; a Joint Statement on the implementation of a quota-free regime for Agreeer@ and Agreeer and safe@ lorries has been adopted and implemented; and work is focussing on quick and unbureaucratic delivery of visa for professional drivers without jeopardising internal security and administrative control. Work has started on a Multilateral Framework Agreement for passenger and goods road transport in the SECI region and on harmonization of road user charging policies in the region in line with the EU regulations.

71. *Transport Infrastructure Development along Main International Routes (lead country - Bulgaria)*. Within this project, technical assistance was provided to the ad hoc Working Group on the reduction of border stopping time of shuttle trains which developed a list of proposals with a view to improving the organization of shuttle train movements and to increasing the volume of passengers and goods transported in international rail traffic. It focussed *inter alia* on (i) data to be transmitted in advance of the train arrivals at the border stations, (ii) the technical equipment to be used for the transmission of data between border stations of neighbouring countries, (iii) on the establishment of three bilateral committees of Police, Customs and Railways on each of the border stations for addressing and resolving border issues, (iv) joint controls of veterinary and phyto-sanitary authorities, (v) establishment of a web site to provide forwarders with information on required documents, (vi) the development of new bilateral border crossing agreements, (vii) the streamlining of border crossing procedures, (viii) the reduction of documentation, (ix) the quality check of wagons, (x) the improvement of time tables, (xi) the optimisation of locomotive depot reserves, and (xii) the establishment of performance indicators for assessing border procedures.

72. At its 8<sup>th</sup> and 9<sup>th</sup> meetings (Békéscsabe, 17-18 May 2001; and Edrine, 4-6 December 2001) the Working Group reviewed numerous border procedures related to the transport axis Sopron-Bucharest-Sofia-Thessaloniki/Istanbul. The procedures at the border crossings of Promachon/Kualata, Lököshaza/Curtichi and Kapikule/Svilengrad were examined in situ. In addition, the Group examined a number of items concerning the organization of a demonstration run of a block train on the itinerary Sopron-Bucharest-Sofia-Thessaloniki/Istanbul.

73. *Interconnection of Natural Gas Networks, Diversification of Gas Supply and Improvement of Security of Supply in Southeast Europe (lead country - Bosnia and Herzegovina)*. Technical assistance was provided to ensure the restoration and security of the supply of natural gas to Bosnia and Herzegovina during the winter of 1997/1998, after which the project was put on hold due to the lack of demand for natural gas in the region. Last year consultations were started with the authorities of Bosnia and Herzegovina to resume activities under this project in order to diversify natural gas supply to the region on the basis of recommendations formulated in the pre-feasibility study conducted by the Working Group of the project. The possibility of merging this dormant project with the regional project on ANatural Gas Network Study@ to be financed through the Stability Pact has been under investigation.

74. *Combating Cross-border Crime and Corruption (lead country - Romania)*. Under this project technical assistance was provided to the SECI Regional Centre for Combating

Transborder Crime opened in Bucharest (Romania) in October 2000. The Regional Adviser on Trade Facilitation held consultations with the Austrian Ministers of Finance and Interior on their cooperation with the above Centre in October 2001 and participated in the 2<sup>nd</sup> Task Force meeting in Dubrovnik (Croatia) in November 2001.

75. *Recovery Programme for Rivers, Lakes and Adjacent Seas (lead country - Austria)*. A new Project Working Group on Transport on the Danube was established during the meeting with Yugoslavia being the host country. The UNECE secretariat contributed to the 1<sup>st</sup> and 2<sup>nd</sup> meetings of the Group (Belgrade, July and November 2001). Environmental activities initiated in the framework of SECI until 1999 have been largely taken over by the Stability Pact. They have been implemented within the framework of the Regional Environmental Reconstruction Programme (REReP). It is steered by the Environmental Task Force for SEE, in which UNECE participates. Substantive contribution was provided in the implementation of the following regional proposals under REReP:

a) *"AIMS: Support for Acceptance and Implementation of Multilateral Agreements (MEAs) in South Eastern Europe"*. UNECE is one of the implementing organisations, together with IUCN, REC, UNEP and WWF.

b) *"Workshop on UNECE and UNEP conventions"*. During a mission to Belgrade in March 2001, carried out also with a mandate from UNEP, the UNECE Regional Adviser provided advisory assistance on the preparation of a workshop on global and regional environmental conventions. This workshop on UNECE and UNEP conventions was arranged in Belgrade (Yugoslavia) on 14-16 November 2001 with Swiss financial support (Euro 15,000).

c) *"Comprehensive joint water and environment protection program for the Adriatic-Ionian region"*. The key objective is to protect land-based water and marine environments by implementing relevant conventions. During the AII Round Table Meeting in Trogir (Croatia) on 24 May 2001, several proposals were discussed on how to structure future activities, including the idea of concluding a pact for Environmental Protection among all countries and establishing a Steering Committee with a servicing Unit.

d) *"Program of demonstration zones for municipal environmental projects in South East Europe"*. The main objective is to develop and demonstrate mechanisms of financing and implementing water and waste infrastructure projects in small and medium-sized municipalities. This requires improvement of the institutional and legal framework, and development of skills. Romania as lead country expressed full endorsement. Letters of endorsement were received from the authorities in Albania, Bulgaria and Croatia. Financing commitments are still needed to initiate an Inception Report. Contacts were established with EBRD and companies/municipalities in the Netherlands, Croatia and Romania on developing concrete activities.

e) *"Participation of SEE countries in ongoing international processes"*. The main objective is to facilitate participation of SEE countries in preparatory activities for the Ministerial Conference "Environment for Europe" (Kiev, May 2003), and in particular their participation in the negotiations of several regional legal instruments that should be ready for signing during the Kiev Conference. Norway has expressed interest in the project.

76. *Energy Efficiency Demonstration Zones Network in Southeast Europe (lead country - Hungary)*. Activities undertaken under this project were taken as a basis for the preparation of the project *Regional Network for the Efficient Use of Energy Resources in Southeast Europe* (RENEUER), an updated version of which was presented to the Stability Pact Working Table II on Economic Reconstruction, Development and Cooperation for financing. The RENEUER project has received funding from USAID for a preparatory phase. Initial preparatory activities have established a regional network of experts, a website ([www.reneuer.com](http://www.reneuer.com)), and interactive software for promoting on-line trade in energy efficient technology and attracting project finance. The project has undergone extensive development and was presented to supporting institutions at the meeting of the Stability Pact in October 2001. It was also presented to a special working session of the Energy Efficiency 21 Steering Committee in Geneva on 20 November 2001.

77. *Interconnection of Electricity Grids (lead country - The former Yugoslav Republic of Macedonia)*. An USAID supported sub-project on teleinformation systems among national electric power dispatch centres in SECI countries was completed and the Project Group produced its final report in May 2001. In addition, the SECI Project Group has launched a new project on the Regional Electric Power Transmission and Expansion Planning in Southeast Europe with an organisational meeting held in Bucharest (Romania) in June 2001. UNECE continues to provide advisory support and information as well as technical and secretariat support to the Project Group and its activities.

78. *Commercial Arbitration and Mediation (lead country - Slovenia)*. The objective of this project is to strengthen the commercial dispute resolution capacities and institutions in that region. In 2001, support has included assisting the SECI secretariat in recruiting Project Group members and drafting various working documents as well as providing technical input during the Group's meetings (19 January, 3 April and 20 June 2001) and assisting with the running of these meetings and the drafting of resulting reports. The SECI Centre for Arbitration and Mediation Promotion and Training was opened at the University of Ljubljana (Slovenia) on 11 June 2001.

### **Special Programme for the Economies of Central Asia (SPECA)**

79. Technical assistance was provided in the implementation of the United Nations Special Programme for the Economies of Central Asia (SPECA) in close cooperation with ESCAP. Implementation of SPECA has entered a new phase with the establishment of the supreme body of SPECA - Regional Advisory Council (RAC) which held its 1<sup>st</sup> and 2<sup>nd</sup> sessions in Almaty (Kazakhstan) on 8 February and 19-20 September 2001. With direct contribution of UNECE, the RAC has initiated a region-wide high level discussion on the issues of regional economic cooperation. The platform has been established for multilateral and bilateral discussions of the economic cooperation issues of regional importance. The process of establishing direct involvement of the business community of the participating states into SPECA issues through the establishment of the SPECA Business Advisory Council has started.

80. SPECA participating states suggested to the United Nations to establish a post of UN Special Coordinator on stability and development in Central Asia on the basis of the programme of SPECA. The work of the Special Coordinator would mainly be focused on attracting additional resources into the region, coordination of activities of international



organisations in the areas of SPECA and ensuring compatibility and complementarity of international investment projects in Central Asia and in the South Caucasus.

81. Within SPECA, substantive assistance so far was provided in relation to the following three projects: Rational and Efficient Use of Energy and Water Resources of Central Asia (lead country - Kyrgyzstan); Transport Infrastructure and Border-Crossing Facilitation (lead country - Kazakhstan); and International Economic Conference (lead country - Tajikistan). No substantive activities have been undertaken on two other projects included in the programme, where Turkmenistan and Uzbekistan are the lead countries. Representatives of these countries have also not participated in the work on the above three projects.

82. *Rational and Efficient Use of Energy and Water Resources of Central Asia.* This is the only project which received external financing in the amount of USD 1,75 million from the UN Development Account for 2000-2002. Two Project Working Group (PWG) sessions were held in Bishkek (Kyrgyzstan) on 22-23 June and 29-30 November 2001. Two workshops on energy and water resources issues were held in Bishkek on 15-19 May and 27-29 November 2001. The most noticeable result of project implementation was the preparation of the study on "State of the Art and Outlook of Rational and Efficient Use of Energy Resources in Central Asia" and the subsequent development of a regional strategy on rational and efficient use of energy and water resources in Central Asia. Work has started on the creation of EEDZs in Almaty and Bishkek.

83. *Development of Transport Infrastructure and Border-Crossing Facilitation.* The 6<sup>th</sup> Project Working Group (PWG) session was held in Almaty (Kazakhstan) on 9-11 April 2001. Technical assistance was concentrated on the preparation of a list of priority transport infrastructure investment projects of regional significance and a SPECA Memorandum of Understanding on the facilitation of international road transport of goods in the region. The PWG has started the process of solving priority transit transport problem issues in Central Asia and Kazakhstan and Kyrgyzstan have agreed a number of issues of mutual concern. Due to the aggravation of international situation in the region after 11 September 2001 the next PWG session was postponed from October 2001 to the first quarter of 2002.

84. *International Economic Conference on Tajikistan in the Regional Context of Central Asia.* At the invitation of the Prime-Minister of Tajikistan the UNECE Chairman held discussions in Dushanbe on 21-24 June 2001 on the planned Conference, including a realistic schedule for its preparations and related fund raising activities. The 5<sup>th</sup> PWG session had been scheduled for 27-28 September in Dushanbe but was postponed to 2002 due to the aggravation of the international situation in the region after 11 September 2001.

### **Black Sea Economic Cooperation (BSEC)**

85. Technical assistance has continued to be provided mainly in the field of SMEs and transport infrastructure development. In order to establish a basis for closer cooperation, the UNECE/BSEC Cooperation Agreement was approved by the BSEC Council of Ministers (Moscow, May 2001) and was subsequently signed by the UNECE Executive Secretary and the BSEC General Secretary in Istanbul (Turkey) in July 2001. This agreement extends cooperation to economic analysis and statistics, protection of the environment, sustainable energy, inland transport, trade, industry and entrepreneurship.

86. Assistance was provided in drafting a BSEC Declaration on SMEs at the Dawn of the 21<sup>st</sup> Century which was adopted at the Ministerial Meeting in Istanbul on 27 September 2001. Expertise and technical support was provided to the organization of the UNECE/BSEC/KAF Workshop on Standardization, Quality Control and Quality Assurance Systems for SMEs held in Istanbul (Turkey) on 29-30 March 2001, and BSEC/UNECE/KAF Workshop on women entrepreneurship and SMEs held in Moscow (Russian Federation) on 11-12 June 2001 with the financial support of the Konrad Adenauer Foundation.

87. In the field of transport, technical assistance was provided in the formulation of a Transport Action Plan and the Joint Statement of the Ministers of Transport which were subsequently approved at their meeting in Sochi (Russian Federation) on 30 March 2001. Substantial contribution was made to the drafting of documents for the meetings of the BSEC Working Group on Transport (Istanbul, Turkey, June and September 2001). Promotion efforts were undertaken to speed up the accession of BSEC Member States to UNECE legal instruments.

### **Central European Initiative (CEI)**

88. Technical assistance has continued to be delivered within the framework of the "UNECE/CEI Cooperation Programme on European Integration" under the Cooperation Agreement signed in May 1998 between UNECE and the Central European Initiative (CEI). Joint promotion of investment opportunities, based on the UNECE/CEI Project Opportunity Methodology, has been undertaken through compiling project portfolios, submitting them to financial institutions, participation in various meetings, as well as organizing some of them.

89. The most substantive UNECE contribution was made to the annual CEI Summit Economic Forum (Trieste, Italy, 21-24 November 2001). In addition to the participation of UNECE staff members in several sessions as organizers, coordinators, speakers and co-chair, a stand where UNECE material and papers are presented and distributed was organised. A new edition of a handbook for investors "Investiguide" was the main UNECE written contribution to the Forum. The publication contains a wealth of data on the economy, the labour market, population, infrastructure, education, housing and other services in CEI countries. This new version is focussed on networking and match making among different potential partners in investment and development projects.

90. Within the context of the UNECE/CEI Project Opportunity Methodology for project presentation, by the end of 2001, more than 200 project proposals were collected, analysed and processed. In order to promote the CEI Project Portfolio, the list of CEI Portfolio projects and information on specific project proposals were sent to 50 financial institutions (including EBRD and IFC/WB).

91. The project on micro financing in Albania went through its second-year implementation. The project financed by the CEI/EBRD (USD 252,000) is intended to complement the World Bank project by adopting, wherever possible and applicable, the methodology and procedures already applied for the Rural Finance Fund/WB micro-credit project. The Rural Finance Fund (RFF) will finish the project implementation in 2002 and a possible follow-up project to strengthen the capacity building of RFF is under development. Following advisory mission to Chisinau (Republic of Moldova) on 1-6 May 2001 two main micro-finance project proposals were prepared: one for funding by CEI/EBRD to support the

Micro Enterprise Credit, and the Enterprise Support and Small Business Development Fund of the Republic of Moldova; and the other one for possible financing by the European Development Bank.

92. Technical assistance was provided to the Central European Initiative Wholesale Markets Foundation (CEI WMF) in the preparation of a technical assistance project proposal financing of which has been recently approved by the CEI and EBRD Euro 400,000). The project is implemented by FAO with UNECE advice to support the market infrastructure. Through the CEI Focal Point, the UNECE supported the creation of the Foundation, drafted its Statute and the preliminary Cooperation Programme to be implemented with CEI funding. In favour of the wholesale markets programme in the CEI region, the UNECE has, *inter alia*, the specific expertise to promote fresh fruit and vegetable standards harmonization.

93. In addition, the UNECE and CEI were also cooperating in the following areas: SME development, business advisory services, creation and support of women and youth entrepreneurship, development of real estate markets, adoption and application of agricultural standards, public private partnership alliance, and others as may be jointly identified and agreed in due course. The main objective of all activities developed within these outlined areas of cooperation would be to implement the CEI strategy for regional cooperation.

#### **Commonwealth of Independent States (CIS)**

94. Technical assistance has continued to be provided within the framework of the Memorandum of Working Relationships between the UNECE and the Interstate Economic Committee of the Economic Union of CIS signed in April 1997. In 2001, UNECE was in working contacts with the Secretariat of the Commonwealth of Independent States. In particular, the Regional Adviser on Development Issues and Policies took part in, and contributed to the International scientific and practical conference on the problem issues of CIS (Minsk, Belarus, 27-28 August 2001).

95. On 31 May-1 June 2001 the Regional Adviser held consultations with the Electric Power Council of the CIS (Moscow, Russian Federation) on cooperation within the SPECA programme. Further to the visit, the Chairman of the Council took part in the work of the SPECA workshop on energy and in the session of the PWG-Energy in Bishkek, Kyrgyzstan, in June 2001.

96. Implementation of the second phase of the project @Energy Efficiency and Security in CIS@ financed by UNFIP continued. Two meetings of the Project Working Group that is responsible for preparation of a study "Energy Conservation as a Factor in Increasing the Energy Security in the Member-States of the Commonwealth of Independent States" were held in Moscow on 15 March and 31 May 2001 respectively. Subsequently, this study has been prepared and issued (UNECE Energy Series No 17). A workshop was organized in Minsk (Belarus) from 10 to 12 October 2001 in order to assist local authorities in creating a framework for implementing conclusions and recommendations of the above study.

97. Technical assistance and information on relevant UNECE activities were provided to the CIS Interstate Euro-Asian Coal and Metals Community, in particular in connection with the interest of the Community in developing a project on methane gas utilization for producing electric power. UNECE continued to be in permanent contact with the Secretariat

of the Interstate Council for Standardization, Certification and Metrology (Minsk, Belarus) and started exploring a possibility of implementing a project on the establishment of a quality centre for CIS.

### **Mediterranean region**

98. Following recommendations expressed by the Commission at its fifty-fifth session in May 2000, the following three joint UNECE/ECA/ESCWA interregional project proposals have been jointly elaborated: exchange of experience and best practices in alternative approaches to financing new and renewable energy projects (led by ECA; capacity building in trade facilitation and electronic business in the Mediterranean (led by UNECE); and water and environment (led by ESCWA). During 2001, all three project proposals were further developed although their financing were still unclear.

99. A project on the protection and management of the transboundary ground waters in the catchment area of the Cetina River, shared by Bosnia-Herzegovina and Croatia, is in the phase of initialisation. Financing by the Global Environment Facility (GEF) is in jeopardy as long as one of the countries has not appointed a GEF focal point person. Financing by a bilateral donor looks now more promising.

100. In the context of SECI and the Stability Pact, UNECE has proposed and initiated a programme that will lay the foundations for sustainable management and the protection of both the catchment areas and the marine environment in the Adriatic-Ionian region. The programme should: analyse and identify causes of water pollution and failing water management in the catchment area, as well as define the major hot spots; set up and organise an emergency and warning system for transboundary accidents; set objectives and targets for pollution reduction and sustainable water management; develop sector strategies, including the municipal sector, industry, agriculture and tourism; appraise financial requirements, develop programme implementation and investment portfolios.

101. The UNECE Gas Centre co-organised with Economatters the annual Mediterranean Conference on Gas held in Tunisia in September 2001. UNECE also participated in the meeting of focal points on the Mediterranean Action Plan (MAP) in Athens, Greece, on 11-13 September 2001 and the Regional Adviser acted as a keynote speaker at the Expert Meeting on EIA in the ESCWA region and participated in the meeting on shared ground water resources in the Mediterranean region, Beirut, Lebanon, on 9-14 April 2001.

### **South Caucasus region**

102. At the invitation of the Governments of Armenia, Azerbaijan and Georgia, from 17 February to 1 March 2001 two Regional Advisers visited the above mentioned countries to hold consultations with their national authorities on a feasibility of developing sub-regional economic cooperation within a joint UN project idea. A draft outline of the Programme has been developed ("United Nations South Caucasus Economic Area Programme (UN/SCEA)) and submitted to the interested countries for comments and suggestions.

103. At the request of the three countries of the South Caucasus, a cooperative programme for environmental protection was successfully developed in January 2002. Discussions

continue on organizing the implementation of the programme. Fund raising activities has started (see also para. 57 above).

### **III. FUNDING OF OPERATIONAL ACTIVITIES**

104. Available information on funding some operational activities can be found above. As is apparent from this paper, most of ECE's operational activities are being funded from the ECE regular budget (Section 18 of the UN Budget). To this extent, detailed information on the related expenditures cannot be made. In addition, further expenditures are being financed from other regular UN budgetary sources, or from extra-budgetary sources. In general, extra-budgetary sources are contributing to trust funds that are being set up in accordance with regulations approved by the UN General Assembly. The major origin of operational activity expenditures (except the ECE regular budget as included in Section 18) and their approximate annual amounts in the year 2001 were the following:

*From UN budgetary sources:*

- Regional advisory programme (financed from the regular programme of technical cooperation in Section 21 of the UN Budget) - USD 1.4 million
- UN Development Account finances for SPECA (section 33 of the UN Budget): USD 580,000

*From non-budgetary sources:*

- Project for human development statistics (funded by UNDP) - USD 260,000
- Trust Fund for the improvement of the Russian timber sector (funded primarily from Dutch donors) - USD 200,000
- Trust Fund mainly for the support of the participation of delegates from European transition countries in identified workshops and seminars organized in the framework of legal instruments serviced by the ECE secretariat (TFACT, financed in 2001 by Bulgaria, Denmark, European Union, Hungary, Italy, Monaco, Norway and the United Kingdom) – USD 260,000
- Trust Fund for Environmental Performance Reviews (financed in 2001 by France, Germany, Italy and the Netherlands) – USD 160,000.

105. The SECI programme is primarily financed by the United States. However, no income was received on this account during 2001. In the year 2000, a contribution of USD 90,000 was received. In addition to these “dedicated” trust funds and projects, small amounts are being financed from other extra-budgetary trust funds for the purposes covered by them. It can be estimated that the total amount spent in this way, and dispersed over the various trust fund accounts, does not exceed USD 50,000 a year.

### **IV. OBSTACLES AND PROBLEMS**

106. Lack of financial resources has continued to be a major obstacle to expanding operational activities and responding to the needs and requests of member States, especially from the CIS.

107. Accession to UNECE legal instruments requires direct and frequent contacts with countries in transition and the lack of funding has resulted in reduced activities with detrimental effects on the accession process. In turn the success of the implementation of legal instruments depends on the availability of adequate institutional capacity and capabilities at the national level, which is a rare case among the economies in transition. To compensate for the shortcomings of national institutions and human resources, the UNECE has often provided training or other types of technical assistance. Funding for such activities was made available through TFACT. The Regional Adviser on Transport assisted a number of countries in raising funds through third parties, without such funds flowing through the UNECE.

108. The greatest obstacles that have hindered the efficiency of operational activities carried out in the economies in transition are the following: frequent changes of Governments and instability of countries= managerial system; lack of national experts of appropriate level and huge bureaucracy in some countries; generally poor communication systems; complications of internal procedures and frequent changes of contact experts and bodies; complexity of rules and procedures of the UN system; and absence of strategic focus on key priorities of operational activities in sub-regions and particular countries.

109. In some cases (SPECA, for example), the biggest problem has been non-participation of some member States in the sub-regional programme (Uzbekistan and Turkmenistan). The UNECE and ESCAP, at the request and with the support of Kazakhstan, Kyrgyzstan and Tajikistan, did not succeed in trying to involve them in programme implementation.

110. An essential ingredient for an effective policy development, implementation and delivery of Government policies is the presence of well-trained and motivated staff. However, some of the economies in transition have continued to suffer from a high staff turnover in governmental institutions mainly due to the lack of job stability, security and adequate remuneration. The lack of adequate transfer of information, knowledge and expertise between public officials for follow-up action is another problem.

111. Concerted efforts are required by Governments to address the problems in human resources management and policies within their respective institutions in order to ensure that assistance benefits countries= economic development.

## **V. DEMAND FOR TECHNICAL ASSISTANCE: ITS STRUCTURE AND POSSIBLE RESPONCES**

112. The UNECE operational activities continue to be under great demand from economies in transition and, especially from the CIS. To fully satisfy this demand, additional resources are required.

113. The structure of the demand for technical assistance implies a shift in the mix of development priorities of some country-members of the CIS. Among recent requests (Belarus, Russian Federation, and other CIS countries), the emphasis was on the need to create a promotion mechanism to ensure that the knowledge of international quality norms, standards and regulations are disseminated among the local producers and a necessary training, as well as testing and certification, are available.

114. Requests for advisory services in trade facilitation, including requests (Republic of Belarus, Central Asia) to assist with designing of and mobilizing investors for implementing PPP cross-border infrastructure projects, have become more frequent. Other infrastructure project-proposals are related to transportation, energy and ICT sectors.

115. The industrial restructuring process in economies in transition seems affecting the demand structure for technical assistance and cooperation practically in all countries of this category, as they are mainly concerned with the lack of capacity and/or capabilities in the requesting countries. Depending on the phase of the process, some countries are more interested in acquiring technical assistance for furthering the development of the new enterprise sector, including SMEs, while others are in the assistance with the restructuring of the old large industrial enterprises and recovering industrial regions. In order to meet the latter requests, this would require a systemic approach to the provision of technical assistance, as well as a more targeted technical cooperation between member States of the UNECE region on the whole range of issues relevant to industrial restructuring, including investment mobilization, assets evaluation, property markets development and etc. The Commission may wish to consider a possibility of increasing the human resource pool of the UNECE Division responsible for implementing the mandates related to industry, enterprise development, SMEs, and investment.

116. Demand for assistance in the energy and transport sectors has remained very high, especially among the conflict-affected countries. The UNECE has been trying to assist these countries by contributing to the work of such structures as the Stability Pact and/or EU/WB donors' meeting on Yugoslavia and SECI. Additional resources in support of some of these activities from the UNECE member States has released the pressure to some degree, but have not solved the problem of the lack of funding completely.

117. The UNECE activities in the follow-up to the Millennium Summit have revealed the need in increasing and targeting its technical assistance to the vulnerable social groups in countries in transition, such as women and young adults, focusing on the creation of a national system of promotion and support of entrepreneurship among these groups. Apart from the traditional advisory services provided in this area, the UNECE has been trying to mobilize extra-budgetary resources for funding activities aiming to develop the capacities and capabilities in e-commerce of the enterprises led or owned by women. Assistance is needed in many countries in transition to provide young adults with training and start-up capital to launch their own businesses. A Team of Specialists on Entrepreneurship in Poverty Alleviation under the auspices of the WP.8 was created to investigate technical cooperation possibilities in the area of youth entrepreneurship and to mobilize resources to fund pilot projects on youth entrepreneurship in South Caucasus, Central Asia, South-East Europe and the Slavic CIS countries.

118. A more systemic approach to the provision of technical assistance is needed within the framework of the UNECE/country-groupings' agreements on cooperation, especially in the case of the conflict-prone or post-conflict situations, to ensure that the primary causes of conflict are mitigated. Assistance to sub-regions with the obvious and well-investigated conflict potential also needs to be put in a broader and cross-sectoral context to reduce the risk of violence.