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MAJOR POLICY DIRECTIONS OF UNECE'S WORK

Report by the Executive Secretary

INTRODUCTION

1. Any development and adjustment in the UNECE directions of work must build upon the structural assets of the Commission, namely:
 - the development of conventions and agreements, norms and standards, and policy guidelines in the UNECE areas of competence;
 - an analytical and statistical capacity, with a focus on the economic development in the region and on the structural issues faced by transition economies;
 - providing a region-wide forum for discussing policy issues and exchanging experiences on both sectoral and cross-sectoral issues;
 - a convening power in organising high-level meetings for discussing and adopting regional strategies, plans and programmes;
 - the development of partnerships with non-governmental actors: private sector, professional associations, NGOs, academic circles;
 - and the capacity to provide advisory services and other forms of technical assistance in various areas.
2. Bearing in mind these assets which have to be fully utilized, the present paper outlines the new challenges and issues faced by the region and the UNECE strategic directions of work to be taken to address them.

I. THE GENERAL CONTEXT IN WHICH UNECE OPERATES

A. At the global level

3. Looking at the present trends, and projecting them into the future, the main challenges can be summarized as follows:

(a) **Globalization of the economy continues at an accelerated speed**, as demonstrated in particular by the intensity of capital flows, the development of international trade, the dynamic of foreign direct investment, the rapid expansion of the use of cyberspace, and migration flows. This process is accompanied by a decentralization movement and at the same time raises questions about the effectiveness of the existing global regulating and governance bodies. It is therefore necessary to rethink the development policies shaped by actors at all levels, so that the increased economic efficiency resulting from globalization and competitiveness can lead to poverty reduction and a reduction of disparities among and within countries. The efforts of the United Nations to shape globalization and the commitments adopted in this respect like the Millennium Declaration Goals (MDG), the resolution of the International Conference on Financing for Development ICFFD, the Implementation Plan of the World Summit on Sustainable Development (WSSD), etc. will have a significant impact on the work of the United Nations and UNECE.

Implications for UNECE work: to monitor economic, environmental, and social developments in the region, with an increased focus on the degree of “catching up”, i.e. between North-America/EU, the acceding countries, the other emerging economies and the less developed countries. This monitoring work would also assess progress made in the implementation of the MDGs at the regional level and within individual countries, and follow-up to WSSD, ICFFD, etc.

(b) **The multiple linkages among the social, economic and environmental dimension of development, peace, security and prosperity, human rights, good governance and corporate responsibilities**, have become increasingly apparent in policy analysis and practice. A multidisciplinary, cross-sectoral and integrated approach to policy making is becoming more and more necessary.

Implications for UNECE work: to further operationalize the cross-sectoral dimension of UNECE activities, without jeopardizing the priority work done in the various sectors; this has already started through interdivisional task forces and other forms of cooperation among divisions at the secretariat level and through the organization of joint meetings or groups at the intergovernmental level. This process will be further developed in areas such as transport, environment and health; energy and environment; transport and trade; timber, environment and trade.

B. At the regional level

(c) **Regional cooperation has been both deepening and expanding**. This is likely to continue and intensify in the years to come. A particularly impressive case in point in the UNECE region is the process of deepening EU-integration and EU-enlargement. From 2004 the number of EU Member States will increase substantially and could amount to almost half of the UNECE membership. The impact of EU-enlargement on the work of UNECE, and other regional organizations, needs to be identified and taken into account, possibly leading to some adjustments in the programme of work. Economic cooperation among non-acceding countries on a bilateral

and multilateral basis is also expanding, with a considerable impact on the economic integration in UNECE region.

Implications for UNECE work: In order to exploit the potential contribution of the EU to UNECE-wide prosperity and prevent new divides in the region, UNECE's role is to facilitate cooperation between the EU and non-acceding countries or country-groupings organizations. The details are discussed below.

(d) The transition process in Central and Eastern Europe and in CIS countries differs considerably. Progress achieved in reforms, restructuring, and building market institutions is most advanced in the acceding countries. These economies, as well as the Russian Federation, are now recognized as market economies. Diversity among the CIS countries in making progress towards market economy is considerable. The different levels of progress in countries in transition of the region may require different policies, different approaches in implementation, different actions, etc.

Implications for UNECE work: in this context, the importance of analysing economic reforms, social development, institutional capacity building, good governance and macro-economic stabilization will remain, and should continue to give the UNECE a significant role to play in policy analysis. However, as transition processes evolve at different speeds and in a differentiated manner, some adjustment in this analyses is required, including adjustments in the structure and content of the *Economic Survey of Europe*, and the possibility of publishing a number of focused studies.

II. THE NEW CHALLENGES AND ISSUES

A. The Future of Post-Enlargement Europe: what are the implications for UNECE?

4. EU enlargement will lead to changes in the various cooperative arrangements within the region. The EU itself will adapt its cooperation and partnership agreements with the other European countries while the above-mentioned groupings will do the same from their own perspective. Furthermore, the concept of a "Common European Economic Space" is already being discussed as a possible form or model through which economic cooperation in UNECE region could further develop.

Implications for UNECE work: This concept and other possible ones, if and when they take more precise shape, may call for adjustments in the processes related to the core activities of UNECE, such as the development of region-wide norms and standards and support for their implementation. It could therefore have a significant impact on the main sectors of UNECE activities. It is against this background that a number of workshops have been planned, with the objective of exploring the implications of EU enlargement for the whole region in the UNECE areas of work, starting with energy, trade, transport and environment in 2003.

B. How to promote an integrated approach to sustainable development

5. The Plan of Implementation of the WSSD in paragraph 160(a) stipulates that the regional commissions, in collaboration with other regional and sub-regional bodies, should "promote the integration of the three dimensions of sustainable development into their work in a balanced way,

including through implementation of Agenda 21. To this end, the regional commissions should enhance their capacity through internal action and be provided, as appropriate, with external support". It is well understood that the UNECE has a limited capacity to integrate the main aspects of the three dimensions of sustainable development into all its activities. So far, the economic and environmental dimensions have been substantially addressed while the social dimension has been limited to specific concerns such as population ageing, gender equality, housing and improvement of the quality of life in human settlements. In relation to the Plan of Implementation of WSSD, the UNECE should consider how to further integrate the three dimensions of sustainable development into its programme of work in a way that is at the same time well balanced and realistic, and that correspond to the priorities set by member countries.

Implications for UNECE work: The approach proposed to achieve this integration is to mainstream the three dimensions of sustainable development into all UNECE areas of work. As an illustration, industrial restructuring and enterprise development have an obvious economic dimension but also a very significant social and environmental dimension which, therefore, also needs to be addressed in this area of activities. In addition to this core approach to sustainable development within UNECE work, it is envisaged to organize regularly a sustainable development forum which would address each time a specific issue calling for joint consideration of economic, social and environmental aspects, and which would provide the opportunity for a region-wide debate among policy-makers and other actors originating from these three constituencies.

C. Bridging the digital divide

6. The focus on information society and related policies in the United Nations system is increasing with the preparation of the World Summit on the Information Society (WSIS), which will subsequently lead to follow-up and implementation activities at the national, regional and global levels. For the transition economies, the development of a knowledge-based economy can bring a decisive contribution to increasing competitiveness and making progress in economic reforms. Equally important, closing the digital divide can be a key instrument for addressing disparities among countries of the UNECE region and, within each of them, for preventing further deepening of economic and social inequalities. The UNECE has already integrated the ICT dimension into its work in such areas as trade, transport, statistics and access to environmental information. It can go further in providing a forum for exchanging experiences, developing guidelines and assessing progress made, taking full advantage of the fact that the UNECE region includes the economies which are the most advanced in this field.

Implications for UNECE work: While mainstreaming the ICT dimension into the UNECE areas of work will be pursued, any new activities will focus on knowledge-based industries in countries with transition economies, comprehensive knowledge-based development and support to electronic information and communication in these countries.

D. Good governance in emerging and advanced market economies

7. Good governance is increasingly recognized as an important issue, in all countries, including the transition economies. The most well-known and successful field of UNECE work in good governance is environment (Aarhus Convention) and statistics (e.g. the Fundamental Principles of Office Statistics). In the context of the Millennium Declaration goals, and in the

follow-up to the summits on financing for development and sustainable development, it is increasingly recognized that norms or guidelines of good governance are needed not only for governments but also for the corporate sector. UNECE activities so far have focused mainly on good governance in public institutions. Recent events have clearly demonstrated the need for addressing also the issue of governance in the corporate sector that would aim at creating a climate of confidence for investment and enterprise development and at raising awareness of the social and environmental responsibilities.

Implications for UNECE work: While not duplicating the already well-developed work of other organizations in this area (e.g. OECD, UNCTAD, European Commission, ILO, UNEP), the UNECE could bring its contribution to this issue of corporate governance, focusing on corporate responsibility and SMEs, with the intention of providing region-wide good governance guidelines specific areas.

III. INSTRUMENTS

8. UNECE, as the regional arm of the United Nations, has **multilateralism** at the heart of its mission and its very *raison d'être*. It has traditionally played a key role in East-West and transatlantic dialogue. After the fall of the Berlin wall, and the events of the 1990s, conditions matured for an unprecedented improvement of transatlantic and East-West relations. However, the multilateral framework in the UNECE region is under stress due to a number of factors (e.g. a greater assertiveness of the major players, the sluggishness of the multilateral mechanisms, etc.). For the UNECE, it becomes essential to raise the issue of how we can make the multilateral framework function more effectively and at the same time in harmony with the existing or developing set of bilateral relations, so that it is not perceived as a threat to these good and growing bilateral relations. UNECE has a unique role and institutional set-up for promoting a cooperative policy dialogue between North America, the EU, the new candidate countries, the Russian Federation and the other CIS countries, including Central Asia. Moreover, the UNECE can contribute to allaying fears that any sub-regional integration process work against the rest of the UNECE. The ways for enhancing cooperation would depend on the various degrees of achievements in transition, the level of harmonization of legislation, the relative development of institutions and institutional capacity, etc.

9. The multiplication of activities at regional level requires more effective **inter-agency cooperation and coordination** to avoid overlaps, exploit synergies and fill gaps. The United Nations regional commissions are uniquely placed to enhance consistency and more effective collaboration at the regional level. The experience of the Conference of European Statisticians in presenting an integrated framework for the evaluation of the programs of work of the main organizations active in the region provides a useful reference and model for action which could be extended to other areas of work. The recently held Regional Coordination Meeting, convened by the UNECE and gathering together the Heads of the European Offices of the United Nations organizations, highlighted the need to develop this coordination mechanism in order to achieve a common understanding of the development needs in the region and the corresponding priorities of work, to improve the division of labour and to consider undertaking joint programmes and activities.

10. Increasing responsibilities have also been given to the regional commissions in relation to **the preparation and implementation of global initiatives, programmes, events and activities.**

This is natural considering the unique role that they play in bringing the regional perspective to the global level and, vice versa, facilitating the regional implementation of global commitments. Again, this requires strengthened cooperation with the other United Nations organizations active in the region, as stated in all the final texts adopted at these Conferences.

11. UNECE also has to **adapt to the multiplication of subregional groupings and initiatives** in the region. These are at various stages of development but all of them aim at strengthening economic cooperation and trade relationships among neighbouring countries, and exchanging experiences on development policy issues. The UNECE can further respond to these expectations by fostering, in its areas of expertise, its support to such groupings and initiatives as the Stability Pact, SECI, SPECA, CEI, BSEC, etc.

12. In addressing the issues of globalization, sustainable development, the digital divide, etc., the participation of different stakeholders is the key to success. **Partnerships with the business community and other parts of civil society** therefore need to be further strengthened and extended, particularly in the preparation and implementation of norms and standards, technical cooperation, etc.

IV. NEW FOCUSES

13. In adjusting its work programme and implementing its activities during the forthcoming years, the UNECE should bear in mind the following points:

- **Focus on areas where the value-added of UNECE is apparent.** This applies, in particular, to the exchange of experience across the whole UNECE region through the UNECE-wide forums for policy-dialogue; and the harmonization of regulations within the region and across its sub-regions.
- **More focus on implementation.** UNECE has built its reputation in setting standards and norms in various sectors. This normative effort should continue, and in addition the work of the UNECE could be more oriented towards the implementation of binding legislation, the promotion of non-binding guidelines, the dissemination of best practices, support to concrete partnerships and plans of action, etc.
- **Focus on monitoring and assessment.** In relation to the MDGs, the follow-up to the WSSD, and other major United Nations summits, as well as UNECE standards, norms, conventions and protocols, the need has emerged to measure progress made in implementation and achievement of the stated objectives. Member countries are increasingly investing in institutional tools and capacity for monitoring and evaluating policies. The regional level is particularly appropriate for exchanging experience on monitoring and implementation. This exchange can have significant feedback on policy formulation, the development of standards and recommendations. The UNECE can play a significant role, in cooperation with other organizations, in operationalizing different sets of indicators and databases, reporting at the regional level on progress made in the achievement of the MDGs, the targets in sustainable development, etc. Benchmarks could also be developed and used in policy reviews.
