



**Economic and Social
Council**

Dist.
GENERAL

TRADE/2004/4/Add.3
1 March 2004

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT
Eighth session, 10, 13 and 14 May 2004
Item 5 of the provisional agenda

DRAFT PROGRAMME OF WORK, 2004-2007
Industrial Restructuring and Enterprise Development Subprogramme
Work Items

DOCUMENT FOR APPROVAL

The Bureau of the Committee is submitting this draft 2004 - 2007 programme of work to the Committee for approval. The draft programme is set out in three parts. The first part (document TRADE/2004/4) introduces the programme of work and the strategic directions for the two subprogrammes under the Committee's responsibility: namely Trade Development, and Industrial Restructuring and Enterprise Development. The second part can be found in this document and document TRADE/2004/4/Add.3, which describe, in detail, the specific activities to be undertaken. The third part consists of summary tables of these specific activities and can be found in documents (TRADE/2004/4/Add.2 and TRADE/2004/4/Add.4).

The Bureau requests that: 1) the programme of work for the Subprogramme on Industrial Restructuring and Enterprise Development (comprising the Working Party on International Legal and Commercial Practice (WP.5) and the Working Party on Industry and Enterprise Development (WP.8)) be **approved** for the period up until the 2005 session of the Committee, and 2) that, to create a coherent and focused Subprogramme on IR&ED, during the coming year both Working Parties undertake a review of the remainder of the programme of work, together with the secretariat, in order to provide it with greater focus. The Bureau noted that 3) in this framework, the decisions and orientation of the recent WP.8 annual session could serve as a good benchmark

Information on the work under the Committee can be found on its website: <http://www.uncece.org/trade>.

Previous, related documentation: TRADE/2003/11/Add.1 (Draft Programme of Work 2003-2005: Work Items)

GE.

INDEX

	<u>Page numbers</u>
INTRODUCTION	3
1.1 ENFORCEMENT AND IMPLEMENTATION OF COMMERCIAL LAWS THROUGH GOOD GOVERNANCE AND TRANSPARENCY OF INSTITUTIONS AND SUPPORT.....	3 – 5
1.2 INDUSTRIAL RESTRUCTURING AND SUSTAINABLE INDUSTRIAL DEVELOPMENT.....	6 – 7
1.3 DEVELOPOMENT OF ENTREPRENEURSHIP	7 – 9
1.4 EMERGING KNOWLEDGE-BASED ECONOMY	9
1.5 PUBLICATIONS	10

INTRODUCTION

The 2004 – 2007 programme of work for the Committee for Trade, Industry and Enterprise Development of the United Nations Economic Commission for Europe (UNECE) is set out in three parts. The first part, contained in document TRADE/2004/4, introduces the programme of work and the strategic directions for the two subprogrammes under the Committee's responsibility: namely Trade Development, and Industrial Restructuring and Enterprise Development. The second part describes the specific activities to be undertaken and can be found in document TRADE/2004/4/Add.1 (for the Trade Development Subprogramme) and this document (for the Industrial Restructuring and Enterprise Development Subprogramme). The third part consists of summary tables of these specific activities and can be found in documents TRADE/2004/4/Add.2 (for the Trade Development Subprogramme) and TRADE/2004/4/Add.4 (for the Industrial Restructuring and Enterprise Development Subprogramme).

The Industrial Restructuring and Enterprise Development Subprogramme is focused on assisting the UNECE Governments to establish an enabling environment, as well as norms, standards and cost-effective strategies, for industrial restructuring and enterprise development. In this framework, it will also focus on considering, designing and updating effective industrial restructuring and enterprise development policies. Specifically, in 2004 through 2007, the Industrial Restructuring, Energy and Enterprise Development Division will help establish a network of government officials, expert groups and advisory bodies to assist in this task. The subprogramme also provides for the training and education of policy makers, as well as the creation of international benchmarks to measure the implementation of standards.

1.1 ENFORCEMENT AND IMPLEMENTATION OF COMMERCIAL LAWS THROUGH GOOD GOVERNANCE AND TRANSPARENCY OF INSTITUTIONS AND SUPPORT

The Working Party 5 assists the UNECE governments in establishing and fostering good commercial and governance norms and practices as well as in the implementation of their guidelines. This requires the organization of programmes, projects and training in countries concerned as well as raising resources from donors to pay for this assistance and support. The Working Party supervises the advisory groups it has established to assist Governments with the implementation of their guidelines on public-private partnerships for sustainable development; protection and implementation of intellectual property rights for investment; and the promotion of Land for Development and viable property markets. The advisory groups consist of experts from both the public and the private sectors. They provide practical support for transition economies and are funded from extra-budgetary in-kind and financial contributions. The business community works closely with these groups. To encourage more cooperation with the business community and to help implement the guidelines of the UN (July 2000) to enhance relations with the business community in implementing UN goals, the Working Party has assisted in preparing "Guidelines on Partnerships with the Business Community", using its experience with establishing these new types of partnership.

1.1.1 - Promotion of public-private partnerships for sustainable development

Financing infrastructure and certain capital-intensive industrial sectors in the framework of tight budget constraints has posed quite a challenge to the Governments in the whole UNECE region. The need to improve infrastructure services in all the transition economies is perhaps the most pressing. Private

finance in the form of public-private partnerships (PPPs) is an important additional source of funds, which Governments can use for this purpose. PPPs are complex to develop. They require skills found more in the private than in the public sector. Since 1996, the UNECE Build-Operate-Transfer (BOT) Group has helped to raise awareness and understanding on both the potential and challenges in PPP projects. It has published two Guides, a negotiation Platform for Governments on how to deal with foreign investors, undertaken several consultative visits with Governments and participated in the training of civil servants. Governments in several countries have established PPP units to manage and bring forward projects. Such is the success of these units that they are being increasingly seen as an institutional requirement for instigating successful PPP projects.

The PPP Alliance, combining the BOT Group and the representatives from PPP units, has been established to promote the further creation and development of PPP units throughout the region and to foster a better understanding of PPPs and their objectives. The Alliance will help to implement the goals of PPPs as set out in the final plan of action of the Johannesburg summit, which attach strong importance to the role of PPPs as a tool for sustainable development. The Alliance also supports a programme of capacity building and project development for the Stability Pact for southeast Europe under the auspices of the Investment Compact.

The Alliance consists of three working groups specialised in providing assistance in the following areas of PPP development: legal and regulatory; training; and economics and financial.

In 2004 there will be held the Third Annual Meeting of the PPP Alliance: "Promoting PPPs" in urban and municipal services", September 2004 in Barcelona, Spain; and during 2004/05 the "Regional Conference on the Stability Pact: Improving the Legal and Regulatory Framework for PPPs", to be held in southeast Europe, pending availability of funding. Similar events will follow for 2005-07.

<i>Target Audience:</i>	Governments, private sector, employees' associations
<i>Target Date for Completion:</i>	Ongoing
<i>Team Responsibility:</i>	WP.5 PPP Alliance

1.1.2 - Advisory Group on the Protection and Implementation of Intellectual Property Rights for Investment (IP Group)

Weakly enforced intellectual property rights hold back economic development by removing from entrepreneurs the incentives to develop new ideas and transform them into successful commercial projects. The Intellectual Property (IP) Group has a dual mandate: to improve the existing regimes for intellectual property rights; and to make intellectual property rights more accessible to domestic enterprises and entrepreneurs. The Group does this through consultative meetings, the training of enforcement officials; and the training of SMEs on the procedures and practices required to make their intellectual property valuable. These programmes are done as part of Support Projects for each country, which requests cooperation with the Advisory Group. There are currently eight support projects under way for the following countries: Estonia; Latvia; Lithuania; Russian Federation; Ukraine; Poland; Kyrgyzstan; and Serbia and Montenegro. Recently, the Group has begun helping to train enterprises on methodologies for valuing their IP assets. The Group has a number of subgroups including one on education, training and sustainable enforcement which has prepared an analysis of existing training programmes and materials produced by organisations such as the WCO, IFPI, EPO as well as the Phare and Tacis programmes. This

work is undertaken in cooperation with the World Intellectual Property Organization (WIPO), WTO, the European Union, ICC and WCO. The IP Group has a programme manager.

In 2004/05, the activities to be undertaken will include two training seminars scheduled for Kazakhstan and Moldova as well as the Regional Conference on Intellectual Property Exploitation in the Internet Era, to be hosted by the Polish Government in Warsaw, on April 1-2 2004. Similar events will follow for 2005-07.

Target Audience: Governments, private sector, employees' associations
Target Date for Completion: Ongoing
Team Responsibility: WP.5 IP Advisory Group

1.1.3 - Land for Development: Real Estate Advisory Group (REAG)

A secure system of land and property rights contributes to economic development. All of the world's successful economies have strong property systems and institutions. In many transition economies the land and property markets are still weak. Property ownership has been privatised but the lack of buying, selling and leasing property and homes means that these assets are undervalued in most transition economies. They are rarely used as collateral for loans and for financing new businesses as in western economies. There is a need to strengthen property institutions, laws and professions in order to help people turn their assets into capital. The key objective of the Real Estate Advisory Group (REAG) is to improve land policies for sustainable development and poverty alleviation. REAG established its Land for Development programme to promote awareness among policy makers about the unexploited potential inherent in land and property.

The first and second REAG summits in Rome on this topic examined several critical issues for extending property rights to alleviate poverty in transition economies such as the expansion of mortgage financing, the improvement of social housing and the elaboration of common and transparent standards to value land. The first Summit agreed to establish a high level Eminent Experts Group under the leadership of Hernando De Soto, to prepare an action programme for Governments to improve their policy and to help ensure that land is better used for development purposes. Over 30 countries participated in Rome at the events, including representatives of the European Commission, World Bank, EBRD and FAO, and NGOs, such as the Royal Institute of Chartered Surveyors (RICS) and the RICS foundation. The European Group of Valuers' Associations (TEGOVA) and the International Real Estate Federation (FIABCI) were also present. The Group benefits from both financial and in-kind support from the private sector, including Tecnoborsa, an Italian not-for-profit organization.

In 2004, the high level Expert Group will work to prepare a report identifying the priorities for promoting property and land rights for the low income, poor and disadvantaged groups is envisaged. A third summit is to be held in the fall of 2004 in Rome. Similar work profile and events will follow for 2005-07.

Target Audience: Governments, private sector, employees' associations
Target Date for Completion: Ongoing
Team Responsibility: WP.5 IP Advisory Group

1.2 INDUSTRIAL RESTRUCTURING AND SUSTAINABLE INDUSTRIAL DEVELOPMENT

Working Party 8 assists member States, and transition economies in particular, in addressing the problems of restructuring uncompetitive enterprises and industries, on the one hand, and promoting the principles of sustainable development in industry and its sectors, on the other

1.2.1 - Industrial Restructuring

Industrial restructuring is a key element of economic reforms in both market and transition economies. Through this mechanism, enterprises and national economies integrate into the regional and world markets. It is important that representatives of Governments and other stakeholders in member countries share their views and discuss lessons drawn from their experience of industrial restructuring, which might lead to the development of joint approaches and the increase of the industrial restructuring efficiency, in particular in the context of transition. Issues such as regulatory framework, industry-specific aspects of industrial restructuring, corporate governance, financing of restructuring, the role of new enterprises in alleviating the burden of restructuring, and industrial and territorial clustering are expected to be covered under this work area.

Under this subprogramme, a series of events will be organized in 2004-2007. A Regional Workshop on the “Territorial aspects of industrial restructuring” is scheduled in 2004/05. In addition, a Workshop on “Managerial Practices Conducive to Industrial Restructuring” is also going to be held. Subject to the resources availability, the second Forum on Social Aspects and Financing of Industrial Restructuring might be held in 2005. Similar events will follow for 2006-07. As a result of these events the Team of Specialists on Industrial Restructuring will endeavour to produce recommendations to Governments of transition economies.

Target Audience: Governments, private sector, employees’ associations, especially from transition economies

Target Date for Completion: Ongoing

Team Responsibility: Team of Specialists on Industrial Restructuring, Working Party 8

1.2.2 - Sustainable Industrial Development – Chemical Industry Sustainable Economic and Ecological Development (CHEMISEED)

The CHEMISEED subprogramme is supposed to be discontinued during the WP.8 session on 12-13 February 2004.

1.2.3 - Quality Management Systems

The Team of Specialists on Quality Management Systems assists Governments and enterprises, in particular SMEs, in implementing of quality management systems in order to increase the competitiveness of enterprises in their countries. To this end, the Team of Specialists examines best practices of national policies for promoting quality assurance systems, and organizes the exchange of information and experiences among governments and other stakeholders; collects and analyses information on the use of national quality award schemes and excellent quality models; develops and

promotes benchmarking to measure competitiveness of enterprises; and raises quality awareness and promotes the creation of quality development centres.

It is worth noting in particular that the Team of Specialists on Quality Management Systems organized an Expert Meeting on “How to Become a Supplier of Large National and Transnational Corporations” on 20 and 21 March 2003 in Geneva.

The Team of Specialists will consider producing an interactive CDROM for the ecological assessment of enterprises in accordance with the ISO 14000 standard requirement will be adapted for use by transition economies. In addition, a comparative analysis of excellent quality models and practices for SMEs will be made taking into account the European Excellent Quality Model by Stichting European Foundation for Quality Management (EFQM). Subject to the resources availability, A Total Quality Management Centre in the Russian Federation could be established under the auspices of UNECE and the United Nations Environmental Programme (UNEP). The same applies to A Commonwealth of Independent States Quality Centre, which could be established under the auspices of UNECE. The Teams of Specialists has decided to prepare a Model of Integrated Management System (MIMS), and this project is likely to be implemented jointly with WP.6.

There is a proposal by the Bureau of WP.8 that the Team of Specialists on QMS is transferred to the WP.6 in the course of 2004. In this case, this activity will cease to exist in the WP.8 programme.

Target Audience: Governments, private sector, especially from transition economies
Target Date for Completion: Ongoing / 2004
Team Responsibility: Team of Specialists on Quality Management Systems, WP.8

1.3 DEVELOPMENT OF ENTREPRENEURSHIP

Working Party 8 assists member States, and transition economies in particular, in creating the environment conducive to the emergence and development of new market economy enterprises. It also examines the issues of women’s entrepreneurship and of entrepreneurship as a means of poverty alleviation, facilitates information exchange on best practices in these areas and develops recommendations to Governments. The present programme does not cover the relevant activities related to the development of SMEs, which are implemented by the regional advisory services.

1.3.1 - SME Development (Implemented by the UNECE Regional Adviser on Entrepreneurship and SMEs)

The main goal of the UNECE Strategy for SME Development is to promote the development of SMEs in transition through sustainable and dynamic SME development. The objective is to promote the conditions that are necessary for the growth of the SME sector, that is, a favourable policy and regulatory environment; strong, sustainable institutions providing financial and non-financial services to meet the demand of small- and medium-sized enterprises; improved access of low-income and disadvantaged entrepreneurs (including women, rural poor, young families, people with disabilities and ethnic minorities) to financial resources and business services.

During 2004-2007, UNECE will continue collecting statistical data on SMEs and analyse the SME situation in individual transition countries. The Regional Adviser on Entrepreneurship and SMEs will organize forums on best practice in national policies and programmes of promotion of entrepreneurship and SMEs in transition economies, including the one focusing on the Romanian and Slovak experience, scheduled for 31 March 2004 in Geneva, and expert meetings on benchmarking of various aspects of SME operational environment. He will continue to assist Governments, business community and SMEs in understanding the scope and the business potential of linkages between large companies, including transnational corporations and SMEs.

Target Audience: Governments, private sector, SME associations especially from transition economies, international organizations
Target Date for Completion: Ongoing
Team Responsibility: Regional Adviser on Entrepreneurship and SMEs, WP.8

1.3.2- Entrepreneurship in Poverty Alleviation / Youth Enterprenuership

The objective of this subprogramme, which so far focused on Poverty Alleviation, is supposed to move towards Youth Enterprenuership i.e. is to identify policy instruments which have proved to be effective in promoting youth entrepreneurship, exchange information on best practice in promoting entrepreneurial activities of young people across the UNECE region, and provide policy recommendations to Governments, in particular of transition economies. The subprogramme focuses on supporting the youth entrepreneurship as a means of assisting transition economies in offsetting the adverse impact of economic/industrial decline on vulnerable groups of population.

The secretariat will continue in 2004-07 to rely on the recommendations of the August 2002 Regional Forum on Youth, and their possible update, to promote further discussion of problems relating to youth entrepreneurship and offer advice to Governments aimed at its facilitation. The opportunities for effective public private partnership in this area will be fully examined. The secretariat will explore the feasibility of organizing additional workshops and sub-regional forums on youth entrepreneurship in cooperation with other international organizations such as BSEC and the Konrad Adenauer Foundation.

Target Audience: Governments, youth associations, especially from transition economies, international organizations
Target Date for Completion: Ongoing
Team Responsibility: Team of Specialists on Entrepreneurship in Poverty Alleviation, WP.8/

1.3.3 - Women's Entrepreneurship

The subprogramme aims at coordinating the effort of the member States in promoting women's participation in enterprise development and improving women-entrepreneurs' access to finance, information and international networks. The Team of Specialists will assist member States in promoting women's entrepreneurship through (a) assessing the situation of women-entrepreneurs in individual countries, (b) discussing national policies and identifying best practices and (c) establishing guidelines and policy recommendations.

The Second Forum of Women Entrepreneurs was held in Geneva on 17–18 March 2003, which will be followed by the Sub-regional Forum of Women Entrepreneurs in Istanbul, Turkey, in May 2004. The secretariat will prepare a publication on women's entrepreneurship in eastern Europe and CIS countries based on selected materials prepared for the Second UNECE Forum of Women Entrepreneurs and meetings of the Team of Specialists on Women's Entrepreneurship. The possibility of organizing subsequent sub-regional forums of women entrepreneurs on selected issues will be explored in 2004/05. Similar activities and events will follow for 2006-07.

Target Audience: Governments, women associations, especially from transition economies
Target Date for Completion: Ongoing
Team Responsibility: Team of Specialists on Women's Entrepreneurship, WP.8

1.4 EMERGING KNOWLEDGE-BASED ECONOMY

Under this subprogramme, Working Party 8 provides information and contributes to raising awareness of member States, and transition countries in particular, regarding the emerging new type of economy, decisively dependant on the input of intellectual capital and innovation. It also assists member States in assessing their readiness for the knowledge-based economy. On the basis of such assessment, the programme facilitates the identification of lacunae in the material infrastructure, information systems and regulatory framework for innovation and implementation of new technologies.

1.4.1 - Digital Economy Development

Under this subprogramme, the impact of the emerging digital economy on the societies of member countries, related opportunities and challenges to economic development and social progress are examined. The subprogramme aims at assisting member States in using information and communication technologies, capturing economic gains accruing from that use and at facilitating their integration into the emerging global knowledge-based economy. To this end, the UNECE secretariat and the secretariat of the International Telecommunication Union have agreed to cooperate further through a Memorandum of Understanding on the Information Economy Development, with special reference to e-policy and e-regulations.

The Team of Specialists on Internet Enterprise Development will contribute to the organization of a number of events dealing with the regulatory framework for Internet enterprise development and electronic Government in 2004-07. Subject to resource availability, the secretariat will continue the implementation of the UNECE/EU Project on E-Work Development in Central and Eastern Europe (e-work development aims at promoting new methods of work through ICT tools such as telework and mobile work). In order to assess in depth the potential for digital economy development in transition economies, the Team will prepare a summary report on the status of information economy in previously covered countries in 2004. Additional reports will be considered in 2005-07.

Target Audience: Governments, private sector, especially from transition economies
Target Date for Completion: Ongoing
Team Responsibility: Team of Specialists on Internet Enterprise Development, WP.8

1.5 PUBLICATIONS

The 2004-2007 Industry and Enterprise Development Subprogramme includes a number of recurrent and non-recurrent publications. These publications will provide information on best practices in the relevant areas and serve as reference materials.

1.5.1 Recurrent Publications

- Best Practice in the Development of Entrepreneurship and SMEs in Countries in Transition (2 issues: 1 issue in 2004; 1 in 2006)
- Knowledge-based Economy Report (2 issues: 1 issue in 2004; 1 in 2006)

1.5.2 Non-recurrent Publications

- Corporate Governance Issues, 1 issue in 2004-2005, 1 issue in 2006-07
- Electronic Information Communication Developments, 1 issue in 2004-2005
- Enterprise Development in Transition Economies (CD-ROM publication), 1 issue in 2004-2005
- Real Estate Markets in Transition Economies (CD-ROM publication), 1 issue in 2004-2005, 1 issue in 2006-07
- Selected issues relating to industrial restructuring and enterprise development, including women and youth entrepreneurship (2 issues: 1 in 2005, 1 in 2007)
- Information Brochure on Knowledge-based Economy Development (2 issues: 1 in 2004, 1 in 2006).
- Financing industrial restructuring in the UNECE region (1 issue in 2005)
- Elements of knowledge-based economy (1 issue in 2004-05, 1 issue in 2006-07)

* * * * *