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Item 7.2 of the provisional agenda

**CAPACITY-BUILDING AND TECHNICAL COOPERATION
IN SUPPORT OF THE PROGRAMME OF WORK**

DOCUMENT FOR DISCUSSION AND DECISION

Note by the secretariat

This report outlines the main capacity-building and technical-cooperation activities in support of the Committee's programme of work. The secretariat wishes to:

- draw the attention of delegations - from transition economies, and especially lower-income transition economies - to activities that could potentially be implemented or replicated in their countries
- draw the attention of delegations to existing and potential activities to which they could contribute financially or in the form of contributions in kind or by lending experts
- request delegations to confirm the importance of these activities.

In annex to this document, there is a list of priorities for technical cooperation that are underfunded, which has been requested by the UNECE's Group of Experts on the Programme of Work (GEPW). This list is for approval by the Committee, after which it will be forwarded to the GEPW for their consideration.

Previous related documentation: TRADE/2004/19.

ACTIVITIES IN SUPPORT OF THE TRADE DEVELOPMENT SUBPROGRAMME

I. Capacity-building in Trade Facilitation and Electronic Business in the Mediterranean

1. This project, funded from 2002 to 2004 by the United Nations Development Account, focused on trade among non-European Union Mediterranean countries. It aimed at increasing the competitiveness of that region's companies in regional and global markets, in particular through simplifying and harmonizing trade procedures throughout the transaction chain; implementing automated processes and information technology for administration and commerce; and facilitating the participation of small and medium-sized enterprises (SMEs) in electronic business.

2. The outcome of the project was as follows:

- Broader application of the United Nations standards for trade facilitation and electronic business in Mediterranean countries that are not members of the European Union
- Establishment of a network of expertise between national institutions, the United Nations regional commissions and the United Nations Conference on Trade and Development for trade facilitation and electronic business
- Strengthened cooperation between the countries of the region in trade facilitation and electronic business
- Enhanced capacity for SMEs in the region to participate in: the international supply chain; trade facilitation; and electronic business.

3. As part of the projects, UNECE developed a set of capacity-building modules:

- The project team developed a module for aligning and automating trade documents under the United Nations electronic trade documents project (UNeDocs). It also prepared demonstrators for the use of code lists recommended by the United Nations based on web-service technology. These were made available through the UNeMed website: <http://www.unemed.net/>
- In cooperation with the Ecole de Management de Grenoble, the project prepared a CD-ROM-based training module to introduce modern supply-chain concepts. The module targeted decision makers from ministries, chambers of commerce and the private sector who develop and implement policies for trade facilitation, trade and transport efficiency or export financing
- In cooperation with the International Trade Centre, the project developed a CD-ROM as a training module on standards and instruments for trade and transport facilitation. The CD-ROM was based on UN Recommendation 16 on codes for ports and other locations
- A CD-ROM with a self-assessment guide to developing electronic business strategies for SMEs was also issued.

4. UNECE organized high-level seminars and training courses in Israel, Malta and Turkey, and supported and actively participated in UNeMed seminars organized by the United Nations Economic Commission for Africa (UNECA) in Morocco, Tunisia, and Algeria. The United Nations Economic and Social Commission for Western Asia plans to organize seminars under the UNeMed programme in 2005, based on the material that UNECE developed.

II. Capacity-Building Workshop on Trade Facilitation Implementation: Tools, Techniques and Methodologies, Geneva, 18-20 October 2004

5. The Workshop, which was attended by representatives from over 40 countries, focused on building capacity for implementing the trade facilitation standards, recommendations and tools developed by the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). It provided training in supply-chain efficiency, document harmonization and simplification, as well as in the standards and codes related to the World Trade Organization negotiations on trade facilitation. It also assessed the participants' needs and priorities.

6. The Workshop also presented successfully operating "Single Window" systems for trade information and documents. With an increasing number of countries introducing the "Single Window" concept, common standards and interoperability between such facilities are needed. UN/CEFACT decided to work with current "Single Windows" to further develop this approach. UNECE is compiling a repository of information on the operation of existing "Single Windows". The repository will complement the UN/CEFACT Recommendation and Guidelines on the Establishment of a Single Window (Recommendation No. 33).

7. The Workshop recognized an urgent need for a uniform standard for electronic documents for trade, and called for a task force to be set up in 2005 on electronic documents for trade, including UNEDocs. Technical Committee 154 of the International Organization for Standardization (ISO) will support the Task Force.

8. The four other regional commissions of the United Nations attended the Workshop, and expressed their support for UNECE's trade facilitation activities. They will consider organizing regional workshops jointly with UNECE. The Workshop also underlined the need for a coordinated approach with other international organizations, including UNCTAD, the World Bank and the World Customs Organization.

III Interregional partnership for promoting trade as an engine of growth through knowledge management and information and communication technologies

9. This US\$ 920,000 project, which involves all five regional commissions, was approved by the Department of Economic and Social Affairs in April 2004. The United Nations Economic Commission for Latin America and the Caribbean is the lead agency. A revision to the project was approved in January 2005 to give a more specific focus to trade facilitation implementation. The project will deliver 15 capacity-building workshops – three in each region – between 2005 and 2007. It will also develop tools and information resources to assist member States in implementing trade facilitation. Two inter-regional workshops will be held: one in Geneva (2005) and the other in Beirut (2007). UNECE will assist the four regional commissions in promoting and demonstrating trade facilitation tools and techniques, especially those developed by UN/CEFACT.

IV. Capacity-Building Workshop on Trade Facilitation Implementation for Asia and the Pacific Region

10. This Workshop will be organized jointly with UNESCAP under the auspices of the above-mentioned inter-regional partnership programme and targets trade facilitation policy makers, practitioners, negotiators and business from the Asian and Pacific region. It will take place in Kuala Lumpur as part of the 6th UN/CEFACT Forum on 17 and 18 March 2005.

11. The objective of the Workshop is to:
 - Assist countries in the region to understand better the current challenges and opportunities of trade facilitation from a regional and global perspectives
 - Explain existing and forthcoming UN/CEFACT standards, recommendations and other instruments.

12. It will address implementation; in particular:
 - Scope of trade facilitation
 - Regional initiatives and WTO negotiations relating to Articles V, VIII and X of the GATT 1994 agreement
 - Integrated information flows for documents and paperless trade
 - Harmonized and simplified trade documents and processes
 - E-business standards and codes
 - Single Window facilities for trade information and data.

V Capacity-Building Workshop for the African Group: “Technical Aspects of GATT Articles V, VIII and X in relation to the Doha Work Programme”, 10 March 2005

13. The target group for this one-day Capacity-Building Workshop is Geneva-based trade facilitation negotiators from the African Group. The objectives of the Workshop are:
 - To offer trade facilitation negotiators further insights into the technical issues and the implications of GATT Articles V, VIII and X
 - To examine relevant trade facilitation options in a context broader than that of the three GATT Articles
 - To consider the trade facilitation tools available.

14. The Workshop will provide participants with a broader view of some technical aspects of trade facilitation that should assist countries acceding to the WTO to:
 - Analyse and negotiate technical aspects of GATT Articles V, VIII and X in the context of the current Doha Work Programme
 - Consider the role of trade facilitation in economic development
 - Determine possible future implementation priorities.

VI Activities of the Regional Advisor on Trade Facilitation

15. As UNECE Focal Point for Trade Facilitation, the Regional Advisor undertook 13 missions to European and Central Asian countries during the reporting period: 3 as a trainer and 10 promoting the implementation of UNECE's tools and standards in the regular work of regional trade initiatives. As a result of these missions, he developed an e-business strategy paper for the e-Southeast Europe Initiative of the Stability Pact for Southeast Europe.

16. The Regional Advisor organized the following:
 - Capacity-Building Workshop on Transit Corridors and Integrated Management of Information Flows in the South Caucasus, with the World Bank, in Tbilisi, 18 – 19 May 2004, where he presented a project that would integrate most UNECE trade facilitation and electronic document tools in these countries.
 - Workshop on Managing Globalization, Trade Facilitation, and WTO Accession in Sarajevo, Bosnia and Herzegovina, 3 – 4 June 2004, in cooperation with the Agency for International Trade Information and Cooperation (AITIC).

- Workshop on Trade Facilitation, Moscow, 22 – 23 November 2004, in collaboration with the Russian Chamber of Commerce, Ministry of Economic Development and Trade and Federal Customs Service of the Russian Federation, as well as the joint Czech and UNECE project described later in this document.

17. The Regional Advisor prepared a publication containing selected papers from the two International Forums on Trade Facilitation in Russian as part of the Division's efforts to promote trade facilitation in the CIS.

18. Within the framework of the joint Czech – UNECE project for technical assistance in trade facilitation, during the first half of 2005, the Regional Advisor will participate in three capacity-building seminars on trade facilitation and the implementation of UNECE standards for trade facilitation in Azerbaijan, Uzbekistan, and Kazakhstan. The participants from various public and private agencies in these countries will be discussing the basic concepts in trade facilitation; the principles of public – private partnerships for trade facilitation (PRO Committees), the experience of Central European countries (FITPRO from the Czech Republic), the principles of e-business, and the experiences of other CIS countries (Republic of Moldova and Ukraine) as well as ATA carnets and transit procedures.

19. He also developed a project for capacity-building in the transition economies in Central Asia and the Caucasus on the integrated management of trade information flows in the TRACECA countries (Transport Corridor Europe – Caucasus – Asia).

VII Joint Project for Technical Assistance in Trade Facilitation of the UNECE and the Czech Republic

20. This project, initiated in 1996, is funded on the basis of yearly allocations by the Government of the Czech Republic. It is jointly executed by UNECE, which hosts UN/CEFACT, and the Czech national trade facilitation body, FITPRO. Additionally, experts from the beneficiary countries with longer-term experience also contribute to project activities in countries that have joined more recently.

21. The purpose of the project is to introduce the concepts of trade facilitation/electronic commerce/e-government. It also acts as a catalyst for cooperation among all the stakeholders concerned in the beneficiary country with a view to adopting and implementing trade facilitation measures and policies favouring the development of electronic commerce and e-government. The involvement of UNECE in the project also makes it possible to link the country to various international trade facilitation/electronic business initiatives and events. The beneficiaries of the project are the interested/selected countries in transition. So far, assistance has been provided to Belarus, Latvia, Lithuania, Republic of Moldova, Russia, Ukraine and Uzbekistan. Assistance is provided to beneficiary countries in the following areas:

- Awareness-raising and promotion of trade facilitation and e-business in the beneficiary countries, usually in the form of an introductory seminar to trade facilitation and e-business concepts; providing free-of-charge documentation, etc.
- Training for representatives of the beneficiary countries on issues of priority interest to their country in trade facilitation, electronic commerce and e-government in the Czech Republic and in the beneficiary country (two one-week training courses for two experts per country)
- Helping to set up a structure for public-private partnership in support of trade facilitation (e.g. a national trade facilitation body in compliance with UN/CEFACT Recommendation 4). These can be informal working groups providing a platform for cooperation and projects on trade facilitation issues

- Establishment of links to international projects and initiatives in the area of trade facilitation/e-commerce and e-government through UNECE, UNCTAD, annual sessions of UN/CEFACT, the UNECE International Forums on Trade Facilitation in Geneva, etc.

22. The following core activities were undertaken in 2004: three seminars on trade facilitation and the Czech experience in the area of customs and international standards in Uzbekistan (Tashkent, September 2004), Moldova (Chisinau, December 2003 and December 2004); six one-week study stays organized in Prague throughout 2004 for Byelorussian, Moldovan, Ukrainian and Uzbek experts aimed at familiarizing them with the Czech experience and legislation concerning trade facilitation, electronic business, the operation of two electronic marketplaces in the Czech Republic, the experience of the Czech national trade facilitation body, FITPRO, and some concrete results of trade facilitation; and organization, together with the UNECE secretariat, of a workshop on trade facilitation with other working meetings in Moscow in November 2004. In addition, as part of the technical assistance programme, representatives from the beneficiary countries participated in the UNECE Executive Forum "Competing in a changing Europe", related meetings and consultations (May 2004) and in the UNECE Capacity Building Workshop on Trade Facilitation Implementation and follow-up (Geneva, October 2004). A paper on e-commerce implementation in the CIS countries was finalized in June 2004.

23. Key speeches were delivered at the 6th International Conference on electronic business in the CIS and East European Countries (Minsk, November 2004), the 7th International Transport+Logistics 2004 Conference, Trade Exhibition and other following events (Kyiv, October 2004), and other meetings. The project managers met representatives of Moldovan bodies responsible for trade facilitation with a view to prepare a plan for further cooperation and support for the Moldovan national trade facilitation body (Chisinau, June 2004). National projects (within this overall project) were developed for Armenia, Azerbaijan and Kazakhstan, which led to the organization of two launching seminars on trade facilitation and the management of information flows in Azerbaijan and Kazakhstan and one continuation seminar in Uzbekistan (April-May 2005).

ACTIVITIES IN SUPPORT OF THE INDUSTRIAL RESTRUCTURING AND ENTERPRISE DEVELOPMENT SUBPROGRAMME

VIII. Regulatory Framework for Internet-based Entrepreneurship (e-business repository project)

24. The e-business repository project, currently developed by the Team of Specialists on Internet Enterprise Development operating under the Working Party on Industry and Enterprise Development, aims at organizing and presenting company registration data that already exist through country-specific registration processes, in such a way that they can be posted and accessed on the Internet by using low-cost software (e.g. web services or application interfaces). In this way, the project will enhance transparency of business registration, as well as strengthening the trust in and sustainability of e-business in the UNECE region. It will also be instrumental in the development of SMEs and business-to-government (B2G) transactions.

25. In 2005, the Team of Specialists organized a seminar on the Regulatory Framework for Internet-based Entrepreneurship to discuss preliminary findings of the e-Business Repository Project with government and private-sector experts from UNECE member States. The secretariat reported on the outcome of the first phase of this project, which consisted of a preliminary survey of business registration practices in selected UNECE countries. The survey covered Bulgaria, Hungary, the former Yugoslav Republic of Macedonia, Kyrgyzstan, the Russian Federation and the United Kingdom, and provided the information required for the continuation of the repository project.

26. Further phases of the project will include a more detailed survey of business registration practices in targeted countries, and country feasibility studies with special reference to the South East Europe sub-region. It will also deliver prototypes for individual countries and related capacity-building activities. These phases will be implemented if sufficient extrabudgetary funding is available.

IX. Activities of the Regional Advisor on Entrepreneurship and SMEs

27. UNECE's SME-related operational activities are implemented by the Regional Advisor on Entrepreneurship and SMEs. The paragraphs below contain a summary of the activities of the Regional Advisor related to SME policies and increasing the competitiveness of SMEs.

(a) Development of SME Policies

28. To assist countries in transition and emerging market economies, the UNECE regularly updates and reviews the development of legislation and provides statistical data on SMEs. During the period under review, the Regional Advisor prepared a report on SMEs in 25 countries in transition in 2002-2003. The report highlights the most important regulatory measures in entrepreneurship and SME development and summarizes the procedures and practices in establishing enterprises and the licensing of entrepreneurial activities in the surveyed countries, and presents statistics on the SMEs.

29. The Regional Advisor also co-organized the seventh, "International Conference on Entrepreneurship – The Best Answer to The Future" in Slovenia from 24 to 26 November 2004.

30. At the request of the BSEC Permanent International Secretary, the Regional Advisor assisted the BSEC Working Group on SMEs in implementing its programme of work. He prepared a questionnaire on the implementation of the BSEC Declaration on SMEs for the second Ministerial Meeting of the Working Group on SMEs that will be held in 2005, and assisted in organizing the Workshop on Business Incubators for Nurturing Start-Ups in Istanbul, Turkey, from 23 to 25 September 2004, in cooperation with the Konrad Adenauer Foundation.

31. He also organized a two-day Training Workshop on the Development of Entrepreneurship and the SME Sector in the Republic of Moldova from 29 to 30 June 2004. Advisory services were provided to the Governments of Armenia and Serbia in developing a policy framework and medium-term entrepreneurship development policy.

32. He developed a UNECE Guide on Business Ethics for Start-up Entrepreneurs and SMEs – The Principles for Responsible Entrepreneurship (ECE/TRADE/348). A draft of this Guide was distributed for comments to high-level policy makers, experts, NGOs and entrepreneurs. It was also presented at the Expert Meeting on Good Governance for SMEs.

(b) Best Practice in SME Policies

33. As a result of the sixth Forum on Best Practice in the Development of Entrepreneurship and SMEs in Countries in Transition: The Romanian and Slovak Experiences, held in March 2004, the Ministry of Economy, Labour and Entrepreneurship of Croatia published a joint UNECE-Croatian document on "The Croatian Experience in Entrepreneurship and SME Development". It was presented at the European Day of Entrepreneurs and the Zagreb Conference on Fostering Social Cohesion through Social Entrepreneurship, held in October 2004.

(c) Team of Specialists on Quality Management Systems

34. A pilot project on the Creation of Quality Management Systems in accordance with the ISO 9,000 series of standards for Russian Light Industry was successfully completed. QUALIPROD Quality and Technical Consulting Ltd. (Hungary) implemented the project in cooperation with the Research-Training Centre (Russian Federation) and DIGART International (Switzerland). As a result of this project, two Russian companies received quality certification.

35. The Team of Specialists on Quality Management Systems prepared a questionnaire on quality models, awards and practices for SMEs in cooperation with the European Foundation for Quality Management (EFQM) (TRADE/WP.6/2003/10, TRADE/WP.8/AC.6/SEM.19/2003/3). The purpose of the questionnaire was to collect information and prepare comparative analyses of quality models and practices for SMEs taking into account various international quality models. The secretariat received replies to the questionnaire from 20 countries in the region. An International Workshop on National Quality Management Schemes was held in conjunction with the 14th session of the Working Party on Regulatory Cooperation and Standardization Policies on 23 November 2004. A list of national quality award schemes was prepared. The papers presented at the International Workshop on Best Practice in Quality Award System can be found at <http://www.unece.org/indust/sme/qualityws.html>

(d) Other SME-related activities

36. A Virtual Network of National Focal Points for SMEs was created to help network government authorities responsible for the development of entrepreneurship and the SME sector. The Network serves as a basis for policy formulation, statistics, and the organization of SME-related events.

X Request from the Group of Experts on the Programme of Work

37. The UNECE Group of Experts on the Programme of Work has requested all PSBs to agree upon and submit to them annually a brief document on underfunded technical cooperation areas. The Secretariat has prepared a draft list of such areas which is reproduced as annex to the present document and is tabled to the Committee for approval.

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ANNEX

UNDERFUNDED TECHNICAL COOPERATION AREAS

1. The following are the areas of technical cooperation under the responsibility of the CTIED which are currently under-funded and where extra-budgetary contributions from Member States are needed to adequately respond to requests for implementation and capacity building of the less-advantaged economies of the UNECE region.

A. Trade development sub-programme

2. The organization of seminars on trade facilitation, trade policy and WTO accession issues, such as the ones which were organized in Sarajevo (June 2004) and Moscow (November 2004), necessitate a more regular stream of funding. Since these events were held, Georgia, Serbia and Montenegro and Ukraine requested similar events for 2005. It is clear that countries find these useful, however, it is very difficult and very time consuming to raise the relatively small amounts of money required for these seminars on a case-by-case basis. Therefore, it would be much more effective and efficient if extra-budgetary funds were available to finance a series of such seminars in the CIS and Southeast Europe.

3. Extrabudgetary funding would also be required in order to implement a project for the harmonization and automation of trade and transport documents along such trading corridors as the one from Central Asia to Southeast Europe, and potentially in other regions such as Central Asia, the Caucasus and South-East Europe. The objective of a "document harmonization project" would be to achieve more trade efficiency and more trade security - which are increasingly important in these volatile regions - and at the same time help integrate the transition economies into the European and world economy. The harmonized documents would be based on UN/CEFACT standards and recommendations and would include tools for using the documents electronically, through the UN electronic Documents project (UneDocs). Specifically, the funds would be utilized to develop the documents and the underlying procedures and for the travel of staff to coordinate their implementation.

4. UNECE standards serve as the basis for most agricultural quality standards world-wide for fresh fruits and vegetables and, in many cases, UNECE standards have been transposed into national or regional legislation (this is the case, for example, with the European Union directives).

5. Several countries in transition, where agriculture still occupies an important place in the local economy, have requested assistance with the implementation of agricultural quality standards. To respond to their needs, the secretariat - given the necessary resources - could set up a capacity building programme consisting of national or regional seminars with structured follow-up. Other areas where technical assistance could be envisaged are in the interpretation of standards and their promotion. Specifically, the funds would be utilized for travel, for the organization of the capacity building seminars and for the recruitment of a professional at the P-2 level to coordinate these activities. Due to severe understaffing in this area of work, the coordination of these activities could not be undertaken directly by the staff currently servicing the programme

6. During the recent years the countries of CIS region and in Southeast Europe started the reform of their regulatory legal and institutional framework. The UNECE is providing policy advice and some assistance to these countries. Further assistance would require substantive "in-field" activities, which are not foreseen in the current regular UNECE budget. Additional resources for this sub-programme would cover: a) the organization of capacity building seminars on good regulatory practices in the CIS and in Southeast Europe; b) the travel of

staff to regional meetings to promote UNECE legal instruments and promote regulatory cooperation in the region; c) the travel of delegates to UNECE meetings, workshops and seminars; and d) technical assistance in implementing UNECE pilot projects (such as sectoral or regional initiatives for regulatory harmonization and guidelines on market surveillance practices).

7. In all the areas mentioned above, additional funding would also be required in order to ensure that the less-advantaged economies of the region of the CIS and Southeast Europe are effectively integrated into the intergovernmental process for the development of new standards and recommendations and that their voice and their interests are adequately taken into consideration. This would contribute directly to the Millennium Development Goal no 8 and, in particular, its target 12 "Develop further an open, rule-based, predictable, non-discriminatory trading and financial system".

Industrial restructuring and enterprise development sub-programme

8. In the area of enterprise development, especially as regards the Digital Economy and Internet Enterprise Development, there is a need for capacity building and training related to Internet use and applications. This programme could focus on policy makers, enterprises and institutions that support entrepreneurship in countries of Central Asia, the Caucasus and Southeast Europe.

9. Additional extra-budgetary resources could be used to produce training manuals tailored to local needs. A series of national and regional awareness-raising seminars for senior decision makers could also be organized, possibly back to back with capacity-building workshops for SME associations and local institutions with a focus on enterprise development. As a follow-up to these events, the secretariat could offer advisory services on the development of business plans for Internet-based enterprises.

10. Attracting FDI is a high priority for the transition economies, and especially for the most vulnerable of them. Most are not performing well in attracting FDI. Over the years, the UNECE has acquired a strong comparative advantage in FDI promotion, especially in attracting FDI to the knowledge-based sector of the economy, developing public private partnerships in infrastructure and in property assets, as well as mobilizing strong groups of experts from both the public and private sectors. The Intellectual Property (IP) Advisory Group, the Public Private Partnership (PPP) Alliance, and the Real Estate Advisory group (REAG) established under the auspices of the Working Party on International Legal and Commercial Practice (WP5) have a long experience in planning and executing these activities. As a result, UNECE has a unique platform to bring the opportunities in transition economies to the attention of potential investors.

11. In order to achieve this objective, additional extra-budgetary funds would be needed to organize consultative meetings, and provide training and capacity building for policy-makers in the above-mentioned areas in transition economies. Part of the funds would have to be used to fund a professional in UNECE to coordinate these activities and ensure a more efficient management of existing and forthcoming resources. This would also ensure that the resources are delivered where there is most need, and that the benefits arising from the extra budgetary resources and from the expertise contained within the IP, PPPs and REAG groups is fully felt by the UNECE member states.

12. This programme would result in a better investment climate for knowledge based industry, more effective enforcement of intellectual and property rights, and stronger institutions and governance for PPPs in low income transition economies.

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