

## **ECONOMIC COMMISSION FOR EUROPE**

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### **THE UNECE COOPERATION WITH OSCE**

1. As indicated in document E/ECE/1410, “The precise nature of the cooperation between UNECE and OSCE is still to be defined” (para 21). With this in mind, the UNECE’s Executive Secretary met the Secretary-General of OSCE on 29 January 2004, to discuss modalities of future cooperation. This conference room paper summarizes these discussions, emphasizing in particular the position of the UNECE secretariat.

2. While the relationship between the OSCE and the UNECE is long standing, it has matured and there is now a need to review this relationship in the light of the OSCE’s New Strategy Document (NSD).

3. Before the NSD was adopted, the UNECE was linked to OSCE on a more ad hoc basis. The NSD invites the UNECE to develop a formalized relationship with the OSCE in the implementation of the NSD. The review of commitments and their implementation is a major task and if the UNECE is to do this regularly – not on an ad hoc basis as before – there has to be: (a) in-depth discussions on the institutional and resource implications; and (b) full acceptance of the new relationship by all concerned, that is, the UNECE member States, OSCE Participating States and their secretariats.

4. As already noted in document E/ECE/1410, the NSD invites the UNECE to continue to play a role in the review of the NSD commitments and in the development of an early warning mechanism.

5. The NSD commitments can be grouped under four headings:

- Economic and social development: national development strategies involving business, a conducive environment for business, the role of local authorities, efficiency in the use of natural resources, and providing conditions for mobilizing resources, social development, fighting poverty and social exclusion, education and training for human capital development.
- Cooperation in economic development: economic integration, regional integration access to international markets, international financial stability, transnational energy supply, FDI in industry, cross-border and transnational infrastructure and transport.
- Protecting the environment: dialogue on best practices, regular assessments, supporting ongoing actions, e.g. the Kiev process, sharing information on environmental issues, ratification of conventions and promotion of training for implementation of the same.

- Good governance: national good governance strategies, combating corruption, management of public finances and effective public administration, corporate governance, mechanisms to improve law enforcement, public participation in policy making.

6. Monitoring and reviewing the four groups of commitments would require a substantial amount of work and responsibility for the secretariats involved. It should be understood that annual and in-depth reviewing of all commitments is beyond the capability of any organization; some intermediate solutions should therefore be identified. How does the UNECE approach the challenge? It is worth presenting what the UNECE can do at a minimum and at a maximum level in terms of resource implications.

7. At a minimum level, the UNECE can provide documents that review the economic and environmental situation in the region: the annual Economic Survey; performance reviews in the field of the environment, documents and studies on energy security, public-private cooperation in investment etc. In addition, it can send for consideration reports of its important meetings, such as the upcoming Joint UNECE/OSCE High-level Workshop on the Economic Dimension of Security in Europe”. Other reports can be sent regularly to OSCE.

8. For the minimum contribution, which uses existing UNECE inputs, there would be a nil resource requirement, except in the case where UNECE staff are invited to present its findings at OECE meetings (travel funds requested). There would, however, be no reviews, no monitoring and no tailor-made documents. This is not what the UNECE is being asked for.

- At a maximum level, the UNECE, in reviewing the NSD commitments could provide:
- Annual reviews of the performance of OSCE Participating States in meeting some commitments in groups 1, 2, 3, and a very limited number of commitments in-group 4. The UNECE does not have the capacity to review all commitments in OSCE Participating States.
- Specific reports on countries and regional situations “causing concern” based on the UNECE monitoring to the OSCE Sub-Committee.
- Mobilizing the UNECE’s own networks (business and NGOs) to make them supportive of the NSD.
- Assisting in the coordination of other organizations willing to be involved in the monitoring of commitments under the leadership of the OSCE.

9. The maximum alternative would include the formulation of a set of early warning indicators in the economic and environmental dimensions. (Assistance could be provided in defining an early warning mechanism which would include the above-mentioned indicators in the environmental and economic dimensions).

10. To deliver the inputs required for the maximum alternative, the UNECE would require more resources. As an illustration but without going into numbers, the 1995 review of commitments, (requested of UNECE by the Swiss OSCE Presidency) which has been referred to by the Russian Federation as the type of standard they wish to see every time, used three UNECE staff for four months and called for substantive inputs from the divisions dealing with energy, environment, trade and SMEs, legal and commercial practices, statistics, and economic analysis. The success of the document and the subsequent review Conference was

due to UNECE having the sectoral spread and also to its ability to coordinate inputs from other organizations, such as the OECD and EBRD, and to tailor them for the precise function of review. In addition, in order to complement the “early warning project”, additional resources for travel and hiring consultants would be required.

11. The UNECE Executive Secretary and the OSCE Secretary General decided to set up immediately an intersecretariat task force that would prepare a plan identifying:

- The priorities for reviewing the commitments included in the NSD
- How results could be achieved, and which and how other partners could be involved
- Resource implications
- New initiatives for implementing the NSD that could have an impact, like PPP in conflict prevention
- A “transitional” review of commitments for the coming OSCE Economic Forum in Prague, June 2004.

12. At a later stage the task force might also prepare a plan for the development of an early warning mechanism.

13. The plan(s) would be submitted for discussion to the OSCE Economic and Environment Sub-Committee of the Permanent Council of the OSCE as well as the Commission (for gaining acceptance by member States as referred to in the introduction to this paper). On the basis of this, a Memorandum of Understanding would be developed by the intersecretariat task force that would help to accomplish a new stage in the relationship between the OSCE and the UNECE. The Memorandum of Understanding would also refer to continuing the cooperation that already exists, for example, participation in workshops, seminars, or their joint organization, joint projects, cooperation with the “Environment for Europe Process”, etc.

14. The involvement of the UNECE in reviewing the NSD commitments should be agreed upon as soon as possible, if the UNECE is asked to prepare a “transitional” review for the next OSCE Economic Forum in June 2004.