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**THE UNECE REFORM**

*Technical Cooperation Strategy*

Note by the Executive Secretary

**I. BACKGROUND**

1. Technical cooperation is an important supporting instrument for implementing the UNECE core programme activities, which are mainly characterized by norms setting. The programme of work of UNECE is designed around nine sub-programmes: Environment, Transport, Statistics, Economic analysis, Sustainable energy, Trade Development, Timber, Human settlements and Industrial restructuring and enterprise development. These sub-programmes present a number of interdependencies and complementarities to each other.
2. In terms of strategy, although the core programme and technical cooperation activities have been shaped by respective sectoral mandates, the need to look beyond the sectoral perspective was acknowledged by UNECE member countries. These are usually issues of an inter-sectoral nature, where a solution requires an integrated approach (for example, environmental impacts caused by transport and energy sectors, linkages between transport and trade facilitation, between water management and sustainable energy, etc.).
3. Technical cooperation activities are carried out by the UNECE Divisions in accordance with the priorities set by their respective intergovernmental bodies (PSBs). The prevailing ways and means employed for the implementation of technical cooperation services have been capacity-building workshops, seminars, study tours, and training aimed at assisting recipient countries to adopt and implement international legal instruments, norms, standards and regulations, as well as other policy advisory services (reviews and assessments such as housing profiles, Environmental Performance Reviews, knowledge-based economy reports) carried out at the request of interested countries.

4. It should be noted that UNECE is not the only entity, which carries out technical cooperation activities in the European region. A large number of bilateral donors and international and regional organizations, including United Nations funds, programmes and specialized agencies, are actively involved in this work. An important advantage of the UNECE is that its mandate combines, within the framework of one institution, analytical, normative, and technical cooperation functions. This allows not only the direct translation of intergovernmentally agreed norms and standards into technical cooperation activities aimed at assisting countries in their implementation, but also to have a “hands-on” in-house experience of the realities in the field which is of great value for analytical, policy development and normative setting work. Another way in which UNECE adds value to technical cooperation activities in the region is its focus on cross-border and sub-regional issues.

5. Since 1997, the year of the reform of UNECE, the situation in the region has changed considerably, posing new challenges and calling for new approaches. While some countries of the region achieved noticeable progress in their economic and social development, for others transition to a market economy is taking much longer than was initially expected. Some economies in transition have experienced a profound production contraction and impoverishment of the population and in some countries entire sectors of their economies and social networks have been seriously downgraded. Many countries are still facing daunting problems of consolidation in the areas of institutional frameworks, market infrastructure, governance and civil society. On the other hand, the most advanced economies in post transition will accede to the European Union. Hence, the demand for technical assistance has changed both in terms of magnitude and structure.

6. The geo-political changes that will result from the EU enlargement will have a further impact on the situation in the region, intensifying the need for more focused technical assistance to countries in the CIS and SEE. In the short- and medium-term perspective, UNECE envisages increasing its assistance in a number of areas. These include:

- Trade and transport where the goal is to help minimize the transaction costs related to transport and border-crossings through the approximation of standards, norms, rules and regulations of countries of the UNECE region with those of the EU.
- Protection of the environment as well as such critical areas as energy and water, given the fact that some sub-regions and/or countries are experiencing growing shortages of both. In some countries the solution requires strengthening sub-regional cooperation among the countries involved to ensure a fair and sustainable use of water and energy resources.
- Development of entrepreneurship and small- and medium-sized enterprises (SMEs), as well as in setting up and implementing regulatory and legislative measures, which are supportive to further transition towards a market economy and integration into the European and world economies.
- Statistical capacity building in order to improve the monitoring of economic and social change using internationally established standards.

7. Post-European Union enlargement technical assistance will be streamlined and focused on countries of South-East Europe and members of the Commonwealth of Independent States, in

particular Caucasus and Central Asia. Taking into account the UNECE experience, a strategic approach aimed at addressing the needs of these countries and to determine activities responding thereto will be implemented with a two-fold objective of (a) increasing the chances of the less advanced countries of benefiting from the expected further deepening economic integration of Europe; and (b) avoiding new economic disparities and divisions within the region.

8. In the light of the above, UNECE technical cooperation strategy should accommodate both present and future demands. It should also allow for an integrative approach to the problems facing individual countries, their sub-regions, and the UNECE region as a whole.

9. The UNECE at its fifty-eighth session held in March 2003 recognized the need to respond to changes in the demand for technical cooperation and welcomed the secretariat's initiative, suggesting the development of a technical cooperation strategy and the establishment of a mechanism which would allow closer involvement of member States in the priority-setting for technical cooperation. It also expressed support for the proposal to identify possible means and ways to attract additional extra-budgetary funds from donor-countries and organizations for UNECE technical cooperation projects. At the same time, the importance of establishing an effective monitoring and evaluation system was strongly emphasized. In terms of transparency and accountability, the UNECE annual session underlined the necessity of information sharing and welcomed the creation of a new website, providing the data on sources of trust funds, ongoing and proposed projects, countries' requests and partnerships (UNECE Annual Report (11 May 2002-6 March 2003) E/2003/37; E/ECE/1406)

## **II. GENERAL STRATEGIC FRAMEWORK**

10. The overall objectives of UNECE for 2004-2005 as stipulated in the United Nations Medium-Term Plan and Programme Budget<sup>1</sup> are (a) to foster sustainable development in the countries of the region, with a focus on promoting the conditions for sustained growth and trade, improving the environment and increasing the security of the people; and (b) to promote the economic integration of the UNECE countries in the context of post-EU enlargement and taking into account the various stages of development of the UNECE transition economies (accessing countries, emerging market economies and less advanced transition economies).

11. With the recent shift in focus of the United Nations activities in the developmental area to practical implementation of the goals and targets contained in the outcomes of recent United Nations global conferences and summits, including those agreed at the Millennium Assembly, the role of technical cooperation activities aimed at assisting countries to achieve these goals and targets becomes even more important.

12. The sub-regional dimension and developments also have to be taken into account given the considerable differences among, as well as special situation and specific developmental concerns of various geographical sub-regions, such as South East Europe, the Caucasus and Central Asia. In this context, it should be recalled that there is ongoing collaboration between the UNECE and various country groupings and initiatives (SECI, Stability Pact, CEI, CIS, BSEC). UNECE also has a shared responsibility with UNESCAP to provide technical assistance to the Central Asian

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<sup>1</sup> The UN Programme Budget for the 2004-2005 biennium is currently being considered by the General Assembly

countries within the framework of the UN Special Programme for the Economies of Central Asia (SPECAs) through, for example, such means as UN Development Account projects in the areas of air quality, clean energy and transport.

13. One should note here that the role of the UNECE in its interaction with these sub-groupings and initiatives in the field of technical cooperation differs depending upon the goals and objectives of these grouping and initiatives, historically developed patterns of collaboration with the UNECE, as well as other factors. In some cases, such as SPECAs, there is a need to provide, jointly with UNESCAP, further leadership in translating the Programme's goals and objectives into practical field activities and technical assistance projects, and to mobilize stronger support from other parts of the United Nations system and other organizations. In other cases, such as BSEC or CEI, UNECE can serve as an implementation partner for specific projects, while at the same time using its collaboration with these organizations as a supplementary vehicle for pursuing the Commission's goals and objectives, including the application of norms and standards agreed in the UNECE. Account should also be taken of the evolution of these country groupings and initiatives in terms of their membership, mandates, as well as realities in the field and political developments.

### III. PRINCIPLES

14. The main principles underpinning technical cooperation are that it should be demand driven, results oriented and focus on the countries most in need. Another crucial principle is to focus on those areas of work and types of activities where the organization could add real value and has a recognized expertise and a good track record in implementation both among recipients and donors.

15. In addition, technical cooperation activities and projects should be formulated taking into account the following:

- Economic efficiency and effectiveness.
- Sustainability of the activity/project particularly after the UNECE exits.
- Accountability and transparency.
- Benefits offered by the active involvement of, and partnership with, all other stakeholders (governments, UN system, other regional and international IGOs, civil society, academia, the private sector, etc.).

### IV. STRATEGIC GOALS AND PRIORITIES OF UNECE TECHNICAL COOPERATION

16. UNECE goals include:

- To promote UNECE international instruments, norms, standards and regulations among transition and emerging market economies in the areas of environment and human settlements, trade and timber, transport, statistics, energy, industrial restructuring and entrepreneurship.
- To assist with the formation of institutional frameworks in support of subregional and regional integration in areas relevant to its programme of work.
- To assist economies in transition and emerging market economies in building national capacities and capabilities in areas where UNECE has a mandate and expertise, **including**

**capacities to monitor progress in the implementation of UNECE instruments, norms, standards and regulations.**

- To elaborate and execute cross-sectoral projects that provide for an integrated and mutually supportive approach to such related issues as water and energy, transport and trade, energy and transport, etc., along with recognition of their social and environmental dimensions, and of their implications for statistical information requirements.
17. Specific priorities include:
- Trade facilitation with a focus on economies in transition and emerging market economies, including through e-commerce.
  - Integration of economies in transition and emerging market economies in European transport and electric networks with a special emphasis on the land-locked countries.
  - Promotion of SMEs, business/producer associations, expert institutions and organizations.
  - Support for industrial restructuring and promotion of women's and youth entrepreneurship.
  - Promotion of the efficient use of energy and water resources.
  - Promotion of rehabilitation and protection of the environment.
  - Support for the development of the e-economy and the information society, inter alia, through diffusion and efficient use of ICTs .
  - Promotion of the development of statistical tools for monitoring progress toward development goals and good governance.
18. More detailed information on specific types and areas of technical cooperation activities to be carried out in the 2004-2005 period can be found in Section 20 (UNECE), Section 23 (Regular Programme of Technical Cooperation) and Section 35 (Development account) of the UN Programme Budget (Document A/58/6).

**V. PRIORITY SETTING, COORDINATION, MONITORING, REPORTING AND EVALUATION**

**A. *Priority-Setting***

19. At the intergovernmental level, the question of a priority setting mechanism for technical cooperation will be further considered by the Commission, taking into account recommendations of the Group of Experts on the Programme of Work (GEPW) (See E/ECE/1411). The UNECE Principal Subsidiary Bodies (PSBs) are expected to continue their important role here.

20. The Commission may mandate the GEPW to facilitate priority setting in technical cooperation taking into account the Group's recommendations (see E/ECE/1411, paras 35-36). If so, it would be essential that it provide for consultations with the Chairs and/or the Bureaux of the PSBs in order to ensure policy coordination and coherence. Secretariat support arrangements are described in paragraph 34 below.

21. There is another important consideration that needs to be taken into account in any priority setting mechanism. While all technical cooperation activities of UNECE are carried out on request or in close consultation with governments involved, it should be noted that sometimes priorities for such activities identified by individual ministries may not always match the government's overall priorities for technical cooperation.

## ***B. Coordination***

22. Raising the effectiveness and the overall impact of technical cooperation work requires active collaboration and exchange of information among various UNECE PSBs and Divisions with a view to achieving synergies and complementarities of efforts, including in project formulation and implementation, as well as in fund-raising.

23. UNECE cooperation with other international organizations and institutions, both within and outside the UN system, which undertake technical cooperation and operational activities in the UNECE region, should be further strengthened, along with building implementation partnerships with civil society organizations and the private sector. Progress has been achieved predominantly in coordination with UNDP, UN Habitat and the regional commissions. Among the goals for UNECE interaction with other organizations and institutions would be promotion of consistency in technical assistance provided by different organizations. Another important goal is to strengthen UNECE collaboration with financial institutions, such as the World Bank and Regional Development Banks, as well as other bilateral and multilateral donors, such as the European Commission, which funds technical cooperation activities in the UNECE region.

24. In addition, as part of the follow-up to the UN-wide Technical Cooperation Review, steps will be taken to further strengthen cooperation between UNECE (along with other Regional Commissions) and UNDP. This will include clarification of the division of labour in key areas where there are shared sectoral priorities, as well as measures aimed at ensuring that Regional Commissions, when providing country level support, do this in the context of national-level planning mechanisms, such as CCA, UNDAF and PRSP.

## ***C. Monitoring, Reporting and Evaluation***

25. Effective technical cooperation requires the development of effective monitoring reporting and evaluation systems, as discussed in E/ECE/1411, paras.39-45 (see also section VII below).

## **VI. FUND-RAISING**

26. In addition to the resources made available to the UNECE from the UN Regular Budget (mainly the Regular Programme for Technical Cooperation and the UN Development Account), a major source of funding of the UNECE technical cooperation activities are extrabudgetary resources, usually contributed to Trust Funds. It should be noted that in many areas, the effectiveness and impact of UNECE technical cooperation activities depend on the availability on extrabudgetary funding.

27. Analysis of the fund-raising activities of the UNECE Divisions shows that success much depends on a number of aspects, including:

- Good understanding of donors' priorities.
- Traditional ties with donor organizations and personal contacts.
- The availability of relevant expertise on board.
- Ability to match donors' priorities with needs of recipient countries.
- Well-prepared project concept/proposal.
- Good implementation record.
- Accountability and transparency.

28. In order to ensure a more coherent and strategic approach to fund-raising and taking into account recent recommendations of the GEPW as far as under-funded priority areas are concerned, the secretariat will undertake the following. For each sub-programme the secretariat will collectively identify a limited number of technical cooperation projects/activities which are of priority importance, but where funding is limited or which require mobilization of additional funding. This will be organized along the following two categories of activities:

- On-going activities in which the UNECE has a well recognized implementation record and the staff capacity to deliver high-quality technical cooperation services, but financial resources are not adequate and/or are running out.
- Activities in high demand by recipient countries and in areas where UNECE has a mandate, expertise and experience, which are not matched by resources provided by donors.

29. Information on such activities, supplemented by more detailed project proposals and cost plans, would be compiled and regularly updated as a part of a UNECE-wide fund-raising framework aimed at soliciting support from various donors. Such a framework would allow UNECE to reach out to donors in a more systemic and coordinated way and to achieve greater synergies among fund-raising activities carried out by individual Divisions as well as by the Office of the Executive Secretary. At the same time such a framework being available to all members of the Commission will ensure greater transparency in fund-raising activities and promote additional opportunities for co-financing.

30. Consideration is also being given to periodic preparation of a brochure highlighting success stories in UNECE technical cooperation work.

31. Building upon the existing expertise in fund-raising, the Commission could consider uncapping alternative sources of funding. This, first of all, relates to corporate and private foundations. Account should be taken here of the ongoing UN-wide work aimed at strengthening cooperation and partnerships with the private sector.

32. There are a number of additional lessons learned with regard to funding technical cooperation activities. In several cases projects have been developed where the funds are committed by a donor to the implementation of a project not to UNECE but to another organization being a partner in the project implementation. Such "outsourcing" can be positive for several reasons. Partnership arrangements can broaden the basis for fund-raising. At the same time the UNECE does not need to take on the additional administrative burden of financial management and logistics, but can ensure that other organizations contribute to the achievement of objectives that are important for UNECE. Further steps could be also taken in facilitating activities of other organizations dealing with technical cooperation in the UNECE region without the UNECE being directly involved in the projects. This can include promoting and assistance in the development of project proposals aimed at reaching UNECE objectives, for example in the area of implementation of legal instruments and standards. Experience also shows that fund-raising is more effective when the UNECE can show that it also makes its own contribution to a given project or activity, even if its contribution is limited to staff time and travel.

33. It should be also taken into account that EU enlargement may have an impact on the level of funding provided by donors to technical cooperation activities, including the level of extra-budgetary support to UNECE. While in the long run the overall volume of such resources may grow as a result of an increased number of potential donors, in the short term, however, the level of resources provided by traditional EU donors may decrease due to a likely increase in demand for funding within the EU during the initial period after its enlargement.

## VII. UNECE SECRETARIAT SUPPORT ARRANGEMENTS

34. In order to support the priority-setting mechanism to be established by the Commission and also to enhance coordination, monitoring, reporting and evaluation of UNECE technical cooperation activities, as well as improving the effectiveness of fund-raising, a Secretariat Working Group on Technical Cooperation is being set up. The Group, referred to in document E/ECE/1399 as a Joint Committee on Technical Cooperation, will comprise the Director of the UNECE Technical Cooperation Unit, UNECE Regional Advisers, a representative of the Executive Office and the Office of the Executive Secretary. The Group will have the following terms of reference:

- (a) To identify, within the UNECE core programme of work, areas of priority concerns which require additional funding and/or where demand for technical assistance from member States is not matched with adequate resources; to elaborate proposals aimed at facilitation and coordination of fund raising activities; and to assist in the implementation of the UNECE fund-raising framework referred to above;
- (b) To elaborate proposals aimed at improving reporting, monitoring and evaluation in connection with UNECE technical cooperation activities.
- (c) To exchange information on technical cooperation activities underway, state of implementation, lessons learned and good practice, in particular practices which could be replicated;
- (d) To identify opportunities for inter-divisional cross-sectoral cooperation and possible synergies, as well as for strengthening collaboration with other parts of the UN system along with other international organizations undertaking technical cooperation activities in the UNECE region;
- (e) To elaborate proposals regarding strengthening and raising the effectiveness of technical cooperation work with sub-regional groupings and initiatives with which UNECE has established collaborative relations (CEI, SECI, Stability Pact, CIS, SPECA, BSEC);

35. The Working Group will submit its recommendations to the Meetings of UNECE Directors, which will consider technical cooperation matters on a regular basis and take action as required.

36. Work of the Secretariat Working Group on Technical Cooperation would be supported by the Technical Cooperation Unit (TCU)

37. The TCU would also provide secretariat support to the intergovernmental mechanism for priority setting in technical cooperation to be determined at the 2004 annual session of the Commission (see paragraph 24 above), prepare documentation on technical cooperation issues for the annual sessions of the UNECE and promote overall coordination of technical cooperation activities with other parts of the United Nations and other regional and international organizations

carrying out technical cooperation activities in the UNECE region. In addition, the TCU would be responsible for coordinating the UNECE technical cooperation activities/projects undertaken within the framework of UNECE collaboration with sub-regional country groupings and initiatives, including the UN Special Programme for Economies of Central Asia.

38. While as a rule UNECE Regional Advisers will continue to be placed in respective Divisions to ensure a more direct link with normative and analytical activities carried out within the core programme of work, they would regularly provide advice and information on their on-going and planned activities to the TCU to assist the latter in the implementation of its functions.

39. Member States will be regularly informed on the state of on-going and planned work at annual sessions or ad hoc informal meetings. In addition, matters related to technical cooperation will be periodically reported to the GEPW, inter alia, to facilitate its functions as part of the priority setting mechanism, and/or to another intergovernmental mechanism the Commission may deem appropriate.

40. Subject to availability of resources, plans are being made to undertake further training for UNECE staff involved in technical cooperation work and Regional Advisers in such areas as fund-raising and evaluation.

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