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**IMPLEMENTATION OF THE REFORM**

Note by the Executive Secretary

*Summary*

The Work Plan on ECE Reform (document E/ECE/1434/Rev.1) provides that the Commission will, at its 2009 session, review the reform of the ECE. The note below provides the Commission with a progress report for each major component of the reform, highlighting the broad achievements as well what still needs to be done. A detailed ongoing review of the status of implementation is periodically undertaken by the Executive Committee and in this regard, a conference room paper will be made available to the Commission that will update this document, as of April 2007.

The Commission may wish to review the implementation of the reform on the basis of this note, paying particular attention to areas needing further action and to the challenges and issues raised, together with the proposals made thereon.

## INTRODUCTION

1. The mission statement defined at the outset of the Work Plan on the ECE Reform reasserted the role of the ECE in facilitating greater economic integration and cooperation, and promoting sustainable development and economic prosperity in the region. It also stated that the means by which the ECE effectively contributes to these broad political and economic objectives consists in policy dialogue, the development and implementation of international legal instruments, regulations and norms, the exchange of best practices, and technical cooperation for countries with economies in transition.
2. Building upon this identity of the ECE, the major accomplishment of the reform on the substantive side has been the refocusing of its programme of work, with well-defined priority areas. The ECE has thus demonstrated that it has the capacity to respond to the evolving needs of its member States and to provide them with high-level specialized services in its recognized areas of expertise.
3. Through this refocusing, the ECE has consolidated its specific niche in the institutional landscape of the region and it is on this positioning that the reform calls for strengthening cooperative and complementary relationships with the other regional organizations, both United Nations and non-United Nations.
4. Another major aspect of the reform is the streamlining and strengthening of the ECE governance structure at the intergovernmental level, combined with improved management through the enhancement of the programme planning, monitoring and evaluation functions within the secretariat. This reflects the strong willingness of the ECE member States to enhance transparency and accountability; and the measures decided in this respect actually represent a concrete response to one of the main demands for reform expressed at the global level.
5. On the above-mentioned major pillars of the ECE reform, the implementation has moved forward at a rapid pace. At the same time, there are areas where more needs to be accomplished. The purpose of this note is to provide a broad overview of what has been achieved thus far, what can be improved and what remains to be implemented.
6. The ECE reform and the very positive progress in its implementation, as detailed below, have led to renewed confidence in the ECE on the part of its member States. Thanks to clarity in the work directions, increased transparency and accountability, and appreciation of each other's role and responsibilities, this renewed trust has not only substantially improved the working relations between the member States and the secretariat, but has also contributed to creating a positive atmosphere for furthering partnership relationships with other organizations and institutions within the region. The ultimate success of the reform will depend upon the continuation of this "partnership spirit", in other words on joint efforts and constant commitment from all parties – primarily member States and the secretariat but also other stakeholders involved in ECE work.

## **I. PROGRAMME PRIORITIES**

### **A. Refocusing of the programme of work**

7. The main measures of the ECE reform concerning the programme of work have been implemented with the abolition of two subprogrammes and the establishment of a new one, leading to a substantial redeployment of some 30 staff members.

8. Action has been taken by the Sectoral Committees and the corresponding substantive divisions in the secretariat in order to address the specific provisions of the Work Plan related to each subprogramme (paras. 30-68 of document E/ECE/1434/Rev.1). The updated table on the status of reform implementation mentioned at the beginning of this note will show the actions taken, including the way additional resources are being used to address priorities established by the reform for each subprogramme.

9. The new subprogramme on Economic Cooperation and Integration was launched with the constitutive meeting of its Sectoral Committee which decided on its programme of work and established its subsidiary bodies, in line with the substantive work directions decided by the reform. Implementation of the programme of work is now underway. Many member States as well as other stakeholders, in particular from countries with economies in transition, are indicating their growing expectations from its results, in particular capacity-building activities. Attracting extrabudgetary resources to enable countries in need to fully benefit from the activities of the subprogramme is a challenging task. Another challenge is to involve, in the activities under the subprogramme, the private sector from developed market economies in order to share their experiences with business associations from countries with economies in transition, who are already showing high interest in the subprogramme.

10. The reform decided that a number of issues which were part of the subprogrammes abolished by the reform, such as intellectual property rights, public-private partnerships and real estate markets, were to be preserved and taken up in the refocused programme of work. While steps have already been taken to ensure their integration in the relevant subprogrammes, this process needs to be further pursued.

### **B. Promoting an intersectoral and cross-sectoral approach to ECE activities**

11. The reform requested each subprogramme to foster intersectoral activities. In the past, ECE has initiated a number of such activities, for example on transport and environment; energy and environment; transport and energy; trade, environment and timber. Some of these activities are continuing while others have been terminated. The challenge ahead is to provide a new impulse for the existing ones, for example transport and environment, and to initiate new ones. The latter requires the design and set-up of a mechanism which would facilitate the identification of intersectoral issues which the ECE should address. It is proposed that thought be given to such a mechanism which could be discussed and agreed upon by the Executive Committee, in close cooperation with the Chairs of the Sectoral Committees.

12. The reform identified the Millennium Development Goals (MDGs) and gender as cross-sectoral issues to address within the ECE framework. Steps have been taken to build-up an MDG data base, with the support of the United Nations Development Programme (UNDP) and United Nations Children's Fund (UNICEF). As a further step, the secretariat plans to convene an interagency meeting to examine how the ECE could, as requested by the reform, offer a platform for all stakeholders to share information, views and experiences for the advancement of the MDGs in the region.

13. Concerning gender, steps have been taken by the Executive Committee to follow up the provisions of the Work Plan, in particular by requesting all Sectoral Committees to identify areas where gender mainstreaming is relevant, agreeing that a gender perspective should be included on a regular basis in the Commission's sessions, and encouraging member States to include representatives of gender constituencies in their national delegations to these sessions. Furthermore, in line with the substantive focus highlighted in the Work Plan, it is proposed that the "economics of gender" become a recurrent concern for the ECE, with a selected number of activities being carried out over time, coordinated by the Office of the Executive Secretary with the involvement of the concerned subprogrammes. One illustration of this work direction is the proposal to organize a regional meeting to review progress and identify good practices in the area of "women and the economy" in the context of preparations for the Beijing+15 review (see document E/ECE/1447).

### **C. Technical cooperation**

14. The reform has reaffirmed that the ECE technical cooperation activities are demand driven, linked to its normative work and focused on the countries with economies in transition. These activities are therefore identified in a selective manner, concentrating on those sectors where ECE has in-house expertise and comparative advantage over other organizations. In the future, a more cross-sectoral approach may need to be further developed in order to build up interlinkages among technical assistance activities undertaken in a same subregion, especially if these activities have in common the objectives of strengthening regional integration and addressing problems of a transboundary nature.

15. In line with the Work Plan, all extrabudgetary projects not already included in the programme-budget have been reviewed by the Executive Committee and, on the basis of the assessment of the 2004 Technical Cooperation Strategy, a revised strategy is being prepared and is expected to be submitted to the 2007 session of the Commission for approval.

16. Areas for further improvement are: a more systematic review of technical cooperation in the Sectoral Committees; the strengthening of monitoring and evaluation of technical assistance activities; and the functioning of the Technical Cooperation Unit, in line with the functions which will be assigned to it according to the revised Technical Cooperation Strategy.

## **II. RELATIONS WITH OTHER ORGANIZATIONS**

### **A. Relations with regional organizations**

17. The reform stipulates that in order to increase the impact of its work, the ECE shall reinforce its cooperation with key international organizations and institutions in all its relevant areas of work, and that, in particular, regular consultations shall be fostered with other pan-European organizations. Efforts in this direction have been made and are starting to bring practical and political results.

18. ECE has also made substantive progress in improving relations with the European Commission (EC), in particular through high-level visits of the Executive Secretary in Brussels and closer cooperation at the working level with sectoral Directorates-General and Relex. A concrete process of identification of ECE activities which would support the EU new neighbourhood and "eastern" policy has been initiated, focused on a number of ECE areas of expertise. This is a promising approach to pursue, with the overall objective of creating synergies between the activities of both organizations in the non-European Union member countries of the region. Such close cooperation between the EC and ECE should also be seen as a contribution to a more coherent European architecture.

19. Since the reform, relationships with emerging subregional integration initiatives in Eastern Europe have been established or substantially strengthened. One example is the preparation of a Memorandum of Understanding with the Eurasian Economic Community (EurAsEC), a promising entity for subregional integration between eastern Europe and Central Asia. Active cooperation with EurAsEC is underway, including in the field of technical assistance in such areas as water and energy resources and trade facilitation, as well as on issues related to economic cooperation and integration.

20. The ECE and the Organization for Security and Cooperation in Europe (OSCE) have fostered their substantive working relationship under the impulse provided by the 2004 Memorandum of Understanding. The ECE plays a key role in reviewing the implementation of the OSCE commitments on the economic and environmental dimension of security. The ECE's review of last year, focused on transport, was positively received and its recommendations for follow-up action were acted upon by the OSCE. The ECE's contribution was recognized at the OSCE Ministerial Council meeting in December 2006 (articulated in the Ministerial Decision on "Future Transport Dialogue in the OSCE"). In return the ECE has been provided a prominent role in setting the agenda for, and participating in, OSCE events related to the ECE sectoral areas of work. These events provide a forum to promote and strengthen ECE activities. Furthermore, the OSCE has also provided some funding for ECE projects. It is expected that new cooperative activities of this type will be undertaken in the future but the challenge is to secure additional resources for this purpose.

21. The Special Programme on Central Asia (SPECA), jointly undertaken by the ECE and the Economic and Social Commission for Asia and the Pacific (ESCAP), has received a new impetus through its 2005 reform. The latter is bringing its results, particularly in terms of better governance, project implementation, funding and visibility – both among political players (EU,

EurAsEC) and also among important stakeholders like the research community. However, more needs to be done to realize the potential of the Programme as a vehicle to mobilize support for integration within Central Asia as well as with the European and world economy. In particular, further efforts are needed to promote coherence between SPECA and the work of the international finance institutions (IFIs) in the region under the Central Asia Regional Economic Cooperation (CAREC) programme. Forthcoming 2007 meetings of the SPECA Economic Forum in Almaty and Berlin offer promising opportunities in this respect.

22. As illustrated above, in the spirit of the reform, the principle governing the recent developments in ECE's relationships with other regional/subregional organizations and institutions has been to make full use of the comparative advantages of the ECE, namely its areas and networks of expertise focused on transboundary and regional integration issues. This principle is actually valid for all regional organizations. An overall challenge is therefore to get from the countries of the ECE region consistent and coordinated guidance to the various intergovernmental processes and related activities which are conducted in the major organizations that are part of the European institutional architecture.

23. In addition to the partners mentioned above, the ECE cooperates with a wide spectrum of other regional and subregional organizations which are active in similar or complementary areas. The challenge is then to prioritize such cooperation in order to ensure that the partnerships established will be meaningful and lead to concrete achievements.

## **B. Relations with United Nations bodies**

24. The ECE, as part of the larger United Nations system, also cooperates with a significant number of other United Nations entities.

25. At the operational level, the major counterpart of the ECE is UNDP with which the Work Plan calls for a strengthened relationship. Steps have been taken in this direction, in particular by informing the UNDP country offices on our technical assistance activities in a more systematic manner, and by providing advice in the process of designing or reviewing the Common Country Assessments (CCAs) which take place in the less economically advanced countries of the region and on the basis of which the United Nations Development Assistance Frameworks (UNDAFs) are elaborated. However, these efforts need to be pursued and amplified in order to further transmit the ECE expertise to the country level, particularly by ensuring that the transboundary dimension of development is incorporated into the CCA/UNDAF processes conducted in the ECE region.

26. With regard to normative activities, as with the other regional commissions, the ECE has the role of following up on the multilateral commitments made at the General Assembly, ECOSOC and United Nations Global Conferences and Summits, and providing inputs required by these global bodies as well as by the Secretary-General. The related tasks can take the form of reports or lead to the organization of regional meetings as a preparation for, or follow-up to, United Nations global events. These tasks are coordinated by the Office of the Executive Secretary. Furthermore, the regional commissions are also asked to contribute regional assessments of developmental issues for United Nations global economic and social

publications. Following the reform, the resources devoted to this type of activities are minimal and the challenge is to prioritize among the numerous requests, weighing the importance attached to them within the region and at the global level. The secretariat therefore needs the guidance of the ECE member States as to how to manage these multiple requests in view of resource limitations.

27. Finally, the relationships of the ECE with other United Nations entities should be seen in the context of the broader United Nations reform as the latter may have an impact on its work. For example, the report from the High-level Panel on System-wide Coherence recommends that the regional commissions be the catalysts for the United Nations normative and analytical work at the regional level. Possible implications of this recommendation, if agreed upon by member States, could include strengthened relationships of the regional commissions with the regional offices of Funds and Programmes in order to better link the normative/analytical activities with the operational activities at the regional level. Furthermore, at the global intergovernmental level, a General Assembly resolution recently passed calls upon the regional commissions to contribute to the Annual Ministerial Reviews, a recurrent event established within the framework of the ECOSOC Reform adopted by the 2005 World Summit. These examples show the need to follow closely the developments related to the United Nations global reform and duly inform the ECE membership so that the latter can be in a position to review their implications for the work of ECE and, on this basis, provide the necessary guidance accordingly.

### **III. GOVERNANCE AND MANAGEMENT**

#### **A. Governance structure**

28. The new governance structure is fully operational.

29. The Commission session will become biennial starting in 2007 and the Terms of Reference and Rules of Procedure have been amended accordingly. The Work Plan on ECE Reform states that, as the highest decision-making body of the organization, the Commission is responsible for taking strategic decisions and providing a forum for policy dialogue at a high level on the economic development for the region. The biennial session of the Commission is thus an opportunity to review and adjust the major work directions of the ECE and to show how this work contributes to the common goals of its membership: further integration, stability and prosperity of the region. It is also an opportunity to show the place of the ECE within the broader picture of European, Transatlantic and Euro-Asian institutions so as to strengthen meaningful partnerships with these institutions. Finally, the biennial session is the appropriate time for illustrating and promoting a cross-sectoral approach to its work, demonstrating, for example, that the sustainability dimension is an overriding concern cutting across all ECE areas of activities. Organizing the biennial sessions in accordance with the above characteristics, as is the case for the 2007 session, would play a decisive role in promoting a clearer and more visible corporate identity of the ECE.

30. The new Executive Committee (EXCOM) has been formed and its first substantive meeting took place in April 2006. Its agendas reflect the tasks assigned to the EXCOM as specified in the Work Plan on ECE Reform. In particular, it oversees the activities of the

Sectoral Committees and the secretariat. By February 2007, it has met with the Chairs and Vice-chairs of all Sectoral Committees, approved the related programmes of work and the establishment/renewal/ discontinuation of subsidiary bodies as proposed by the parent Sectoral Committees.

31. The Sectoral Committees have been re-aligned as necessary so that each subprogramme is now attributed to a Sectoral Committee. As foreseen in the Work Plan on ECE Reform, the intergovernmental governance of the population-related activities of the ECE is currently assured by the EXCOM. Similarly, the technical cooperation activities as a whole are under the governance of the EXCOM.

32. The EXCOM is key to the new governance structure and, therefore, its proper functioning is crucial, not least since each meeting demands significant preparation and involvement from both the secretariat and the Chair and Vice-Chairs of the EXCOM<sup>1</sup>. The challenge is to ensure that the EXCOM can effectively perform its role as foreseen by the reform, as well as to sustain the interest and participation of member States. The needs seem to be: a good mix of agenda items (strategic issues and those related to work programme); strong engagement of member countries with a balanced and active participation of the membership; maintaining a constructive dialogue between Sectoral Committees and the EXCOM, filling a gap between the knowledge and approach of Sectoral Committees and the body that approves their programmes of work (EXCOM/Commission), ensuring attractively structured presentation of information by Sectoral Committee Chairs and ensuring substantive feedback from EXCOM members; similarly, maintaining a constructive dialogue between the EXCOM and the secretariat;

33. On the part of the Sectoral Committees, the rationalization of their subsidiary structures and conference servicing needs is an issue that should be further explored, especially in the case of larger subprogrammes that have a very high number of meetings and related documents.

## **B. Programme planning, monitoring and evaluation**

34. Programme planning, monitoring and evaluation have been strengthened in terms of staff and processes as an important element of results-based management aimed at improving effectiveness and transparency in ECE. To this end, among other actions, a Programme Planning, Monitoring and Evaluation (PPME) Unit was established.

35. The Unit has contributed to the development and harmonization of its evaluation functions and practices. To this end, a guide for the biennial performance evaluations was prepared by the Unit in consultation with the Divisions and subsequently endorsed by the EXCOM in 2006. A training session was organized in early 2007 together with the Office for Internal Oversight Services (OIOS) for ECE programme managers and Divisional PPME focal

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<sup>1</sup> In 2006, between April and December, it held 11 meetings, with the busiest period being September/October/November when it met twice a month due to the programme budget preparation and the scheduling of the Sectoral Committees, which in turn was a determining factor for the back-to-back meetings between the EXCOM and the Sectoral Committees.



points to strengthen their evaluation skills and to ensure the delivery of evaluations planned for 2006-2007 (this event can already be considered as a breakthrough in raising awareness of the importance and usefulness of carrying out evaluations and applying their findings in practice). Further effort will be needed to ensure full understanding and support of subprogramme chiefs and project managers and staff as well as delegations of member countries concerning the process of evaluating subprogramme performance by Sectoral Committees.

36. Prompted by the efforts of the Senior Adviser and the PPME Unit, the Sectoral Committees, for the first time during their 2006 sessions, discussed the respective subprogrammes' accomplishment accounts prepared by the secretariat as part of the Programme Performance Report. Lively discussions took place in several Sectoral Committees and delegations indicated their interest in increasing the role of evaluations and the importance of using their results in programme management. This seems to be a promising approach in view of the planned biennial performance evaluations to be carried out by the Committees beginning with the 2008-2009 biennium.

37. The PPME Unit also foresees increasing its support to ECE senior management in monitoring the implementation of the overall programme of work and other recommendations/commitments. It also intends to stimulate and support Divisions in effectively applying results-based management. The challenge will be to increase its programme-planning role by, inter alia, supporting the process of identifying themes for intersectoral and cross-sectoral activities.

### **C. Human resources management**

38. The reform implementation implied a substantial redeployment of staff (30 posts, which is 15 per cent of the regular budget staff). In carrying out this redeployment, a mechanism was developed which was fully transparent and offered an opportunity to all staff to participate. For this reason, the redeployment process was carried out with the full support of the staff in spite of the difficulties involved with adjustments of skills and job content.

39. A similar redeployment mechanism has been used for an internal voluntary lateral mobility exercise launched in line with the United Nations-wide mobility programme. ECE intends to engage in internal mobility exercises on a regular basis so that staff members are provided with opportunities for enriching their skills which will enable the organization to become more flexible in adapting to changing demands. ECE also intends to promote mobility across entities within and outside the United Nations system.

### **D. Improving communication and the corporate image of the ECE**

40. The Work Plan calls for improving the corporate image of the ECE. This is a major challenge as the ECE achievements are located in several specialized sectors and this does not enable the organization to associate itself with one single domain as, for example, the United Nations specialized agencies can. However, a single corporate image is desirable for conveying a clear identity of the ECE to the "generalist" institutions, in particular the Ministries of Foreign Affairs. It is therefore proposed to prepare a "corporate identity card" of the ECE, highlighting

the objectives, assets and functions common to all the ECE areas of work, and encapsulating the flagship activities in each of these areas. After submission to the Executive Committee, this identity card would be widely circulated to the capitals and the diplomatic missions, as well as to other ECE partners and clients in the ECE region and beyond.

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