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**ECONOMIC COMMISSION FOR EUROPE**

**COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION**

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**Inventory of the work of international and regional organizations  
on the themes of the UNECE Committee on Economic Cooperation and Integration**

Note by the secretariat

**Summary**

This document provides information on the activities of other international and regional organizations in the areas of work of the new UNECE Committee on Economic Cooperation and Integration.

## I. INTRODUCTION AND PURPOSE

1. The secretariat has prepared the following inventory of the work of international and regional bodies in the thematic areas of the new subprogramme of the United Nations Economic Commission for Europe (UNECE) on economic cooperation and integration. The purpose of this inventory is to provide member States with information on the work of other organizations, with a view to identifying where the new UNECE Committee on Economic Cooperation and Integration can cooperate with other international organizations and add value. This exercise provides an opportunity to:

- (a) Strengthen the close links already forged between UNECE and many international organizations in related areas, and foster new cooperation with international bodies where links have still to be established;
- (b) Identify ways in which the new Committee can contribute to the work of other organizations so that cooperation will bring mutual benefits: e.g. through its expertise, its networks and its commitment to promoting the Millennium Development Goals (MDGs). The Committee can also provide a platform for intergovernmental discussions, which should be of great value to international organizations without such a forum. In specific areas such as innovation, it can provide a unique forum for exchange of experience; and
- (c) Identify action that member States could take to enhance cooperation: e.g. by providing strong support, they can assist the secretariat in developing cooperation with new partners.

2. We have analysed each theme along the following framework:

- (a) Its relevance for the work of the Committee
- (b) The different activities undertaken by organizations with respect to the theme: e.g. information on:
  - (i) geographical coverage of the activity;
  - (ii) recent conferences/exchanges of information, major research reports on the topic;
  - (iii) guidelines and best practice; and
  - (iv) programmes of implementation and capacity-building.

3. The information found below is also presented in tabular form in the following documents:

- (a) Strengthening competitiveness by promoting the knowledge based economy and innovation ( ECE/CECI/2006/4/ Add 1);
- (b) Facilitating the development of entrepreneurship and the emergence of new enterprises (ECE /CECI/ 2006/4/Add 2);
- (c) Facilitating effective regulatory policy and corporate governance, including policies in the financial sector (ECE/CECI/2006/4/Add 3); and

- (d) Promoting public private partnerships for domestic and foreign investment, as well as intellectual property rights( ECE/CECI/2006/4/Add 4).

## II. THEMATIC AREAS

### A. Strengthening Competitiveness by Promoting the Knowledge Based-Economy and Innovation

#### Relevance

4. Today, globalization and liberalization, combined with rapid advances in information and communications technologies, are creating new dynamics of production, enterprise development and international competition. This means that countries need more than ever to formulate new competitiveness strategies.

5. This requires an integrated approach that emphasizes the interconnection between various policy components. Innovation is one such policy component, which brings forward new ideas for new products and processes. Another is the knowledge-based economy. This has been defined as an economy that makes effective use of knowledge through the efficient use of the digital revolution in information and communication technologies<sup>1</sup>. In this new competitive environment, by promoting innovation and the knowledge-based economy, Governments are steering their enterprises towards the “high road” of competitiveness and away from the “low road” which is based solely on price competition and permanent cost and wage reduction.<sup>2</sup>

6. The activities proposed under thematic areas B to E also can have a direct influence on fostering competitiveness, albeit they are conceptually different. The Committee in its work will try to assess the contribution that these different activities make to strengthening competitiveness. While competitiveness is a product of both successes in innovation and in moving towards the knowledge based economy, these issues tend to be treated separately by international and regional organizations and are thus dealt with separately below.

#### 1. Competitiveness

##### Activities of other intergovernmental organizations

7. With the exception of the European Bank for Reconstruction and Development (EBRD), none of the organizations working directly on this area has a specific focus on the emerging market economies of the UNECE region or provides an integrated regional approach. EBRD makes a contribution to competitiveness through providing financing, including to sectors which

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<sup>1</sup> OECD and World Bank Institute, *Korea and the Knowledge Based Economy: Making the Transition*. Paris, 2000, p. 13.

<sup>2</sup> Opening Statement by Supachai Panitchpakdi, Secretary General of UNCTAD, to the 10th session of the Commission on Enterprise, Business Facilitation and Development, Geneva, 21 February 2006

have a significant impact on overall business competitiveness, such as telecommunications, energy or municipal services.

8. The European Union's analysis, including research and benchmarking, is limited to EU members and accession countries. The work of the Organisation for Economic Co-operation and Development (OECD), which is very wide, both regarding the themes undertaken and the type of products delivered, reaches only a limited number of non-OECD countries. In addition to research and publications, the work of the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Industrial Development Organization (UNIDO) includes capacity-building and promoting linkages between the local and international economy.

9. The World Bank develops a wide range of relevant activities, including national/sectoral analyses that incorporate a competitiveness dimension and capacity-building and dissemination work. Two Swiss organizations also provide well-known competitiveness benchmarking reports: the World Economic Forum (WEF) and the Institute of Management and Development (IMD).<sup>3</sup>

#### Prospects for cooperation

10. The work of the Committee can usefully complement the activities of other international organizations in this area. It could serve as a channel to bring the experience accumulated in organizations with a different territorial scope, in particular the EU and the OECD, to the emerging market economies of the UNECE region. The role of UNECE as an intergovernmental forum for discussion and exchange of experiences would be a major asset to sustain this collaboration.

11. The Committee could facilitate the creation of wider networks of researchers on competitiveness, thus bridging the divide between advanced and emerging countries. The regional dimension of UNECE, which defines the scope of its activities in many areas that are critical for competitiveness, could be factored in the analysis done by other organizations. The Committee would seek to develop synergies, while fostering international cooperation as a way to enhance competitiveness. Areas of mutual interest could be identified together with the EU in connection with the implementation of the Partnership and Cooperation Agreements, regarding aspects that are deemed to have an impact on the competitiveness of national economies.

12. The Committee could undertake collaborative projects with other organizations of the United Nations system, emphasizing cross-country exchange of experiences, focusing on those members that have received less coverage and stressing the importance of regional and subregional considerations. It could also contribute to the incorporation of a MDG dimension in the work of other organizations, as part of competitiveness assessments. This may be an opportunity to collaborate with organizations such as the World Economic Forum (WEF).

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<sup>3</sup> Although not an international organisation, the World Economic Forum makes a major contribution to international debate on competitiveness in the global economy. In this role it cooperates with many international bodies, including United Nations agencies. The work of IMD is well recognized by Governments.

## **2. Innovation**

### Activities of other intergovernmental organizations

13. The EU carries out a wide range of activities related to innovation. These include the provision of services to enterprises, funding of innovation-related programmes and research on innovation. These activities are mainly focused on member countries. The International Association for the Promotion of Cooperation with Scientists of the NIS of the former Soviet Union (INTAS), which was set up jointly by the European Commission and the European Union Member States, aims to open the European Research Area to the Eastern Europe, Caucasus and Central Asia (EECCA) Region.

14. In the field of science and technology, UNCTAD focuses on developing countries. Its work includes substantial research but also capacity-building, including the creation of networks of centres of excellence, regular Science, Technology and Innovation Policy reviews and the maintenance of the Science and Technology for Development network. It produces reviews of the role of innovation and learning in driving industrial performance. It also carries out institutional-capacity-building programmes and cooperates with a number of international and national technology centres based in emerging markets in the UNECE region. It supports various networks with relevance for technology and innovation, including Platech, the UNIDO platform on technology parks.

15. The World Bank undertakes relevant research and finances specific projects to strengthen the innovative capacity of the private sector and the international integration of the innovation systems of developing countries.

16. The OECD has a strong presence in the field of science and innovation analysis and its impact on growth. It carries out substantial research and data collection work, including the compilation of relevant indicators and associated guidelines. It has also performed comparisons of national innovation systems and analysis of public support to innovation. With a few exceptions, this work concerns only OECD members.

17. Overall the detailed work on assessments and innovation, while immensely useful to the countries concerned, presents some gaps in geographical coverage.

### Prospects for cooperation

18. The activities of the EU mainly focus on EU members and accession countries. However, experiences and policies can be further shared, perhaps with the particular support of the new EU members, who can bring them closer to the needs of emerging market economies in the UNECE region. Areas where the Committee could serve as an instrument to foster cooperation with the EU are the design and evaluation of public support programmes for innovation, including at the subnational level, and through encouraging the participation of researchers in regional networks.

19. Recent precedents of collaboration between a United Nations regional commission and UNCTAD could serve as a model or inspiration for work with the UNECE. For instance, in January 2006, a joint UNCTAD-UNECLAC conference took place, debating the strategies to improve regional access to transnational corporations' investment in R&D. Similar events could

be organized in relation to the UNECE region, providing a focal point to encourage further collaboration in other areas, in particular regarding capacity-building.

20. The UNCTAD project of networks of centres of excellence, which aims to identify spokes in regional hubs of learning and innovation, could be jointly considered in the UNECE region. The Committee could adapt, in cooperation with UNIDO, some of its programmes, such as “Plattech”, to the reality of the emerging markets, while giving them a regional dimension. UNIDO has significant experience in the creation of networks for innovation and the promotion of technology parks and incubators in developing countries. The Committee could carry out joint reviews with the OECD of the national innovation systems of non-OECD members, using as a basis similar collaboration carried out between UNECE and OECD on Environmental Performance Reviews. It could develop links with the recently established UNU-MERIT, a research and training centre of the United Nations University with a strong focus on innovation and growth. This could facilitate the integration of researchers from the ECE emerging markets economies into wider networks. A joint workshop could be organized on issues such as innovation policies, which are covered by the UNU-MERIT mandate.

### **3. Knowledge-Based Economy**

#### Activities of other inter governmental organizations

21. Almost all international organizations have activities related to the promotion of the knowledge-based economy. The WSIS Golden Book, published by the International Telecommunication Union in February 2006 lists 131 such activities of 40 international organizations (e.g. projects, programme, training initiatives, publication, conference, guidelines, tool-kit, etc.) made at the World Summit on the Information Society (WSIS) in 2005. Relatively few of these activities focus specifically on the emerging market economies of the UNECE region. The annex to this book reviews the ongoing activities of 10 international organizations and 6 departments of the UN Secretariat which are relevant to the thematic areas of the new programme and have some coverage to the emerging economies of the UNECE region. These activities include the preparation of guidelines and best practice, conferences and research as well as capacity-building.

22. The World Bank Group, OECD, EU, ITU and UNDP have comprehensive programmes on information and communication technologies (ICTs) (research and publications, policy advice and technical cooperation projects) for their member countries:

- (a) The World Bank Group promotes the knowledge-based economy and innovation through investing in ICTs in developing countries (through the International Finance Corporation, IFC, the private sector arm of the World Bank Group). InfoDev (multi-donor partnership of bilateral and multilateral organizations administered by the World Bank) finances and delivers research and knowledge products and services, which support ICT applications as tools for development and poverty reduction;
- (b) The OECD works on a range of ICT policies and projects, including general policy, network infrastructure, technology development and diffusion, IT skills and training initiatives, e-Government and e-Learning. It produces a number of publications, such

as Information Technology Outlook, Communications Outlook and Science and Technology and Industry Scoreboards;

- (c) The EU is implementing the Lisbon Strategic Goal (Lisbon Agenda 2000), an ICT strategy providing an overarching framework for its members' ICT policy through a variety of initiatives such as eEurope 2005, focusing higher adoption of broadband and other ICT services. Other major initiatives and programmes, include: i2010 European Information Society and e-Communications framework for networks and services, legal environment for E-Commerce, Safer Internet Plus Programme, GEANT2, Developing Trans European e-services for all and e-TEN;
- (d) The ITU facilitates development of fully interconnected and interoperable networks to promote global connectivity. It works in technical and policy aspects of ICT, including issues related to the Internet Protocol and the enhancement of security and trust in the use of public networks. It implements projects with multipurpose objectives, enhancing ICT literacy and building awareness on the potentials of ICTs. It also deals with other e-service-related issues such as integrated broadband cable networks, television and sound transmission, multimedia services, systems and terminals, and others. Its World Telecommunication Indicators database provides 80 sets of telecommunication statistics. These cover telephone network size and dimension, mobile services, quality of service, traffic, staff, tariffs, revenue and investment over 200 economies;
- (e) UNDP focuses on policy advice to help developing countries design a strategic approach to ICT for development and link it to Poverty Reduction Strategies. Through its regional and national offices, it promotes e-governance, e-democracy and provide assistance in the design and implementation of national ICT for development strategies;
- (f) UNESCAP works in support of improved ICT application, ICT policy and space technology applications, providing assistance to its member States in planning and implementation of socio-economic development policies and programmes. Its activities include: e-government, rural ICT services and e-learning, with limited activities taking place in CIS countries (nine CIS countries are members of UNESCAP);
- (g) UNCTAD produces the "Information Economy Report", a policy-oriented analytical report with special focus to the developing countries; and
- (h) The World Economic Forum (WEF) and the Institut Européen d'Administration des Affaires (INSEAD) publish the "Global Information Technology Report", which contains the Networked Readiness Index Rankings (NRI rankings). These rankings cover 103 countries, with limited participation of the emerging economies of the UNECE region.

### Prospects for cooperation

23. The Committee could draw on the experience of other international organizations with strong research programmes such as the EU, OECD, UNCTAD and the World Bank when organizing expert meetings on issues related to developing the knowledge-based economy. Experts from these organizations could also be invited to relevant Committee meetings; and UNECE could contribute its expertise by sending its experts to the meetings organized by other international organizations.

24. UNECE is already mandated to cooperate with UNESCAP in organizing activities in support of the SPECA Project Working Group on ICT for Development. SPECA is functioning as an intergovernmental forum promoting *inter alia* the development of a knowledge-based economy in the region. UNECE could invite other organizations such as UNCTAD, UNDP and ITC for capacity-building activities where these organizations have relevant experience (i.e. e-commerce, e-governance). UNECE could also seek partnership with the World Bank and the European Bank for Reconstruction and Development (EBRD), as their support in financing ICT infrastructure and innovative projects would complement the above work of UNECE. It could collaborate with the other regional commissions of the United Nations in developing joint technical cooperation projects in the area of ICT for development as one of the contributions to achieve the MDGs. UNECE could implement the projects in the UNECE region and share its expertise and best practices with other regional commissions.

## **B. Facilitating the Development of Entrepreneurship and the Emergence of New Enterprises**

### Relevance

25. Entrepreneurship can be defined as economic activities undertaken under the conditions of risk and uncertainty for profit. It also relates to innovation. Entrepreneurs are often the risk-taking agents of change and growth in a market economy. At the heart of entrepreneurship are small and medium-sized enterprises (SMEs). In the UNECE region, these are the key to competitiveness. Small businesses are a source of business dynamism and innovation and are crucial for growth and employment throughout Europe. Accordingly, countries are interested in ways and means of enhancing the competitiveness of their SMEs.

### Activities of other intergovernmental organizations

26. The international organizations working in entrepreneurship and enterprise development:

- (a) collect and analyse information on the regulatory framework and statistical data on entrepreneurship (World Bank and OECD);
- (b) provide technical assistance and advice to Governments (UNIDO, OECD);
- (c) build partnerships in support of enterprise development (UNDP, UNIDO);

- (d) technically assist and train entrepreneurs, SMEs in particular (IFC, UNIDO, UNCTAD, EBRD); and
  - (e) develop the local capacity to finance newly emerging enterprises (EIF, EIB, EBRD, IFC and World Bank).
27. UNECE has a network of experts on SME development and provides advice to Governments. It held a Forum in 2005, which raised awareness on the leading role that SMEs play in economic competitiveness.
28. The World Bank maintains a “Doing Business” database, which collects the information on regulations governing the establishment and operation of enterprises. This database covers all developing and almost all transition countries.
29. The OECD has initiated work on entrepreneurship indicators and statistical data assessing the scope for SME development in its member States.
30. The UNDP implements the recommendations of the United Nations Commission on the Private Sector and Development (Report on “Unleashing Entrepreneurship: Making Business Work for the Poor”, 2004) through building partnerships with international and national organizations to encourage the private sector to address the needs of the poor.
31. The OECD and UNIDO cooperate in designing policies conducive to SME development (“Effective Policies for Small Business”, 2004, joint publication) but the UNIDO technical assistance programmes, focusing on promoting enterprise competitiveness through clustering and networking, only marginally cover the UNECE region. The OECD’s LEED programme, by contrast, covers central and southeast European countries under the auspices of a network and through a programme of needs assessment, best practice sharing and numerous publications and expert meetings.
32. UNCTAD has launched a programme of technical assistance for SMEs to strengthen their competitiveness, (EMPRETEC). So far the programme has worked with UNDP almost exclusively in developing countries.
33. Along the same lines, the World Bank through its Development Policy and other programmes promotes the regulatory environment conducive to the private sector development in developing countries.
34. The IFC has technical assistance programmes in the area of entrepreneurship for both the former USSR and Southeast Europe.
35. The World Trade Point Federation – previously an UNCTAD programme and now an international independent NGO – is a network of information centres, aiming at increasing SMEs competitiveness by providing access to funding, training and capacity building.

36. The EBRD develops the local financing infrastructure for SMEs by providing equity and debt financing, guarantees to local institutions for investment and on-lending to SMEs, and technical assistance and “training the trainer” programmes.

37. The financial arms of the EU – the European Investment Bank and the European Investment Fund – engage in similar activities, investing equity in venture capital funds that support SMEs, guaranteeing loans to SMEs (EIF) and extending credit lines to banks for on-lending to enterprises, including the SMEs (EIB). These activities have increasingly focused on R&D-oriented and innovative enterprises. The EIF covers member States of the European Union and accession countries whilst the EIB extends its operations to countries having co-operation and aid agreements with the European Union.

38. The EU has strengthened measures in support of SME financing, better conditions for the establishment and technological development of new companies. The European Parliament has also pioneered a Charter on SMEs. This is a programme to improve policymaking in SMEs with extensive collaboration of business associations. Outside of the EU, the European Commission has assisted countries of the Mediterranean and of the former USSR in improving the legal and administrative conditions for SMEs, facilitating their access to finance and strengthening SME support institutions.

#### Prospects for cooperation

39. The Committee could cooperate with international organizations in several ways. First, it could disseminate information on good practices and, where appropriate, policy recommendations on entrepreneurship and enterprise development produced by other organizations but adapted for our region. In a similar way, UNECE could assist the international financial institutions (EBRD, the World Bank and IFC) in disseminating the information on available financing for business start-ups in the region. It could draw on the expertise from other international organizations to assist countries that are often not the focus of some leading international organizations in this area. Specialists from the World Bank, for example, could contribute their expertise on regulatory conditions for enterprises both in the UNECE and other regions. In the same fashion, experts from the EBRD and EU could share their experience of financing new high-technology enterprises.

40. In addition, the Committee could organize a joint project with UNCTAD to expand the geographical coverage of its EMPRETEC programme to cover the poorer countries in the UNECE region to train entrepreneurs to strengthen their competitiveness and government officials on ways and means to foster enterprise development. Together with UNESCAP and the UNDP, it could develop a project under SPECA to support SMEs and enterprise development.

### **C. Facilitating Effective Regulatory Policies and Corporate Governance, Including Policies in the Financial Sector**

#### Relevance

41. If they are to function properly, market economies require a sound regulatory framework, which sets the rules of the game and ensures that the forces of competition enhance the well-being of all. These rules need to be equitable, well-known, transparent and enforced by strong

judicial institutions. Enterprises require assurances that a legal framework exists that is capable of upholding contracts and protecting property rights.

42. In Eastern Europe, the Caucasus and Central Asia the rapid transfer of property to the private sector was often not accompanied by the development of institutions that made private property rights well defined and secure. Good corporate governance is a specific output of a sound regulatory framework, which ensures that corporations are managed efficiently. Corporate governance is unlikely to work well without an effective overall framework for good governance and the rule of law. Corporate and public governance are inextricably interlinked. Better corporate governance, moreover, can reduce the cost of capital for firms and can raise both the level of investment and the productivity of capital. Policies for improving corporate governance are closely linked to policies improving financial sector regulation.

43. The Committee is not expected to deal with all aspects of regulatory policy. Moreover, some aspects are covered under other thematic areas in the present inventory, such as creating a supportive regulatory environment for innovative economic development; promoting an effective legal and regulatory framework for entrepreneurship and SME development, and the regulation of Intellectual Property Rights (IPRs). This section of the inventory focuses on selected regulatory policy areas not covered elsewhere — general principles of good regulation, financial sector regulation, and corporate governance.

## **1. Regulatory Policies**

### Activities of other intergovernmental organizations

44. The following are some examples of the work done by other intergovernmental organizations on facilitating effective regulatory policies:

- (a) The OECD, through its Regulatory Reform Programme, helps Governments improve regulatory quality through guidelines, capacity-building seminars, country regulatory reform reviews, and the development of toolkits. These activities are carried out in cooperation with other regional organizations, including the EU and the Asian-Pacific Economic Cooperation (APEC). In addition to OECD member countries, the programme is active inter alia in EU candidate countries, Southeast Europe and the Russian Federation;
- (b) The EBRD, together with the World Bank, conducts Business Environment and Enterprise Performance Surveys in 27 UNECE member countries (i.e. Eastern Europe, Caucasus and Central Asia plus Turkey). These surveys benchmark transition economies relative to mature market economies, for instance with respect to business regulations, the institutional framework, and the protection of property rights;
- (c) The High Level Commission on Legal Empowerment of the Poor, an independent entity endorsed by the Secretary-General of the United Nations and supported by the secretariat of UNDP, also promotes access to secure property rights in developing and transition countries;

- (d) The IMF, in cooperation with other international organizations, has developed or endorsed international standards and codes in 12 areas of regulation. Based on these, it prepares periodic reports on the Observance of Standards and Codes on a country-by-country basis with the aim of promoting better regulation; and
- (e) The European Commission has launched a Better Regulation initiative aimed at simplifying and improving the quality of the EU regulatory framework. Under its PHARE programme, the EU provides technical assistance, training and capacity-building to new member countries, accession countries and candidate countries to inter alia strengthen regulatory capacities for the implementation of the *Acquis Communautaire*.

45. The major organizations active in financial sector regulation at the global level include the Bank for International Settlements (BIS), the International Monetary Fund (IMF) and the World Bank:

- (a) The BIS sets and monitors the implementation of standards on banking supervision and regulation, including on capital adequacy, holds regular consultations and publishes research on these issues;
- (b) IMF and World Bank, in cooperation with international industry standard-setting bodies, jointly perform Financial Sector Assessment Programs on a country-by-country basis against a set of international standards or best practices, and deliver policy advice based on these assessments;
- (c) In this field too, the United Nations Department for Economic and Social Affairs (DESA) has established a multi-stakeholder Engagement and Outreach Office in order to undertake the follow up work to the International Conference on Financing for Development (FfD) as set out in the 'Monterrey Consensus';
- (d) In the UNECE region, the OECD has an Outreach Unit for Financial Sector Reform, which organizes conferences and policy dialogues and prepares publications to support financial sector reforms in non-OECD-member countries, including transition economies. However, the most recent activities under this program focus on Latin America and Asia;
- (e) The World Bank has a Financial Sector Reform and Strengthening Initiative (FIRST) which supports capacity-building and policy development in the financial sector and offers technical assistance on financial sector regulation and supervision. There are currently 23 active projects in the UNECE region under this initiative; and
- (f) The EBRD's Financial Institutions Group promotes the development of market-based financial institutions and contributes to institution building in the financial sector through policy dialogue and through its investments in the financial sector. In its Legal Transition programme, the EBRD aims to create an investor friendly legal environment to improve the investment climate. Financial market regulation is among the focus areas of their programme. The EBRD's activities include standard

setting, assessment of laws and legal practice, as well as outreach and technical assistance.

### Prospects for cooperation

46. In the above areas of regulatory policy, the coverage by international organizations within the UNECE region is uneven. The OECD's activities both as regards general principles of good regulation and as regards financial sector regulation do not cover the Caucasus and Central Asia, nor Ukraine and Belarus. Coverage of Southeast Europe is somewhat limited at present.

47. Hence there could be scope for the Committee to work with OECD to adopt their principles and guidelines and to promote them in the part of the UNECE region not currently being covered by OECD. Extrabudgetary resources permitting, some capacity-building work could also be envisaged.

48. Another possible area of cooperation is further regulatory harmonization between EU and non-EU countries in the interest of fostering closer economic integration. The activities of the World Bank and EBRD have a broad regional coverage. Within the United Nations system, however, there could be scope for cooperating with other regional commissions to organize exchanges of experiences and lessons learned.

49. In particular, the Committee can cooperate with a number of bodies in a new cross-cutting area that examines ways of bringing law closer to the beneficiaries, i.e. empowering ordinary citizens and SMEs. It can also cooperate with the Department for Social and Economic Affairs (DESA) in the "financing for development" implementation. Eventually it could create a platform for exchange of experience and best practice to review reports from other organizations, in cooperation *inter alia* with DESA (responsible for follow-up work with the United Nations Financing for Development (Ffd) process, the UNDP in its work on fostering entrepreneurship and poverty alleviation, the EU (with sharing its experience with the implementation of the *Acquis Communautaire*), the EBRD (financial sector development), and Eurasec. Thereafter, the Committee could, going forward with these agencies, support pilot projects in selected member countries and could contribute to capacity-building and regional policy dialogue.

## **2. Corporate Governance**

### Activities of other intergovernmental organizations

50. The major intergovernmental organizations active in corporate governance are OECD, the World Bank, the EU and EBRD. OECD, in part together with the World Bank, has developed Corporate Governance principles and guidelines for reform in the areas of disclosure, transparency, privatization and governance of State-owned enterprises, as well as bankruptcy and financial distress. These two organizations perform country assessments of corporate governance and regularly hold regional and national roundtables, including for Eurasia, Southeast Europe, and the Middle East and North Africa, to discuss reform and disseminate best practices. Representatives from the private sector and civil society are participating in these discussions. Both OECD and the World Bank also work on corporate social responsibility. The World Bank and IMF use this work as a basis for policy discussions with borrowing country Governments. The EU is creating legislation, principles, guidelines with a view to harmonizing corporate

governance, company law, auditing and accounting as a prerequisite for achieving a true single market for goods and services. EBRD is conducting its own country assessments for transition economies. It has drafted Core Principles of Corporate Governance, developed indicators of institutional and legal reform, is assisting client Governments in drafting legislation and regulations in corporate governance, and is working with client companies to improve their corporate governance. There are also several private sector bodies engaged in important international standard-setting and regulatory activities in this field.

#### Prospects for cooperation

51. There appears to be little scope for stand-alone work in this area because there would be little point in developing additional or competing standards. Instead, the Committee could join forces with EBRD and OECD in the wider dissemination of best practice, and the related capacity-building activities. Corporate governance could also be an auxiliary topic to be addressed in a broader framework, e.g. in terms of its contribution to competitiveness, innovation or integration.

#### **D. Promoting Public Private Partnerships (PPPs) for Domestic and Foreign Investment, as well as Intellectual Property Rights**

##### Relevance

52. Countries must generate domestic and foreign direct investment to enable them to implement successful strategies for enhancing their competitiveness. In this respect, public-private partnerships (PPPs) and a sound intellectual property rights regime are important ways of doing so. PPPs boost competitiveness by providing Governments with the skills, technology and resources to upgrade and deliver basic infrastructure services. PPPs refer to new innovative forms of financing techniques based on risk. These include concessions, private finance initiatives, management contracts and leases. The techniques are widely used in energy, transport, telecommunications, municipal environmental services, as well as in health and education. In the UNECE region, infrastructure services need to be modernized and new sources of financing found. Faced with limited resources, Governments are increasingly using PPPs as a solution.

53. Intellectual property rights, such as patents and copyrights, are legal instruments that provide protection to those who develop ideas and processes. They help to prevent goods from being produced for only the cost of production, which deprives innovators from their just rewards. They thus provide an incentive to undertake research and create new products. Accordingly, they play a significant economic function and are an important means by which countries can boost their innovation and competitiveness. They are also linked to PPPs.

54. Over the last few years as a result of globalization, liberalization and the knowledge-based economy, PPPs have been reshaping innovative industries and high technology sectors. Cooperation and partnerships, for example, between industry, academia and national and regional governments stimulate national innovation and help to commercialize new technologies and scientific discoveries.

## 1. Public-Private Partnerships

### Activities of other governmental organizations

55. The World Bank, UNDP, UNCITRAL, OECD and the International Labour Organization (ILO) promote various types of PPPs at the global level. Within the UNECE region, the EU, EBRD, EIB, EIF, have activities relating to PPPs. UNECE has for several years developed and maintained a network group called the PPP Alliance. It has raised awareness of PPPs among member States, and permitted Governments and regional bodies to work with the private sector.
56. One focus of the activities is the production of guidelines and best practice on PPPs:
- (a) UNECE developed its guidelines on Public-Private Partnerships under the auspices of its Build-Operate-Transfer (BOT) Group and the subsequently created PPP Alliance. It explored best practice in PPP-related good governance, which is being finalized in the form of guidelines for publication;
  - (b) UNCITRAL has prepared guidelines on the legal framework for PPPs and is currently preparing a model concession law;
  - (c) EBRD, through its Legal Transition Unit, evaluates the regulatory framework for PPPs in the countries in which they have operations;
  - (d) The Joint OECD/ECMT Transport Research Centre Working Group on Transport Infrastructure Investment has produced an information document entitled: "Successful examples of Public-Private Partnerships and private sector involvement in transport infrastructure development";
  - (e) The European Commission has developed a Green paper on Public- Private Partnerships and Community Law on Public Contracts and Concessions. The aim was to determine whether it is necessary to improve the current rules and to what extent EU intervention might be necessary to ensure that PPP schemes comply with Community Law;
  - (f) Eurostat has produced recommendations on financing accounting of PPPs to avoid the practice of off balance sheet reporting by Governments; and
  - (g) EBRD, EIB and IFC have been active in co-financing PPPs to stimulate the market and provide models that can turn individual projects into a project stream.
57. While this work has been helpful in promoting PPPs, at the same time a realization is growing that more emphasis will have to be given to assisting government officials in implementing guidelines. Under this scenario the need today is for tools, training programmes, legislative advice, case studies and targeted technical assistance. Some work is being done or is planned in this respect:

- (a) The World Bank is promoting the development of a supportive environment for PPPs for the world's least developed countries through its multi-donor Public-Private Partners Infrastructure Advisory facility (PPIAF) to undertake advisory services in legislation and institutional developments;
- (b) UNDP funds a PPP training programme for staff in some United Nations agencies. The first training course will take place in the United States for staff from UNDP, UNCTAD and UNIDO;
- (c) UNECE and UNESCAP in 2001 undertook a joint project of PPP training of Bangladesh government officials in a project financed by the Government of the Netherlands. They developed a "Negotiation Platform" to assist government officials in their negotiations with Multinational Corporations in PPPs, and this can be adapted and used by the UNECE member States;
- (d) The European Commission Directorate for Energy and Transport is developing innovative financing instruments to strengthen private sector participation in Trans-European transport networks; and
- (e) The EIB is proposing the creation of a European PPP Expertise Centre (EPEC) at its Headquarters, which would provide an opportunity for EU countries to share expertise, prepare case studies, and review papers on EU experience (the proposal is awaiting funding approval).

58. Overall, however, the knowledge and skills required for developing and implementing PPP projects are often lacking in the public sector. In the UNECE region, there is generally insufficient information, training and support for government officials in PPPs, especially for countries at the pre-PPP stage of development.

#### Prospects for cooperation

59. In the area of PPPs, the Committee can cooperate with the other international organization in a number of ways. First, it can cooperate with EBRD, EIB and the EU in capacity-building programmes by providing a platform for Governments to exchange their experience and best practice. This platform can also serve as a clearinghouse for information on the work of other bodies. For example, if countries that have ideas for PPP projects approach the Committee, it can consider these ideas, identify the appropriate organization where the expertise lies, and then pass on the request to the selected organization for follow-up.

60. A second option would be to develop common databases of information on PPPs. For example, if extrabudgetary resources are available, the Committee could develop a joint UNECE – EBRD and EIB database of relevant case studies on PPPs. It could also cooperate with other United Nations regional commissions to find sustainable solutions to capacity constraints in the public sector. In this regard, the UN Development Account has awarded UNESCAP and its partners, the UNECE PPP Alliance and the UNECA, funding for a project, entitled "Public-Private Partnership Alliance Programme for Capacity-Building in Infrastructure Development and Provision of Basic Services". It could also prepare a report in cooperation with the EU on

whether new legislation is required in the field of PPPs, using the legal experts in PPPs from former work. The Committee's neutral forum can provide a good framework to prepare this report on a topic of strong interest within the EU and beyond.

## 2. Intellectual Property Rights

### Activities of other governmental organizations

61. The regional and international organizations involved in intellectual property rights relating to innovation and competitiveness include the World Intellectual Property Organization (WIPO), the WTO, OECD and a number of regional bodies such as EU and UNECE.

62. The focus of these bodies is on the following areas:

- (a) **Policy improvement and research:** The OECD has undertaken research on various aspects of IPRs, e.g. the measurement of the value of intellectual assets for better exploitation and the growing practice of patenting by public and private bodies and its implications for the work of scientific institutions. The purpose of this research is to develop guidelines in these areas and improve OECD members' policy towards IPRs;
- (b) **Maximizing the contribution of IPRs to socioeconomic development:** WIPO has begun new initiatives and partnerships to promote the contribution of IPRs to economic development. WIPO's SME initiative, for example, increases policy makers' awareness in how SMEs can benefit from better use of their IPRs. It produces guides, a special website and a monthly e-newsletter. In 2004, WIPO and UNECLAC signed an agreement to cooperate on a number of actions including, joint organization of training courses on IP issues, valuation of IP rights, IP policies for universities and public sector R&D centers etc.;
- (c) **Agreements and standards:** the WTO implements the Trade Related Intellectual Property Rights (TRIPS) agreement, which resulted from the 1986-94 Uruguay Round of trade negotiations. The agreement covers how to give adequate protection to intellectual property rights holders and how countries should enforce those rights in their own territories. The TRIPS Council administers the TRIPS agreement and in particular, how members comply with their obligations under it. WIPO develops international norms and standards in the area of copyright, including in the area of e-commerce; and
- (d) **Implementation and capacity building:** Various organizations are involved in assisting states to comply with the TRIPS agreement, such as:
  - (i) WTO provides a limited amount of technical assistance to developing country members on compliance. In this regard it cooperates with WIPO in seminars and training on TRIPS related issues;
  - (ii) UNCTAD in collaboration with the International Centre for Trade and Sustainable Development (ICTSD) provides developing countries with policy guidelines on the implementation of the TRIPS Agreement and on its review. It

has produced amongst other things a Resource book on TRIPS and Development; and

- (iii) UNECE Advisory Group on the Protection and Implementation of Intellectual Property Rights for Investment, supported member states in improving the investment environment for creative, innovative and high technology industries as well as the branded goods industries in the region. It organized consultative visits, met with local authorities to discuss a draft report on the IP regime and with the Government issued a report identifying a plan of action and assisted with its implementation.

#### Prospects for cooperation

63. The Committee might cooperate with WIPO on improving the awareness of policy makers in Ministries of the Economy and Trade and Industry on IPR matters. One way to do this would be the holding of a joint meeting to explore how links between academia and business can be strengthened to facilitate the commercialization of IPRs. It could also strengthen future cooperation with WIPO through UNECE's intergovernmental structures and bodies. One example could be a Team of Specialists on IPR that could be set up under the Committee and which would cover various aspects of IPR (including IPR protection but with a focus on the commercialization of IP and their transformation from a R&D output into a commercial product). The Terms of Reference of such a Team of Specialists might be adopted by the Committee in the context of its programme of work. Consideration could be given to the Team being serviced either jointly or in close cooperation with WIPO.

### **E. Other Relevant Aspects of International Economic Cooperation and Integration**

#### Relevance

64. Economic integration among countries contributes to higher competitiveness and welfare through an improved division of labour, economies of scale and scope, and the lowering of transaction costs.

#### Activities of other governmental organizations

65. Many international and regional organizations have programmes that facilitate economic integration at various levels. In many cases the objective of various sub regional bodies is to facilitate the 'catch up' of countries with the advanced European economies and avoid the emergence of new dividing lines.

#### Prospects for cooperation

66. The Committee, in cooperation with the EC and other regional integration organizations such as the Eurasian Economic Community, could explore the existing integration structures and existing models of integration at different levels (micro, sectoral and macro level), identify their advantages and advise Governments on ways and means of wider and deeper international economic integration in the UNECE region.

### III. CONCLUSIONS

67. The inventory has presented an overview of the activities of other international and regional organisations in the area of work of the new sub programme. It has presented a review of activities, and the prospects for cooperation under each thematic area. The following are some preliminary conclusions from this exercise:

- (a) Cooperation with other international and regional bodies is of major importance to CECI. Working in face of limited resources, to build partnerships and to play a catalytic and facilitating role will broaden its impact and will allow it to achieve speedy results;
- (b) A common finding from the overview is that with a few exceptions the work of other international bodies cover only marginally the CIS, South east Europe and the Caucuses. It is important that the cooperation that CECI forges with other IOs focuses on the ways and means of re connecting these countries with the mainstream work of International Organizations; and
- (c) In taking cooperation forward it is important for the secretariat to receive support from the member states on developing such cooperation. By making an express wish for cooperation the member states can provide important leverage for the secretariat in its contacts with prospective partner bodies. In addition, they can also be helpful by encouraging the prospective partner to cooperate with UNECE.