



**Economic and Social  
Council**

Distr.  
GENERAL

ECE/CECI/2006/6  
6 November 2006

Original: ENGLISH

---

**ECONOMIC COMMISSION FOR EUROPE**

**COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION**

First session  
Geneva, 27-28 September 2006

**REPORT OF THE COMMITTEE  
ON ECONOMIC COOPERATION AND INTEGRATION  
ON ITS FIRST SESSION**

*Summary*

At its first session, the Committee on Economic Cooperation and Integration: elected Mr. Matti Pietarinen (Finland) as Chairperson, and Ms. Stephanie Eshelman (United States of America) and Mr. Andrei Savinykh (Belarus) as Vice-Chairpersons (para. 7); adopted its Terms of Reference (para. 11); invited the international organizations to become active partners in the implementation of the Committee's Programme of Work (para. 29), invited the secretariat to establish expert networks in all thematic areas of the Programme of Work (para. 31); adopted its Programme of Work for 2006-2008 (para. 32); established the Team of Specialists on Innovation and Competitiveness Policies and the Team of Specialists on Intellectual Property (paras. 40 and 42); and decided that its second session would take place from 5 to 7 December 2007 (para. 50).

## CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
I. ATTENDANCE	1–5	3
II. ADOPTION OF THE AGENDA (Agenda item 1)	6	3
III. ELECTION OF OFFICERS (Agenda item 2)	7–8	4
IV. MATTERS ARISING FROM THE SIXTY-FIRST SESSION OF THE COMMISSION (Agenda item 3)	9–10	4
V. ADOPTION OF THE TERMS OF REFERENCE (Agenda item 4)	11	4
VI. SUBSTANTIVE DISCUSSION SEGMENT: “COMPETITIVENESS IN THE MODERN ECONOMY: CHALLENGES FOR THE UNECE REGION” (Agenda item 5)	12–24	5
VII. COOPERATION AND PARTNERSHIPS WITH INTERNATIONAL AND REGIONAL ORGANIZATIONS (Agenda item 6)	25–29	7
VIII. BUILDING OF THE NETWORK OF EXPERTS IN SUPPORT OF THE PROGRAMME OF WORK (Agenda item 7)	30–31	8
IX. ADOPTION OF THE PROGRAMME OF WORK (Agenda item 8)	32–39	8
X. OTHER BUSINESS (Agenda item 9)	40–50	10
A. Establishment of Ad Hoc Groups of Experts (Teams of Specialists)	40–48	10
B. Procedures for the adoption of the report	49	11
C. Dates of the next session	50	11

## Annexes

I. Terms of Reference for the Committee on Economic Cooperation and Integration	12
II. Programme of Work for 2006-2008 and beyond	14
III. Terms of Reference for the Team of Specialists on Innovation and Competitiveness Policies	20
IV. Terms of Reference for the Team of Specialists on Intellectual Property	22
V. List of specific proposals for the implementation of the Committee’s work programme	25

## I. ATTENDANCE

1. The Committee on Economic Cooperation and Integration held its first session on 27 and 28 September 2006. Representatives of the following countries participated in the session: Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Czech Republic, Estonia, Finland, France, Georgia, Germany, Greece, Israel, Italy, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Netherlands, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia, Switzerland, Tajikistan, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America and Uzbekistan.

2. Representatives of the European Community also participated.

In attendance were representatives from the following United Nations organizations and specialized agencies: United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), United Nations Economic Commission for Africa (UNECA), United Nations Institute for Disarmament and Research (UNIDIR) and World Intellectual Property Organization (WIPO).

4. The following intergovernmental organizations also attended: Commonwealth of Independent States (CIS), Eurasian Economic Community (EurAsEC), European Bank for Reconstruction and Development (EBRD), European Free Trade Association (EFTA), International Finance Corporation (IFC) and Organisation for Economic Co-operation and Development (OECD).

5. The following organizations also participated: Association of Entrepreneurial Organizations of Russia (OPORA), Bauman Moscow State Technical University (Russian Federation), Centre for Economic Research (Uzbekistan), Centre for Social and Economic Research (CASE, Poland), Council on Foreign Economic Activities of the Cabinet of Ministers of Ukraine, International Investment Bank, Public Association "Investment Round Table" (Kyrgyzstan), University of Budapest (Hungary), University of Reading (United Kingdom), Vienna Institute for International Economic Studies (WIIW, Austria), World Association for Small and Medium Enterprises (WASME) and World Economic Forum (WEF, Switzerland).

## II. ADOPTION OF THE AGENDA (agenda item 1)

Documentation:

- Provisional agenda for the first session

ECE/CECI/2006/1

6. The provisional agenda, as contained in document ECE/CECI/2006/1, was adopted by the Committee.

### **III. ELECTION OF OFFICERS (agenda item 2)**

7. The Committee elected Mr. Matti Pietarinen (Finland) as Chairperson, and Ms. Stephanie Eshelman (United States of America) and Mr. Andrei Savinykh (Belarus) as Vice-Chairpersons.

8. The Chairperson welcomed the Committee and outlined the major tasks ahead. He invited the delegations to share their views on the draft Programme of Work, focusing on thematic areas and activities where the Committee could add value and show practical results. He also welcomed the participation of interested international organizations and the business and academic communities in the session, which were invited to contribute to the Committee's programme implementation.

### **IV. MATTERS ARISING FROM THE SIXTY-FIRST SESSION OF THE COMMISSION (agenda item 3)**

Documentation:

- Work Plan on UNECE Reform E/ECE/1434/Rev.1
- Report of the sixty-first session of the Commission E/2006/37  
E/ECE/1444

9. When introducing this item, Mr. Marek Belka, Executive Secretary of the United Nations Economic Commission for Europe (UNECE), recalled the outcome of the UNECE Reform, which resulted, inter alia, in the establishment of the Committee on Economic Cooperation and Integration (CECI). Mr. Belka highlighted the major objectives of the Committee and underlined the expectation of member States to achieve practical results from CECI activities. He also noted that implementation of the action-oriented programme of CECI would depend on support from all groups of member States, on collaboration with the networks of experts representing research and business communities, and on effective partnerships with interested international organizations.

10. The Committee took note of this information.

### **V. ADOPTION OF THE TERMS OF REFERENCE (agenda item 4)**

Documentation:

- Draft Terms of Reference of the Committee ECE/CECI/2006/2

11. The Committee adopted its Terms of Reference (see annex I).

**VI. SUBSTANTIVE DISCUSSION SEGMENT:  
“COMPETITIVENESS IN THE MODERN ECONOMY:  
CHALLENGES FOR THE UNECE REGION” (agenda item 5)**

Documentation:

- Inventory of Substantive Work ECE/CECI/2006/3  
ECE/CECI/2006/3/Add.1
- Draft Outline of the Programme of Work ECE/CECI/2006/5

12. The Chairperson suggested that the Committee focus its deliberations under agenda item 5 on the thematic areas and activities identified in the Draft Outline of the Programme of Work, where they could add real value and show practical results. In view of the limited resources available for the Subprogramme, he urged participants in the discussion to focus on identifying possible priorities in its implementation and sequencing of specific programme elements and activities, and to address the mechanisms and methods needed for their efficient implementation, including thematic areas where teams of specialists need or may need to be established.

13. Most participants emphasized the relevance of competitiveness issues for modern economies. They agreed on the importance of innovation as way to foster competitiveness. The debate underlined the fact that assessments and exchange of best practices must provide a guide for action, leading ultimately to the design and implementation of appropriate policies. Thus, a policy orientation that responded to the needs of the member countries should be a defining feature of activities promoting innovation and competitiveness. Delegates of member States generally expressed their satisfaction with the proposed draft of the Programme of Work, noting its demand-driven character and voicing their willingness to share their national experiences and to nominate qualified experts for the future teams of specialists and expert networks. Their views and intentions were echoed by a number of participating research institutions and non-governmental organizations (NGOs).

14. A number of speakers noted that innovation and competitiveness were driven by a multitude of factors which were appropriately reflected in the different thematic areas of the CECI Programme of Work. However, the interaction between these different components needed to be taken into account in order to develop effective policies. A broad policy debate and exchange of experience gained and lessons learned was thus required to integrate various policies supporting innovation and competitiveness. The planned CECI activities provided good opportunities for such a policy dialogue. Review and assessment of the multiple factors that drive innovation and competitiveness, as well as the understanding of their mutual interactions, would serve to define good practices and to establish appropriate sequencing of the measures to be implemented, including in relation to the development of an innovative infrastructure. This was necessary to translate analysis into effective innovation and competitiveness strategies.

15. There was wide agreement on the need to secure a broad participation of different stakeholders in the design and implementation of innovation and competitiveness policies. Participants noted that it was crucial to involve the private sector and to engage representatives from the academic and business communities, as collaboration between the private and public

sectors was vital. Participants acknowledged that this was not always easy in the institutional conditions of transition economies, which might require particular attention to governance issues. National competitiveness councils could provide a forum for a wide constituency to systematically reflect on the factors driving innovation and competitiveness and to address a number of cross cutting issues. Analysis, benchmarking and broad participation must eventually crystallize into collaborative policy platforms. The involvement of policymakers in these efforts was therefore essential. Given its broad membership, UNECE, in particular CECI, would be a natural forum for a wide-ranging policy dialogue on these issues, for sharing experience, for carrying out cross-country comparisons across the wide range of factors underpinning innovation and competitiveness, and for identifying good practices.

16. Participants in the discussion stressed that while specific components, institutions and policies could be compared, national differences and specificities must also be taken into account in order to reach meaningful conclusions and provide appropriate policy recommendations. In the less advanced countries in the UNECE region, more emphasis should be placed on the right conditions to absorb knowledge and technology, while in the more advanced countries, the primary concern was the generation of new knowledge.

17. Participants noted that competitiveness strategies were also linked with the ongoing integration processes in the region, which defined the markets in which competition would primarily take place. But integration could also serve as a way to strengthen the competitiveness of participating countries, enhancing their capacity to compete in global markets. Thus, while prospective European Union (EU) members need to prepare for competing in EU markets, the Central Asian economies would benefit from a focus on removing factors hindering competitiveness at the subregional level. Exchange of experiences and lessons learned on how economic integration influences competitiveness could be a specific dimension in the envisaged activities of CECI.

18. There was general agreement that the diversity of national situations and the different focuses of integration processes, as well as the unequal degrees of progress in the transition to a market economy, should all be taken into account when designing and implementing innovation and competitiveness strategies, given their likely impact on prioritization and sequencing. Several participants also stressed the existing gap between resource-rich and resource-poor countries, with their different comparative advantages and public spending possibilities, which may result in different policy priorities.

19. These qualifications did not prevent general agreement on the significance of sharing national experiences, despite the fact that needs and priorities vary across countries. A number of participants remarked on the importance of creating supportive conditions for innovation, beyond specific intervention measures. A number of participants also noted the positive impact of a favourable investment climate and the fact that human capital development was a critical factor in supporting innovation in all countries.

20. Participants also pointed out that innovation and competitiveness policies need to be placed in a particular societal context, one that takes into account their impact vis-à-vis the achievement of full employment. Innovation and competitiveness strategies could be enhanced by the incorporation of a gender dimension that more fully mobilized existing resources.

21. The need to prioritize and sequence policy interventions in order to devise effective innovation and competitiveness strategies at the national level was mirrored by a general agreement on prioritization and sequencing as required conditions for the successful implementation of the CECI Programme of Work. Participants supported the establishment of teams of specialists on a number of specific thematic areas, noting that such teams would give a strong initial impetus to the implementation of the Programme of Work, and further would make it more focused.

22. There was a general consensus on the fundamental importance to the Programme of Work of thematic area A, which promoted the strengthening of the competitiveness of the economies of member States by promoting the knowledge economy and innovation. Many participants recommended the establishment of a team of specialists to support the implementation of its activities. The establishment of a team of specialists to cover intellectual property (IP) issues (including both the commercialization of intellectual property and the protection of intellectual property rights (IPRs), which is part of thematic area D) also received significant support. Participants further stressed the importance of public-private partnerships (PPPs, also part of thematic area D). Entrepreneurship and enterprise development (thematic area C) likewise emerged in the discussion as a topic enjoying considerable backing, with particular mention made of the problems of small and medium-sized enterprises (SMEs). There was broad agreement that the UNECE secretariat should establish expert networks in all thematic areas of the Programme of Work to promote its effective implementation and to ensure that work on all thematic areas could start without delay. To facilitate the functioning of these expert networks, the secretariat should seek both to promote different forms of knowledge-sharing, including the organization of conferences and seminars both in Geneva and in member countries. These would allow CECI to tap into the expertise of the institutions these experts represent.

23. Various statements underlined the need for good coordination of the work of groups in the different thematic areas that constitute the Programme of Work. Properly designed coordination mechanisms could promote synergies in the work of various teams of specialists and networks of experts. This form of management would thus reflect an integrated understanding of innovation and competitiveness, one more fully taking into account the teams' and networks' multiple driving factors, and the interrelations between them.

24. The Committee took note of the opinions and proposals put forward during the substantive discussion segment, and agreed that these measures would be highly beneficial to the Committee in implementing its Programme of Work.

## **VII. COOPERATION AND PARTNERSHIPS WITH INTERNATIONAL AND REGIONAL ORGANIZATIONS (agenda item 6)**

Documentation:

- Inventory of the Work of International and Regional Organizations on the Themes of the Committee on Economic Cooperation

ECE/CECI/2006/4  
and Adds 1-4

and Integration

25. The Committee recalled the Work Plan on UNECE Reform (E/ECE/1434/Rev.1), which recommended that “the activities of this subprogramme shall be built *inter alia* on the results of the work carried out by other relevant organizations and institutions operating in the field, including United Nations agencies, with which synergies should be improved” (para. 48), and welcomed the international organizations participating in its first session.

26. The Committee welcomed the Inventory of the Work of International and Regional Organizations on the Themes of the Committee of Economic Cooperation and Integration (ECE/CECI/2006/4 and Add.1-4).

27. The international organizations attending the session – EBRD, EurAsEC, IFC, OECD, UNCTAD, UNIDIR and UNIDO – shared their views on areas where cooperation with UNECE could develop, and on ways and means to enhance this cooperation.

28. A representative of the European Commission (EC) made a presentation on the regional policies within the EU and their impact on competitiveness.

29. The Committee requested the secretariat to consider the dual needs of achieving complementarity and avoiding duplication of efforts, and invited the international organizations to become active partners in the implementation of the CECI Programme of Work. To this end, the Committee called on the international organizations to share analytical reports and other relevant information, and to undertake joint activities in the mandated areas. The Committee also invited the international organizations to designate focal points for cooperation with CECI within their secretariats, and to nominate experts to be placed on the roster of experts, which would contribute to the implementation of the Committee’s Programme of Work.

**VIII. BUILDING OF THE NETWORK OF EXPERTS IN SUPPORT OF THE PROGRAMME OF WORK (agenda item 7)**

30. This agenda item was discussed under agenda item 5.

31. The Committee invited the secretariat to establish expert networks in all thematic areas of the Programme of Work to promote effective implementation, and to provide these networks with support within the available resources.

**IX. ADOPTION OF THE PROGRAMME OF WORK (agenda item 8)**

Documentation:

- Draft Programme of Work

ECE/CECI/2006/5

32. The Committee adopted its Programme of Work for 2006-2008 as set out in Annex II.

33. While implementing its Programme of Work, the Committee agreed to pay due attention to ongoing integration processes in the UNECE region.



34. The Committee underscored that successful implementation of its Programme of Work would require active involvement and cooperation of Governments, as well as other national, regional and international stakeholders, including the private sector, the research community and NGOs.

35. In order to assure the successful launch and smooth implementation of its Programme of Work, the Committee invited member States:

(a) To establish focal points for the thematic areas in the Programme of Work, and to consider developing national coordinating mechanisms to promote stakeholder involvement;

(b) To furnish the secretariat with lists of national experts who could contribute to the implementation of the Programme of Work, including the experts from the existing networks of research institutions and business associations;

(c) To provide the secretariat with information on their policies, good practices, lessons learned and other relevant experience in the areas covered by the Committee's terms of reference;

(d) To encourage national and regional research institutes, business associations and other organizations and stakeholders to present information to the Committee on the effects of government policies, good practices, lessons learned and other relevant experiences in the areas covered by the Committee's Terms of Reference and, where appropriate, to develop joint proposals on matters of related economic policy issues, through national focal points in Governments and in the UNECE secretariat; and

(e) To support the CECI activities, in particular capacity-building activities, by supporting the secretariat with voluntary financial and in-kind contributions for the implementation of such activities.

36. The Committee requested the secretariat to building networks of experts to support programme implementation, so that the rosters of experts and informational platforms could become operational as soon as possible.

37. The Committee invited the secretariat to explore the feasibility of setting up a virtual platform for the exchange of information, in particular of analytical reports, studies and other relevant publications and materials on topics covered by the Terms of Reference of CECI.

38. The Committee requested the secretariat to undertake fund-raising efforts in support of programme implementation, in particular of capacity-building activities, and to explore possibilities of funding these activities through the United Nations Development Account.

39. The Committee asked the secretariat to prepare a list of specific proposals made during the session to be presented as an annex to the session's report (annex V). It requested the secretariat

as well as teams of specialists and network of experts established by the Committee to take these proposals into account in their work.

## **X. OTHER BUSINESS (agenda item 9)**

### **A. Establishment of Ad Hoc Groups of Experts (Teams of Specialists)**

#### **Team of Specialists on Innovation and Competitiveness Policies**

40. The Committee established the Team of Specialists on Innovation and Competitiveness Policies, and adopted its terms of reference as set out in Annex III.

41. The Committee decided that the first meeting of the Team of Specialists on Innovation and Competitiveness Policies should take place by 1 April 2007.

#### **Team of Specialists on Intellectual Property**

42. The Committee established the Team of Specialists on Intellectual Property, and adopted its Terms of Reference as set out in annex IV.

43. The Committee decided that the first meeting of the Team of Specialists on Intellectual Property should take place by 1 December 2006.

44. The Committee requested the secretariat to contact potential donors and members of the network of the former Advisory Group on the Protection and Implementation of Intellectual Property Rights for Investment in order to notify these donors and network members of UNECE IPR activities, to inform them of its programme, including of the new Team of Specialists, and to invite them to contribute to its implementation.

45. As soon as the terms of reference for the Teams of Specialists have been adopted, the UNECE secretariat will make a United Nations Trust Fund available to facilitate implementation of the work program.

46. Steps should be taken to ensure that private donors do not pull out of sponsorship due to transitioning over to administration through a United Nations Trust Fund.

47. The Committee agreed that it would consider establishing additional teams of specialists at its second session in light of the experience gained by the expert networks and specific requirements identified in the course of the implementation of its programme of work.

48. The Committee asked the Teams of Specialists and the expert networks to coordinate their work, to strengthen synergies and avoid duplication.

**B. Procedures for the adoption of the report**

49. The Committee agreed that the secretariat would prepare a draft report on the first session and circulate it to the Bureau of the Committee (Chairperson and Vice-Chairpersons) for approval no later than 10 days following the session.

**C. Dates of the next session**

50. The Committee decided that its second session would take place from 5 to 7 December 2007.

## **Annex I**

### **Terms of Reference for the Committee on Economic Cooperation and Integration**

#### **Mission statement**

1. The Committee on Economic Cooperation and Integration promotes a policy, financial and regulatory environment conducive to economic growth, innovative development and higher competitiveness in and of the United Nations Economic Commission for Europe (UNECE) region, focusing mainly on countries with economies in transition. In its work, the Committee responds to the needs of Governments, and takes into account the needs of the private sector, consumers, researchers and civil society. It contributes to the Millennium Development Goals, economic cooperation and integration, as well as sustainable development of the UNECE region.

#### **Activities**

2. The Committee, acting within the framework of the policies of the United Nations, is entrusted with the implementation of the Economic Cooperation and Integration Subprogramme of UNECE. Work of the Committee is demand-driven, focuses inter alia on specific topics, and aims at strengthening the competitiveness of member States' economies by:

- (a) Promoting the knowledge-based economy and innovation;
- 2. Facilitating the development of entrepreneurship and the emergence of new enterprises, and improving corporate responsibility;
- (b) Facilitating effective regulatory policies and corporate governance, including those in the financial sector; and
- (d) Promoting public-private partnerships for domestic and foreign investment, as well as intellectual property rights.

3. To achieve its objectives, the Committee:

- (a) Serves as a platform for policy dialogue, the exchange of experience and good practices;
- (b) Develops guidelines and policy recommendations for Governments; and on the basis of the above; and
- (c) Provides a basis for demand-driven policy advisory services and other capacity-building activities in the mandated areas.

4. The Committee operates in accordance with a multi-year Programme of Work. It reviews this programme regularly to ensure the coherence of its activities with the overall objectives of

UNECE, and develops synergies both within the programme and with the relevant activities of the other sectoral committees.

5. The Committee coordinates its work with and builds on the results of the work carried out by other relevant organizations and institutions operating in this field, including United Nations agencies.

## Annex II

### Programme of Work for 2006-2008 and Beyond

#### **Thematic Area A: Strengthening the Competitiveness of Member States' Economies by Promoting the Knowledge-Based Economy and Innovation**

Focus area: Creating a supportive environment for innovative development and knowledge-based competitiveness

Main activities and outputs:

2007

- (a) Comparative review of the effective organizational models of innovation development and competitiveness, and of the channels through which the results of technological development and innovation diffuse in the modern economy and their role in national economic development and competitiveness;
- (b) Expert meeting with the participation of the private sector and other organizations/institutions to discuss the results of the review;
- (c) Based on the results of the expert meeting, a synopsis of good practices in facilitating the generation and diffusion of innovation will be prepared;
- (d) The synopsis and its dissemination, to be discussed at the annual session of CECI; and
- (e) Following the annual session of CECI, broad dissemination and follow-up of the findings by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States.

2008

- (a) Taking into account the results of 2007 activities, a comparative review of government policies facilitating technological development and innovation;
- (b) Expert group meeting on innovation and competitiveness policies in the UNECE region: good practices and challenges;
- (c) Synopsis of policy options for creating a supportive environment for innovative development (to be discussed at the annual session of CECI); and
- (d) Following the annual session of CECI, broad dissemination of the findings by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States, to be followed by a non-mandatory monitoring of their implementation.

1. Subject to the availability of extra-budgetary resources, subsequent technical assistance and capacity-building on these issues could be initiated, in requesting transition economies.
2. Prospective partner organizations: the EC, OECD and UNCTAD.

**Thematic Area B: Facilitating the Development of Entrepreneurship and the Emergence of New Enterprises**

Focus Area: Promoting an enabling environment for entrepreneurship and SME development

Main activities and outputs:

2007

- (a) Expert meeting, with participation of the private sector, on policy options for the creation of an economic environment that stimulates entrepreneurship and enterprise development and reduces all types of barriers to entrepreneurs;
- (b) Identification and development of approaches for solving problems in legal frameworks which hinder entrepreneurship and enterprises development; and
- (c) Broad dissemination by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States of the findings.

2008

- (a) Synopsis of good practices in promoting an enabling environment for entrepreneurship and SME development (to be discussed at the annual session of CECD); and
- (b) Following the annual session of CECI, broad dissemination of the findings by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States.

3. Based on specific requests by member States, an additional activity over the biennium will be to promote creation of networks focused on entrepreneurship development.
4. The scope of follow-up technical cooperation activities to be delivered will be subject to the availability of extrabudgetary resources.
5. Prospective partner organizations: EBRD, ESCAP, the International Trade Centre of UNCTAD/WTO, UNCTAD, the World Bank, and business associations, donor Governments and agencies.

**Thematic Area C: Facilitating Effective Regulatory Policies and Corporate Governance, Including Those in the Financial Sector**

Focus Area: Promoting an enabling environment for efficient financial intermediation in support of innovative development

Main activities and outputs:

2007

- (a) Comparative review of financial intermediation supporting the knowledge-driven development and of national practices facilitating access of innovating entrepreneurs to domestic and foreign finance;
- (b) Expert meeting on experience gained in efficient financial intermediation in support of innovation and knowledge-driven development;
- (c) Based on the results of the review and the expert meeting, a synopsis of good practices in financial intermediation in support of innovation and knowledge-driven development (to be discussed (including its dissemination) at the annual session of CECD); and
- (d) Following the annual session of CECI, broad dissemination of findings by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States.

2008

- (a) Comparative review of the effects of government policies and regulation on financial intermediation supporting the knowledge-driven development;
- (b) Expert group meeting on financing innovative enterprise in transition economies and the role of Governments;
- (c) Policy recommendations on improving the regulatory environment for the financing of innovation-related activities (to be discussed at the annual session of CECI); and
- (d) Following the annual session of CECI, broad dissemination of the findings by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States.

6. If required by member countries, and subject to the availability of extrabudgetary resources, technical assistance and capacity-building on these issues could be initiated in 2009.

7. Prospective partner organizations: DESA, EBRD, the EC, OECD, and the World Bank.



Focus Area: Corporate governance

8. At the 2007 session, CECI may decide to organize, as from 2008, activities in the field of corporate governance and corporate responsibility including an expert meeting in order to identify best practices and policy options.

9. Prospective partner organizations: to be identified.

**Thematic Area D: Promoting Public-Private Partnerships for Domestic and Foreign Investment, as well as Intellectual Property Rights**

Focus Area: Facilitating the effective regulatory protection of intellectual property rights and strengthening their role in innovative development

Main activities and outputs:

2006

- (a) Capacity-building activities based on specific requests of member States.

2007

- (a) Exchange of experience gained on international property rights (IPR) protection and commercialization, possibly through regional thematic interactive seminars;
- (b) Exchange of views (“consultations”) on specific requesting countries’ legal frameworks, policies and business practices in the field of intellectual property (IP) protection, and in order to - among other things - assess the effectiveness of national systems;
- (c) Based on existing reports, an analytical comparative report on the commercialization of IP assets, on transforming R&D outputs into intangible assets and on the establishment of well-functioning markets for such products;
- (d) Meeting on IPR protection and transforming R&D outputs into intangible assets in economies in transition;
- (e) Collection of good practices and good policies of IP commercialization and protection in the UNECE member countries with the aim of identifying specific areas of action; and
- (f) Capacity-building activities based on specific requests of member States.

2008

- (a) Based on 2007 work, a guidebook on commercialization strategies for IP products in the UNECE member countries;

- (b) Ongoing exchange of experience gained on IPR protection and commercialization, possibly through interactive seminars in member States or regional events;
- (c) Specific targeted seminars on request in identified areas of need for the UNECE countries with economies in transition; and
- (d) Capacity-building activities based on specific requests of member States.

10. Demand-driven training and capacity-building activities will be organized in 2007 and 2008 subject to the availability of extrabudgetary resources.

11. Prospective partner organizations: European Patent Office, OECD, World Customs Organization, WIPO, and the private sector, etc.

Focus Area: Promoting best practice in efficient public-private partnerships

Main activities and outputs:

2007

12. Comparative review of practical experience of public-private partnerships accumulated so far in the market and transition economies, including related regulatory policies, aimed at identifying good practices in promoting public-private partnerships (PPPs) for domestic and foreign investment.

This work will include:

- (a) An identification of the major sectors and areas in which this type of cooperation is desirable;
- (b) An analysis of the modalities of operation and major problems encountered by PPPs;
- (c) An assessment of the role of PPPs in enterprise development; and
- (d) An assessment of how PPPs facilitate projects' financing.

2008

- (a) Practical guidebook on good governance in PPPs;
- (b) Comparative review on the legal background of PPPs, with the goal of identifying whether new legislation needs to be adopted to make them more efficient;
- (c) Expert group meeting on the legal background of PPPs;

- (d) Based on results of 2007 activities, on the review and on the expert group meeting, a synopsis of policy recommendations on improving legal background for efficient PPPs (to be discussed at the annual session of CECI) will be established;
  - (e) Following the annual session of CECI, broad dissemination of the findings by the secretariat, Governments, the private sector and other organizations/institutions in the interested UNECE member States; and
  - (f) Analytical report and expert meeting on practical experience of PPPs (to be decided later based on the results of 2007 activities).
13. If requested by countries, and subject to the availability of extrabudgetary resources, technical assistance and capacity building on these issues could be initiated in 2009.
14. Prospective partner organizations: DESA, the EC and EBRD.

**Thematic Area E: Other Relevant Aspects of International Economic Cooperation and Integration**

Focus Area: Fostering wider and deeper international economic integration in the UNECE region

2007

- (a) Applied analysis of possibilities offered by the existing integration structures to foster the implementation of cross-cutting activities undertaken in all areas within the mandate of the CECI as well as within other UNECE subprogrammes (such as the promotion of regulatory convergence/harmonization); and
- (b) Exchange of experience gained in promoting economic cooperation among countries belonging and not belonging to major integration groupings in the region.

2008

- (a) Policy discussion meeting at Committee level on fostering wider and deeper international economic integration in the UNECE region;
  - (b) Exchange of experience gained by SMEs aimed at improving their capacity to accede the globalizing market including global and regional added value chains, integration in the supply chain, role and potential of outsourcing.
15. Prospective partner organizations: the EC and EurAsEC.

### **Annex III**

## **Terms of Reference for the Team of Specialists on Innovation and Competitiveness Policies**

### **Introduction**

1. The Programme of Work of the Committee on Economic Cooperation and Integration (CECI) stipulates the establishment of a Team of Specialists to support the implementation of the Programme of Work in thematic area A, “Strengthening the competitiveness of member States’ economies by promoting the knowledge-based economy and innovation” and taking into account cross-cutting issues related to innovation and competitiveness.

### **Mandate**

2. The Team of Specialists on Innovation and Competitiveness Policies (TOS-ICP) supports the implementation of the parts of the Programme of Work of CECI related to Thematic Area A: “Strengthening the competitiveness of member States’ economies by promoting the knowledge-based economy and innovation”. TOS-ICP addresses issues related to the creation of a supportive environment for innovative development and knowledge-based competitiveness of UNECE member States, with specific focus on transition economies. Its activities aim at facilitating the exchange of experiences gained and lessons learned, as well as of good practices in these areas, among UNECE member States. In its work, the TOS-ICP responds to the needs of Governments, and takes into account the needs of the private sector, consumers, the academic and business communities, and civil society.

### **Areas of work**

3. To support CECI in achieving its relevant objectives, TOS-ICP engages in the following activities:
- (a) Exchange of experience gained, knowledge sharing and consultations in establishing effective organizational models of innovative development and competitiveness and of the channels through which the results of technological development and innovation diffuse in the modern economy and their role in national economic development and competitiveness;
  - (b) Organization of an expert meeting on good practices in organizational models facilitating the generation and diffusion of innovation;
  - (c) Preparation of a synopsis of good practices in facilitating the generation and diffusion of innovation, to be discussed and approved by CECI;
  - (d) Supporting the broad dissemination of good practices in facilitating the generation and diffusion of innovation;
  - (e) Exchange of experience gained in government policies facilitating technological development and innovation;

- (f) Organization of an expert meeting on innovation and competitiveness policies in the UNECE region: good practices and challenges;
- (g) Preparation of a synopsis of policy options for creating a supportive environment for innovative development, to be discussed and approved by CECI;
- (h) Supporting the broad dissemination of good practices in policies options for creating a supportive environment for innovative development; and
- (i) Subject to the availability of extrabudgetary resources, subsequent technical assistance and capacity-building on related issues could be initiated in requesting transition economies.

### **Membership**

4. TOS-ICP comprises Government experts, as well as experts from relevant research and academic institutions, the business community and NGOs. National experts are nominated through the respective government authorities responsible for cooperation with CECI. In accordance with United Nations procedures, TOS-ICP is open for participation of other experts from intergovernmental organizations, national and international business and research institutions and associations, who wish to contribute to the implementation of its work plan.

### **Modalities of operation**

- 5. TOS-ICP operates in accordance with the guidelines for the Establishment and functioning of teams of specialists within the UNECE (ECE/EX/2).
- 6. TOS-ICP is established for a period of two years with a possibility of extension if so decided by CECI. CECI modifies the Terms of Reference of TOS-ICP as may be required.
- 7. Secretariat support to TOS-ICP is provided by the UNECE secretariat.
- 8. TOS-ICP develops its plan of work and reports to the annual session of the Committee on its implementation. At the end of the period, for which it has been established, the team submits a full report on its accomplishments to the Committee.
- 9. Expenses associated with the implementation of the TOS-ICP plan of work are supported through extrabudgetary contributions of member States and other stakeholders, and are to be provided, managed and used in accordance with United Nations rules and regulations.

## **Annex IV**

### **Terms of Reference for the Team of Specialists on Intellectual Property**

#### **Introduction**

1. The Programme of Work for the Committee on Economic Cooperation and Integration stipulates the establishment of a team of specialists “in order to ensure continuity of UNECE efforts in the area of intellectual property rights (IPRs) and to take advantage of the existing expertise, networks and resources of the former Intellectual Property Rights Advisory Group”.
2. In order to ensure speedy implementation of the Programme of Work of the Committee and to avoid jeopardizing the flow of resources, the existing network will be integrated into the Team of Specialists (TOS) for the following reasons:
  - (a) It will avoid the delays caused if a new network has to be established from scratch;
  - (b) It has guaranteed funding sources from both public and private sources; and
  - (c) It has an extensive network of experts available to implement the work programme.

#### **Mandate**

3. Supporting the implementation of the parts of the Programme of Work of the UNECE Committee on Economic Cooperation and Integration related to intellectual property, the Team of Specialists on Intellectual Property addresses the issues related to the role of intellectual property rights in the economic development of UNECE member States, with specific focus on transition economies.
4. The overall goal of the TOS is to build up local innovation systems, to help in commercializing intellectual property (IP) and to improve the investment environment in creative, innovative and high technology industries in the UNECE region, inter alia, via effective enforcement of IPRs.
5. The activities of the TOS aim at facilitating the effective regulatory protection of intellectual property rights and strengthening their role in innovative development. In its work, the TOS responds to the needs of Governments, and takes into account the needs of the private sector, consumers, researchers and civil society.
6. The TOS supports the Committee and member States in the following policy development and capacity-building objectives:
  - (a) Improved implementation of IPRs in countries in the region;

- (b) The development of support frameworks covering, in a holistic manner, all aspects of IPR commercialization and implementation, for those Governments which request such assistance;
- (c) Improved awareness by domestic private sectors of their IPRs and the means available for implementing them; and
- (d) Better communication and cooperation between the holders of IPRs and the civil servants involved in their protection.

### **Activities**

7. To support the Committee to achieve its relevant objectives, the TOS engages in the following activities:
  - (a) Exchange of experience gained on IPR commercialization, protection and enforcement;
  - (b) Exchange of views (“consultations”) on specific issues related to legal framework, policies and business practices in the field of IP on request from member States, in order to, among other things, to assess the effectiveness of national systems;
  - (c) Preparation of an analytical comparative report on the commercialization of IP assets, on transforming R&D outputs into intangible assets and on the establishment of well-functioning markets for such products on the basis of existing reports;
  - (d) Organization of a meeting on IPR protection and transforming R&D outputs into intangible assets in economies in transition;
  - (e) Preparation of a collection of good practices and good policies of IP commercialization and protection in the UNECE member countries, with the aim of identifying specific areas of action;
  - (f) Preparation of a guidebook on commercialization strategies for IP products in the UNECE member countries;
  - (g) Development of policy recommendations for the consideration of the Committee;
  - (h) Capacity-building activities, including advisory missions and national and regional seminars in identified areas, on specific requests of member States; and
  - (i) Contribution of inputs to other thematic areas of work, as required by the Committee.

### **Working principles**

8. The activities of the TOS in support of the above objectives are based on the following principles:

- (a) Public and private sector partnership to promote improvements in the commercialization, protection and exploitation of IP, to the benefit of economies of member States.
- (b) A focus on assistance and recommendations, rather than evaluation or judgment, when working with Governments to improve the implementation of IPRs;
- (c) The paramount importance of building confidence and an understanding of the mutual interest of the public and private sector participants in the Team; and
- (d) Full cooperation and coordination in all the Team's activities with the major international programmes on IP, including WIPO, WTO and the EU.

### **Membership**

9. The TOS comprises government experts, as well as experts from relevant intergovernmental organizations, the private sector, consumer associations and academia. National experts are nominated through the respective government authorities responsible for cooperation with the Committee. In accordance with United Nations procedures, the TOS is open for participation of experts from intergovernmental organizations and international business, consumer and research associations which would like to contribute to the implementation of its work plan.

### **Modalities of operation**

10. The TOS operates in accordance with the guidelines for the establishment and functioning of teams of specialists within UNECE (ECE/EX/2).

11. The TOS is established for a period of two years with a possibility of extension if so decided by the Committee. The Committee modifies the Terms of Reference of the TOS as may be required.

12. Secretariat support to the TOS is provided by the UNECE secretariat:

- (a) A regular staff member of the secretariat will service the TOS and in particular regular meetings, which will in principle be financed from the regular budget;
- (b) The TOS can make use of appropriate institutional arrangements, including the creation of a steering group or a Bureau, in order to secure speedy organization of technical cooperation activities; and
- (c) United Nations trust funds can be used to hire an external programme manager with specific experience in the field in order to secure, inter alia, implementation of the programme and contacts with donors, as well as to finance the implementation of the programme.

13. The TOS should avail itself of all appropriate expertise to avoid any undue delay in implementation.



14. The TOS develops its plan of work and reports to the annual session of the Committee on its implementation. At the end of the period for which it has been established, the team submits a full report on its accomplishments to the Committee.

15. Expenses associated with the implementation of the TOS plan of work are covered mostly through extrabudgetary contributions of member States and other stakeholders, to be provided, managed and used in accordance with United Nations rules and regulations.

16. At its first meeting, which will take place no later than 1 December 2006, the TOS will appoint a Chair and two Vice-Chairs. At the same meeting, it will adopt its plan of work for 2007-2008.

## **Annex V**

### **List of Specific Proposals for the Implementation of the Committee's Work Programme**

#### **A. Member States**

##### **Israel**

1. Focus on public-private partnerships as the most efficient way to enhance competitiveness; establish a team dealing with the introduction of public-private partnerships in eastern and central Europe.

2. Proposal to host a conference on public-private partnerships and related financial issues focusing on projects implemented in Israel and other UNECE countries.

##### **Kyrgyzstan**

1. To start a pilot project on SME development in Kyrgyzstan in partnership with the private sector and academic experts from UNECE member states (proposal by the expert from Kyrgyzstan, Mr. R. Hasanov, supported by the delegation of Kyrgyzstan).

2. Under the aegis of the Committee, to establish in Kyrgyzstan, on the basis of a governmental or non-governmental organization, a regional centre where training courses, conferences and seminars on the relevant topics could be organized.

##### **Russian Federation**

1. Establishment of a civilized market for intellectual property focused on innovation.

2. Review of issues related to the functioning of innovation structures and of marketing of research and development outputs.

3. Development of entrepreneurship in the sphere of innovation.

4. Establishment and operation of scientific and technological venture and innovation funds.

5. Development of institutions for the use and protection of intellectual property rights; establishment of the legal basis for interaction of research institutions and innovative enterprises in the context of delineating the respective intellectual property rights.

6. Public-private partnerships. In the context of topic 6, it is proposed to consider the implementation of a project aimed at raising qualifications of central Government and municipal civil servants related to the “Development of public-private partnership institution”. Such a project could be implemented through a series of seminars dealing with the integration of public-private partnership principles in the practice of public administration, distance learning programmes and the establishment of regional training centres.

### **Ukraine**

1. The delegation of Ukraine identified the following three priority activities:

(a) Enhancing of competitiveness of the economy of member states through promoting development of knowledge-based economy and innovative activities;

(b) Facilitating development of innovative entrepreneurship, including through financial intermediation and development of clusters; and

(c) Promoting public-private partnership in the area of domestic and foreign investment, as well as in the area of intellectual property rights.

2. The list of experts from each country shall include a proportionate representation of Governments, NGOs and scientific institutions;

3. The Committee should consider the possibility of increasing participation of experts from the countries with economies in transition.

## **B. International Organizations**

### **EBRD**

Dissemination of good practices of secured transactions and corporate governance conducive to enterprise development.

### **IFC**

Engaging in a broad dialogue on barriers to business growth, and measures to improve the investment and entrepreneurship climate in transition countries.

### **OECD**

Joint event to launch the assessment of the reform process under the South-East Europe Compact for Reform, Investment, Integrity and Growth (“Investment Compact”).

### **UNCTAD**

Undertaking a joint pilot project on creating linkages between SMEs and large corporations.

### **UNIDIR**

Preparing a joint study on various types of public-private partnerships and their role in transition economies.

### **EurAsEC**

Preparing a joint assessment of the impact of integration processes among transition economies.

### **C. Experts**

1. Invited experts and other representatives from a number of institutions actively participated in the debate and showed a strong degree of support for and interest in the future work of CECI, which translated into concrete proposals for collaboration. A number of research organizations pointed out that the CECI work programme matched different aspects of their research programmes. Specific statements in this regard were made by the representatives of the Centre for Economic Research (Uzbekistan), the Centre for Euro-Asian Studies (United Kingdom), the Centre for Social and Economic Research (CASE, Poland) and the Vienna Institute for International Economic Studies (WIIW, Austria).
2. The representative of WIIW informed CECI that his organization was the coordinator of a large-scale EC-funded research project on the topic, "The competitiveness of firms, regions and industries in the knowledge-based economy (Micro-Dyn)", with the participation of 17 research institutes from 14 European countries. The project would address analytically a number of issues that were covered in the CECI Programme of Work, in particular those related to competitiveness and innovation, which was a good basis for cooperation between this research network and UNECE. He expressed readiness to share the outcomes of this research with CECI and to collaborate in joint activities and efforts that could possibly serve as the basis for developing policy recommendations on issues of interest for CECI.
3. The representative of CASE pointed out that his institution worked on a number of projects on topics that were relevant to the thematic areas included in the CECI Programme of Work, such as the knowledge-based economy, entrepreneurship, innovation, etc., and therefore had a strong interest in cooperation with CECI. CASE also had a large network of collaborating institutions, including in a number of countries with economies in transition (where it was also engaged in technical assistance projects), and would be willing to mobilize this network in joint activities of mutual interest with UNECE.
4. The representatives of the business association OPORA (Russian Federation) and of the Council on Foreign Economic Activities of the Cabinet of Ministers of Ukraine (an NGO) confirmed their interest in cooperation with CECI and their willingness to contribute to its Programme of Work in thematic areas of joint interest. They stated their readiness to provide experts and analytical support for the effective implementation of the Programme of Work, and

also noted that they worked closely with high-level policymakers who could be engaged in the policy dialogue on relevant thematic areas.

5. The representative of the Investment Round Table-Kyrgyzstan pointed out that the issues of innovation and competitiveness were of high priority to Kyrgyzstan. He also stressed the importance of encouraging the participation of the private sector in the policy dialogue within the context of the CECI Programme of Work, and offered to share the experiences of his organization and country in this area, in particular in establishing mechanisms of partnership.

6. Other participants in the debate identified policy as a prospective area of cooperation with UNECE. The representative of the advisory office of the President of the Republic of Croatia singled out a number of areas where cooperation with CECI could be possible. These included policy advice on the national competitiveness strategy developed by the Croatian Competitiveness Council as well as collaboration in the elaboration of an Action Plan for its implementation, addressing relevant issues of prioritization and sequencing. Another area where joint efforts could be undertaken was the design of a national action plan consistent with Lisbon Strategy of the EU.

7. The representative of the World Economic Forum (WEF) indicated the interest of her organization in joint projects of mutual interest with UNECE, particularly in countries of Central Asia. A possible area of cooperation could be the creation of policy platforms on issues covered in the CECI Programme of Work that would allow to effectively target policymakers. The WEF would also be interested in exploring forms of cooperation on public-private partnerships.

8. The role of human capital in fostering innovation and competitiveness was stressed in the general discussion. The representative of the Bauman Moscow State Technical University introduced different training initiatives developed in this institution, noting the institution's willingness and readiness to share and extend this experience in the context of the CECI Programme of Work.

9. The representative of the International Investment Bank (IIB, Russia) underlined the importance of the financial sector in fostering innovation and competitiveness, in particular through the development of SMEs. One specific problem that SMEs would be facing was the introduction of new international accounting standards. She also noted that public-private partnerships could be an important vehicle in fostering economic development. The IIB offered assistance and possible in-kind support in the organization of some meetings related to the implementation of the CECI Programme of Work in Moscow.

10. Other proposals in the area of SMEs came from the representative of the University of Budapest, who stated that a number of networks in which he participated would be ready to collaborate with the CECI in various areas pertaining to SMEs and business incubators. The representative of the World Association of Small and Medium Enterprises (an NGO) pointed to the existence of a Memorandum of Understanding with UNECE, and extended the collaboration of his institution to the newly created CECI, indicating strong support for the area of enterprise development.