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THE WORK OF THE UNECE – ACHIEVEMENTS AND CONSTRAINTS

Report of the Executive Secretary

The report below provides an overview of the achievements of the UNECE in 2004 as well as the challenges and constraints it faced in implementing its programme of work.

As indicated in paragraphs 21-22 below, the Commission is invited to approve proposals related to enlarging participation in the Working Party on Road Traffic Safety and other subsidiary bodies of the Inland Transport Committee.

Overview

1. During the year in review the UNECE successfully pursued its agreed programme of work in the three core pillars of activity: normative work, economic analysis, and technical cooperation. *Its achievements, detailed below, contributed to promoting economic cooperation and facilitating policy dialogue, to preventing new, and reducing existing dividing lines in the UNECE region and to further promoting sustainable development in the UNECE region*
2. The activities carried out under each pillar were carried out in the context of/influenced by:
 - Continuing political instability in various parts of the world and security concerns. The global economy strengthened but risks and uncertainties remain.
 - The historic enlargement of the European Union; as indicated below, in many instances the UNECE shifted the emphasis of some of its work to the needs of non-acceding countries and sub-regions outside the European Union, while at the same time maintaining the work valued by all of its member States.
 - The global agenda of the United Nations. As part of the United Nations, UNECE is called upon to respond to global objectives. These are discussed more in depth in document E/ECE/1421 on sustainable development in the UNECE region, as well as in

document E/ECE/1424 on achieving the internationally agreed development goals, including those contained in the Millennium Declaration as well as implementing the outcomes of the major United Nations conferences and summits, and in document E/ECE/1420 on financing for development: follow-up to the International Conference on Financing for Development in the UNECE Region. As noted in those documents, the increasingly recognized importance of the regional dimension means that the UNECE, as well as the other regional commissions, should, more than ever, recall the importance, as stressed in ECOSOC resolution 1998/46, “of linking the activities of the commissions to the overall activities of the Organization”.

3. During 2004, the UNECE continued to strengthen its collaboration with both United Nations and non-United Nations organizations. With regard to the latter, and of particular note, was the successful negotiation of a Memorandum of Understanding with the Organization for Security and Cooperation in Europe (OSCE), which outlines the expected contributions of the UNECE regarding the review of commitments contained in the OSCE’s New Strategy Document.
4. Cooperation with the private sector and civil society continued in a mutually supportive manner. On the one hand, the UNECE appreciated the substantive and financial inputs and contributions to the work of its various sectors of activity. On the other hand, the private sector has continued to benefit from the normative work of the UNECE (e.g. in transport and trade). In addition, the UNECE has worked to promote public-private partnerships (PPPs) by developing, for example, guidelines on PPPs and by organizing forums involving the private sector. NGOs also have contributed to the work of the UNECE. For example, the UNECE Timber Committee has developed strong collaboration with the principal environmental NGOs who depend on UNECE data regarding sustainable forest management and forest statistics. The inputs from NGOs into various UNECE meetings have also enriched the policy debates – e.g. the Regional Implementation Forum for Sustainable Development, Beijing + 10 etc.
5. The year in review has been difficult in view of the budget reductions with which the secretariat has had to cope:
 - funds previously used to outsource the IT “help desk” function were not converted to a post, as had been proposed, and the funds were not reinstated for outsourcing this function. This is a key function in the UNECE and therefore a post from another Division had to be temporarily redeployed to the Information Systems Unit, negatively affecting the work of the releasing Division.
 - a new P-4 post for the Transport Division, strongly supported by member States in Geneva, to perform the new functions of the secretariat arising from the development of global vehicle regulations in the framework of the 1998 Agreement and from the transformation of WP.29 into the World Forum for Harmonization of Vehicle Regulations, was not approved. The non-establishment of this post has also proved a challenge, as mentioned below.
 - three general service (other level) posts were cut in the UNECE. As the support staff in UNECE are often para-professional and perform functions other than traditional secretarial functions, this has also proved difficult to manage. While the loss of support staff might be partly, but not entirely, compensated by investment in ICT and development of new applications, the level of ICT resources in UNECE does not allow major progress along these lines. The current IT budget does not allow for investing in strategically important systems. Notably, an integrated documentation/archiving system

and a web content management infrastructure are key in order to ensure that the Office is in a position to efficiently handle the ever-increasing amount of data and information. Non-implementation of these systems will result in significant and additional time spent by staff members on managing electronic documents including e-mail and web content.

- In addition to these constraints, the resources allocated to the UNECE under section 23, Regular Programme of Technical Cooperation, continued to be insufficient. This budget section allocates funds for advisory services, training and related travel to various entities of the United Nations Secretariat, including the regional commissions. Despite its coverage of 55 countries, the share allocated to the UNECE is the smallest among the regional commissions. These funds are used primarily to fund Regional Advisers who respond to requests of member States for advisory assistance. The lack of a sufficient number of Regional Advisers has a negative impact on the assistance provided to member States and is considered a constraint to the overall implementation of technical cooperation activities.

6. The secretariat has tried to cope with these reductions (by increasing efficiency and by redeploying staff) while, at the same time, confronting the challenge of increased workloads resulting from new requests of member States, new challenges and new global initiatives. However, ***for the UNECE to remain effective and dynamic, there is a critical mass of human capital and financial resources that is required.*** Additional budgetary cuts would have a negative impact on the programme of work and therefore it is hoped that UNECE member States will safeguard against this possibility.

7. ***The UNECE can be proud of its achievements*** – it has proved to be an efficient organization that provides good value for its cost, due in part to the extensive networks of governmental experts developed over the years that contribute to the substantive work. During 2004 the UNECE continued to ***produce tangible and concrete results*** that, in keeping with its mandate, contribute to strengthening the economic relations of its member countries, both among themselves and with other countries of the world.

8. The UNECE has been successful because ***it has evolved and responded to new challenges and priorities of its member States.*** This is an ongoing process. Most recently member States, in the context of the programme budget preparation, articulated their priorities for the forthcoming biennium 2006-2007, without prejudice to what may result from the Comprehensive Report on the UNECE.

9. The achievements, constraints and perspectives of the individual sub-programmes are outlined in the sections below. Information on achievements relating to cross cutting issues is contained in the report on achieving the internationally agreed development goals (E/ECE/1424).

Subprogramme 1: Environment

Achievements

10. The first Regional Implementation Forum for Sustainable Development within the UNECE region in January 2004 provided a contribution in the form of a Chair's summary on the priority items, human settlements, water and sanitation and related cross-sectoral issues to the United Nations Commission on Sustainable Development at its twelfth session in April 2004.

11. The celebration of the 25th anniversary of the Convention on Long-range Transboundary Air Pollution in 2004 was an occasion for the Convention's Executive Body to initiate new work on heavy metals for the Review of the Protocol on Heavy Metals that entered into force at the

end of 2003, including activities to reduce the health impacts of particulate matter. A publication on the past and future of the Convention with foreword by the UN Secretary-General Kofi Annan was produced as part of the Anniversary activities.

12. The work on the strategy for education for sustainable development carried out by a UNECE Task Force was completed. The Strategy was considered to serve as a flexible framework to be adapted when implemented to each country's priorities, needs and circumstances. The Strategy is a regional contribution for the UN Decade on Education for Sustainable Development with UNESCO as lead agency. UNESCO sees the UNECE Strategy as a possible example for other regions. The Committee decided to convene a High-Level Meeting of Environment and Education Ministries on 18 March 2005 (to be held in Lithuania) as a follow-up to the fifth "Environment for Europe" Conference in Kiev, and to forward the draft UNECE Strategy to the High-level Meeting for final consideration.

13. The Committee on Environmental Policy adopted the environmental performance reviews (EPR) of Bosnia and Herzegovina and Tajikistan in October 2004. For the first time voluntary interim reports on the implementation of EPRs were provided to the Committee, presented by the representatives of Armenia, Republic of Moldova and Ukraine. All three countries indicated the usefulness of the reviews as the EPRs had had a significant influence on the actions taken to improve management of the environment and natural resources. They also contributed to strengthening cooperation among various sectors of the administrations and gave impetus to better understanding of environmental problems in different institutions.

14. The third meeting of the Parties to the Convention on Environmental Impact Assessment in a Transboundary Context (Cavtat, June 2004) included the first meeting of the Signatories to the Protocol on Strategic Environmental Assessment. The Meeting decided to strengthen the implementation following the results of the first review of the implementation of the Convention and adopted guidance on its application, subregional cooperation and public participation.

15. The third meeting of the Parties of the Industrial accidents Convention was held (Budapest, October 2004) where an Internationally supported assistance programme for the Eastern European, Caucasian and Central Asian as well as South-Eastern European countries was launched to support countries in these sub-regions to enhance their efforts in implementing the Convention.

Constraints

16. The lack of sustained and long-term funding for some activities was a constraint. In this connection, after the Strategy for Education for Sustainable Development is adopted (see above), activities to promote and monitor its effective implementation, involving capacity building activities and development of indicators is foreseen. The extrabudgetary funds currently being used to service and coordinate the work related to the Strategy will be exhausted as of May 2005. Continuing to support this work in the future would necessitate sustainable and long-term funding solution.

17. In addition, contributions to the regional implementation of the Johannesburg Plan of Implementation that have been assigned to the UNECE by the Commission on Sustainable Development involved the organization of a regional implementation meeting and the preparation of substantive documentation. These tasks have not, however, been accompanied by additional secretariat resources and will not be supported financially by CSD in the future.

18. The participation of the Division in the reviews of OSCE's commitments on environment and sustainable development, in accordance with the Memorandum of Understanding with the

OSCE, within existing resources, will further increase the workload of the already overloaded programme of work.

Subprogramme 2: Transport

Achievements

19. In 2004, the Inland Transport Committee (ITC) carried on with the updating of the international agreements and conventions that represent the infrastructural as well as regulatory bedrock of the pan-European inland transport system and paid attention to their implementation. The Committee also adopted Strategic Objectives, which outline a number of areas of work, resources, methods and measures to be taken into account for the future activities of the ITC.

20. The Working Party on Road Transport adopted amendments to the European Agreement on Main International Traffic Arteries (AGR) in order to improve environmental aspects of E roads and safety in tunnels along the E road network. It also amended the European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR), introducing the digital tachograph to better control the driving and rest periods of professional drivers in international traffic.

21. In April 2004, the General Assembly adopted Resolution 58/289 on improving global road traffic safety, which invites the World Health Organization, working in close cooperation with the UN regional commissions, to act as a coordinating body for road safety activities within the United Nations. In considering its possible contribution to the follow up to this resolution, the Working Party on Road Traffic Safety (WP.1) was in favour of **opening participation in its work to countries which are Contracting Parties to the Conventions on Road Traffic and on Road Signs and Signals, of 1968, and which are not UNECE members, as well as granting them voting rights on issues related to these Conventions**. WP.1 requested the ITC to support this proposal and request its approval by the Commission. The ITC Bureau, meeting on 2 and 3 December 2004, supported this request **and further recommended to the ITC that it approve the same possibility for other ITC subsidiary bodies that administer legal instruments with Contracting Parties outside the UNECE region**.

22. **On the assumption that the ITC will approve these requests at its 67th session (15-17 February 2005) it is proposed that the Commission approve these current proposals.**¹ The Office of Legal Affairs has confirmed that, pursuant to Articles 8 and 11 of the UNECE Terms of Reference, any extension of participation or voting rights to non-members of the UNECE would require the approval of the Commission.

23. The World Forum for Harmonization of Vehicle Regulations (WP.29) updated 59 existing UNECE Regulations annexed to the 1958 Agreement and adopted five new ones, which improved further the active and passive safety of motor vehicles as well as their environmental performance. At its session in November 2004, WP.29 adopted the first global technical regulation in the framework of the 1998 Agreement. An amendment to the 1997 Agreement entered into force, which is expected to facilitate accession by EU countries to the Agreement.

¹ This paper is being submitted for processing prior to the ITC meeting. Should for any reason the proposals not be approved by the ITC, the Commission will be so informed during consideration of this report.

24. The ECOSOC Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals, at its session in December 2004, approved the amendments to the UN Recommendations on the Transport of Dangerous Goods and to the GHS developed by its Sub-Committees in 2003-2004. In addition, the ECOSOC Committee discussed possibilities of developing the UN Recommendations into a global and multimodal legally binding instrument.
25. Amendments to the various legal instruments regulating the transport of dangerous goods by road (ADR), rail (RID) and inland waterway (ADN) were adopted for entry into force on 1 January 2005 and 1 January 2007. The secretariat published consolidated versions of ADR and ADN, incorporating amendments adopted in 2003-2004 for entry into force on 1 January 2005. These amendments include new requirements to ensure a higher level of security of the transport of dangerous goods and prevention measures against terrorism.
26. Further progress was made in concluding a new Annex 8 to the Convention on the Harmonization of Frontier Controls of Goods on border crossing procedures for international road transport, and in defining the future parameters for the computerization of the procedure under the TIR Convention. A draft agreement on customs procedures for rail transit was finalized for adoption in 2005.
27. "Model" action plans and partnership agreements, including benchmarks to measure the competitiveness of international intermodal transport services, were developed. Extensive modifications of the European Agreement on Important International Combined Transport Lines and Related Installations (AGTC) to cover, in particular, important Euro-Asian transport links, were agreed for formal adoption in 2005.
28. The ITC adopted Recommendations on Safety in Rail Tunnels. Main ongoing developments included the monitoring of border crossing in international rail transport lines, aimed at simplifying and shortening procedures; and demonstration runs of container block trains between Europe and Asia in both directions, together with the consideration of the role of railways in the development of Euro-Asian transport links.
29. Resolutions were adopted on: (i) Technical Requirements for Inland Navigation Vessels; (ii) European Code for Inland Waterways (CEVNI); (iii) Air pollution prevention by diesel engines used in inland navigation vessels; (iv) Minimum manning requirements and working and rest hours of crews of vessels in inland navigation; (v) Common principles and technical requirements for a pan-European River Information Service (RIS); (vi) Recreational navigation network; and (vii) Guidelines and criteria for vessel traffic services (VTS) on inland waterways.
30. The Agreement on the international carriage of perishable foodstuff and on the special equipment to be used for such carriage (ATP) was updated. A revised version of Annex 3 was adopted and entered into force in December 2004. A consolidated version of the ATP was published.
31. The UNECE TEM and TER Projects are in the final stages of elaboration of their Master Plans, the first draft of which was finalized by end November 2004. Those Plans aim at identifying bottlenecks, missing links and other priority infrastructure needs in the road, rail and combined transport networks of the participating countries, and at designing a realistic investment strategy to meet those needs. Over 450-proposed priority projects of a total value of 88 billion Euros are currently being evaluated and prioritized.
32. Substantial progress was achieved in the implementation of the UN Development Account Project on Capacity Building in developing land and land-cum-sea interregional

transport linkages. Focusing on Euro-Asian land transport links, the Transport Division, together with its UNESCAP counterpart, organized two Expert Group Meetings, in Almaty (Kazakhstan) in March and in Odessa (Ukraine) in November 2004, at which Government representatives from 16 countries in the Euro-Asian region agreed on the main road and rail transport routes connecting Europe and Asia to be considered for priority development; approaches to developing the routes; identification of main transshipment points along the routes; completion of a Geographic Information System (GIS) database; and identification of priority projects along the selected routes.

Constraints

33. The lack of sufficient human resources, especially a Professional post in the secretariat of the World Forum for Harmonization of Vehicle Regulations (WP.29) for the development of the 1998 Agreement was a major constraint (see paragraph 4 above) as work on global technical regulations gained steam.

34. Regarding assistance to countries in transition, the lack of a second Regional Advisor continued to limit the capacity of the secretariat to promote the implementation of the legal instruments and recommendations of the ITC, as well as the development of Euro-Asian Transport Links.

35. Another constraint to the work of the Transport Division relates to its support of the ECOSOC work on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). A new P-4 post was approved in the context of the programme budget for 2002-2003 in view of the additional work involved, but related support services were only provided through 2003 in the form of general temporary assistance. In 2004, tasks had to be prioritized and part of the time of junior professional staff had to be used to perform the duties of the missing general temporary assistance. As a result, activities concerning monitoring of implementation of the UN Recommendations on the Transport of Dangerous Goods and of the GHS at the global level, including the preparation of two reports requested by ECOSOC for its 2005 substantive session, have been suspended, together with the preparation of material intended to facilitate implementation by countries.

36. The limited travel funds prevented the secretariat from participating in meetings of other organizations where attendance was essential for coordination, or for implementation, in particular in areas where the UNECE plays a leading role at worldwide level.

Subprogramme 3: Statistics

Achievements

37. As one of the custodian organizations of the Fundamental Principles of Official Statistics (adopted by UNECE in 1992), the UNECE made a major contribution to the drafting of a declaration of similar principles for the statistical activities of international organizations (to be endorsed by the Statistical Commission in March 2005), and provided assistance and advice for implementation of the existing principles to Croatia, Serbia and Montenegro, and Slovakia. A seminar on the application of UN Fundamental Principles of Official Statistics in statistical planning for CIS countries in Moscow was held in collaboration with the Interstate Statistical Committee of the CIS, the World Bank and the PARIS 21 Consortium.

38. Public access to the macro-economic database on the web was launched, using a user-friendly tool for selection and downloading. The main benefits of this database, compared to economic databases of other organizations, are timely and comparable statistics on the economic

situation of CIS and South-East European countries. To increase user-friendliness, dissemination of the UNECE's gender statistics database was also migrated to the new access tool.

39. The methodological work towards new or revised standards and guidelines continued under the auspices of the Conference of European Statisticians (CES) and the close supervision of the Bureau, with some shift in emphasis as decided by the Bureau through the UNECE Statistical Programme 2004. A major new activity was the work towards recommendations for the 2010 round of population and housing censuses. Most meetings held in the various subject areas were organised as joint meetings with other organisations. In addition to providing substantive inputs to and secretarial support for these meetings, the role of the UNECE in developing standards is to allow non-EU and non-OECD countries of the UNECE region to be associated with the development work of these partner organisations, or to provide a kind of bridge for European-based specialised UN agencies with national statistical offices.

40. Over and above assistance related to the implementation of the fundamental principles, the Statistical Division provided technical cooperation in statistics to the Balkans and the CIS countries. On a bilateral basis, the partnership with Eurostat continued in the Balkans, with the global assessments of the statistical systems of Croatia and The former Yugoslav Republic of Macedonia, including recommendations for short-term and medium-term improvements. Bilateral technical cooperation was provided to CIS as well, especially to the Republic of Moldova on the capacity to produce indicators for the monitoring of progress towards the Millennium Declaration goals (in collaboration with the World Bank and Eurostat), to Azerbaijan and to Serbia and Montenegro on gender statistics in collaboration with UNDP, and to Kyrgyzstan on industrial production indices.

41. Multilateral technical cooperation took the form of seminars and training workshops, including a special session on national accounts for CIS and Balkan countries back-to-back with the UNECE-Eurostat-OECD meeting on national accounts in Geneva. In the same way, a training session on gender statistics took place for CIS and Balkan countries back-to-back with a UNECE work session on gender statistics in Geneva. Finally, UNECE and UNDP organised a workshop on gender statistics for Central Asian countries in Turkmenistan.

42. At its regular annual session, the CES decided to modernise and streamline its main tool, the Integrated Presentation of International Statistical Work. It also approved new mechanisms for reviewing the various areas of the international statistical work, considered the coordination, independence, integrity and credibility of official statistics, discussed the measurement of services and analysed the difficulties encountered on the coordination of environment statistics. The Conference recommended that an Intersecretariat Working Group review the issues related to overlaps in data collection and improving coordination.

43. Three major publications were released in 2004: "Non-observed Economy in National Accounts, a Survey of National Practices"; the pocket version of "Trends in Europe and North America"; and "World Robotics 2004". The latter was released at a conference event entitled "A Robot in Every Home", which attracted considerable media attention.

Constraints

44. Progress with respect to reinforcing the regional dimension in MDG monitoring and reporting was less than expected, mainly because of the reluctance of the European UNDP office to engage in a sustained joint effort with UNECE in a similar way to those undertaken in other regions.

45. The suppression of the three General Service posts mentioned above affected the capacity to organise expert meetings; four meetings foreseen in the Statistical Programme for 2004 had to be postponed or cancelled.

46. For its role as support for the inter-organization coordination function of the Conference and the Bureau, for servicing the many meetings organised jointly with other organizations outside Geneva, and for responding to the many requests for technical assistance, travel resources continued to be far from adequate.

47. The bridge function of the UNECE in associating CIS and South-East European countries in the development of statistical standards is dependent on the availability of funding from sources other than national budgets for enabling delegates from these countries to attend meetings. Unfortunately, such funding was more difficult to secure from other organisations than in previous years, especially for the non-European CIS countries.

Subprogramme 4: Economic Analysis

Achievements

48. The UNECE's work in economic analysis aimed at improving the information base for decision making by providing policy makers with an international perspective of current economic development and by formulating policy options. The analytical work also aimed at supporting the achievement of the internationally agreed UN development goals.

49. As regards the monitoring and analysis of economic developments in the UNECE region, the main platform for this remained the *Economic Survey of Europe*, UNECE's flagship report. During the year in review, more emphasis was placed on the economic developments in south-eastern Europe and the CIS, without neglecting, however, the other UNECE member States from central and eastern Europe.

50. In addition, coverage of short-term economic developments in the Survey was substantially reduced. Policy-relevant studies on medium- and long-term issues related to structural change, and economic reforms were given a more prominent role in the work of the Division and its publications. In order to share the findings of the Survey with the member States, a UNECE mission visited Croatia and exchanged views with the national policy makers.

51. Preparations proceeded for the 2005 Spring Seminar – "Financing for Development in the UNECE Region: Promoting growth in low-income transition economies" (21 February 2005) and for the high-level policy segment of the Annual Session devoted to the policy implications and options to be drawn from the Seminar. Background papers were prepared for both. Major issues for discussion include factors that affect strategies for development and growth; economic integration and trade; and financial management and sustainable growth in resource-rich economies.

52. In line with the decision that the annual *World Economic and Social Prospects* (WESP) published by DESA in New York would, starting with the early 2005 issue, be compiled on the basis of substantive inputs by all UN regional commissions, UNECE's contribution has been provided.

53. The Economic Analysis Division (EAD) was closely involved in the negotiations with the OSCE on the Memorandum of Understanding between the OSCE and UNECE secretariats, submitted an interim report on Investment Climate to the 2004 Economic Forum in Prague and, in view of its involvement with OSCE in jointly developing the conceptual framework for the

early warning mechanism, co-organized a brainstorming seminar in Vienna in November to take stock of the existing early warning mechanism and decide on the future path of action.

54. EAD also enhanced intersectoral cooperation with other UNECE Divisions along the lines of the resumed joint project on Pollution Release and Transfer Registers (PRTR) with the Environment and Human Settlements Division. This should lead to special studies that highlight the interdependence of UNECE's normative and analytical activities. The macroeconomic analysis published in the *Survey* was helpful in the provision of technical assistance in eastern Europe and the CIS. It was also used in the preparation of the Timber Bulletin and the Environmental Performance Reports. EAD also made regular contributions to the work of the Committee for Trade, Industry and Enterprise Development.

55. The Division was involved in organizing a Post-Transition Economic Policy Forum (PTEPF), which aims at discussing major economic problems that are specific to the present stage of development in the countries that have basically completed the transition process towards market economy systems. The Forum offers the opportunity for a wider public debate among policy-makers on these issues.

56. UNECE and the United Nations Population Fund (UNFPA) co-organized, in cooperation with the Government of Switzerland, the European Population Forum 2004 in January. The Forum was held within the context of the decennial review and appraisal of the implementation of the Programme of Action of the International Conference on Population and Development held in Cairo, Egypt, in September 1994. The theme of the Forum was "Population Challenges and Policy Responses". Among other things, it considered important, newly emerging population changes, examined the challenges they pose and identified best policy responses to them. In this context, the Forum examined the implementation of the ICPD-related regional and global agreements.

57. Most of the work on population ageing carried out by the Population Activities Unit (PAU) focused on the follow-up to the UNECE Ministerial Conference on Ageing (MiCA) held in Berlin, Germany, in September 2002. Under the provisions of the Memorandum of Understanding between the UNECE Secretariat and the Government of Austria, the European Centre for Social Welfare Policy and Research, Vienna, Austria, assisted the secretariat in this work. In the context of the follow-up to MiCA, a workshop on "Sustainable Ageing Societies: Indicators for Effective Policy-Making" was organized in collaboration with the European Centre and the Spanish Ministry of Labour and Social Affairs in Madrid, Spain, in April 2004. Information on the national follow-up to MiCA is currently being collected and a network of national focal points for the follow-up is being established.

Constraints

58. Negotiation of the MoU with the OSCE secretariat entailed additional travel that had not been anticipated; the intensified future cooperation with the OSCE will entail additional travel for which travel funds will have to be found.

59. One constraint on the work was the lack of general secretarial support. For the final preparation of text for the Economic Survey of Europe, the Division had to rely on temporary secretarial assistance. This is not a sustainable solution as it puts an inordinate additional work burden on professional economists for the preparation of text and meetings such as the UNECE Spring Seminar. Another constraint was the lack of free access to detail statistics in key CIS countries.

Subprogramme 5: Sustainable Energy

Achievements

60. The Energy Security Forum examines energy security risks and risk mitigation in a global context. Its Executive Board held discussions in Geneva (March 2004) and Moscow (June 2004) between representatives of governments, the financial community and energy industries on how on oil price rises can be affected by energy security risks. In this connection a new CD-Rom based UN ECE eBook “Energy Security Risks and Financial Markets” was issued.
61. In November 2003 the Committee on Sustainable Energy established an Ad Hoc Group of Experts on the Supply of Fossil Fuels to promote the widespread application of the United Nations Framework Classification for Fossil Energy and Mineral Resources that had been developed by the Ad Hoc Group of Experts on the Harmonization of Energy Reserves/Resources Technology. At its substantive session in July 2004, ECOSOC, by its resolution 2004/233, recommended the worldwide application of the classification, which provides for the re-evaluation in economic terms of coal, oil, natural gas and uranium reserves/resources to make these energy commodities more attractive to foreign investors for exploitation.
62. In May 2004 the Energy Efficiency 21 Project launched a new phase of its work for the development of practical methods to reduce greenhouse gas emissions at the local level in eastern Europe in order to implement the global UN Frame Convention on Climate Change and aspects of the UNECE Convention on Long-range Transboundary Air Pollution. The United Nations Foundation accorded a significant new grant to the UNECE for “Financing Energy Efficiency Investments for Climate Change Mitigation” in UNECE economies in transition. Project capacity building activities produced 30 pre-feasibility business plans for US\$ 60 million of energy efficiency investment project proposals with a total investment requirement of US\$ 30 million, which would produce an estimated 368,000 tonnes of carbon emissions reductions per year if they were all financed. Investments of US\$ 9.7 million were approved by the World Bank and other investors for projects in Belarus, Bulgaria, Russian Federation and Ukraine amounting to an estimated 49,000 tonnes of carbon emissions avoided per year.
63. The Gas Centre launched a new Task Force on Company and Market Structure in January 2004 covering all UNECE countries in Europe to look at gas markets and gas industries as well as its implications for countries in Central and Eastern Europe. The Gas Centre Task Force on the Security of Gas Supplies completed its work and issued its final report in January 2004 with recommendations for governments and the gas industry. The other two Gas Centre task forces reviewed how Central and East European countries and their gas industries can best prepare themselves and benefit from the experiences acquired in Western Europe and North America notably on the opening and liberalisation of gas markets.
64. Under Regional Advisory services, the CIS countries launched the second phase of the work on Energy Efficiency and Energy Security in CIS. Energy efficiency projects were approved with UNDP and Global Environment Facility support in Ukraine, Kazakhstan, Russian Federation and Belarus. The implementation of the Rational and Efficient Use of Energy and Water Resources Project with significant support of the United Nations Development Account in Central Asia completed plans for prototype investment projects during 2003.
65. A new technical assistance project was launched on Coal Mine Methane in Central and Eastern Europe and the CIS with extra-budgetary support from the US Environment Protection Agency (US EPA) and the United Nations Foundation. This project was launched following the ministerial meeting on “Methane to Markets” hosted by the US EPA in Washington in November 2004 and will serve as part of the technical follow-up to the commitments undertake

by ministers at that meeting. The economic, social and environmental dimensions of coal in the countries in transition continue to be addressed.

Constraints

66. While extra-budgetary resources have been attributed to these activities, the real constraint for implementing this work is the lack of regular budget general services staff needed to provide administrative servicing and the disbursement of trust fund resources.

Subprogramme 6: Trade Development

Achievements

67. During 2004, the Trade Development sub-programme saw significant achievements in three areas: standards setting; implementation; and the development of supporting networks of institutions and experts.

68. In October 2004, the Centre for Trade Facilitation and Electronic Business (UN/CEFACT) approved a "Single Window" recommendation. Implementation of this recommendation will facilitate the participation of small and medium-sized companies in international trade by providing them with a single location for import and export formalities. In addition, UN/CEFACT approved the Core Components Specification, which is expected by many to form the cornerstone of the next generation of electronic business standards.

69. In the area of agricultural quality standards, a new standard for bovine meat (beef) was approved and almost 20 existing standards and recommendations were updated to meet new requirements from consumers and traders.

70. The UN Code for Trade and Transport locations (UN/LOCODE), used around the world by major postal, customs and shipping organizations was updated and approximately 6,000 entries added or revised

71. In 2004 the European Union decided to completely harmonize the technical content of 36 of its directives on the marketing of agricultural goods, covering 95% of trade in fruit and vegetables in the EU, with the corresponding UNECE standards. Together with the expansion of the EU and the corresponding expansion in the application of these standards to 25 countries, these developments represent a significant increase in the use and application of UNECE standards in trade.

72. A national action plan and follow-up activities were developed in the Republic of Moldova as a result of a workshop in that country which examined how trade facilitation, regulatory convergence and agricultural quality standards could all contribute to improving economic performance in the agricultural sector.

73. Twelve members of the Commonwealth of Independent States (CIS) signed an agreement on regulatory convergence based on recommendation L (on regulatory harmonization) from the Working Party on Regulatory Cooperation and Standardization Policies. Implementation of this agreement will create a harmonized regulatory regime for domestic and imported products and thus contribute to the development of both intra-regional and international trade flows.

74. Templates (detailed specifications) were completed for 12 documents used in international trade under the United Nations Electronic Documents project (UNeDocs) and their publication on the Internet. These constitute a proof of concept of UNECE's approach to improving paper documents and creating an on-line environment that is friendly to SMEs and will allow them to move seamlessly between the use of paper and electronic documents.

75. A compendium of work undertaken by the Committee for Trade, Industry and Enterprise Development was published, containing over 500 documents and providing an important reference work for practitioners in the field.

76. During 2004 the creation of an updated Internet site for the network of national organizations promoting the work of the Committee for Trade, Industry and Enterprise Development as well as organization of a number of meetings – both in Geneva and in the field – facilitated the development of UNECE's unique network comprised of practitioners, business, and policy-makers. The most important of these meetings included:

- The May 2004 Executive Forum on Competing in a Changing Europe, which discussed policies and strategies for better integrating the “new neighbours” of the EU into an enlarged trading community
- A High-level Workshop on Economic Security in Europe, organized jointly with OSCE, which addressed threats and challenges to trade and economic security
- A Workshop on Trade Facilitation that saw participants from throughout the world discuss how to implement tools and techniques designed to facilitate trade and foster development

Constraints

77. As with most sub-programmes, its effectiveness depends in part upon the availability and provision of input data and information by member States, and the participation of specialists. In this context, the Trade Development sub-programme did not always have as high a participation as would be desirable from less-advantaged countries in the region because of their problems in obtaining funding for participation.

78. It was sometimes difficult to obtain comparable or adequate trade data and information for these same countries, partly because of inadequate data collection at a national level and partly because of UNECE's inability to obtain or identify reliable alternative sources of information, due to a lack of travel funds.

79. The implementation of UNECE trade related standards and recommendations can be a time-consuming process, especially when legislation is required. This process would often be greatly assisted by capacity building at a national or regional level. Unfortunately very little funding was available, either for travel or for the organization of such activities, and even less for follow-up once an activity had taken place.

80. The lack of travel funds also affected “mainstream” work under the sub-programme, as it prevented staff from attending meetings of other international organizations with whom the UNECE should coordinate its work and prevented it from undertaking any “study trips” in support of policy analysis. At times it interfered with the secretariat following the work of expert groups which sometimes met outside Geneva in order to better spread the financial travel burden between those who live in Western Europe and those who do not, as well as to increase participation from regions where meetings are held.

81. For two important areas of the work under the sub-programme, “Agricultural quality standards” and “Technical standardization and harmonization policies”, a critical constraint was understaffing (each is serviced by only one professional). As a result, the UNECE was unable to respond adequately to member countries' requests.

82. Important publications included “Norms, Standards and Practices for Trade Facilitation and International Business “on CD-ROM, and Trade and Investment Guide No.8 on Market Surveillance in the UNECE Region.

Subprogramme 7: Timber

Achievements

83. The strategic review carried out by the Timber Committee and its sister body, the FAO European Forestry Commission (with the participation of all stakeholders and partners) resulted in a refreshed vision and programme for 2005-2008, focused on promoting sustainable forest management and the sound and legal use of wood throughout the region. The review clarified the distribution of labour between the UNECE secretariat and its partners in Rome and Budapest, and one permanent subsidiary body, the Joint FAO/ECE/ILO Committee on Forest Technology, Management and Training, was discontinued and replaced by an Expert Network on implementing sustainable forest management, with corresponding streamlining and savings.

84. The Timber Committee held the first workshop on “Forest law compliance” in the UNECE region, a subject at the top of the sustainable development agenda in the forest field, worldwide. The workshop identified the main causes and extent of illegal logging in the region, and prepared a series of options for countries and international organizations.

85. The issue of forest fires, that have been increasing in severity and frequency, particularly in the Balkan countries in years with adverse meteorological conditions, was discussed at a conference on forest fires with a special focus on the eastern Mediterranean held in Antalya, Turkey in March/April 2004. One outcome was the “Antalya declaration” by which participating countries committed themselves to international cooperation in fire emergency situations.

86. A seminar in Freiburg (Germany) on disaster preparedness brought together practitioners and policy makers to exchange experience. The purpose was to improve rapid response to forest disaster. A manual prepared on the subject proved useful in helping the Slovak authorities address severe windblow suffered in November 2004 in the Tatras Mountains.

87. The Timber Committee monitors recent developments as regards schemes to certify that wood comes from sustainably managed forests, markets and policies, in a neutral and objective way, for the benefit of governments and market actors. A special chapter of the *Forest Products Annual Market Review* reported that about 40% of Europe’s forest are now certified and that there is fierce competition between schemes possibly to the detriment of sound use of wood in the region. The Committee devoted part of its policy forum on market topics to this issue. A Discussion Paper with more detailed analysis was issued.

88. The main report of a major study of the long- term outlook for the region’s forest (EFSOS, European Forest Sector Outlook Study) was published at the end of 2004. The main conclusions were discussed at a policy forum on the long -term challenges to the forest sector in a wider Europe.

Constraints

89. The main constraint remains the low political profile of forest/timber sector issues, taken in a cross-sectoral perspective. The specific nature of forest sector issues, their vulnerability to decisions for other policy domains and the potential contribution of the sector to sustainable development are not yet properly appreciated at the wider policy level.

90. Another constraint is limited availability of extra-budgetary funding to enable the subprogramme to make a significant contribution to development of the forest and timber sector in south-east Europe. A fund raising strategy is being developed.

Subprogramme 8: Human Settlements

Achievements

91. Country profiles on the housing sector were finalized in 2004 for Armenia and the Russian Federation. The latter signified a shift in the country profile exercise towards a more problem-oriented approach in concentrating on those issues, which are of particular importance to the Russian Federation's housing sector. This approach is also being used for the country profile on Serbia and Montenegro, currently being prepared. Increased emphasis was put on the follow-up to the implementation of past country profiles. In this context a workshop was organized in Albania with participation of all major stakeholders in the country's housing sector to discuss and agree on priorities for implementation of the profile's recommendations. For the first time, a housing review for a group of countries is being conducted through the study on trends and progress in housing reforms in South East Europe. The study is carried out jointly with the Council of Europe Development Bank and the Council of Europe and in close cooperation with the Stability Pact for South East Europe, which marks an important milestone in the Committee's endeavours to strengthen its cooperation with other international organizations active in the housing sector within the UNECE region.

92. A land administration review was carried out for Lithuania and a high-level launching event was organized to disseminate the findings of the land administration review on the Russian Federation. A series of workshops were held dealing with concerns related to land registration and land markets and the UNECE land administration guidelines are being updated.

93. The study on housing finance systems for countries in transition is nearly completed. It is the first study of the Committee which was carried out with significant participation of the private sector. An advanced draft of the guidelines on social housing has been prepared. The guidelines were discussed by experts from across the UNECE region at a symposium on social housing in November 2004, and the discussion focused on developing plans for implementation of the guidelines. Implementation of the guidelines on condominium ownership for countries in transition is progressing strongly. The guidelines have been translated into several languages and a regional implementation workshop with large participation was held in Moscow.

94. To facilitate implementation of the Committee's policy work and to strengthen the links between policy makers and practitioners, this year's in-depth discussion was jointly organized with the International Society of City and Regional Planners (ISOCARP). This helped to establish a common conceptual understanding of spatial planning systems and to foster a dialogue between government officials and urban planners for the management of urban areas. Committee members recommended that enhanced dialogues with practitioners should be sought within the Committee's programme of work, including the country profiles programme.

95. A first Regional Implementation Forum for Sustainable Development within the UNECE region took place in January 2004. This meeting provided a platform for the Committee to assess the situation with respect to human settlements within the region and to provide a regional input to the 12th session of the United Nations Commission on Sustainable Development which discussed progress made in the areas of human settlements, water and sanitation as follow-up to the World Summit on Sustainable Development.

Constraints

96. Resource constraints in the secretariat were felt in particular in implementing the programme on in-depth country reviews on human settlements and land administration, which require much preparatory, coordination and finalization work by the secretariat. These programmes are, however, much appreciated by countries in transition. Consequently, there is often a long delay between the request by a specific country for a review and the time that the secretariat can prepare for initiating one. Also the follow-up to reviews was limited by resource constraints.

Subprogramme 9: Industrial Restructuring and Enterprise Development

Achievements

97. UNECE relaunched the activities of its Team of Specialists on Internet Enterprise Development which examined a number of pressing ICT issues such as ICT outsourcing, policies to foster internet enterprise development, the uneven level of ICT development and use. A Seminar on Fostering Internet Enterprise Development by Governments and by Large Companies through Subcontracting was held in Brussels in October 2004.

98. The Working Party on Industry and Enterprise Development (WP.8) included corporate governance in its programme of work to promote a new and more comprehensive approach to this issue. In particular, WP.8 worked on identifying deep-entrenched difficulties in dealing with corporate governance deficiencies, which have not yet been properly identified and addressed and has worked to facilitate a better understanding of root causes of corporate governance failures. A Round Table on Corporate Governance was held in February 2004.

99. The sixth Forum on Best Practice in Development of Entrepreneurship and SMEs in Countries in Transition: The Romanian and Slovak Experiences was held in March 2004. An Expert Meeting on Good Governance for SMEs was held in April 2004, and a Guide on Business Ethics for Start-up Entrepreneurs and SMEs is being prepared.

100. The major accomplishment undertaken by the Working Party on International Legal and Commercial Practices and its sub-groups (the Intellectual Property Group, Real Estate Advisory Group, and the Public-Private Partnership Alliance) was to raise substantial donor funding for its programmes. The REAG land for development programme, for example, received strong support from development agencies, and the Third Land for Development Programme Forum was held in December 2004 to exchange views and experiences in extending property rights to the poor and to highlight key issues and action plans. The Intellectual Property Group has also moved during 2004 to broaden its work and focus on development and innovation, promoting specifically the access of intellectual property rights to domestic business.

101. Significant consolidation and streamlining of activities under WP.8 were proposed or implemented in 2004. The purpose of the streamlining was to enhance the consistency and synergy among the three key elements of the WP.8 programme: industrial development, knowledge-based economy and enterprise development, with increased value added for UNECE member countries and a fairly unique positioning in the area among all international financial and development institutions.

Constraints

102. The real constraint for implementing these activities is the lack of regular budget professional staff to respond to the growing substantive requests by countries as well as general

services staff to provide administrative servicing and the disbursement of current and potential trust fund resources.

Action proposed

103. As indicated in paragraphs 21-22 above, **the Commission is invited to approve proposals related to enlarging participation in the Working Party on Road Traffic Safety and other subsidiary bodies of the Inland Transport Committee.**
