

**Activities of the organizations of the UN system and other relevant institutions in providing policy advice and technical assistance to the countries with economies in transition.**

**Introduction**

In its resolution 57/247 of 20 December 2002, the General Assembly reaffirmed the need for the full integration of the countries with economies in transition into the world economy. It also called upon the organizations of the United Nations system, including the Bretton-Woods institutions, in collaboration with other relevant multilateral and regional institutions, to continue to conduct analytical activities and to provide policy advice and technical assistance to the Governments of the countries with economies in transition in order to strengthen their social, legal and political framework for completing market-oriented reforms. The following is a complement to the report on integration of the economies in transition into the world economy, contained in A/59/301. It provides a summary of the activities carried out in response to resolution 57/247, based on contributions from 16 funds, agencies and organizations of the UN system and other relevant international institutions, and underscores the need and highlights prospects for continued support to those countries by the UN system.

**United Nations Department of Economic and Social Affairs (DESA)**  
**Contribution for the Report on the Integration of the economies in transition**  
**into the world economy (GA Resolution 57/247)**

Development Policy and Planning Office

DPPO/DESA produces the biannual Secretary General's report on integration of the economies in transition into the world economy. The particular focus of this report is an analysis that helps determine the progress achieved in this integration.

Division for Public Administration and Development Management

1. DPADM/DESA, in partnership with UNDP, supported the Government of Mongolia in assessing and analyzing the key challenges of Mongolia, particularly from the perspective of economic vulnerability, not only as an economy in transition, but also as a landlocked country that suffers periodic environmental crisis. DPADM has produced a report on the subject, entitled "Human Securities and Human Security in Mongolia" (28 June 2004).
2. DPADM/DESA is a member of the Organizing Committee of the Northeast Asia Economic Conference (NEAEC). The NEAEC is a regional networking organization (the members are China, Japan, Mongolia, Russia and North and South Korea) in existence for nearly 10 years, which aims to develop regional initiatives in economic development.
3. DPADM/DESA organized, in partnership with UNDP, the Expert Group Meeting on Globalization, Marketization and Corporate Social Responsibility, held in Moscow, Russia from 18-20 November 2003. Twenty experts, including three from Russia, attended the Meeting to mainly focus on the following objectives:
  - a) Recognition of the present status of globalization and marketization in CIS countries, including Russia;
  - b) Recognition of emerging social concerns and problems induced by globalization and marketization; and
  - c) Assessment of the rising corporate sector and social corporate responsibility.

Division for Sustainable Development

**The National Information, Monitoring and Outreach Branch** has organized the following two workshops:

- Regional Workshop on Capacity-Building in Governance and Public Administration for Sustainable Development in Countries with Economies in Transition (held in Thessaloniki, Greece, July 2002).

- Workshop on Governance for WSSD Implementation in Countries in Transition, Istanbul, Turkey, 16 - 18 September 2003, which was attended by a total of 80 people from 24 countries, and which addressed country experiences in the following dimensions:
  - institutional arrangements for implementing sustainable development;
  - the role of governance and public administration in the achievement and implementation of sustainable development; and
  - the role of regional organisations in promoting good governance for the implementation of WSSD outcomes

**The Water and Natural Resources Branch** is undertaking the following activities in Central Asia:

- Provided technical and financial support to the Government of Tajikistan in organizing the "Dushanbe International Freshwater Forum" in August 2003. At the DESA level, this support was coordinated with the Socioeconomic Governance Branch.
- In March 2004, at the request of the Government of Tajikistan, a water sector project formulation mission visited the country and prepared a project document. It is presently going through an internal review process. DESA will be submitting it to the Human Security Trust Fund to secure necessary funding.
- The Branch is also providing technical inputs to the socioeconomic governance branch in the implementation of a regional project: Networking and Capacity Building for Poverty Alleviation through Community-Based Development in the Areas Affected by Environmental Degradation in five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan).

Also, the Water Branch undertook:

- an SPPD on water quality in Estonia that led to a major EU project.

**The Energy and Transport Branch** is undertaking numerous projects in China, covering such areas as:

- energy efficient improvement
- commercialization of renewable energy
- air pollution control
- methane recovery from landfills
- development of coal-bed methane resources.

## Statistics Division

UNSD has contributed to the strengthening of statistical capacities in economies in transition to assist them in assessing and monitoring the transition process, by organizing and conducting several workshops in the areas of international trade statistics, and population and housing censuses. The census project was financed by the United Nations Population Fund (UNFPA).

## **Seminar on Dissemination and Marketing of Statistical Products**

UNSD organized a Seminar on Dissemination and Marketing of Statistical Products in Vienna, Austria, from 10 to 14 July 2000. The Seminar was attended by senior government officials, usually the head of census operations from 8 countries (Armenia, Belarus, Estonia, Latvia, Lithuania, Moldova, Russia and Ukraine).

## **Needs assessment missions with respect to census preparatory activities**

UNSD fielded various missions in October/November 2000 to Georgia, Armenia, Ukraine and Moldova aimed at assessing the status of census preparatory activities in these countries and at determining the need for training. All four countries were at that point in time preparing for a census, and, thus, the impact of the planned project activities was assumed to be largest. UNSD staff reviewed the census management structure including data processing arrangements; census preparatory work including census mapping, budget estimates for all census activities; census documents, such as questionnaires and tabulation plans; among other things.

## **Workshops**

- **Sub-regional Workshop on Census Management** for West CIS countries in Yerevan, Armenia, 28 May - 8 June 2001. The Workshop was attended by 11 participants coming from 4 countries.
- **Sub-regional Workshop on Census Data Processing** for four CIS countries (Armenia, Georgia, Moldova, Ukraine) in Kiev, Ukraine, from 11 to 21 June 2001. The Workshop was attended by 8 participants.
- **Workshop on Census tabulations** for the CIS and Baltic countries from 21 to 25 October 2002 in Kiev, Ukraine. Fifteen national experts from all 9 countries of the region participated in the workshop.
- **Workshop on Census Mapping and Dissemination with GIS**, on Riga, Latvia, 1 - 5 October 2001. The workshop was attended by 15 participants from 9 countries (Armenia, Azerbaijan, Belarus, Estonia, Kyrgyzstan, Latvia, Lithuania, Tajikistan, Ukraine).
- A regional workshop in compilation of international merchandise trade statistics, Vienna (Austria), 2 - 6 December 2002

## **National Trainings**

In addition to the regional and sub-regional workshops, the following three national training programmes were conducted during the year 2001:

- National Training on Census Management, Yerevan, Armenia, 27 - 31 July 2001. Twenty five participants attended the training;

- National Training on Census Management, Kiev, Ukraine, 3 - 7 September 2001. Sixty one participants attended the training;
- National Training on Issues of the Population Census in Georgia, Tbilisi and Batumi, Georgia, 23-27 October 2001 and 6-10 November 2001.

### **Fellowships/study tours**

The development of managing censuses was at different levels in the countries covered by the Project. Two intra-regional study tours were arranged, as part of the training exercise, to reinforce existing networks and create opportunities for some of the staff from two countries, that were working on their census plans at the time, to enable them learn from their peers best practices and share experience by observing pilot censuses in countries in the region. These study tours were organized for national statistical staff from Ukraine and Moldova.

### **Consultants service**

In addition to the above-mentioned training activities, three UNSD consultants were hired for specific short-term assignments during the project period 2001-2002. These assignments covered the provision of advisory services as well as the preparation of training materials and their translation into Russian.

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### **In addition to the above,**

- ensured the participation and contribution of representatives in expert group meetings and workshop in the field of demographic and social statistics (e.g. Expert Group Meeting on Setting the Scope of Social Statistics, Expert Group Meeting on Reviewing the *Demographic Yearbook* System)
- Statistics Division collects and processes demographic statistics, with special emphasis on meta-data, and makes them available through a number of regular and special issues of the *Demographic Yearbook*, thus bringing statistics on economies in transition in the focus of users worldwide.

## **“Integration of the economies in transition into the world economy”**

### **A report on the activities of the Economic Commission for Europe**

Over the past four years, economies in transition have generally made significant progress in their economic and political transformation. Market reforms have been accompanied with the opening of these economies, leading to their further integration into the European and global economy. But this transition and integration process has advanced at different speeds across countries and has contributed to increased economic heterogeneity across the region. This can be well illustrated by the fact that by 2002, 20 out of 27 countries had not reached their pre-transition real GDP level. On 1 May 2004 a group of eight central and east European countries became full members of the European Union, a major recognition of their achievements in economic transformation and re-integration into the European economy. Some of the CIS and SEE countries are still in the early stage of transformation. Russia’s “market economy status” has been recognized both by the EU and by the US recently. All post-transition countries, nowadays new EU members, are WTO members while this is the case for only 4 out of 7 countries from South East Europe and 4 out of 12 CIS countries. Those which are negotiating their future WTO membership are at various stages in this process and most of them are still struggling with basic systemic and structural reforms.

The UNECE has been instrumental in assisting transition economies in facing the policy challenges related to this diversity of situation in terms of transformation and integration, through its analytical, norms and standards-setting and technical assistance activities.

During the period 2000-2004 the *Economic Survey of Europe* (<http://www.unece.org/ead/survey.htm>) continued to review macroeconomic developments and structural reforms in the ECE region, with chapters focused on Eastern Europe and CIS countries. It also examined various policy issues in the transition economies, including the integration of some of them into the European Union. The studies concluded that the realization of the long-run growth requires deepening the systemic and structural reforms including the reduction of barriers to competition, increased flexibility of product, labour and capital markets.

The Annual (Spring) Seminar and the High-Level Policy Segment of the Annual Session of the Commission provided a forum for policy dialogue among policy makers, government officials, academics and representatives of the civil society in areas such as sustained growth, structural change, institutional reforms, business environment, labour market challenges and competitiveness, and ICT. Furthermore, it initiated its Wider Europe programme for promoting regional economic cooperation, stability and prosperity as well as preventing the emergence of new divides in the UNECE region between EU and non-EU members with economies at various stages of transition through regulatory convergence.

In the UNECE region – perhaps unlike the other regions – multilateral and bilateral trade arrangements proved to be second best solution and in the absence of global trade arrangements – even the best solution to promote economic cooperation and development in the region. The EU integration – that by far exceeds trade arrangements – has proved to be a strong engine for transformation of the economies from planned to market. The UNECE contributed to this process by promoting the implementation of norms, standards and

recommendations, conventions and protocols and non-binding legislations in trade, environment and transport, by its activities in development of transport infrastructure, technical cooperation, statistics and energy.

The main constraints faced in the transport sector by transition economies are insufficient or inadequate transport infrastructures, conflicting legislations and time consuming border procedures. In response to these problems, UNECE facilitated the participation of transition economies in the international transport standard-setting bodies, assisted them in the modernization of their transport systems and infrastructures and helped them make border crossing easier. Most transition economies became Contracting Parties to the main UNECE international Agreements and Convention on transport. UNECE also provided strategic guidance and support to sub-regional cooperation among East European governments in the framework of the TEM and TER Projects, establishing an inventory of the priority transport infrastructure needs of these countries. In cooperation with ESCAP, UNECE started the implementation of a UN Development Account Project, aimed at identifying the main Euro-Asian routes for development and covering also intermodal and border crossing issues. The project involves the participation of 18 countries with transition economies, including all Caucasus and Central Asian countries.

UNECE responded to the urgent need for technical assistance and capacity-building for countries in transition in the area of trade facilitation with focus on technical harmonization and standardization, e-commerce and e-business (like UN/EDIFACT, UN e-Docs) in order to reduce trade transactions costs, increase stimuli for SMEs and promote FDI.

In the energy sector in countries in transition, UNECE focused on issues such as the restructuring in coal-mining, the liberalization of energy markets, energy security and energy-efficiency and on electricity transmission.

Countries-in-transition face problems with management of natural resources, air and water pollution, accumulated waste, including hazardous waste and toxic chemicals, and their related impacts on health, employment and security. Lack of data, institutional weakness and limited international cooperation have further complicated the situation. UNECE has supported sustainable development in the countries-in-transition through its Environmental Performance Review (EPR) Programme, its role in the Ministerial Conferences "Environment for Europe" (EfE), and work in its five regional conventions related to air, water, environmental impact assessment, industrial accidents, and public access to environmental information and justice. EPRs, which assess a range of issues, have brought national attention to the need for capacity-building at both national and local levels, and for strengthening compliance and enforcement mechanisms. The Reviews have also provided a forum for sharing experience and dialogue among the stakeholders in the country, among different countries in transition, and between countries-in-transition and other ECE member States. The EfE Conferences, for which UNECE provides the Secretariat, at the most recent EfE Conference (Kiev, 2003) adopted an Environment Strategy for Countries of Eastern Europe, the Caucasus and Central Asia, and supported the preparation of a partnership agreement on transboundary water problems, environment and security in Central Asia.

In order to monitor the progress in transition and integration into the world economy, countries with economies in transition have to develop or improve their national statistics. This has created the need for strengthening the statistical capacity at the national and regional levels. UNECE has played a major role in this area, through the development of standards

such as the “Fundamental Principles of Official Statistics”, the “Recommendations for Population Censuses”, etc, and through including these countries in expert meetings on national accounts, etc.

UNECE continued to provide technical assistance to the economies in transition, focused on the implementation of legally binding instruments, agreed recommendations, norms and standards, on the development of national policies, regulations and actions. The main channels of providing technical assistance have been capacity-building workshops, seminars, study tours, policy advisory services and field projects in the areas of environmental protection, energy efficiency, transport infrastructure development, trade facilitation, development of statistics, entrepreneurship and property markets. In order to maximize impact in capacity building and promote exchange of experiences among neighboring countries, many of UNECE’s technical assistance activities were undertaken in cooperation with subregional initiatives such as the Black Sea Economic Cooperation (BSEC), the Central European Initiative (CEI), the South-east European Cooperative Initiative (SECI), and the Special Programme for the Economies of Central Asia (SPECA) and international organizations (EU, OECD, IMF, the World Bank, UNDP).



## **Activities undertaken by ESCAP for the economies in transition in July 2000-July 2004.**

### 1. Analytical work

- The annual Economic and Social Survey of Asia and the Pacific issued in 2000-2004 reviewed progress made by the countries with economies in transition in the ESCAP region over the past years in their economic transformation to a market-based economy and assessed macroeconomic performance, issues, policies and socio-economic implications and prospects. The Surveys focused on the feasibility of achieving the millennium development goals by the countries concerned including poverty, education, health, gender quality and the environment. Current trends of integration of the countries with economies in transition into regional and world economies were also examined.
- A publication on “Managing globalization in selected countries with economies in transition” was undertaken and distributed among the policy makers in the countries with economies in transition in 2003. The publication brought out the salient features, issues and problems of the globalization process emerging in economies in market-oriented transition in the ESCAP region. It also reviewed at length the country-specific conditions and circumstances, the progress in implementing macroeconomic reforms as well as the remaining agenda of policy reform and capacity-building to better manage the challenges and opportunities of economic growth, structural diversification and competitive globalization.

### 2. Promoting regional/subregional cooperation

- In close cooperation with ECE, ESCAP organized the International Economic Conference on Tajikistan in the Regional Context of Central Asia in Dushanbe, in April 2003. The conference adopted a Strategy of subregional economic cooperation in Central Asia prepared by ESCAP. The Strategy identified some areas of economic cooperation among Central Asian countries where either the current initiatives needed to be

strengthened and effectively implemented or new initiatives were required. The document also identified areas where international financial/technical assistance was considered essential.

- As a follow-up to the letters from the UN Secretary-General to the six member countries of SPECA, the Executive Secretary of ESCAP, together with the Executive Secretary of ECE, visited Uzbekistan, Turkmenistan and Tajikistan and met with a number of high-level representatives of the three Governments to discuss proposals on more active participation of all member states in SPECA programmes. The two Executive Secretaries also signed with the President of Tajikistan, who is also President of the International Fund for Saving the Aral Sea (IFAS), a MoU for cooperation in the implementation of thematic programmes and capacity building of IFAS.

### 3. Operational activities:

- Subregional seminar on macroeconomic policy analysis and modeling in the economies of Central Asia, Tashkent, Uzbekistan, June 2001;
- International Economic Conference on Tajikistan in the Regional Context of Central Asia, Dushanbe, Tajikistan, April 2003;
- National seminars on capacity building in Central Asian countries for managing globalization: Kazakhstan, Almaty, June 2003; Uzbekistan, Tashkent, June 2003; Kyrgyzstan, Bishkek, August 2003; Azerbaijan, Baku, August 2003; Armenia, Yerevan, October 2003; and Tajikistan, Dushanbe, October 2003.
- National seminars on strengthening income and employment generation for vulnerable groups of population in Central Asian countries during economic transition: Azerbaijan, Baku, April 2004; Kazakhstan, Almaty, May 2004; Kyrgyzstan, Bishkek, May 2004; Armenia, Yerevan, May 2004; and Tajikistan, Dushanbe, May 2004.

**FAO Contribution to the Secretary-General's Report on the  
implementation of GA Resolution 57/247:  
“Integration of the economies in transition into the world economy”**

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- Initially, transition from centrally-planned to market-oriented economies involved reform of the agricultural sector focussing on: the liberalization of prices and markets, privatization of land, the de-monopolization and privatization of food processing and trade in agriculture produce, the creation of a functioning rural banking system and establishment of an institutional structure and system of state administration. More recently, the accession of ten former centrally-planned economies to the European Union has brought new challenges.
- FAO assistance in agriculture, food safety, forestry and rural development has been provided through: direct policy advice, capacity-building activities, and technical assistance in the form of field projects.
- Indicative assistance activities include support in the following areas: links to production support services; high-quality input supplies; marketing and market information channels; strengthening capacity for phytosanitary control measures; methodologies and tools for land use mapping and planning; national food safety control systems to meet international trade requirements; biotechnology and biosafety needs, policy and legislation; a methodology for land consolidation, capacity-building in how to use land tenure data in the formulation of agricultural and rural development policies and methodological approaches for meeting EU requests; national systems for food and agricultural statistics. Farm commercialization and income diversification on the road to EU accession; forestry sector development – priorities for investment, institutional structures and capacities, and harmonizing and developing policy, legal and institutional instruments to support public and promote forestry - including regular forestry programmes, plan and strategies.
- A more detailed description of some FAO activities in countries in transition can be found at:

[http://www.fao.org/world/Regional/REU/index\\_en.htm](http://www.fao.org/world/Regional/REU/index_en.htm)  
(FAO Regional Office for Europe)

[http://www.fao.org/world/Regional/REU/Content/RPriorities/index\\_en.htm](http://www.fao.org/world/Regional/REU/Content/RPriorities/index_en.htm)  
(Regional priorities)

[http://www.fao.org/world/Regional/REU/Content/FProgramme/index\\_en.htm](http://www.fao.org/world/Regional/REU/Content/FProgramme/index_en.htm)  
(National and Regional Projects)

**International Civil Aviation Organization (ICAO)**  
**Contribution to the report on the integration of the economies in transition into the world economy**  
**(GA Resolution 57/247)**

Recognizing that the growth and improvement of international air transport can make important contributions to the social and economic development of States, ICAO, through its Technical Co-operation Programme, provides support to countries with economies in transition with a view to promoting their achievement of self-sufficiency in the field of civil aviation, thus facilitating their integration into the world economy. In this regard, the safe and secure conduct of air transport operations is dependent upon a well-structured civil aviation authority capable of fulfilling its international responsibilities and enforcing internationally-applicable safety standards. The satisfactory provision and operation of air navigation facilities and services is, in turn, reliant on a high standard of personnel training in a wide range of disciplines and emerging technologies.

Primary requirements of countries with economies in transition for ICAO assistance have concentrated in the development of human resources and the strengthening of civil aviation institutions. Technical assistance has been provided by ICAO on a regional, sub-regional and country-specific basis through, *inter alia*, the provision of field experts, the training of national civil aviation personnel, the development of Civil Aviation and Airport Master Plans, the formulation of adequate legal frameworks, including civil aviation rules and regulations in accordance with ICAO standards and recommended practices (SARPs), and the procurement of the necessary equipment. Particular consideration has been given to the restructuring of Civil Aviation Departments and the desirability of establishing Autonomous Civil Aviation Authorities, where improved efficiency and financial results could be achieved.

Since 2001, ICAO has provided support to the Commonwealth of Independent States (CIS) within the framework of the fund established by the CIS, Airbus, the Boeing Company, General Electric, the European Commission (EC), the Ilyushin Aviation Complex and the Interstate Aviation Committee. The aim of this technical cooperation project is to enhance the flight safety capabilities of participating States by means of the establishment of a regional training and advisory centre. This Centre should be capable of providing assistance to States in overcoming identified safety-related deficiencies, as well as in the training of safety inspectors and in the harmonization of national civil aviation legislation, as may be required.

ICAO also continued to cooperate with Bosnia and Herzegovina through a technical cooperation project funded by the EC, in order to establish an effective and efficient civil aviation authority and to assist in the formulation of detailed national civil aviation regulations in compliance with ICAO SARPs.

## **ILO contribution to the UNGA Resolution 57/247**

The ILO conducts research on employment protection legislation and labour market policies and their impact on employment and unemployment trends with a view to assisting the transition economies to strike a good balance between flexibility for enterprises and employment and income security for workers. On this basis the ILO provides, at the request of the countries concerned, policy advice on improving national labour legislation and policies and on strengthening their labour market institutions. In close cooperation with its national constituents (Ministries of Labour, and Employers' and Workers organizations), the ILO launches pilot programmes to implement policy conclusions. The programmes are targeted at vulnerable groups, in particular the long-term unemployed, women, young people and workers with disabilities. As a result the ILO is raising the awareness of national labour market institutions of the need for an integrated approach to labour market challenges and contributes to national capacity building.

In collaboration with the Council of Europe and with support from the Belgium Government, the ILO is providing assistance to the countries grouped under the Stability Pact. This assistance is directed towards reviewing their employment policies and capacity building of their employment services.

Another axis of the ILO's efforts (through policy advice and technical expertise) has been targeted at assisting the EU accession countries in achieving their "Acquis Communautaire".

Extensive technical assistance is also provided to labour ministries and the social partners in Azerbaijan, Kazakhstan and Kyrgyzstan to help develop and implement national employment policies and programmes.

The ILO has been invited to assist member States to enhance labour market policies not only at the national, but also at the regional level, for example in the region of Lodz, Poland. The positive experience gained from this project has been shared with other regions of the country.

The ILO is currently researching the actual role of social dialogue in the formulation, implementation and evaluation of employment policy in 11 European and Central Asian countries, including five former, or current, transition countries: Czech Republic, Estonia, Poland, Russian Federation and Kazakhstan. The research has resulted in a series of country studies being undertaken to assess the actual involvement of the social partners in employment policy formulation and implementation, as well as a comparative study drawing important policy conclusions targeted at strengthening the role of social dialogue and capacity building of the social partners.

## **CONTRIBUTION FROM THE INTERNATIONAL MARITIME ORGANIZATION**

### **TECHNICAL CO-OPERATION FUND – REPORT IN THE CIS/EASTERN EUROPE REGION SINCE JULY 2000**

#### **2000**

- 140 people have been trained through various maritime safety and marine pollution prevention courses
- the Black Sea Memorandum of Understanding on port State control was prepared and signed
- a draft Regional Contingency plan for Combating Pollution in the Black Sea by oil was prepared

#### **2001**

- 242 people were trained through various maritime safety and marine pollution prevention courses
- 7 advisory missions were fielded concerning maritime safety and environment protection
- 11 national and regional courses were delivered during the year in the field of maritime safety and environment protection

#### **2002 – 2003**

- 285 people have been trained through various maritime safety and marine pollution prevention courses
- 3 advisory missions
- 10 national and regional seminars/training courses were delivered during the 2002/2003 biennium in the field of maritime safety, security and environment protection

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## INTERNATIONAL MONETARY FUND

1. The International Monetary Fund has continued to support transition countries in their efforts to advance economic transformation. Structural reform and institution-building have continued in these countries, albeit at varying speeds.
2. The most advanced transition countries (the Baltics and central European economies) achieved a notable milestone in May 2004, when they joined the European Union. IMF surveillance in the new EU member states will focus on the main challenges they face ahead-replacing their currencies with the euro and meeting the Maastricht convergence criteria. The Fund continues to provide policy advice and, in some cases, financial support, to the economic programs of the remaining transition countries, with a view to consolidating stabilization gains and promoting structural reform and improvements in governance and in the business environment. For the countries aspiring to join the EU in the near future (Bulgaria, Romania, and Croatia), the focus is on exit programs that will prepare these countries for EU accession. The Fund has also provided assistance to the UN in special cases (Cyprus and Kosovo).
3. Progress in the CIS has been uneven. In Russia, reforms need to be accelerated to help diversify the economy and sustain strong growth when oil prices decline from their current highs. For the CIS-7 countries (Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan, and Uzbekistan) the economic situation has improved significantly since the CIS-7 initiative was launched in 2001. During 2001-03, real GDP growth picked up in most of the CIS-7 countries, fiscal performance strengthened, debt sustainability indicators improved, and donors' assistance increased. However, developments in many structural areas, such as business climate, governance, core public service delivery, and trade facilitation, have been mixed and most countries still face serious challenges. Reform progress in some central Asian countries (Uzbekistan and Turkmenistan) remains slow and the realization of the region's economic potential is still hampered by regional and subnational conflicts and the persistent problems affecting regional cooperation in the areas of trade, transit, and investment. Some countries need to take substantial steps to establish reform track records to unlock official debt relief, and address poor investment environments, trade barriers, and governance concerns, so as to attract foreign investment and spur export-led growth.
4. The IMF's involvement with transition economies has also included technical assistance, co-financed by the European Union, the UNDP, the World Bank, central banks, and bilateral partners. In addition, the Fund has attached importance to helping with the training of officials responsible for the management and implementation of economic policy, especially through the Joint Vienna Institute. Moreover, several transition economies have taken part in the Fund's initiatives to strengthen the architecture of the international financial system, including undertaking full transparency reports, carrying out reviews of observance of international standards and codes in areas such as monetary and fiscal affairs, participating in Financial Sector Assessment Programs (FSAPs) conducted jointly by the Fund and the World Bank, and publishing IMF staff reports.

## **United Nations Conference on Trade and Development (UNCTAD) Contribution for the Report on the Integration of the economies in transition into the world economy (GA Resolution 57/247)**

- UNCTAD's World Investment Report (WIR), 2002, reported on the increase in FDI flows to the economies in transition of Central and Eastern Europe (CEE) (please see chapter III of the report under : [http://www.unctad.org/en/docs/wir2002p1ch3\\_en.pdf](http://www.unctad.org/en/docs/wir2002p1ch3_en.pdf)). WIR, 2003 pointed to FDI inflows to CEE having reached a new high of \$29 billion in 2002 and the necessity for the region's EU-accession countries to harmonize their FDI regimes with EU regulations. The stability in FDI inflows in 2001–2002 could be attributed partly to the positive impact of the anticipated EU enlargement on investment, in both accession and non-accession CEE countries. This represented a major asset for future FDI flows because the momentum should keep FDI flows strong once the current wave of large privatization deals was over in Czech Republic, Slovakia, Slovenia and to a less extent Poland (for details please see chapter II of the report: [http://www.unctad.org/en/docs/wir2003ch2\\_en.pdf](http://www.unctad.org/en/docs/wir2003ch2_en.pdf)).
- UNCTAD's advisory report containing an investor targeting strategy for Albania outlining its potential as a **foreign direct investment (FDI)** destination and how to further develop that potential, launched in Tirana on 21 February 2003. As a follow-up event, UNCTAD participated in a Donors Round Table in Tirana (3 July 2003) to help secure operation funding for the new Albanian Foreign Investment Promotion Agency, which will play a key role in the strategy; provision of technical assistance to the Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) to develop a national investment promotion strategy that will guide FIPA in the promotion of FDI to BiH. The strategy will develop image building, investment generation and corporate development support programmes for FIPA. The envisaged technical assistance will also include developing an industrial clusters strategy for BiH centred on attracting FDI to industrial parks in BiH.
- Provision of UNCTAD's materials on the Third Generation of Investment Promotion and Investor Targeting as training for the Latvian Development Agency, its investment promotion agency, on best practices in investment promotion and investor targeting;
- Preparation of an investor targeting strategy for the electronics sector of the Moscow region, which is one of the largest economic entities of the Russian Federation, which will serve as a pilot project for other sectors in the Russian Federation. Key objective is to increase the level of competitiveness of enterprises in the electronics industry, particularly through attracting FDI to this high technology sector;
- Events on international investment agreements (IIAs) during 2003 at which transitional economies participated: joint WTO/UNCTAD regional seminar on the evaluation of the implication of closer multilateral cooperation in the area of long-term cross-border investment, particularly foreign direct investment (Prague, Czech Republic, June 2003); joint WTO/UNCTAD regional seminar on the evaluation of the implication of closer multilateral cooperation in the area of long-term cross-border investment, particularly foreign direct investment (Islamabad, Pakistan, June 2003); joint WTO/UNCTAD workshop on the evaluation of the implication of closer multilateral cooperation in the area of long-term cross-border investment, particularly foreign direct investment (Geneva, April 2003);
- Forthcoming investment activities for transitional economies include the UNCTAD intensive training course on issues in IIAs for francophone countries, to be held in Romania, in December 2004, and a BITs negotiation facilitation round, also to be held in Romania, tentatively scheduled for June 2005.
- Entrepreneurial training workshops (ETWs) in the context of UNCTAD's Empretec Programme to foster entrepreneurship in Romania. Seven ETWs have been held for about 200 existing and potential entrepreneurs. The wider goal is to establish a fully operational, legally independent and sustainable Empretec Romania Centre by 1 January 2005. In June 2004, UNCTAD made a



presentation on the Empretec Programme to foster entrepreneurship at the training workshop, organized by the Economic Commission for Europe, on the development of entrepreneurship and the SME sector in the Republic of Moldova. UNCTAD continued to assist in developing and introducing national standards for accounting for the Russian Federation, particularly with regard to drafting standards applicable to small and medium-sized enterprises;

- UNCTAD and the World Association of Investment Promotion Agencies (WAIPA) and OCO Consulting, organized a regional workshop on cluster creation and development (Riga, Latvia, 17 - 18 July 2003). Over 30 participants from 11 central and eastern European countries attended the two-day workshop that highlighted international best practices in industrial cluster creation;

**UNCTAD's annual Trade and Development Report (TDR)** in its analysis of the current global economic trends and prospects, provides on a regular basis an assessment of the economic performance and prospects of the economies in transition in its part one with a particular emphasis on international trade, investment and financial flows in these countries (For TDR 2002, see: [http://www.unctad.org/en/docs/tdr2002ch5\\_en.pdf](http://www.unctad.org/en/docs/tdr2002ch5_en.pdf). TDR 2003 states that in the transition economies, while growth remained relatively strong on the basis of domestic demand, there were also considerable differences between countries. Many of the transition economies in Eastern Europe and the Commonwealth of Independent States (CIS) had faced relatively stable external conditions, which with an expansion of domestic demand, had contributed to maintaining output growth at a rate considerably higher than the world average in 2002. However, growth in many of the countries that were candidates for accession to the EU had relied on increased capital inflows (see chap. II of TDR 2003). In some countries, the rise in domestic demand had led to a further deterioration in current-account deficits, while in others a slowdown in growth had not led to a reduction in these deficits. Relatively high nominal interest rates and optimism generated by the agreements on accession to the EU had attracted inflows of short-term capital, leading to an appreciation of real exchange rates and accelerating the deterioration in the current account. Hungary, as well as the Czech Republic and Poland, had experienced a real appreciation of their exchange rates of 20 per cent in the previous two or three years. Only in Poland had the appreciation slowed in reaction to the slowdown in growth. The reduction of inflation, coinciding with rapid nominal wage growth, had increased real wages and private consumption but had not been accompanied by a strong increase in investment or by restructuring of domestic industry to improve competitiveness and exports. Growth had not been associated with an easing of the external constraint and thus remained dependent on capital inflows. In the CIS economies, growth was close to 5 per cent in 2002, primarily due to strong petroleum prices, which allowed a rapid expansion of wages and consumption. Although GDP grew by close to 6 per cent in 2002, there had been a significant improvement in the Russian Federation's current-account balance as a result of increased oil revenues, a development which also improved its access to international financial markets. Other sectors continued to be weak and the non-oil trade balance was in large deficit. The region was vulnerable to a weakening of oil prices, an outcome which could be aggravated by reduced access to external finance. (please see [http://www.unctad.org/en/docs/TDR2003ch1\\_en.pdf](http://www.unctad.org/en/docs/TDR2003ch1_en.pdf) - part C of chapter 1 and chapter II.

- On **debt**, UNCTAD has supported the transition economies on the renegotiation of their external debt with the Paris club as follows: Bosnia and Herzegovina (12 July 2000); Georgia (6 March 2001); Kyrgyzstan (7 March 2002); Macedonia, The Former Yugoslav Republic (11 September 2000); Serbia and Montenegro (16 November 2001); and Ukraine (13 July 2001);
- **Development and Globalization: Facts and Figures** is a compact statistical reference book for evaluating the growth prospects of developing countries and economies in transition. It provides basic information in a user-friendly format on subjects addressed by UNCTAD, such as trade, investment, external finance, commodities and development issues, together with relevant facts about population;
- **UNCTAD's annual Handbook of Statistics** provides a comprehensive collection of statistical data relevant to the analysis of international trade, investment and development, for individual countries and for economic and trade groupings, including economies in transition;

- Preparation of **UNCTAD Discussion Papers**: *China's accession to WTO: exaggerated fears?*; Discussion Paper No. 165 (UNCTAD/OSG/DP/165); *China's WTO accession: its impact on Chinese employment*, Discussion Paper No. 163 (UNCTAD/OSG/DP/163); *The challenge of globalization for large Chinese firms*, Discussion Paper No. 162 (UNCTAD/OSG/DP/162); *China's terms of trade in manufactures 1993-2000*, Discussion Paper No. 161 (UNCTAD/OSG/DP/161); *The impact of China's accession to WTO on the exports of developing countries*, Discussion Paper No. 160 (UNCTAD/OSG/DP/160); *Science and technology policies, industrial reform and technical progress in China. Can socialist property rights be compatible with technological catching up?* Discussion Paper No. 155 (UNCTAD/OSG/DP/155).

- Cooperation programme requested by the Chinese Government to further understanding of the **opportunities and challenges of economic globalization**. The first stage consists of the joint conduct of specific studies on issues of immediate concern to China in the process of economic globalization, workshops and training seminars. A second phase will cover a wider scope of issues and studies including those of a regional dimension;

- **Capacity building for diversification and commodity-based development** - workshop on food security and agricultural diversification in Almaty, Kazakhstan (12-13 November 2001) – for the background paper, "Food Security in Central Asia: Economic Opportunities, Policy Constraints, and Future Challenges", a summary of discussions and recommendations, and list of participants, please see <http://r0.unctad.org/infocomm/Diversification/almaty/almaty.htm#>; national workshop in Tashkent, Uzbekistan (17-18 September 2002) on diversification of the agricultural sector, international trade and development; joint UNCTAD-UNECE-WTO-OECD national workshop on International Trade in Agricultural Products in Chisinau, Moldova (28-30 April 2004); sixth annual Conference of the Association of Futures Markets in Moscow, Russian Federation (19-23 March 2003) analyzed the strategic role of emerging exchanges in collecting and disseminating information. Most of the commodity exchanges in countries with economies in transition have been created in the last ten years and there is an important need for them to exchange information and experiences. The UNCTAD International Portal on Commodity information, INFOCOMM, was presented and seen as an interesting tool to facilitate this process;

- Fourth International Commonwealth of Independent States (CIS) Business Summit (London, 25-27 June 2003), and Minerals and Metals Trading Summit (London, 12-18 October 2003) at which UNCTAD's representative made presentations on the impending creation of a common economic space between Russia, Kazakhstan, Ukraine and Belarus, how it can affect their prospects for joining the WTO and OECD, and on the future EU-Russia trade relations and the possible creation of the EU-Russia economic zone;

- UNCTAD-European Union international conference on modern **competition policy**: new challenges in Kiev (18-19 May 2004). The meeting was attended by the heads of competition or anti-monopoly bodies of member countries of the CIS, as well as high-level representatives of the European Countries, Germany, France and Republic of Korea;

- UNCTAD continued to assist Member States of the United Nations who are in the process of **accession to the WTO**; organization, in cooperation with the University of Prague (July 2004) of a training course on key issues on the international economic agenda, including accession to the WTO and the interface between regionalism and multilateralism for countries with economies in transition. The provision of such assistance is tailored to meet the commitment of the Member States to further integrate into the international trading system, including through shifting into more market-oriented economies. It is geared to increase the awareness of the acceding country's negotiating team of the substance and process arising from the accession process, increasing their understanding of the WTO rules and disciplines including the special and differential treatment and other developmental provisions - and their implications for national policy options;

- In 2003, assistance was provided to Kazakhstan, the Russian Federation, and Serbia and Montenegro on (a) supporting the preparations of national negotiating teams for the meetings of the WTO Working Parties on Accessions, including identifying negotiating strategies and tactics, preparation of the Memorandum on the Foreign Trade Regime and written questions from WTO members; (b) workshops to sensitize government officials, civil society and the private sector on the benefits and challenges of WTO membership, including on the developmental provisions in WTO Agreements and the process of accession (c) assisting in the preparation of offers on market access in goods and services and commitments on agricultural support measures sectors; (d) providing expertise and advice on strengthening capacity building in the area of trade policy; and (e) training of trade officials in specific trade policy issues;
- Sector-specific studies for the economies in transition to identify export opportunities with particular emphasis on the **impact of liberalization and privatization on access to essential services**. UNCTAD's work on the interlinkages between trade, energy and development. Recent analytical work and publications include: *Managing "Request-Offer" Negotiations under the GATS: The case of Energy Services*, UNCTAD/DITC/TNCD/2003/5, 23 May 2003; *Energy and Environmental Services: Negotiating Objectives and Development Priorities*, UNCTAD/DITC/TNCD/2003/3, United Nations, New York and Geneva, 2003; *Identification and analysis of modalities and specific measures to make effectively operational Article IV in the context of the negotiations under the General Agreement on trade in services (GATS)*; documentation for regional preparatory seminars for the Fifth WTO Ministerial meeting in Cancun contained background elements on the state of play of negotiations and the analysis of proposals on Article IV of GATS; Analysis of ways and means of facilitating export of labour-intensive services through further commitments in relation to movements of natural persons within GATS Mode 4.
- UNCTAD continued to implement its joint UNCTAD/Economic Cooperation Organization (ECO)/Economic and Social Commission for Asia and the Pacific (ESCAP)/Islamic Development Bank (IsDB) project on **multimodal transport**. National consultants undertook eight national diagnostic studies focussing on trade facilitation issues, the outcomes of which were incorporated into the UNCTAD-prepared region-wide consolidated report, which was presented at the regional workshop on multimodal transport and trade facilitation in the Economic Cooperation Organization (ECO) region (Tehran, 28-31 May 2004); UNCTAD provided technical assistance to regional intergovernmental organizations in the Central Asian Republics in developing a **Trade and Transport Framework Agreement (TTFA)** and participated in a number of intergovernmental and expert group meetings;
- **ASYCUDA implementation of Customs Modernization Programmes**; UNCTAD has been closely involved in the preparatory phase and design of the Customs Modernization and Trade Facilitation project in Afghanistan, in close cooperation with Transitional Islamic State of Afghanistan (TISA), the World Bank, UNOPS and other development partners. The key objective is to increase Government revenues from Customs through improved administration and collection of existing customs revenues and facilitating trade and transit. UNCTAD will provide technical assistance to TISA in the installation of the UNCTAD ASYCUDA system within the Afghan Customs Department and implementation of trade and transport facilitation measures in close coordination with the Ministry of Commerce and with the participation of the Ministry of Transport and the Chamber of Commerce. This will cover transit agreements, transit transport corridor arrangements, trade and transport documents and related legislation, accession to the TIR convention, and strengthening the role of the private sector (road and freight forwarding industries).
- UNCTAD and UNECE organized the Regional Conference for Transition Economies on "ICT and E-Commerce Strategies for Development" (Geneva, 20-21 October 2003) to share experiences on the development of **ICT, e-business and e-commerce** in the transition economies. The Conference benefited from the expertise of international, regional and national experts. The recommendations of the conference, which draw the attention of the international community to the role of e-business and e-commerce in transition economies, served as input to the first phase of the World Summit of the Information Society held in Geneva (10-12 December 2003).

**UNESCO Contribution to the General Assembly Report on the  
integration of the economies in transition into the world economy  
GA resolution 57/247**

- UNESCO has been supporting the TELECENTAR network in South Eastern Europe to develop services for the local communities that will improve their economic prospects. With the help of UNESCO, the centres offer computer-training qualifications and a series of innovative life skills training modules, in order to ensure that the technical training offered is enhanced with complementary skills increasing employment prospects. The telecentres in Bosnia and Herzegovina, Croatia, Serbia and Montenegro are linked to local FM radio stations, and radio programmes are produced and broadcast popularising these courses among local communities.
- A regional training seminar on information technologies for youth leaders from the Caucasus was held in Tbilisi, Georgia, in October 2003, within the framework of the INFOYOUTH programme. The programme stimulates economic integration of at-risk youth, providing them with opportunities for employment through various web-design skills training, and helps with business management and financing of their ventures.
- In the field of media and communication, UNESCO is coordinating the News Exchange project “ERNO” in South East Europe with the support of the European Commission. ERNO targets to reinforce the tradition of cooperation of public broadcasters of the region of South East Europe, to improve the professionalism of TV news staff and to develop the quality of the news stories and bulletins, thus strengthening democracy and peace in SEE via public TV. UNESCO also organised, in 2004, the annual World Press Freedom Day in Belgrade, Serbia Montenegro, where the central theme discussed was “Support to Media in Violent Conflict and in Countries in Transition”.
- UNESCO sponsored a meeting on “Science and Technology Indicators and Statistics for Policy Making in South East Europe” aiming at the creation of a network of institutions active in these fields and willing to collaborate. The meeting took place in Sofia, Bulgaria, 16-18 November 2003. The participants were S&T indicators and policy specialists from Albania, Bulgaria, Croatia, Greece, FYR Macedonia, Romania, Serbia & Montenegro and Turkey.
- UNESCO has been instrumental in the creation and development of community centres for social and psychological rehabilitation in Belarus, the Russian Federation and Ukraine, countries directly affected by the Chernobyl disaster. Assistance was provided in the area of post-disaster education and information. The Organization promotes the implementation of the Preventive Education Programme, including education concerning the risks of nuclear contamination. The programme covers training of pupils, students, teachers and parents with a view to managing the contaminated environment.
- UNESCO International Institute for Educational Planning (IIEP) continued co-operation with the Prague-based Center for Economic Research and Graduate Education Economics Institute Foundation (CERGE-EI Foundation) for research in transition economies. Two critical areas of need at CERGE-EI were addressed,

notably the lack of permanent senior faculty, and the academic difficulties faced by students from transition countries where the need for modern economists is most critical – the Balkans, Caucasus and Central Asian Republics.

- UNESCO IIEP launched a comparative analysis of higher education financing in Europe to help the transition economies in need of policy advice to deal with financial constraints in this field. The institute also analysed the various modes of school financing and management, through seminars on governmental regulations concerning education in Eastern Europe and in South and Southeast Asia.
- The UNESCO Office in Venice is pursuing a capacity-building strategy in the natural sciences in favour of the transition countries of South East Europe, part of which involves the networking and reinforcement of research institutions in areas of potentially economic importance such as genomics, biotechnology, nanotechnology and seismology. In addition, initiatives are being launched by this Office to assist such countries of the sub-region – which have enormous natural and cultural resources – develop sustainable ecological and cultural tourism.

## UNEP/ROE's activities in economies in transition

- UNEP/ROE assisted in the development and currently in the implementation of the **Framework Convention on the Protection and Sustainable Development of the Carpathians** adopted and signed in Kiev in May 2003. (<http://www.unep.ch/roe>)
- The joint UNEP/IUCN/REC/ECNC **Biodiversity Service** promotes and facilitates the implementation of the Convention on Biological Diversity (CBD) in countries of Eastern Europe, the Caucasus, and Central Asia, by providing assistance in implementing their National Biodiversity Strategies and Action Plans (NBSAPs). . (<http://www.strategyguide.org/bioserve/>)
- The principal aim of the joint UNEP/Council of Europe **Pan European Biological and Landscape Diversity Strategy (PEBLDS)** is to ensure the sustainability of the European natural environment with special emphasis on concerted European action under existing initiatives, particularly the CBD. (<http://www.strategyguide.org/>)
- Launched in 2002, the joint UNEP/UNDP/OSCE **Initiative on Environment and Security in Europe** promotes and assists in building capacity for using environmental management as a strategy for enhancing cooperation and reducing insecurity, with an initial focus on South Eastern Europe and Central Asia, and the preparation of maps of environmental security hotspots. (<http://www.grida.no/enrin/security.cfm>)
- UNEP/ROE's project on **Sustainable Consumption Opportunities for Europe** (SCOPE), aims at raising awareness and promoting action on sustainable consumption, in Eastern Europe. (<http://www.unep.ch/scope>).
- Within the framework of the World Bank/UNDP/UNEP/TACIS implemented GEF project on the **Caspian Environment Programme (CEP)**, UNEP services the implementation of the **Framework Convention for the Protection of the Marine Environment of the Caspian Sea**", signed in Tehran in November 2003 and provides assistance to riparian countries in strengthening their capacity and cooperation on legal and economic measures for environmental management. (<http://www.unep.ch/roe> and <http://www.caspianenvironment.org/>)
- UNEP/ROE services and supports the implementation of **Multilateral Environmental Agreements (MEAs)** in close cooperation with several partners. (<http://www.unep.ch/roe>)
- Through the **Environmental Information Management: Capacity Building for GEO "formerly ENRIN in CEE&NIS" and Aarhus Service**, UNEP and GRID-Arendal, in partnership with the EEA and the UN/ECE, provide countries with practical solutions in the field of "environmental information for decision-making", and implementing the "**Aarhus Convention**". (<http://www.grida.no>)

**GA Resolution 57/247:  
“Integration of the Economies in Transition into the World Economy”**

**UNIDO Activities**

The United Nations Industrial Development Organization (UNIDO) has concentrated efforts to strengthen the regional cooperation in the countries with economies in transition in Central and Eastern Europe and the CIS in order to achieve their faster integration into the global economy. Regional programmes have been initiated in technology foresight that provides inputs for the formulation of technology policies and strategies guiding the development of the technological infrastructure, and in e-productivity and quality to increase competitiveness, in particular of SMEs, through the use of information technologies. Both programmes are initiatives that originated from regional UNIDO fora organized in Budapest and Warsaw. The Governments of Hungary and Poland respectively have been won as key partners for cooperation in these programmes. In such regional cooperation UNIDO is utilizing the experience, which the advanced transition countries have gained in their transition process that led them to join the European Union (EU) and is encouraging them to assume the role of emerging donors, particularly for the funding of programmes and projects of neighbouring countries.

Other regional UNIDO events included the Regional Forum on Strategies and Priorities for Environmental Industries in Bratislava, the Vienna Climate Change Meetings, the European Consultative Meeting on Biotechnology, and the roundtable “Transition in Eastern Europe - 15 Years After” during the UNIDO General Conference 2003.

Technical assistance and policy advice is provided in areas like environmental management; investment and technology promotion; quality standardization and conformity assessment; and private sector development in form of individual projects or integrated programmes, like in the Russian Federation, Uzbekistan and Armenia.

Assistance to develop and formulate a national implementation plan for meeting obligations under the Stockholm Convention on Persistent Organic Pollutants was a major UNIDO initiative in the region. Such enabling activities are being implemented in Armenia, Croatia, the Czech Republic, Hungary, the Former Yugoslav Republic of Macedonia, Poland and Romania.

Under the Montreal Protocol, new UNIDO projects increasingly focused on the phase-out of the use of methyl bromide, for which projects have commenced in Croatia, Georgia, the Former Yugoslav Republic of Macedonia and Romania, and are under preparation for Albania.

The countries of the Danube River Basin benefited from the UNIDO project on the transfer of environmentally sound technologies (TEST), which has built capacity in counterpart institutions for analytical assessment to identify the least costly options for environmental compliance. Related is the project on environmental management and pollution control in the Tisza River Basin following its contamination through spills of hazardous chemicals from mines.

The establishment of National Cleaner Production Centres in the region continued with centres set-up or being established in Croatia, the Former Yugoslav Republic of Macedonia, the Russian Federation, Ukraine and Uzbekistan.

As a continuation of its previous integrated programmes in the Russian Federation for Bashkortostan, Komi, Moscow, St. Petersburg and at the federal level, UNIDO started with the implementation of a Country Service Framework (CSF) for the Russian Federation. The CSF focuses on innovation, technology transfer, the environmental management, cleaner production and SME development.

The Russian Federation is also beneficiary of an interregional UNIDO project that is promoting technology exchange and cooperation with Brazil as a first case study of a new concept for East-South technology transfer.

Both Romania and Ukraine received UNIDO assistance in the food-processing sector. At the institutional level the projects ensured the required sustainability by strengthening the capacity of local support institutions through training of national staff and laboratory upgrading, whereas at the enterprise level the projects assisted selected SMEs in introducing and disseminating upgraded food-processing technologies for value-added and clean technology principles as well as food safety assurance systems in accordance with international requirements, through Good Manufacturing Practices and Hazard Analysis Critical Control Points (HACCP).

Investment promoting is the subject of UNIDO projects in Kyrgyzstan to design a comprehensive framework improving the climate for foreign direct investment, and in Lithuania to build capacity through specific training in through investment project preparation and appraisal.

In Croatia a UNIDO project on corporate social responsibility (CSR) has been launched to demonstrate the positive impact of CSR on business, with emphasis on SMEs, to promote the exchange of good management practices, to build capacity on CSR, and prepare a Croatian business agenda for CSR.



## **UNFPA contribution to the UN update on “Integration of the economies in transition into the world economy”, July 2004**

UNFPA is actively involved in addressing population and development concerns of the Eastern Europe and Central Asian (EECA) region. The overall objective of this assistance is to mainstream population and reproductive health in development and poverty alleviation programmes and build capacity of national institutions for development of evidence-based population policies.

County level interventions vary from full-fledged country programmes to a set of country-specific projects. In Central Asia, Kazakhstan and Azerbaijan programmes are targeting to continue to support reproductive health services, with emphasis on the quality of care, settings standards and expanding access to comprehensive reproductive health services. In Armenia, Georgia and Ukraine UNFPA programmes are focusing on incorporation of population and gender issues in national development planning and poverty alleviation programmes, addressing issues of quality of care and stemming the epidemics of HIV/AIDS through prevention and care has become critical.

UNFPA continues to provide technical support to formulation of policies, advocating and supporting data collection and analysis. Support is provided to strengthen health information systems, developing long-term reproductive health commodity security strategy and expanding successful experiences and practices. UNFPA continued to provide support to the first round of the population censuses in EECA countries and assisted in analysis and dissemination of the censuses results. Data collection activities are strengthened through implementation of the series of Demographic and Health Surveys (DHS) and Reproductive Health Surveys (RHS) in partnership with Macro International and Institute for Disease Control, CDC, (USA) implemented in Armenia, Azerbaijan, Moldova, Georgia, Turkmenistan and other countries of the region.

Specific attention is being paid to the increased availability of youth friendly services and family life education for youth with specific focus on reproductive health interventions and HIV/AIDS prevention. Some of the programme’s components are focusing on pilot regions with the poorest reproductive health and family planning indicators and reaching those most vulnerable.

[for more information on UNFPA assistance to the countries with economies in transition please visit UNFPA web-site:www.unfpa.org](#)

**A note on UNU-WIDER's studies since July 2000 related to the Integration of the economies in transition into the world economy, with reference to the General Assembly resolution 57/247 of 7 February 2003.**

**Studies undertaken by The United Nations University – World Institute for Development Economics Research (UNU-WIDER)**

- UNU-WIDER research on *Spatial Disparities in Human Development* is developing a body of work that documents and analyzes the facts of within-country spatial inequality in developing and transition economies, and its determinants, especially during the period of globalization of the last two decades. Significant geographical variations in living standards and human development are evident, not only in large countries such as Russia and China, but also smaller nations, especially in Africa. The study shows that spatial disparities have been rising in recent years, and draws attention to the added significance of high and growing spatial divisions when these align with political and ethnic tensions to undermine social and political stability. Greater efforts will need to be made to ensure a more spatially equitable allocation of infrastructure and public services so that the benefits of economic growth permeate among the poor households located far from the main centres of economic activity.  
<http://www.wider.unu.edu/research/2002-2003/2002-2003-1-3/2002-2003-1-3.htm>
- A UNU-WIDER study on *Poverty, Income Distribution and Well-being in Asia during the Transition* has shown that the actual experience of the road to the market in Asia was less than the great success usually perceived. The research identifies linkages between alternative transition models, public policies and household responses on the one side, and key welfare changes on the other. It also shows that even in countries experiencing sustained growth, there have been unmistakable signs of deep social strain. The Asian transition brought with it erosion in law and order, the spread of crime and corruption and an increase in racial and ethnic tensions. These unwelcome effects questioned the social sustainability of the transition process itself; and the study showed that, in spite of enormous gains achieved, the process can be jeopardized if neglect of its social impact is not addressed.
- The emerging social structures in transitional societies and the lives of the large majority of workers (farmers and state-sector employees as well as the bottom of socially deprived and marginalized people) were reviewed and compared in a UNU-WIDER study on *Inequality and Social Structure during the Transition*. The study found that the Central European countries did not experience the extreme social polarization that occurred in the former Soviet Union. This polarization has had large economic costs where corruption and crime are more rampant and inequality rises. A more active social policy – promoting better livelihoods and more investment in human capital would have large economic returns; and more effective public transfers and income redistribution policies would alleviate and reduce poverty.  
<http://www.wider.unu.edu/research/1998-1999-1.2.htm>  
<http://www.palgrave.com/products/Catalogue.aspx?is=140390801X>

- When the transition began in the former socialist economies in 1989, it was widely assumed that the small enterprise sector would play a predominant role in the transformation of centrally planned economies into free market economies. These expectations were based on either the pure theory of market economy or knowledge of the large role that small enterprises play in many advanced economies. According to a UNU-WIDER study *Small and Medium Enterprises in Transitional Economies*, the events of the first decade of 'transition' have shown that these expectations were false, or premature, for a number of reasons. The fundamental conclusion that emerges from this now decade-long experience is that the small enterprise sector is not by itself enough to create successful economic growth. It is important to acknowledge that innovative, technologically progressive Small and Medium Enterprises are not a significant aspect of any of the current transitional economies. It was unrealistic to assume that healthy markets would emerge, be dominated by small-scale individual entrepreneurship and achieve 'self-organization'. Ideological preferences and hopeful expectations interacted to deflect policy attention from essential institution-building tasks. This study draws conclusions about what happened and why, across a range of important countries, and provides direct policy-relevant analysis.

<http://www.wider.unu.edu/research/1998-1999-1.1.publications.htm>

<http://www.palgrave.com/products//Catalogue.aspx?is=1403908001>

- The transition is a long and complex process. In transitional countries with unfavourable initial conditions and weak institutions, economic and social performance can only in part be explained by the approaches followed in the field of macroeconomic adjustment, privatization and liberalization. A UNU-WIDER study *Transition and Institutions* focused on the structural institutions and reviewed the impact of initial conditions on industrial and institutional conditions in the gradual and late reforming countries: China, Russia and the often-ignored countries of Central Asia, Viet Nam and those economies such as Cuba and North Korea that are still in early phases of the reform process. Insights from the new institutional economics are particularly relevant in explaining the pattern and pace of reform and helps understand the impact of differences in income inequality, social norms, institutional development and initial structural conditions on their performance. The study highlights the importance of factors and experience of geographic areas which had been broadly neglected, and is recommended to the economists, policy makers and practitioners in the field of transition.

<http://www.oup.co.uk/pdf/0-19-924218-6.pdf>

- Another UNU-WIDER study on *The Mortality Crisis in Transitional Economies* looked at the effects of the transition to the market economy in connection with the sharp demographic crisis seen in the countries of Eastern Europe and the former Soviet Union, that featured a large and sudden rise in mortality rates. The study provided an integrated explanation of the phenomenon, placing the accent on the impact of rising psychosocial stress.

<http://www.oup.co.uk/pdf/0-19-829741-6.pdf>

## **Cooperation with the countries with economies in transition**

In 2001, ten countries, in 2002, six countries and in 2003, seven countries received legislative advice on draft IP laws and sixteen governments started consultations with WIPO on the modernization of their national IP legislation. WIPO also participated in the drafting of the IP section of the Model Civil Code for the Commonwealth of Independent States (CIS). WIPO advised officials from nineteen countries concerning the accession to, or implementation of, WIPO-administered treaties.

WIPO has been assisting countries in transition in implementing several projects aimed at upgrading their intellectual property offices (eleven in 2001, twelve in 2002, and thirteen in 2003).

WIPO organized several global, regional, subregional and national seminars for enforcement agencies, judiciary, police and customs (two in 2001, four in 2002, and four in 2004).

The assistance in awareness building and human resource development was rendered by organizing global, regional, subregional and national seminars (fifteen in 2001, thirteen in 2002, and twenty-five in 2003) for various target groups (policy makers, professionals and the general public).

A new element of WIPO's work in the region is its cooperation with the Commission of the European Union Technical Assistance Information Exchange Office (TAIEX), and Community Assistance for Reconstruction, Development and Stability (CARDS) project in order to promote the protection of IP rights in those countries joining the European Union as well as candidates for accession.

WIPO continued to cooperate with the Interstate Council for the Protection of Industrial Property (ICPIP), the Inter-Parliamentary Assembly of the CIS Member States (IPA), the Eurasian Patent Organization (EAPO), the UN Economic Commission for Europe (UNECE) Advisory Group on the Protection and Implementation of Intellectual Property Rights for Investment in Countries in Transition, the European Patent Office (EPO), the Central European Initiative, the International Association of Academies of Sciences (IAAS) of the CIS and the private sector.

**The World Meteorological Organization (WMO)** continued to provide assistance in the planning, management and improvement of the National Meteorological and Hydrological Services (NMHSs) of all Member countries, mainly through WMO Technical Cooperation Programme and Regional Programme. Both Programmes have an important role in enabling WMO to achieve that objective in countries with economies in transition.

In 2003, the Subregional Office for Europe was established at the WMO Headquarters in Geneva. A significant activity has been to develop or reinforce cooperation among groups of Directors of National Meteorological and Hydrological Services (NMHSs). Such sub-regional groupings include countries of Baltic States, of Balkan and of Central European countries and CIS Intergovernmental Council for Hydrometeorology (CIS ICH). Some new project proposals were developed, namely to link existing weather radars in the Balkan to a network for data exchange. Cooperation in the Sava River Basin (Slovenia, Croatia, Bosnia and Herzegovina, Serbia and Montenegro, and Albania) was established in order to improve flood forecasting.

In December 2003, a Memorandum of Understanding was signed between WMO and European Commission (EC). It is expected that under this agreement countries with economies in transition would participate in joint WMO-EC projects related to weather, climate and water. Natural disaster reduction and mitigation, climate change, water resources management and technical cooperation are among the areas given priority for cooperation. WMO also continues to cooperate with other regional and UN system organizations in meeting the needs of the countries.

The other approach was to provide support to individual Member states. Expert missions were undertaken in Baltic States, Bosnia and Herzegovina, Serbia and Montenegro, Albania, Armenia, Bulgaria and the Republic of Moldova. Specific actions have been invited to meet the needs of National Meteorological and Hydrological Services in order to enable them to assist effectively in the sustainable development of the countries with economies in transition.