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ENTERPRISE DEVELOPMENT IN TRANSITION ECONOMIES:  
A COMPILATION OF PROGRAMMES OF INTERNATIONAL  
ORGANIZATIONS

Note by the secretariat

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## EXECUTIVE SUMMARY

1. The UN/ECE Committee for Trade, Industry and Enterprise Development, at its second session in June 1998, called on the secretariat to survey the current programmes on enterprise development of other international organizations which operate in transition economies in order to identify niches where the UN/ECE's core areas of expertise, such as the understanding of best practice, guidelines and networking, could provide added value to its Member States.

2. To fulfil this request, the secretariat prepared the present compilation, concentrating on enterprise development programmes for transition economies, the potential impact of such programmes and newly emerging programme areas. To maintain a reasonable size and scope for this compilation, the secretariat has limited its attention to the major programmes of other international organizations.

3. A review of this compilation highlights that innovative entrepreneurship, the information technology revolution and the increasing globalization of the world's economies have been the driving forces behind the recent establishment or reformulation of a large number of programmes on enterprise development. Indeed, the vast majority of the programmes included in this compilation are either less than five years old or have been substantially reformulated during the same period. In this respect, the initiative of the UN/ECE's Committee for Trade, Industry and Enterprise Development to establish a new enterprise development programme could be considered timely and appropriate insofar as it meets the requirements of its member States with regard to the ongoing economic and technological changes mentioned above. This initiative also attempts to respond, in an innovative way and based on UN/ECE's existing strengths, to the General Assembly's 1997 resolution (number 52/209) which calls for United Nations programmes to strengthen their support for entrepreneurship and enterprise development.

4. It is also noteworthy that the current enterprise development programmes of major international organizations are not fully capable of satisfying the increasing demands for cross-sectoral enterprise development activities in transition economies. Transforming the institutional, legal, regulatory and administrative infrastructure of countries, as well as the economic behaviour and expectations of entire populations, is an enormous task in any one country - let alone in over 20. As a result, the enterprise development activities in many organizations are spread very thinly, especially in the Commonwealth of Independent States (CIS) area. As a result, in some transition countries the private sector is perhaps not progressing as quickly, or as effectively, as it might.

5. This compilation also shows that a gap exists in the area of programmes for development of the service sector, particularly in relation to high technology, the Internet and online business services. Indeed, Internet-based enterprise development may provide unprecedented opportunities for the economic and technological development of the region in the near future. This is particularly true as satellite-based data services begin to resolve some of the infrastructure obstacles to widespread business use of the Internet that are currently

encountered in some transition economies. A UN/ECE Internet enterprise development programme could build upon existing networks of contacts in the transition economies and provide an opportunity for a discussion among "equals" of the institutional, legal, regulatory and administrative framework needed in transition economies to support Internet-based enterprises, as well as a forum for capacity-building in these areas.

6. Since its inception in 1947, the UN/ECE has played a very important role in accelerating the economic and social development of its member States. More recently, it has been providing practical assistance related to the development of economic environments favourable to investment and private enterprise in transition economies. These activities include: trade facilitation; the legal, regulatory and institutional infrastructure for effective trade financing, private sector investment in infrastructure, real estate markets and the protection and use of intellectual property rights; the integrated development of the timber industry in the CIS; and the transition of traditional industries, in particular, chemicals and steel. These new roles respond to newly articulated demands from member States, and especially those of economies in transition, which, as they progress in the transition process, are better and better able to define their own needs.

7. With its history of enterprise development related activities and as an organization with a tradition of working closely with its member States, as well as with other international organizations and the private sector, the UN/ECE has a number of comparative advantages vis-à-vis other international organizations. For example, it has the ability to call upon its expertise in support of specific activities; it has a network of contacts in both the private sector and the administrations of transition countries; and it is a neutral forum where transition countries participate on an equal footing with countries that have developed market economies.

8. In sum, based on the findings from this compilation, and taking into account the UN/ECE's expertise in areas such as trade facilitation, commercial and legal practices, and the transition within traditional industries, the following two areas are found to supplement and complement, in a substantive way, the programmes of other international organizations: the cross-sectoral development of entrepreneurship and small and medium-sized enterprises (SMEs) focussing on best practice, and the development of innovative and Internet-based enterprises. In these areas, in particular, the innovative, integrated, consultative and cooperative approach of the UN/ECE could be effectively applied to promote enterprise development in transition economies. These proposals are addressed in detail in a paper on strategic directions for enterprise development (TRADE/1999/10 and TRADE/1999/10/Add.1) that includes a work programme and will be presented to the Committee for Trade, Industry and Enterprise Development at its June 1999 session.

## INTRODUCTION

9. The General Assembly of the United Nations, at its fifty-second session in 1997, in resolution 52/209, called upon future United Nations programmes to strengthen support for the promotion of entrepreneurship and enterprise development. This reflects a global trend whereby private enterprises are expected to play an increasingly important role in the economic and technological development of the world economy. UN/ECE member States are accordingly adopting policies to create a new environment conducive to the development of competitive private enterprises. The demand for such enterprises in the transition economies has also increased considerably over the past years in recognition of their role in economic development and the need for increased private enterprise activity to complement successful structural reforms.

10. Against this backdrop, and in response to the growing emphasis on private enterprise development by its member States, the Committee for Trade, Industry and Enterprise Development, at its second session in June 1998, established an Enterprise Development Section to assist Governments and the private sector in transition economies in developing and undertaking viable and sustainable programmes with the potential for significant economic benefit and future growth. The Committee directed the Trade Division to make a compilation of the relevant programmes of other international organizations related to the development of enterprise and entrepreneurship in transition economies. The secretariat initially identified over 20 international organizations with relevant programmes. This compilation is intended to serve as a tool for exploring how the UN/ECE could add value to this work. Through its involvement in this new programme of work, the UN/ECE will carefully ensure the efficient use of resources in support of the goal of accelerating economic development in the transition economies, thereby enhancing their capabilities for responding effectively to the challenges of the next millennium.

## METHODOLOGY AND SELECTION CRITERIA

11. The selection criteria for inclusion in this compilation were based on the following:

- (I) Is the organization international or regional in scope?
- (ii) Does it have a specific work programme relating to enterprise development at the sectoral or cross-sectoral level?
- (iii) Do these work programmes focus on transition economies?

12. Within the compilation itself, we also attempted to answer the following questions:

- (I) Which subsidiary bodies are responsible for carrying out the work programme (e.g. Working Party, Group of Experts, Task Force)?
- (ii) What are the programmes' goals/objectives?
- (iii) Who are the target audience(s) in the region?
- (iv) What are the programmes' principal delivery mechanisms (e.g. conferences, seminars, publications)?

13. Taking into account the above-mentioned criteria and the need to maintain a reasonable size and scope for this compilation, the institutions listed below and their principal programmes related to enterprise development in transition economies have been included. In addition, a brief outline of existing UN/ECE activities related to enterprise development has been included as background information and to place in context the proposals being put forward for the programme of work in documents TRADE/1999/10 and TRADE/1999/10/Add.1.

*Major International Organizations*

- European Union
- Organisation for Economic Co-operation and Development
- United Nations Conference on Trade and Development
- United Nations Industrial Development Organization
- International Labour Organization

*Financial Organizations*

- European Bank for Reconstruction and Development
- World Bank

*Other Initiatives*

- Central European Initiative
- Münster Conference Process

14. The present compilation has included the European Bank for Reconstruction and Development and the World Bank under financial organizations because of the nature of their programmes, which are more correlated with financing the development of enterprises rather than the areas dealt with by the other organizations listed .

15. In addition, the Central European Initiative and the Münster Conference Process were identified as having programmes of a considerable size related to enterprise development in the economies in transition. Thus these initiatives were included also, even though they are more informal and do not have an institutional structure in the sense of single organizations responsible for their implementation.

\* \* \*

MAJOR INTERNATIONAL ORGANIZATIONS

**A. European Union**

16. A number of European Union initiatives aim at helping transition economies integrate into the mainstream of European development through, for instance, the restructuring of State enterprises, private-sector development and reform of institutions, legislation, public administration and social services.

17. Among the European Union's most important programmes relating to enterprise development in transition economies are the following:

- PHARE Partnership Programme for Enterprise Development (DGIA);
- TACIS Enterprise Support: Enterprise Support Centres for medium-sized to large enterprises (DGIA);
- International Cooperation Programme in Research and Technological Development in Information Technology with Central and Eastern Europe and the New Independent States of the former Soviet Union (INCO) (DGIII);
- Fifth Framework Programme for Research, Technological Development and Demonstration with CEECs (DGXII);
- EUREKA: a Europe-wide Network for Industrial Research and Development (DGXII);
- European Cooperation with transition economies in the field of Scientific and Technical Research (COST) (DGXII).

18. The European Union also envisages enhanced cooperation with transition economies in the area of information and communication technology development. This includes programmes on advanced communications technology and services, telematics, trans-European telecom networks and security of Telecom and Information Systems (DGXIII). In addition, future cooperation on SME development in transition economies by means of disseminating the Business Environment Simplification Task Force (BEST) is also being considered (DGXXIII).

- **PHARE Partnership Programme for Enterprise Development (DGIA)**

19. The PHARE programme is the principal assistance programme for central and eastern Europe providing grant finance to support economic transformation and strengthening of democracy to the stage where the partner countries are ready to assume the obligations of membership in the European Union. PHARE's highest priority is given to five countries currently negotiating accession with the European Union, namely, the Czech Republic, Estonia, Hungary, Poland and Slovenia.

20. The priorities for PHARE funding are: restructuring of state enterprises including agriculture; private-sector development; reform of institutions, legislation and public administration; reform of social services, employment, education and health; development of energy, transport and telecommunications infrastructure; and environment and nuclear safety.

21. In relation to private-sector development, PHARE supports the creation of an enabling environment for enterprise development through projects in areas such as: privatization and restructuring; regional and SME development; export development and investment promotion; banking and finance; information technology and transport. PHARE has also provided over ECU 300 million for the development of small and medium-sized businesses. There are currently over 70 business support centres operating with PHARE assistance throughout central and eastern Europe.

- **TACIS Enterprise Support: Enterprise Support Centres for medium-sized to large enterprises (DGI)**

22. The TACIS Programme is one of the instruments developed by the EU to forge closer economic and political links with the Newly Independent States (NIS). The programme provides grant finance for the transfer of know-how to 12 countries of the former Soviet Union and Mongolia. It is the largest technical assistance programme in the region and since its inception in 1991 has launched more than 3,000 projects worth over ECU 3,290 million. Programming is based on the overall objectives of: enabling the establishment of conditions favourable to private investment, encouraging the development of (NIS) inter-State economic links and trade flows, and encouraging dialogue between social partners in the NIS.

23. The TACIS priority sectors are: restructuring of state enterprises and private-sector development; building an effective system for food production, processing and distribution; developing infrastructures for energy, transport and telecommunications; nuclear safety and environment; public administration reform; social services and education.

24. In the private-sector and enterprise development area, TACIS emphasizes reform conducive to creating an enabling environment and, particularly, assistance to post-privatization and private-sector development; development of SMEs; accounting and audit reform; support to the banking sector; export promotion support; assistance for WTO accession; support to competitiveness and productivity centres; and the TACIS industrial cooperation initiative.

25. The current programme ends in December 1999. The new programme for the years 2000-2006 will address the transition to a market economy and the reinforcement of democracy and the rule of law. The measures to be supported will include twinning and industrial cooperation based on partnerships between public and private organizations from the European Union and partner countries; investment and investment-related activities, particularly technical assistance to catalyse and support investments; investment-financing, notably in the areas of cross-border cooperation, promotion of SMEs, environmental infrastructure and networks of strategic importance to the European Union.

26. As part of the assistance programmes on the strengthening of privatized enterprises, TACIS supports the creation of regional enterprise support centres (ESC) in transition economies; in particular, in the Russian Federation. These centres are to provide generic and tailored assistance on an ongoing basis to local medium-to-large (privatized and private) enterprises in order to help them stabilize and adapt to the market economy. Each Centre is composed of a core project team and a restructuring team. The experts provide business advisory services to larger enterprises in each region. This is followed up by a twinning exercise for 10 enterprises from each region with enterprises in the European Union. In the longer term, the centres will also foster contacts between enterprises in the NIS and the European Union. In addition, to respond more effectively to increasing requests from both the business community and other interest groups, the EU's Business Information Centre network has been established with the aim of disseminating all the relevant information on PHARE and TACIS.



- **International Cooperation Programme in Research and Technological Development in Information Technology with Central and Eastern Europe and the New Independent States of the former Soviet Union (INCO) (DGIII)**

27. The International Cooperation Programme aims to safeguard the scientific and technological potential of these countries by means of redirecting research on information technology towards social needs and the restoration of production systems. In particular, industrial cooperation with the central and eastern European countries associated with the EU is one of the four priorities of the EU's competitiveness policy. The objective is to bolster the presence of EU industry in high-growth markets and to improve companies' competitiveness by facilitating the transfer of experience and know-how. This industrial cooperation strategy pursues three priority objectives: to restructure and modernize industry; to create framework conditions for industrial development; and to promote investment. Various cooperation tools are used to encourage the private sector to participate to a greater extent in the process of transition in central and eastern Europe.

- **Fifth Framework Programme for Research, Technological Development and Demonstration with CEECs (DGXII)**

28. The associated candidates from central and eastern Europe take part in the Fifth Framework Programme for Research, Technological Development and Demonstration with CEECs (1998-2002) as one of the instruments of the pre-accession strategy to be applied to the candidate countries. It is designed to speed up their integration into the European scientific and technological community, and their preparation for accession to the European Union. Their research institutes, universities and industry will be able to participate in the programme under more or less the same conditions as organizations from EU member States. All 11 candidate countries (Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) have formally informed the Commission that they wish to participate.

- **EUREKA: A European wide Network for Industrial Research and Development**

29. Launched in 1985, EUREKA is a framework through which industry and research institutes from European countries develop and exploit the technologies crucial to global competitiveness. Today, 25 countries and the European Union are full EUREKA Members, while many more countries, particularly in central and eastern Europe, have an associate status. Eureka aims at strengthening European competitiveness by promoting "market-driven" collaborative R&D, involving industry and research institutes across Europe, as well as the use of advanced technologies resulting in cost-effective products, processes and services.

- **European Cooperation in the field of Scientific and Technical Research (COST) (DGXII)**

30. COST is a framework for scientific and technical cooperation, allowing the coordination of national research on a European level. COST actions consist of basic and pre-competitive research, as well as activities of public utility. Twenty-five countries are now members of COST, including ten transition economies.

- **Information Society: Telecommunications, Markets, Technologies - Innovation and Exploitation of Research (DGXIII)**

31. Common programmes for advanced communications technology and services, telematics, trans-European telecom networks and security of telecom and information systems also focus on extending networks into eastern Europe and selected CIS countries. Priority is given to those countries currently negotiating accession with the European Union. A number of projects are available for carrying out the thematic programme devoted to a user-friendly Information Society, such as: European markets for multimedia content and electronic information services: I\*M EUROPE; EU-supported research and development activities, including programmes, projects, results, publications and project partnerships under the aegis of the Community Research and Development Information Service (CORDIS); and Information Society Projects of the Information Society Project Office (ISPO). The strongly user-orientated approach of this programme focuses on four key actions: systems and services for the citizen; new methods of work and electronic commerce; multimedia content and tools; and essential technologies and infrastructures.

- **Business Environment Simplification Task Force (BEST) DGXXIII**

32. BEST's objective is to prepare an independent report which would make proposals for concrete measures to be taken by the Commission and European Union Member States to improve the quality of legislation and eliminate unnecessary burdens which constrain the development of European businesses, particularly SMEs. There are five areas divided into 19 key recommendations outlined in the BEST Report: better public administration; new approaches in education and training, employment and working conditions; access to finance; access to new technologies; and encouraging innovation. BEST suggests that authorities to which recommendations are addressed should set a specific timetable for implementation: an annual report should be prepared for the European Council setting out the actions taken at each level of the decision-making process; and an enterprise panel should assess the progress made, the first report being made not later than 1 July 2000.

## **B. Organisation for Economic Co-operation and Development**

33. The Organisation for Economic Co-operation and Development (OECD) has been actively assisting transition economies in building market institutions since 1990, when it created the Centre for Co-operation with the Economies in Transition (CCET). In 1998 CCET consolidated OECD outreach programmes in other geographic areas and was renamed the Centre for Co-operation with Non-Members (CCNM). In 1993, a study mission to the central Asian republics made a convincing case for assisting in the development of the private sector in this area. Activities in this field had already been developed by CCET and by the Directorate for Financial, Fiscal and Enterprise Affairs, which had accumulated wide-ranging expertise in privatization, enterprise development, foreign direct investment and the creation of competitive markets. Drawing on this experience CCET established in Istanbul the Centre for Private Sector Development within the framework of its work programme, starting operations in January 1994.

- **OECD Centre for Private Sector Development**

34. The aim of the Centre is to assist the Newly Independent States of the former Soviet Union, Mongolia, and transition economies of the Black Sea Economic Co-operation organization to develop their framework conditions and policies for market economies and their integration into the world economy. It comprises the following members: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Russian Federation, Turkey and Ukraine. Through a consultative process based on forums, working group meetings, and workshops, participants and the OECD can monitor policy formulation and implementation on structural changes and work together to improve policies and performance in transition countries.

***Partnership***

35. Co-sponsors along with the OECD are the Governments of Turkey and Germany - through the Turkish International Co-operation Agency (TICA) and the German Technical Co-operation Agency (GTZ) of the Federal Ministry of Economic Co-operation (BMZ). TICA proposed that the Centre be located in Istanbul because of the cultural ties between Turkey and many of the NIS countries, as well as for its convenient geographic proximity as a meeting place. In addition, a major three-year programme is co-financed by the Istanbul Stock Exchange. Further voluntary contributions have been provided by Japan and the United States. Also, selected private-sector institutions have been cooperating with the Centre's activities jointly sponsoring and financing meetings.

***Operation***

36. Initially the Centre focussed on seminars and workshops as a method of transferring expertise and experience to transition economies. During 1997 it became clear that participating countries were ready to move to a new stage of cooperation. With institutions evolving and expertise building up in these countries, government officials and business representatives are increasingly in a position to benefit more from exchanging information and experience among themselves rather than drawing solely on western experts.

37. Emphasis is shifting towards a consultative process, based on OECD committee methods, in which forum participants arrive at recommendations to their Governments on best practices and on ways to improve their policies. The Forum of Eurasian Investment Promotion Agencies, following earlier working group preparations, recently brought together the chief executive officers of these agencies, who established the Network of Investment Promotion Agencies.

***Forum for Entrepreneurship and Enterprise Development (FEED)***

38. To help the Governments and institutions of the NIS and Black Sea region to work together to develop effective framework conditions and well-targeted programmes for enterprise development, the OECD has since early 1998 provided a consultative mechanism through the Forum for Entrepreneurship and Enterprise Development (FEED), as one of the activities of its Centre for Private Sector Development.

39. A similar Forum has been also established for the Baltic Rim transition economies (Latvia, Estonia, Lithuania, and the Kaliningrad and St. Petersburg regions of the Russian Federation). Country-specific forums are now being considered for the Russian Federation itself in the light of the recent economic crisis and Russia's lack of progress in small-enterprise policy.

40. FEED is operated jointly with the United Nations Industrial Development Organization (UNIDO). Contact among related government agencies is maintained through publications and the Internet. The consultative process is also at work in the Forum on Competition Law and Policy, which is made up of anti-monopoly agencies.

#### ***Structure of the FEED***

41. The Forum consists of two working parties. Working Party I, "Institutional Framework for Entrepreneurship", covers policies and strategies with respect to the tax system, administrative barriers, regulation and their specific impact on entrepreneurship. It held its first meeting in March 1998. Working Party II, "Support Services and Financial Instruments for Entrepreneurship", focuses more on measures and programmes to improve the conditions for entrepreneurship - for example, through the provision of special start-up credit programmes, and advisory services for new and small businesses and local business incubators. A joint meeting of the working parties agrees on a set of policy guidelines to monitor progress in their implementation.

42. Members of NIS-Black Sea FEED are: Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Republic of Moldova, Romania, Russian Federation, Slovakia, Slovenia, Ukraine, and Uzbekistan. OECD Member countries participating in NIS FEED are: Austria, Canada, Czech Republic, Denmark, Finland, Germany, Hungary, Italy, Netherlands, Poland, Sweden, Turkey, United Kingdom and United States.

43. Participants come from ministries of economics and finance and enterprise support services, as well as from economic committees of parliaments, and include a number of entrepreneurs from relevant countries. The European Union, the United States Agency for International Development (USAID) and UN/ECE also take part, as well as experts and consultants from the OECD and UNIDO. The FEED meetings for these countries are held at the OECD Centre for Private Sector Development in Istanbul; whereas the Baltic Rim FEED meetings will be held in various cities of the region.

44. The Baltic Rim FEED has been established within the framework of the OECD Regional Programme for the Baltic States, which involves the work of a number of OECD committees dealing with many aspects of economic, social and enterprise policies. The following countries are Members: Sweden, Finland, Denmark, Norway, Poland, Germany, the European Union PHARE programme, USAID and the United Nations Development Programme (UNDP), in addition to the Baltic region transition economies (Latvia, Estonia, Lithuania, and the Kaliningrad and St. Petersburg regions of the Russian Federation).

### ***Focus of FEED***

45. During the Centre's first four years, some 70 seminars, workshops and other activities covered a broad spectrum of economic policy related to foreign investment, financial sector development, promotion of small and medium-sized enterprises (SMEs), privatization, trade, competition, combatting economic crime, and other topics.

46. The 1998 Programme consisted of forum-based systematic consultations and working group meetings focussed on five areas: enterprise development, financial sector development, competition policy, foreign investment issues and rule of law. The major thrust of the programme in the coming years will be to reinforce regional cooperation among transition economies in order to facilitate their integration into the global economy.

### ***Publications***

47. Major publications include Investment Guide for the Kyrgyz Republic, 1998; Private Sector Development Journal; a twice-yearly contact organ among participants in the various forums and workshops of the Centre in Istanbul, and General Principles of Company Law in Transition Economies.

## **C. United Nations Conference on Trade and Development**

48. In 1996, UNCTAD established a Division on Investment, Technology and Enterprise Development in order to strengthen the capacity for providing support to Governments on policies related to national innovation investment and enterprise development. Its main goals are to facilitate foreign direct investment flows to and among developing countries; foster transfer and diffusion of technology and capacity building in developing countries; and stimulate enterprise development by strengthening SMEs and the process of privatization and restructuring in developing countries and countries in transition.

### **Structure**

49. The Division has three main branches: (a) International Investment, Transnationals and Technology Flows (IITT); (b) National Innovation and Investment Policies; and (c) Enterprise Development, which combine their parliamentary support services with research, policy analysis and technical cooperation activities. The Division maintains advisory services on investment and technology, which integrate the technical cooperation activities concerning the creation of an enabling investment environment and the improvement of investment promotion and technology diffusion in developing countries and countries in transition. Among a wide range of programmes to promote investment and industrial clusters, the activity which appears to be most relevant to enterprise development in transition countries is Empretec.

## **Empretec**

50. Since 1988 UNCTAD has developed Empretec, a capacity-building programme to foster the growth and competitiveness of SMEs in developing and transition countries. The programme aims at contributing to energizing the private sector and to improving the business environment in the countries where it operates. In particular, it stimulates business associations to enhance and expand support services to their SME members, and provided an important link between the established business community and the emerging entrepreneurial class, which has been given voice through the association of Empretec.

51. Empretec is a programme on entrepreneurship development and on collaboration between transnational corporations (TNCs) and SMEs in developing and transition economy countries, in particular in the Russian Federation. The target groups are entrepreneurs with a high potential to understand and master technology. The activities of the programme are closely interrelated. The central activities are (a) a systematic means for identifying entrepreneurial potential, for enhancing that potential, and for stimulating new sources of entrepreneurship, and (b) the motivational training workshop which every participant must complete before proceeding to other activities. Empretec offers a One-Stop Business Support Centre in each beneficiary country, access to high quality training, networking, and management consultancy services. These centres develop local expertise and, by the end of the programme, provide quality services at local costs.

- **Public-Private Sector Coalition**

52. Empretec emphasizes the building of effective, active coalitions of public institutions, private business associations, national and foreign companies, and multilateral organizations that grow into a self-sustaining infrastructure. This coalition provides a supportive environment and the skills, financial resources, technology, market opportunities and technical information necessary for entrepreneurs to complete their projects and expand their activities within and beyond national frontiers.

- **Joint Ventures and other Business Alliances**

53. The project stimulates regional and international linkages, both among Empretec participants and with foreign companies, by creating a network of enterprises within and beyond national borders, and by sponsoring regional and inter-regional business fairs for Empretec participants. The programme aims at establishing in each beneficiary country a permanent private/public sector institutional base for developing and assisting SMEs. Rather than duplicating efforts, Empretec arranges for effective cooperation with existing public and private-sector SME support institutions by stimulating public/private sector cooperation and by training local experts to carry on the workshops and the follow-up support. Empretec charges cost-recovery fees as the project evolves and becomes self-sustaining.

- **Links with TNCs**

54. The programme has also created an awareness of the potential benefits to be derived from linkages between subsidiaries of foreign companies and domestic SMEs

and has developed methods to facilitate those linkages. To date, links have been established with over 100 transnational corporations.

#### **D. United Nations Industrial Development Organization**

55. In December 1997, UNIDO's member States approved the Business Plan on the future role and functions of UNIDO that provides the basis for the Organization to focus its priorities and functions. The Business Plan defines the future activities of UNIDO in two major areas: (a) strengthening industrial capacities and (b) cleaner and sustainable industrial development. The Business Plan called upon UNIDO to promote the development of SMEs as the principal means of achieving equitable and sustainable development. In pursuit of these priorities, UNIDO should give emphasis to capacity building and the integration of women in industrial development. Geographical priority should be given to Africa and Least Developed Countries. With respect to the modality of service delivery, UNIDO provides its support primarily through comprehensive packages of services and multi disciplinary team building.

#### **Structure**

56. The new Service Modules classify UNIDO's future work in three areas: competitive economy; sound environment; and productive employment. The first part, competitive economy, contains programmes on industrial policy formulation and implementation; statistics and information networks; metrology, standardization, certification and accreditation; continuous improvement and quality management; and investment and technology promotion. The second part, sound environment, comprises programmes on environmental policy framework; Climate Convention and Kyoto Protocol; energy efficiency; rural energy development; cleaner production; pollution control and waste management; and Montreal Protocol. The third part, productive employment, includes programmes on SME policy framework; policy for women entrepreneurship development; entrepreneurship development; and upgrading agro-industries and related technical skills.

#### **Small and Medium-Sized Enterprises: Policy Framework**

57. In general, UNIDO's policy advice is integrated with on-the-job training of relevant national officials. Specific tools have been developed for estimating industrial skill requirements, including Guidelines for Analysis of SME Policies. UNIDO's major role is in capacity building at national, regional and local levels. Its primary expertise lies in identifying, designing and implementing specific programmes that support SME development.

58. UNIDO's other work in SME development reflects the Organization's more general role in acting as a global forum for industrial development. UNIDO promotes exchange of experience and information on best practice, often in cooperation with other agencies. One example is FEED (see paragraph 58 above), in which UNIDO and OECD participate. Such activities have led to the development of analytical tools, as well as providing feedback to UNIDO on how to improve its own services. These services now centre on the following:

- SME development strategy support

- Institutional arrangements for SME governance
- Specific SME policies
- The local and regional dimension
- Monitoring SME performance and skill shortages

### **Women Entrepreneurs**

59. The programme's primary objective is to help with the formulation and implementation of gender-sensitive policies, leading to integrated national programmes that will build and strengthen policy-making capabilities and capacity. There are three main services:

- Gender-awareness building
- Gender-specific data and information; action-oriented research
- Policy advice and capacity building; gender main streaming

### **Entrepreneurship Development**

60. UNIDO assists SMEs through technical cooperation, using staff and consultants to provide customized advice. This approach emphasizes a thorough assessment of needs, a review of best practice and the preparation of appropriate action plans.

- Business advisory services

61. Entrepreneurs, although generally good at identifying opportunities, tend to have limited knowledge of the administrative, regulatory and financial aspects of business management. Properly targeted business advisory services can overcome these problems, as can easy access to helpful publications, referral services, loan packages, training, counselling and help with business planning. Business centres are an efficient way of providing such services, but government agencies, banks and trade associations can be equally effective. UNIDO's primary role is to set up and strengthen business centres, or any other means of providing advice. UNIDO is part of a network of donors in this field which has developed state-of-the-art understanding of such advisory services. UNIDO also publishes the practical Guidelines for Business Development Centres.

- Business incubators

62. Business incubators provide good quality, managed work space for entrepreneurs, with on-the-spot access to support services, as well as regular, intensive business counselling. UNIDO can help with feasibility studies on setting up incubators, designing them for best practice, and selecting and training incubator managers and counsellors. A manual, Practical Guidelines for Business Incubation Systems, is available on incubator creation and operation. Business Incubation Audit is a questionnaire to analyse and improve existing incubator performance.

- Encouraging entrepreneurship

63. UNIDO offers expert help with capacity-building programmes to develop wider entrepreneurship, particularly among women. These programmes enhance managerial



and entrepreneurial skills and are tailor-made for particular circumstances, according to need. Programmes involve strengthening industry associations, training of trainers, and setting up monitoring mechanisms to identify further needs, training and future requirements. UNIDO also helps plan information networks, outreach services and access to loan capital.

- Rural entrepreneurship

64. Small, even micro-sized, enterprises form the seedbed for growth-oriented SMEs in rural areas, particularly in the least developed countries. However, support services are scarce in these places, infrastructure is lacking, and access to all resources is usually limited. UNIDO concentrates, therefore, on improving and expanding the capabilities of existing institutions to support entrepreneurs and improve the regulatory environment in which they operate. One tool is the UNIDO Village Industry Promotion Package.

- SME networking, clustering and subcontracting exchanges: Industrial Clusters and Networks - Case Studies of SME Growth and Innovation

65. The programme explores success cases of SME development in developing countries. What distinguishes these cases, and the framework of the study, is that these success stories relate not to individual enterprises but to the success of SMEs as a collective group. The study explores how clustering and networking can enhance economic growth and spur technical progress in SMEs. Each of the five case studies can be read as a stand-alone section. The final section of the study draws together some of the common findings from the individual studies and offers appropriate policy recommendations.

66. UNIDO also works to help identify subcontracting opportunities and then to help suppliers to upgrade their capabilities so that they can take advantage of the identified opportunities. UNIDO also helps establish subcontracting and supplier development centres and information exchanges. UNIDO's Manual on Subcontracting Exchanges includes software to facilitate the matching of potential suppliers to customers.

#### **BOT and UNIDO Public-Private Sector Partnership**

67. Build-operate-transfer (BOT) has become a household term among development assistance experts. For over a decade now, this innovative formula has been gaining acceptance in many developing countries as an attractive alternative to the traditional exclusive reliance on public sector resources for the development of basic and industrial infrastructure, such as roads, harbours, railways, airports, power plants and water-treatment facilities. Under a BOT arrangement, private investors, both domestic and foreign, build an infrastructure facility, operate it on a commercial basis for a certain period and then turn it over to the Government on pre-agreed terms. UNIDO's BOT-related support focuses on the potential of international business partnerships to enhance, largely through the involvement of indigenous technological-infrastructure institutions, the host country's technological capability and to make it more competitive in globalized markets. UNIDO has developed a comprehensive programme covering: the development of guidelines and standard procedures; advice on policy and strategy; assistance in capacity building and training; technical assistance for specific

BOT projects; and certification of procedures. For example they have published; Guidelines for Infrastructure Development through BOT Projects.

#### **UNIDO's Industrial Subcontracting and Supply Chain Management Programme**

68. To date 50 Subcontracting and Partnership Exchanges (SPX) of this type have been established by UNIDO in some 30 countries, thus forming part of a global industrial outsourcing network. The UNIDO's International SPX Directory serves as the on-line version of UNIDO's International Directory of SPXs. Listed alphabetically by country, then city, one can find the names and relevant contact points, as well as organizational structures, of each of the SPXs listed here.

#### **UNIDO's Country Project in Transition Economies**

69. UNIDO is currently carrying out country-specific programmes on a broad range of industrial activities from institution building to subcontracting networks in most transition economies. However, only a limited part of UNIDO's resources are allocated to transition economies, and those resources are focussed on the least developed countries of the region. An up-to-date compilation and status report on these projects are available from the UN/ECE secretariat.

#### **E. International Labour Organization**

70. The International Labour Organization (ILO) has a unique tripartite structure consisting of governments, employers and workers with the purpose of building consensus on ways to achieve job creation, labour development and other related issues. The Organization's three major programme types are policy-making programmes, technical programmes and field programmes. The policy-making programmes include the International Labour Conference, the ILO Governing Body, regional meetings, and sectoral and technical meetings. Technical programmes include child labour, employers' activities, employment and training, equality for women, industrial relations and labour administration, the International Labour Standards and Human Rights, sectoral activities, social security, statistics, workers' activities and working conditions, and environment as well as the activities of the International Institute for Labour Studies and the ILO's International Training Centre. In addition to these programmes, the Technical Programme includes enterprise development programmes run by the Enterprise and Cooperative Development Department and the Multinational Enterprises Programme managed by the Bureau for Multinational Enterprise Activities (MULTI). Field programmes for transition economies are managed by central and eastern European multi disciplinary advisory unit located in Budapest.

71. Those ILO programmes of particular relevance to enterprise development in transition economies are covered in more detail below.

#### **ILO Enterprise and Cooperative Development Department**

72. The Enterprise Development Department's principal activities are: (i) the provision of high-level policy advice to help countries create a cultural, legal and regulatory environment in which enterprises can prosper; and (ii) operational support in such areas as micro- and small enterprise business development

services, entrepreneurship training, human resource management, productivity and competitiveness, enterprise restructuring, local economic development, enterprise finance and cooperative development. The Department has five major programmes: International Small Enterprise Programme (ISEP), the ILO Enterprise Forum, Enterprise and Society Programme, Micro-Finance Programme, and the Hotel, Catering and Tourism Programme.

#### **ILO International Small Enterprise Programme**

73. The main objective of the International Small Enterprise Programme (ISEP) is to generate more jobs that are also quality jobs (i.e. in conformance with ILO international labour standards). It draws on ILO's extensive field structure, and particularly its 15 multi-disciplinary teams, and its international training centre in Turin. The ultimate beneficiaries of the Programme are existing and potential small enterprises, in particular those managed by women, who might face gender-specific constraints. ISEP helps implement the ILO Recommendation on "General conditions to stimulate job creation in small and medium enterprises". It has drawn up five priority areas for action to ease the most pressing constraints faced by small enterprises, namely: improving impact, promoting a supportive business environment, facilitating access to financial services through improved financial management, improving access to business services, and promoting quality jobs.

74. One specific project is the "*Start and Improve Your Business*" training package. This training package was first used in eastern and southern Africa and its use is now being extended to other regions so that it currently exists in more than 70 countries, including some transition economies. To date more than 100,000 entrepreneurs have benefited from the programme; 80% of the trainees applied their newly acquiring skills; 45% started new businesses within eight months of training and 65% improved their enterprise's growth and profitability.

#### **ILO Enterprise Forum**

75. As part of its enterprise activities ILO organized its first biannual forum in November 1996 to forge a tripartite partnership in this area among labour, employers and Governments, including enterprises and entrepreneurs, economic analysts, and the Bretton Woods agencies. This first Forum was based on four key themes: the changing world economy, job creation, social initiatives, and the future of enterprises and their social partners.

76. The title of the second ILO Enterprise Forum will be, "Enterprise Competitiveness, Corporate Citizenship and the Employment Challenge in the 21st Century" and it will take place on 5-6 November 1999. This theme will be approached from the following perspectives: the changing marketplace, human resource-based competitive strategies, corporate citizenship and social initiatives, and tapping the employment potential of small business.

### **ILO Central and Eastern European Team (CEET)**

77. The objective of the Central and Eastern European Team (CEET) is to strengthen ILO's capacity to provide advisory services and technical cooperation programmes in conformity with international labour standards for the region. This multi disciplinary team, which started to operate at the beginning of 1993, at present covers the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Republic of Moldova, Romania, Slovakia, Slovenia, The former Yugoslav Republic of Macedonia, and Ukraine.

78. The activities of the CEET promote the development of democratic labour institutions and tripartism in central and eastern Europe, and help countries to adopt and implement policies that could steer the transition in socially desirable directions. Particular emphasis is placed on: developing labour legislation through ratifying and implementing ILO conventions and recommendations; promoting full, productive and freely chosen employment; improving working and living conditions; creating sound labour relations; and developing appropriate systems of social protection.

79. The means used to carry out the above objectives include: conferences and workshops, training seminars, advisory missions, and the publication of books, reports, discussion papers and newsletters.

### **FINANCIAL INSTITUTIONS**

#### **F. European Bank for Reconstruction and Development**

80. The European Bank for Reconstruction and Development (EBRD) was established in 1991. Its aim is to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiatives in those 26 countries of central and eastern Europe and the CIS that are committed to applying the principles of multiparty democracy, pluralism and market economics.

81. The EBRD's objectives are to help these countries to implement structural and sectoral economic reforms; and to promote competition, privatization and entrepreneurship while also taking into account the particular needs of countries at different stages of transition. Through its investments the EBRD promotes private-sector activity, the strengthening of financial institutions and legal systems, and the development of the infrastructure needed to support the private sector.

82. The Bank applies sound banking and investment principles in all of its operations, encourages co-financing and foreign direct investment from the private and public sectors, helps to mobilize domestic capital, and provides technical cooperation in relevant areas. It works closely with international financial institutions and other international and national organizations. In all of its activities, the Bank promotes environmentally sound and sustainable development.

### **Private-Sector Financing Operations**

83. The EBRD provides direct financing for private-sector activities (including larger companies wishing to invest in the region), restructuring and privatization, as well as funding for the infrastructure that supports these activities. Its investments also help to build and strengthen institutions. The main forms of EBRD financing are loans, equity investments (shares) and guarantees.

### **EBRD Financing Instruments**

84. The EBRD is flexible in structuring its financial products and can use a broad range of financing instruments. All transactions are carefully appraised and monitored to ensure that they meet high standards. The Bank's lending requirements are outlined in Financing with the EBRD, a guide for companies and entrepreneurs seeking financing for projects in the region.

85. As a guideline, the standard minimum involvement for the Bank is ECU 5 million, though this may be reduced if the project has fundamental benefits for the country. In addition, project summary documents (PSDs) are released for public and private-sector projects before the projects are considered by the Board of Directors.

### **Alternative sources of finance: SMEs, Equity Financing and Loan Financing**

86. For small and medium-sized projects in central and eastern Europe and the CIS, the EBRD has established links with various financial intermediaries to provide financing for projects that are too small for it to fund directly. This allows the Bank to support SMEs, which are vital for generating a strong private sector. These intermediaries are listed in "alternative sources of finance" for small and medium-sized projects. The EBRD also finances equity investment in venture capital funds in transition economies. In addition to debt and equity financing, the EBRD funds other services for SMEs. These currently include the Baltic Business Advisory Service (Baltic BAS); Romania-Capital SA; Kyrgyzstan Business Advisory Service; and Russian Project Finance Bank

### **Sound Business Standards and Corporate Practices**

87. To promote sound business standards in the region, the EBRD published a set of guidelines in 1997 to help companies to understand better the broad concerns of potential lenders and investors. Sound business standards and corporate practices emphasize the need for basic principles of corporate governance, including the existence of a transparent shareholding structure, respect for the rights of minority shareholders and a well-functioning board of directors.

### **Publications**

88. As part of its work to foster the transition towards market-oriented economies and to promote private and entrepreneurial initiative in the countries of central and eastern Europe and the CIS, the Bank publishes information on economic and legal developments in the countries where it operates, in the following publications:

- The Transition Report, which offers comprehensive analysis of each country's progress in the transition to a market economy.
- The Economics of Transition, a journal on the new field of transition economics, which reaches well beyond eastern Europe and is relevant to all countries engaged in institutional or systematic transformation
- The Working Paper Series, produced to stimulate debate on the economic transformation of central and eastern Europe and the CIS
- "Law in transition", a newsletter on legal cooperation and training prepared by EBRD staff.
- The EBRD Directory of Business Information Sources on Central and Eastern Europe and the CIS which lists over 1,500 books, periodicals, newspapers, online and CD-ROM databases and Internet resources.

#### **The EBRD Annual Meeting and Business Forum**

89. The EBRD's Annual Meeting consists of two main elements: plenary sessions of the Board of Governors and the Business Forum. The Forum promotes investment and business opportunities in the EBRD's countries of operation to the large number of people from the international banking and business community who attend the Annual Meeting. It comprises information and business enquiries services, Bank seminars, and country presentations each of which is accompanied by a "Country Profile" report.

90. Overall the EBRD's activities are carried out on a project basis and owing to a lack of resources for capacity building and related services they work in close cooperation with other relevant international organizations, including the UN/ECE.

#### **G. World Bank**

91. Since 1990, 27 States of Europe and Central Asia (ECA) have joined the World Bank, and 23 new field offices and one liaison office in Turkmenistan have been established. The ECA portfolio has grown rapidly in recent years, more than doubling between 1992 and 1998. A total of 200 Bank operations are currently under supervision, with the Bank's commitment being over \$5 billion to ECA countries in 1998.

92. The key principle for Bank involvement in the region has been to improve the environment and the incentives for attracting other financial flows: particularly the private flows and foreign direct investment that result from successful economic stabilization and reform programmes. In the more advanced economies of central and eastern Europe, the Bank is helping countries to meet the requirements for EU membership. To help them rapidly achieve the requirements for participating in a single market and monetary union while sustaining high growth, the Bank is assisting in efforts to accelerate privatization, reduce excessive tax burdens and promote social security reform.

93. In the less advanced economies of the CIS, the Bank is helping with fundamental reforms to reverse negative economic growth trends, raise income levels and reduce poverty. To overcome the obstacles to economic recovery, the Bank is working to strengthen economic management, accelerate enterprise and

banking reforms, and is providing assistance to move the crucial energy and agricultural sectors into the market economy.

#### **Finance and Private Sector Development Department**

94. The Vice-Presidency for Finance and Private Sector Development (FPD) was created in January 1993 to provide leadership in setting and implementing the World Bank's overall private sector agenda. FPD acts as a sort of in-house consulting firm with specialists in areas such as finance, private-sector development, restructuring, regulatory reform, telecommunications and engineering. It works in cooperation with the regional vice-presidencies, focussing principally on systemic issues and the implementation of enabling policies that are the main avenues toward growth, job creation, and the freeing of fiscal resources for programmes aimed at reducing poverty and environmental damage. FPD's concerns include developing innovative lending and technical assistance programmes, identifying and disseminating best practices, and improving the quality and effectiveness of World Bank operations.

#### **Private Sector Development Division**

95. The Private Sector Development Division operates under the Finance and Private Sector Department. It designs and implements strategies and individual reforms to enhance productivity and foster private-sector competitiveness. This is done by building upon four mutually reinforcing areas of work: market framework institutions and policies; consensus building through private-public partnerships; export development and external linkages; training and technology access. Recent work has integrated these four areas through a sequential strategy of competitiveness assessment, private-public consultation, and private-public initiatives to identify and strengthen competitive industrial clusters. The Division comprises four groups: Business Environment, Privatization Services ; Privatization and Restructuring, and Private Participation in Infrastructure.

#### **Special Programmes and Initiatives of PSD**

96. Under its special programmes and initiatives a series of sub-programmes are managed which include the: Information for Development Programme, Technology for Development Network; Consultative Group to Assist the Poorest (CGAP), Energy Sector Management Assistance Programme, Environmental Management for Power Development, The Solar Initiative, UNDP-World Bank Water and Sanitation Programme, Business Partners for Development, and Private Involvement in Infrastructure.

#### **Database of Investment Funds for Eastern Europe and the Former Soviet Union - FundLine**

97. FundLine is managed by the World Bank's Private Sector Development Department to facilitate communications between potential equity investors and enterprises in the region. FundLine includes portfolio investment funds, private equity funds and companies, venture capital funds, mutual funds, and other private equity vehicles. (Internet address: <http://www.worldbank.org/html/fpd/psd/fundline>). Partners are the EBRD, the International Finance Corporation, and the Multilateral Investment Guarantee Agency's IPAnet.

## **Private and Financial Sector Development, Europe and Central Asia Region (ECSPF)**

98. The Sector Unit for Private and Financial Sector Development, Europe and Central Asia Region (ECSPF) was formed on 1 July 1997 as part of the ECA Renewal programme, a comprehensive corporate restructuring initiative. The purpose of the restructuring was to enhance cross-country exchange of knowledge on best and worst practices in major areas of development by bringing together professionals in both the private and financial sectors. The ECSPF is part of one of six regional vice-presidencies within the World Bank. It is divided into four functional groupings: Private Sector Development; Financial Sector Development; Knowledge Management, and Administration.

99. The objective is to develop an enabling environment that will lead to the emergence of both strong private enterprises and financial markets in the ECA countries. Through the provision of financing, technical assistance, training, and the exchange of information, the ECSPF aims to help its 27 client countries promote their development agenda. The ECSPF manages regional initiatives programmes, including the: ECA Municipal Finance Initiative; Guarantees Program in Europe and Central Asia; and Dissemination of Best Practice and Partnership Building.

### **Publication**

100. The ECSPF produces quarterly occasional papers on subjects related to new lending vehicles. In 1998 the principal focus was on post-privatization lending approaches and bank-funded severance to support the privatization and liquidation process. The ECSPF also has developed its own newsletter to provide clients and staff with up-to-date information on new lending modalities in the ECA region.

### **The International Seminar Series**

101. The ECSPF is developing an international seminar series to disseminate its research and information. These seminars will be presented to audiences in eastern Europe and central Asia. The goals are: first, to make the research performed by the ECSPF available to a broad audience in client countries; second, to promote new lending instruments to key players in the region; and third, to promote privatization where private sector participation is less common (e.g. in the health sector).

## **OTHER INITIATIVES**

### **H. Central European Initiative**

102. In November 1989 representatives of the Governments of Austria, Italy, Hungary and the Former Socialist Republic of Yugoslavia established a cooperative effort called the Central European Initiative (CEI) aimed at enhancing existing relations among countries with different political and economic orientations. This cooperation was enlarged successively in 1990, 1992, 1993 and 1996, with its membership today consisting of : Austria, Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Republic of



Moldova, Poland, Romania, Slovakia, Slovenia, The former Yugoslav Republic of Macedonia, and Ukraine.

103. In 1995, the CEI Member States agreed to establish the CEI Centre for Information and Documentation, which was inaugurated in March 1996 in Trieste.

#### **Mandates**

104. The Initiative is active in the following priority sectors:

- economic and technical cooperation
- development of infrastructure in transport, energy, telecommunications, agriculture
- strengthening of democratic institutions and observance of human rights, including the rights of persons belonging to national minorities, as well as humanitarian matters
- protection of the human environment
- cooperation in the field of science and technology, media, culture, education, youth exchange, tourism
- cross-border and interregional cooperation
- consultations on political matters of mutual interest

#### **Structure**

105. The CEI is composed of three major parts, namely the CEI Presidency, regular forums and auxiliary bodies. The Centre for Information and Documentation of Trieste operates under the Presidency. Regular forums bring together Heads of Government, and Ministers of Foreign Affairs and representatives from the parliaments of member countries. A Committee of National Coordinators and a Financial Committee support the functioning of regular fora. Within auxiliary bodies are various Working Groups and Ministerial Level Meetings which operate alongside the CEI-EBRD secretariat for CEI projects, the work of which is coordinated by the CEI Steering Committee.

#### **External Relations and Cooperation**

106. The Central European Initiative has established relationships with other international bodies. Regular contacts are maintained with the European Commission, the Council of Europe, the OSCE and the UN/ECE. Contacts also have been established with other sub-regional organizations, such as the BSEC and the Southeast European Cooperation Initiative (SECI), as well as with third interested countries through information briefings. At the interregional level contacts are also established with the Alps Adria Working Community and with the Danube Council.

107. The principal objectives of cooperation in the framework of the CEI are to strengthen cooperation among and between Member States, to improve links with the main European structures in the context of integration and to lower the impact of new barriers being built up in Europe, as well as to assist member countries in transition in the transformation process.

### **CEI Centre for Information and Documentation**

108. The CEI Centre for Information and Documentation was established in accordance with the Warsaw agreements of 1995 and was inaugurated in Trieste on 15 March 1996. The Centre offers operational support in information and documentation on CEI activities. It also gives its support to the Chair who is in office. To date the Centre has published the following material: Political and Economic Documents comprising the major declarations issued by the CEI since 1989; Selected Projects and Activities, published in cooperation with CEI-EBRD Secretariat for Projects; and the CEI Instrument on the Protection of Minority Rights Published in June 1996. The Centre also publishes information on the CEI's structure and activities, which is distributed to all the subjects interested.

### **Seminar Organization**

109. The Centre for Information and Documentation has organized a series of one-week seminars and workshops on project preparation methodologies. The aim of these events is to promote knowledge of how to transform project ideas into bankable projects and to assist with their submission to international financial institutions. The first seminar took place in Trieste in October 1996 and it was attended by experts and members of the working groups. The second seminar was held in June 1997.

110. In November 1998, CEI organized the first Summit Economic Forum on Investment and Trade in Central and Eastern Europe, bringing together ministers of economy, central bank governors, heads of privatization and investment agencies and top officials from the 16 member countries of CEI. The event was organized by the Secretariat for CEI projects at the EBRD, in cooperation with World Bank, the European Investment Bank, the European Union and the UN/ECE.

### **Enterprise Development Dimension**

111. Through its broad range of activities, the CEI provides the business community with information on business conditions in CEI countries, available sources of finance, and investment opportunities. In particular, the CEI Summit addressed issues concerning SMEs, enterprises and financial intermediaries exploring policies and instruments of the European Commission to raise enterprises and SMEs to EU standards. The UN/ECE works closely with the CEI on several projects for the business sector in CEI countries.

### **I. Münster Conference Process**

112. The Münster Conference Process was created in 1992 by the G7 (Canada, France, Germany, Italy, Japan, United States, United Kingdom) and those transition economy countries (including the Russian Federation) seeking more active participation in the global economy. The aim of the Münster Conference process is to assist countries in transition in achieving sustainable economic and institution reform towards market liberalization.

113. The fifth Ministerial Conference, held in Prague in January 1998, focussed on direct dialogue between Governments and the business community. The UN/ECE was strongly represented at this event. The theme of the Conference was "Partnership for Prosperity", which reflects a new cooperative relationship focussing on the challenges facing countries from both western and eastern Europe. Among the major issues addressed at the Conference were: endorsement of the OECD Convention on Combatting Bribery of Foreign Officials; liberalization of trade and investment conditions in participating countries; and the desirability of establishing "investment advisory councils" in countries in transition.

114. The West-East Business Forum is an integral part of the Münster Ministerial Conference and makes a valuable contribution to the dialogue between business executives and government officials. The next Ministerial Conference is tentatively scheduled for 1999 in the Russian Federation. There is no continuous work programme; the purpose of the Münster Conference Process being to give a high-level stimulus to transition measures.

#### UN/ECE'S CURRENT ACTIVITIES RELATED TO ENTERPRISE DEVELOPMENT

115. The UN/ECE, one of the five regional commissions of the United Nations, currently has a membership of 55 countries, 26 of which are transition economies. Over the past 50 years, the role of UN/ECE has evolved continuously to meet the changing requirements for economic development in the region.

116. In particular, during the last decade UN/ECE has been providing practical assistance in the development of economic policies related to enterprise development to its members with transition economies. Among these activities are the trade facilitation programme, which promotes better and simpler business and administrative procedures in order to improve the competitiveness of enterprises and reduce trade costs. The UN/ECE also has a Working Party with a number of advisory groups that provide practical guidelines and support in areas related to foreign direct investment, trade finance and trade promotion.

117. Other activities include the Programme for the Development of SMEs in transition economies within the framework of the Regional Advisory Services Programme, which is currently being implemented by the Coordinating Unit for Operational Activities. This Programme focuses on the development of national SME policy, advisory missions, infrastructure building, including the creation of a public financial infrastructure supportive of SMEs, statistics, training, assistance in the development of information networks for SMEs and investment promotion.

118. The proposed Enterprise Development Programme will interact with all the above UN/ECE activities to draw upon their expertise and create synergies. The Programme will also benefit from the experience, expertise and contact networks of the ad hoc groups of experts on steel and on the chemical industry in order to assist these, and other traditional industries in the transition economies, to develop strategies that respond to today's constantly evolving business environment.

119. A well-defined strategy of the UN/ECE Enterprise Development Programme, based on cross-sectoral activities with increasing emphasis on innovation and new technology development, will assist the transition economies in anticipating and responding to the emerging needs of enterprise development promotion in the next millennium. The associated documents on Strategic Directions for Enterprise Development (TRADE/1999/10) and the note on Proposed Activities in Enterprise Development (TRADE/1999/10/Add.1) set forth the options for consideration by the Committee.

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