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**The 12th OSCE Economic Forum**

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**Towards a Strengthened Partnership: the Future of UNECE–OSCE**

**Cooperation**

**by Brigita Schmögnerová**

**Executive Secretary of the United Nations Economic**

**Commission for Europe**

**Prague, Czech Republic**

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Mr. Chairman, Ladies and Gentlemen,

I am greatly honoured by the invitation to make a presentation at the opening session of the 12<sup>th</sup> OSCE Economic Forum. I wish further success to the Bulgarian Chairmanship and I am looking forward to close cooperation with the incoming Slovenian Chairmanship.

The topic of this year's Forum: "Building up institutional and human capacity for economic development and cooperation" integrates many crucial aspects of security: economic development, education, public institutions and conflict prevention. The UN has increasingly focused on these issues since 1990, the year the first UNDP Human Development Report was launched. The goal is simple: "putting people back at the centre of the development process in terms of economic debate, policy and advocacy". The UN Human Development Index is now used on a regular basis to assess the state of human capital in an individual country.

The UNECE has consistently argued that more attention be given to the contribution which institutions and human capital make to economic development. In keeping with the wishes of the OSCE participating States it is important to examine the topic of this year's Forum in a security, as well as in the economic context. Building the institutional framework for successful development not only takes long time and requires significant resources, but it also necessitates commitment by policy makers. It is a lengthy and challenging process, but the quality of domestic institutions is one of the key factors of economic success and prosperity.

In the process of turning our economies into knowledge-based ones, human resources have become key. Economic competitiveness of countries is increasingly dependent on investment in education and research and development. According to the World Economic Forum the most competitive economies are Finland, the United States and other Northern European economies that invest most in education and R and D. In this context, I would like to note that investments in education and R and D in those OSCE member States, which are in different stages of transition, including post-transition economies – with a very few exceptions – is not satisfactory. In addition to it, these economies are affected by "brain-drain" that further undermines their competitiveness. I am afraid that countries of origin do not recognize adequately this aspect of migration.

Allow me to briefly touch on yet another aspect of human resources. In the context of transition from plan to market, it is generally more difficult to build the human capacity in the public sector. The private sector demands solid professional and management skills and so does the public sector but, generally, the private sector supplies better-paid job opportunities. As a result, the private sector draws the most skilled like a magnet, at times inducing departure of the youngest, brightest and most educated away from the public sector.

This "brain drain" may have negative implications and should be addressed. It is generally recognized that good governance is a precondition of successful economic

development. Good governance in turn depends on the quality of human resources in the public sector. Governments could make commitments to reforms that make the public sector which plays a limited but important role in modern market economies perform more effectively.

Mr. Chairman,

By adopting the Strategy Document the participating States of the OSCE expressed their strong wish to react more effectively and in a more coherent way to new threats and challenges to security in the economic and environmental dimension. The Strategy Document, in addition to significantly broadening the number and scope of commitments, gives a mandate to the OSCE to develop new approaches and to forge a closer partnership with UNECE. I am grateful to the member States for strongly supporting our efforts to build this new partnership.

The UNECE is making sincere and serious efforts to lay a solid foundation for a new and deeper relationship with the OSCE and provide greater assistance to the OSCE in the economic and environmental dimension of security. The setting up of an Inter Secretariat Task Force and the videoconferences held between the two Secretariats were the first steps. In addition, the UNECE team of the Inter Secretariat Task Force has prepared a number of documents on main areas of our cooperation, including studies on the methodology of the review, the draft MoU and a paper on early warning indicators and mechanisms.

Let me share with you our vision of a new, strengthened partnership with the OSCE. The Strategy Document calls for an improved review of the implementation of commitments. The UNECE has therefore undertaken serious analytical work. Our team in the Inter Secretariat Task Force has developed novel approaches to the review, based on the combination of a number of methods. It has divided the commitments into clusters in order to facilitate better planning and management of the review process. The UNECE in-house expertise covers a significant part of the present, much broader set of commitments but not all of them. The UNECE Secretariat during the videoconferences expressed its readiness to take the lead in the review of commitments in two clusters: integration, trade and transport and investment climate.

Last Friday, at the Ad Hoc Session of the UNECE the EU Presidency, speaking on behalf of the EU member States and other associated States, supported by others, including the Russian Delegation called for UNECE to take the leadership in the review of commitments related to the environment, energy and sustainable development. It is the prerogative of the UNECE and OSCE member States to agree on any division of labour between the two organisations, taking into consideration all implications. As I already underlined the UNECE Secretariat is committed to meeting your request. At present, it is ready to continue to do this within its existing resources. In case the UNECE is asked to contribute beyond its existing resources it is ready to do it on a project basis. The UNECE Secretariat is prepared to contribute to the review of other commitments too, in particular those concerning good governance to the extent it has relevant in-house expertise. It is likely, however, that other international organisations and institutions will have to be involved in the review

process in order to guarantee its quality and professionalism. Effective coordination and leadership throughout the process is an important precondition of success.

The primary objective of the UNECE Task Force was to offer new approaches, matching the complexity of the task. It developed a number of substantive proposals with the clear understanding that decision on the structure, methodology and resource implications would have to be taken by the OSCE. It would be a misinterpretation to narrow down this work to resource issues.

I also believe there is a need to mobilize new stakeholders so that they can participate effectively in the review sessions. The OSCE Strategy Document calls for new partnerships and the involvement of academia, the business community and civil society. Their contributions would make the review sessions more interactive, informative and relevant.

Cooperation between the UNECE and OSCE could be extended to a more systematic follow-up of the annual review sessions, including joint formulation and implementation of policy recommendations based on the review. Take as an example this year's review. UNECE and OSCE experts together with representatives of other partners could jointly develop a series of policy recommendations on improving the investment climate. Moreover, the UNECE is also prepared to participate in the implementation of policy recommendations for the improvement of investment climate.

The planned joint work on an early warning mechanism in the economic and environmental dimension is expected to result in an increased capacity of our organisations to contribute to the stabilisation strategies of the international community. A new, regionally focused early warning mechanism in the economic and environmental dimension, adapted to the challenges and threats of the 21<sup>st</sup> century should lead to increased synergies. Its full integration with early warning activities of the OSCE and other partners in other dimensions of security should result in a highly efficient new tool jointly owned by all 55 member States of our organisations. The UNECE, in addition, is ready to provide assistance to the improvement of local statistical and analytical capabilities and fostering transparency when necessary – which are key preconditions for the effective functioning of any early warning mechanism.

The UNECE would like to become a more effective partner of the OSCE in the field. The two organisations have some experience in this aspect. To illustrate it, I would like to mention our cooperation in the implementation of the Aarhus convention. I hope we can broaden this cooperation, in particular in the implementation of those projects where the UNECE has readily available in-house expertise. The more active involvement of UNECE experts – in addition to lowering costs and guaranteeing a high level of professionalism – would ensure complementarity with ongoing programmes and projects of other UN organisations. Joint fundraising could ensure adequate resources for new UNECE-OSCE activities. Designation of UNECE contact points in every OSCE field missions would help making our cooperation in the field simple and efficient.

I am convinced that an enhanced UNECE-OSCE partnership will bring significant added value in such strategically important sub-regions as Central Asia and the Caucasus. In February this year Secretary General Kofi Annan contacted the Presidents of the five Central Asian States and Azerbaijan calling on them to use more actively the framework of the United Nations Special Programme for the Economies of Central Asia for strengthening sub-regional cooperation and integration. As a result, I have just visited two Central Asian States – Uzbekistan and Turkmenistan – and from Prague I will travel to Tajikistan. The UNECE – together with the UN Economic and Social Commission for Asia and the Pacific is now in the process of developing a new strategic approach to Central Asia. This week the strategic approach will be discussed by representatives of SPECA member States at the meeting of the Regional Advisory Committee in Dushanbe. The Regional Commissions wish to offer more active support to the efforts of the States of the sub-region to tackle together such problems as improving the investment climate, transport, trade, customs or water and energy. Afghanistan could also be invited to join the SPECA framework – first as an observer – if member States wish so. Such an invitation would greatly facilitate international efforts to stabilise Afghanistan. There can be no doubt that broader economic cooperation and improved transport links between Central Asia and Afghanistan would serve the interest of all parties.

The dramatic spread of global challenges to security, ranging from terrorism to organised crime, from illegal migration to environmental degradation makes regular information exchange and coordination among global and regional players a vital necessity. The efforts of UNECE and OSCE to better integrate the economic and environmental dimension of security into overall regional stabilisation efforts deserves the attention of partners worldwide. As a member of the UN family, the UNECE promises to share the experience of this unique cooperation with other regional commissions as well as relevant UN agencies and funds.

This year's Economic Forum offers an excellent opportunity for Delegations and representatives of the two Secretariats to conduct an open and constructive dialogue on all relevant issues and clarify possible differences. Let me reconfirm the full readiness of the UNECE Secretariat to bring this work to an early and fruitful conclusion.