



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/REU/3
24 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4-29 May 1992, Geneva
Item 6 of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD REGIONAL PROGRAMME FOR EUROPE

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1992-1996	Net IPF	4 200 000
	Estimated cost-sharing	<u>250 000</u>
	Total	<u>4 450 000</u>

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 10	2
A. Socio-economic situation	1 - 8	2
B. Regional development objectives and strategies ...	9 - 10	3
II. EXTERNAL COOPERATION	11 - 13	4
A. External cooperation priorities	11 - 12	4
B. Aid coordination arrangements	13	4
III. THE REGIONAL PROGRAMME	14 - 58	5
A. Assessment of ongoing regional programme	14 - 18	5
B. Proposals for UNDP cooperation	19 - 55	6
C. Implementation and management arrangements	56 - 58	15

Annexes

I. Financial summary	17
II. Programme matrix	19

REGIONAL PROGRAMME FOR EUROPE 1992-1996

I. DEVELOPMENT SITUATION, OBJECTIVES, STRATEGIES

A. Socio-economic situation

1. Since mid-1989, 7 of the 10 European countries accorded indicative planning figures (IPFs) that are participating in the fifth-cycle regional programme have undergone major political and economic changes leading to major restructuring. The revolutionary process that started national reforms affected Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Yugoslavia. The process has led to the introduction of multiparty democracy (with elected governments and loyal representative oppositions), introduction of private ownership, new concepts of management and services, and new opportunities for the individual entrepreneur. The dismantling of central planning systems has proved more difficult than expected. The legacy of over 40 years of command economies has prevented institutions, legal structures and individual managers to familiarize themselves with market systems.
2. Over the last two years, societies in Central and Eastern Europe - which hitherto were viewed as industrialized, well-trained, well-organized, relatively wealthy and equitable - have been shown to possess technologies that waste energy and create pollution, as well as being outdated and noncompetitive. Otherwise technically qualified people were shown to lack the management skills required for coping with all the changes needed to introduce efficient market economies.
3. Major transition processes have begun which are introducing change at different levels simultaneously: political democratization; replacement of central command structures; changed trade flows following the collapse of the Council for Mutual Economic Assistance (CMEA); and industrial restructuring, i.e., away from heavy industry towards consumer goods and services.
4. Other factors that have significantly added to the present difficulties include: escalating debt problems; the effects of the Persian Gulf crisis; and complex entry barriers vis-à-vis the European Community.
5. The situation of Central and Eastern European countries affected by these circumstances has been revealed by a reduction in their aggregate economic activity by as much as 30 per cent. The deep recession has caused large contractions in output and demand, skyrocketing unemployment, resultant idle industrial capacity and accelerated inflation.
6. Before 1989, both economic growth and human resources development were severely limited in the Central and Eastern European subregion. Continuous shortages of consumer goods, the neglect of factors relating to a healthy environment and political systems that excluded the involvement of the majority of people severely reduced the quality of life for almost 50 years. As the political and economic restructuring programmes were initiated, it became clear that extra attention needed to be given to the human being as

both a tool and beneficiary of the reforms under way. The transition processes that started in 1989 are focusing on such development as well as an equal protection of all segments of the populations. The weaker and disadvantaged groups that require attention are the elderly and children, the unemployed, women and ethnic minorities. A widening of democracy is believed to provide the best avenue for enhancing the possibilities for improving human development.

7. On the positive side, there has been a major surge of solidarity between East and West. This has resulted in many new programmes of international technical cooperation and financial support.

8. Of the 10 IPF countries, 3 have net contributor status: Cyprus, Czechoslovakia and Malta. Other newly independent countries in Eastern Europe and the Community of Independent States (CIS) have requested recipient status as IPF countries. They have indicated interest in the regional programme as well. At the Special Session of the Governing Council in February 1992, Belarus, Estonia, Latvia, Lithuania and Ukraine were given recipient status.

B. Regional development objectives and strategies

9. Albeit through varied approaches and pace of change, the Central and Eastern European countries in transition share the same broad objectives of political and economic restructuring which is designed to lead to the abolition of the former command structures and to the development of market economies. This implies that all major systems are undergoing change: in legislation, policies, and institutions in order to create an enabling environment for a market economy; in the physical infrastructure necessary to sustain the new societies; in management techniques, training, retraining and the education of future generations; in all industrial sectors, whether in manufacturing or services; in trade and any other area of consequence. No element of national development can escape the need for thorough review and consequent restructuring.

10. While the events in the Central and Eastern European countries have shaken the world since 1989, most of these events have also created new opportunities for the international community in terms of economic and technical cooperation. This, of course, also applies to the other three IPF countries in Europe: Cyprus, Malta and Turkey. The common goal to join a larger European Community has been energized by the demise of the CMEA and the dramatic economic disruptions currently experienced by the former Union of Soviet Socialist Republics. Pan-European integration is a key goal of all European IPF countries, alongside political stability through the adoption of democratic processes. Many obstacles, however, remain to be overcome in this respect, most of them related to such factors as inadequate economic infrastructure, trade barriers within or between the countries concerned, the inadequate quality of exportable products, and other similar hindrances.

II. EXTERNAL COOPERATION

A. External cooperation priorities

11. Until 1989, the participation of external donors and development banks in the development of Central and Eastern European socialist nations was limited to only a few countries. To a large extent, UNDP and the United Nations development system constituted the only source of grant technical cooperation. UNDP was also used by some donors as a channel to deliver some assistance, particularly at the intercountry level. Yugoslavia and Albania are still the only two countries in Central and Eastern Europe where development cooperation counts as official development assistance (ODA) under definitions used by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). From 1989 onwards, UNDP in financial terms increasingly became a minor player among international donors involved in setting up priority programmes for technical cooperation in the region. The major source of grant assistance became the European Community (EC) through the PHARE programme, which financed country as well as regional activities. The Commission of the Community also was mandated to coordinate the activities of donors among members of OECD. The World Bank substantially expanded its lending programme in volume and in consultations in additional countries. It became the major source of investment funding. A new bank, the European Bank for Reconstruction and Development (EBRD), became operational in 1991.

12. External donors are intervening in nearly all sectors of these economies in transition, especially in private sector development, management, education and human resources development, the environment, energy and telecommunications.

B. Aid coordination arrangements

13. Reference has already been made to the OECD mandate given to the EC for aid coordination among donors vis-à-vis the European economies in transition. By focusing on common needs of beneficiary countries, UNDP will assist them in coordinating their efforts to match demand for external assistance with potential donor interest. Through existing networks and the establishment of new ones, the regional programme will encourage cooperation among beneficiaries themselves. Networking arrangements developed during the 1980s and continuing into the present, have focused on technical cooperation in the sectors of energy, environment, science and technology, transport, communication and management. By adapting the activities of these networks to the emerging needs of the region's economies in transition, UNDP intends to cooperate with other donor-supported programmes and to develop multidonor projects that will expand institution-building processes initiated under its earlier regional programmes.

III. THE REGIONAL PROGRAMME

A. Assessment of ongoing regional programme

14. Significant results have been achieved in the energy and environment, transport and communications and management sectors, especially in terms of institution-building and networking under the European intercountry programme. The major changes experienced by the region, however, and their impact on requirements for management and training at all levels, have led to sharp changes in the composition of the national institutions and individuals assigned to the programmes supported by UNDP. This has had an impact on the sustainability of existing institutions and of existing networks among the various cooperating national institutions. It was also found that despite impressive advances in terms of technology transfers to and within the region for industrial and scientific purposes, the impact of cooperation programmes would have been greater had the policy and management aspects received more attention.

15. The mid-term review of the fourth-cycle regional programme took place in the first half of 1989, i.e. before the major political upheavals that changed the overall context of the UNDP-supported programmes in the region. Since then and in response to these changes, UNDP carried out several high-level missions in the region. It also fielded short-term policy-oriented missions, including several composed of private sector specialists. The latter have resulted in a strategic plan and a set of country studies for the sector, preparing the ground for new proposals in enterprise restructuring and support to privatization and entrepreneurship. Particular attention was given to gender issues through a regional workshop organized in Vienna in April 1991 which focused on the role of women in the Eastern European transition process. The workshop provided useful guidelines for future activities in the region concerning women in development.

16. The revolutionary changes that have shaken Europe since 1989 heavily influenced the second half of the fourth-cycle regional programme. The changes gave rise to an unprecedented release of human energies and individual creativity. The processes thus set into motion represent a series of massive systemic changes and structural adjustment measures that are affecting all levels of society. They are expected to last for prolonged periods of time, and to require an equally massive response from the donor community. They also create new opportunities for cooperation within the region and among the IPF countries themselves.

17. A special study of regional project networks and their sustainability took place at the end of 1989, i.e. at the time that the very foundation of earlier UNDP-supported networks was already affected by restructuring measures in the majority of the participating IPF countries. Subsequent personnel changes also had a negative effect. Some successes were noted, however: for instance, on the basis of the network for industrial energy conservation, an intercountry private company for environmental management and consulting was created in November 1990. The resulting joint venture, ENCONET International

involving Hungary and Yugoslavia, was later completed by specialists from Czechoslovakia.

18. As a result of the impact of the sudden entry of many donors into the Central and Eastern European economies in transition, many well qualified national specialists have been attracted away from the regional programme, and replacements have not always been readily available. The changes also revealed the need for improved user-orientation of project activities and a consequent need for careful selection of national counterparts for international networking within the context of the regional programme.

B. Proposals for UNDP cooperation

1. Preparatory process

19. In early 1991, several consultants were hired to assess technical cooperation needs in the European IPF countries. They based their assessment on visits to the countries concerned and to various United Nations system agencies. A cluster meeting was organized for the region in April 1991, in Geneva, which brought together government officials from all IPF countries, several UNDP headquarters and field staff, agencies of the United Nations system, and several key donors, including the EC, the World Bank and EBRD. During 1991, the services of senior specialists were secured on a retainer basis for programme development in the following priority areas: economic restructuring and private sector development; management development and vocational training; transport and communications; environmental management and energy conservation. Three "Task-Force Meetings" were also organized as follows:

- (a) Transport and Communications, Warsaw, Poland, on 27 and 28 June 1991;
- (b) Private Sector Development, Management and Vocational Training, Celakovice, Czechoslovakia, from 30 September to 4 October 1991; and
- (c) Environment and Energy, Ankara, Turkey, from 17 to 19 December 1991.

These meetings were attended by specialists and government policy makers from the IPF countries as well as representatives of the specialized agencies of the United Nations system. They offered an opportunity to review lessons learned from the fourth-cycle programme, and to assess needs for assistance during the fifth cycle.

20. In the environment sector, efforts were made to obtain additional funding through the Global Environmental Facility (GEF) for large-scale projects in the Danube River Basin and the Black Sea. These met with a clear initial success since, as far as the Danube programme is concerned, it has led not only to the approval of the Danube GEF project but also to a coordinated multidonor programme for the Danube River Basin, with total expected funding of some \$50 million. This was the result of initiatives taken by the UNDP

regional programme in consultation with the GEF partners (the World Bank and UNEP), the countries concerned, and major donors.

21. In mid-January 1992, an intergovernmental consultation was organized in Geneva in order to complete this process through the selection of priorities for the fifth-cycle programme and the adoption of strategies for programme implementation and co-financing.

2. Strategy for UNDP cooperation

22. Since the regional programme's resources are limited to a total of only \$4.2 million, it was decided to give preference to priority needs that, within the areas of main concern, would lend themselves to co-financing by other donors, using resources already earmarked for the region. Whenever appropriate, advantage will be taken of previous experience in institution building and networking. Scarce UNDP resources will be used mainly to provide "seed money" for project activities of a strategic nature, agreed upon with the recipient countries. This includes activities for project formulation and fund raising, as necessary, to attract additional donor contributions for large-scale, multidonor, technical cooperation programmes with a target totaling \$34,000,000.

23. The entire regional programme will focus on the human dimension of the transition process. While recognizing the crucial importance of raising gross national product (GNP) and the necessary capital investment, the UNDP strategy has the dual aspect of strengthening the human and social objectives of the transition process and of developing the human resources necessary for completing that process. While there are three principal subprogrammes, the human dimension applies to each of them.

24. Special attention will be given to the needs of the weaker and disadvantaged groups, for whom special programmes will be developed. For all subprogrammes, human resources development will be addressed, enabling all groups, including women, non-governmental organizations (NGO)s, enterprises and local government institutions, to participate in the transition process and to make use of their potential.

3. Proposed UNDP cooperation in selected areas of concentration

25. It is proposed that the intercountry programme in the fifth cycle focus on the following three areas:

(a) Private sector development (including privatization, enterprise restructuring, entrepreneurship development, and patent information); management development and consulting, statistics; and vocational training;

- (b) Environment and energy; and
- (c) Transport and communications.

Subprogramme for private sector development, management, statistics and vocational training

(a) Regional development goals and programmes requiring UNDP cooperation

26. Private sector development in Central and Eastern Europe is one of the cornerstones of the economic reforms now being carried out. A whole new way of thinking has to be introduced in countries where most people have never experienced anything other than centrally controlled economic systems, and where the economic and social structures of the past 40 years have become completely inappropriate. All countries of the subregion, therefore, have set out on: the introduction of privatization programmes; a restructuring of their industrial, agricultural and service sectors; the initiation of management development programmes; the promotion of entrepreneurial skills and introduction of business incubators; and the reform of vocational training systems. New legislation is being introduced to create an enabling environment that will attract foreign investments for the start-up of new enterprises and the salvation of existing ones.

27. During the latter part of the fourth cycle, UNDP had begun a series of new initiatives under the "management" sector of the fourth-cycle programme. The initiatives were aimed at addressing issues of transition towards the introduction of market economies. These included the development of entrepreneurial skills through business incubators, the introduction of computerized management systems in industry, promotion of local management consultancy capacity as well as such support services as patent information systems. Starting in 1991, a new small-scale project to support the Central and Eastern European Privatization Network was approved, enabling decision makers to learn from privatization experiences within and outside the region. All these activities, however modest and however incomplete, have been helpful in supporting economic reform. Useful networking arrangements involving many skillful partners from within the subregion as well as from Cyprus, Malta and Turkey, which have long traditions in private sector development, were created in 1990 and 1991. These arrangements provided a solid base for launching new, interrelated, large-scale programmes in which other sources of funding would also be interested, and where UNDP would further expand its traditional role of local capacity building.

(b) Proposed UNDP cooperation

28. The Privatization Network was created in 1991 and received initial UNDP support for the organization of a series of workshops. Recently appointed privatization officials from the responsible government agencies in Central and Eastern Europe, organized in a network steering committee, were thus able to participate in in-depth reviews of experiences in privatization and to discuss specific topics of common interest and urgent concern. These

workshops have not only enabled officials from different Central and Eastern European countries to exchange experiences, but they also generated follow-up action programmes in response to identified needs. The network also offers opportunities for identifying resources and providing support to member institutions within the region. The institutions benefiting from this mechanism will develop strategies to achieve their privatization goals through specific activities for which other donors provide funding as well. Some of the workshops organized by the networks may well lead to separate large-scale projects for restructuring special economic sectors, to be co-financed by other donor entities available to the region. Workshops on "public offerings" and "business evaluation" held in 1991 are expected to lead to large-scale follow-up activities in 1992.

29. Other donors such as the EC, EBRD, the World Bank and some individual Governments have shown interest in this initiative. The other IPF countries in the region (Cyprus, Malta and Turkey) have indicated interest in providing expertise both for this initiative and for the "turn-around management" project described below. On the assumption that the EC/PHARE and EBRD provide substantial funding for workshops and special events, UNDP proposes to provide continued support for network management and coordination. Due advantage will be taken of previous UNDP experience and initiatives in privatization undertaken by the interregional programme.

30. The new programme will build on "hands-on" approaches for enterprise restructuring. A major new activity is the Turn-around Management Programme (TAM), which will benefit the economies in transition. The focus of the programme is on state-owned enterprises that are at risk to flounder or fail because of serious management inadequacies while confronted with new challenges posed by open market competition, falling export sales, and shrinking domestic subsidies. The programme will focus on large, fragile but saveable enterprises, and will act at the level of their leadership. It will also provide feed-back to the regulators and policy makers responsible for privatization and for establishing an enabling market environment. Relevant data will be shared as well with other programmes involved in such areas as the training of accountants and management consulting. The programme is designed to last four years. The principal activities supporting the programme include the provision of "turn-around teams" composed of successful "hands-on" enterprise managers from other countries and national consulting specialists. The teams will work closely - over a period of two years each on a part-time basis - with the senior management of key enterprises in need of restructuring. Each team will provide advice on the strategic direction and organization of the company; analyse its needs with respect to marketing, production, financial and administrative practices and requirements; counsel the leaders on a one-to-one basis on the most effective methods to manage the company's internal and external resources; build confidence and morale of the leadership in their ability to manage and direct the company's activities in a free, competitive marketplace; help identify such additional outside resources as capital and marketing partners; and identify serious problems resulting from the regulatory and institutional environment. Sizeable external funding is expected from such external donors as the Commission of the European

Communities (PHARE programme), the EBRD, and several bilateral technical cooperation programmes. A decision with respect to the nature of this project will be taken following further consultations between UNDP and beneficiary Governments prior to the Governing Council's thirty-ninth session in May 1992.

31. During the fourth cycle, a small project for the promotion of entrepreneurship in small and medium-scale industries resulted in the fine-tuning of methodologies for facilitating the creation of small and medium-size enterprises, particularly through business incubators. Under a separate but related project, patent information systems were strengthened to provide access to innovative technologies. UNDP will cooperate in extending these facilities to interested entrepreneurs on a larger scale, and in seeking additional funding.

32. Another aspect of support to entrepreneurship development is designed to attract the attention of other donor entities. This aspect features fast-growth enterprises. These may be either new businesses or offsprings of the privatization process; in either case, they are enterprises that no longer need start-up support, but intend to fully exercise their entrepreneurial abilities. They do not yet have access to financial markets and need to undergo tremendous managerial changes to exploit the growth opportunities that are emerging. Nonetheless, in many countries, such fast-growth enterprises have proved to be key generators of economic growth and of large-scale employment.

33. A Management Education proposal is under formulation. In its current shape, it plans to build on existing initiatives to encourage professional management development. It will be supported by networks of management development institutions in Eastern and Western European countries and is designed to result in a higher standard of management education in the beneficiary IPF countries. The programme will address such new objectives as faculty development, efficiency of management in the management institutions, curriculum development and quality standards, and the particular needs of management consulting. Strengthening the training capacities for the trade sector will be given special attention. The project will closely collaborate with the turn-around management and entrepreneurship programmes mentioned above.

34. The major changes occurring in Europe have heightened the need for skilled professional workers and middle-level managers capable not only of turning out quality products for a competitive export market and a steadily evolving local market, but also of running a fast-growth service sector. This capability is essential to reduce the high unemployment level. Vocational training systems and policies need to be revised and adapted to the new situation. Based on experience gained during the fourth cycle, when a small regional project (Vocational Training and New Technologies) was undertaken for improving the technological content of vocational training and in view of the absence so far of other major donor initiatives in this sector, UNDP intends to examine the feasibility of a large multidonor programme for the introduction of reform policies and programmes in vocational training. The

programme is expected to be of particular significance in addressing the human dimension of transition, and to provide opportunities for enhancing the role of people as a tool for change.

35. Economic restructuring will require sound statistical information if a successful transition to the market economy is to be realized. Building on the Computerized Statistics network developed by a fourth-cycle regional project, UNDP intends to assist national statistical offices to introduce methodologies for generating a range of economic statistics required in a market-oriented economy. Collaboration will be sought with "EUROSTAT" and other European organizations involved in statistics for technical support as well as additional funding.

36. While the total volume of co-financing requirements for these programmes and related initiatives remains to be determined, it is most likely that a mix of cost-sharing, trust-fund arrangements and management services will best reflect the variety of donor entities that will be involved. UNDP experience in institution building, its support to existing local and regional networks, and its human development strategies justify the Programme's continued role in the region. All the proposed activities in this sector will complement national programmes and projects financed under country IPFs, and their benefits are national rather than regional. The regional approach, however, is considered cost-effective as it allows for a coordinated channeling of similar inputs to institutions in participating countries and the sharing of experiences among beneficiaries. Success indicators will be the establishment of new programmes for management education, vocational training and entrepreneurship promotion and the creation of a nucleus of specialists in participating countries.

37. A total of \$2,000,000 in IPF resources has been earmarked for this subprogramme.

Subprogramme for energy and environmental management

(a) Regional development goals and programmes requiring UNDP cooperation

38. At an interministerial conference held in Dobris, Czechoslovakia, in June 1991, European countries agreed to collaborate in preparing new strategies and programmes for sustainable development in order to protect and improve the environment in Europe. All major international organizations and development banks participated in the conference, which, inter alia, stressed the importance of human values and environmental ethics as lifestyle decisions substantially affecting the environment. The European ministers endorsed the development and implementation of regional, subregional, and water basin programmes, especially those related to the Baltic, Black, North and Mediterranean Seas. The launching of such regional programmes as those related to the Danube Basin, the Black Triangle, and other subregional hotspots was also welcomed. Concerned countries and international organizations were invited to participate and support these programmes.

39. As a follow-up to the Dobris conference, several regional planning meetings were organized in which UNDP participated with EBRD, the European Investment Bank (EIB), the Nordic Investment Bank (NIB). EC, OECD, the Council of Europe, the United Nations Economic Commission for Europe (ECE), the United Nations Environment Programme (UNEP), the World Health Organization (WHO) and the World Bank. One of the proposals discussed at these meetings was to give a special role to UNDP in building local capacities for environmental management and consulting. As only limited IPF funds are available, a choice has been made for human resource development activities that will produce methodologies and training modules for public, private, central and local managers involved in environmental management and energy conservation. Successful models for environmental consulting, including energy conservation, have been developed in market economies and in selected institutions within the European IPF countries. These models will be used for upgrading the skills of national specialists interested in developing consulting capacity from which government institutions, as well as those in industry, agriculture and other sectors, that are responsible for pollution and energy waste will benefit. Other donors will be approached to co-finance these activities.

(b) Proposed UNDP cooperation

(i) New programmes

a. Energy conservation and air pollution control

40. Building on positive networking experiences developed under an earlier project in support of industrial energy conservation, UNDP will fund a follow-up activity that will focus on the creation of sustainable environmental management institutions and companies. It will take into consideration the positive lessons learned from such fourth-cycle regional projects as Energy Conservation in Housing; Air Pollution Control; Low Calorie Solid Fuels Technology; Energy Planning; and INTERNET. The acute shortage of competent organizations at the enterprise level points to the need for developing an environmental and energy service sector in order to prevent industry and other sectors being forced to rely exclusively on foreign consultancy firms. By the enactment of new environmental and energy policies and legislation and with the introduction of market economies, industry will have to adopt pollution controls, clean technologies, and energy conservation measures. The same will occur in the agriculture and transport sectors. This will create a demand for technical and management advice in the form of a variety of consultancy services including environmental impact assessments, environmental risk assessments and auditing, energy auditing and engineering designs for pollution control and energy efficiency.

b. Management of hazardous waste and toxic chemicals

41. Successful fourth-cycle activities in waste management and integrated resources recovery and recycling were evaluated by UNDP consultants. This has led to a new proposal for promoting hazardous waste and toxic chemicals management through the building of national and international information

systems directly linked with the solving of significant problems in industry and in local government facilities. The end-users of these systems will be assisted through the development of computerized information support systems that can serve as a tool for early warning and control of pollution and as a catalyst for waste processing. The control of the use, trade and final destruction of toxic chemicals will also be facilitated. An efficient first step will be the building of national waste registries, which have already proven their value in one of the countries. The waste registries will contain economic data as well, enabling them to play a catalytic role in waste minimization and introduction of clean technologies.

c. Restructuring and environmental management in the coal mining industry

42. During the fourth cycle, the countries of the region benefited from a small-scale regional project which promoted greater efficiency in coal mines by introducing computer systems in their operations. An evaluation of the project carried out in mid-1991 resulted in a demand for UNDP-led international cooperation for assisting the countries of the region to restructure their coal mining industries in order to improve their economic and environmental performance.

43. As the new objectives will require substantial additional funding from other donors, UNDP's cooperation will focus on bringing together interested coal industries in the IPF countries and their counterparts in the West to review problems related to restructuring, economic and environmental management and privatization. Subsequently, an action plan will be designed for submission to donors.

44. The Global Environmental Facility (GEF) has provided additional funding for environmental programmes in Europe. A small-scale, fourth-cycle project, River Danube Water Quality Protection (programmed for \$180,000), has given way to a much larger Environmental Management Programme for the River Danube Basin which has received substantial GEF funding (\$8.5 million). This GEF project in turn triggered additional parallel funding from such other donors as the European Commission (PHARE), EBRD, the United States of America, the Netherlands, EIB and NIB. The contributions towards the resulting integrated Danube programme for the next three years totals an estimated \$50 million. Similar GEF initiatives for integrated environmental management programmes in the Black Sea and in the Baltic Sea areas were under development at the end of 1991 and may attract GEF support in 1992.

(ii) Ongoing programmes

a. Mediterranean Technical Assistance Programme (METAP)

45. This project will continue throughout 1992 with funding from the regional programme for the Arab States as well. In addition to UNDP, the World Bank, the Commission of the European Communities, and EIB have been contributing to the programme which aims at improved environmental management in the Mediterranean Basin and riparian countries.

b. Aquaculture, phase II

46. This project which is jointly financed with the regional programme for the Arab States, has been rephased reflecting late approval and start-up. Institution-building for the promotion of fish farming is the main objective.

c. Mediterranean Seismic Risk Reduction Project

47. Building on the success of this ongoing project and its networking experience, there is a strong likelihood for a large-scale second phase of the project which will receive bilateral cost-sharing funding. UNDP will coordinate efforts to obtain such resources.

48. All environmental activities are expected to expand local capacities for environmental management. The principal success indicator will be the creation of new mechanisms - both legal and institutional - for environmental management, e.g., the establishment of several environmental consulting firms whose services can be used by Governments and industry for improving their environmental performance.

49. A total of \$1.2 million in IPF resources has been earmarked for this subprogramme.

Subprogramme for transport and communications

(a) Regional development goals and programmes requiring UNDP assistance

50. The ongoing transition processes towards market economies in Central, Eastern and South-Eastern Europe have major implications for existing transport and communication networks in the region. Without improved transport systems and communication facilities, it will not be possible to develop trade, to stimulate exports and to integrate the economies of countries in the region with the rest of the world.

51. As the physical condition of existing infrastructure is totally inadequate, the region will have to embark on massive investments for rehabilitation, modernization and extension of infrastructure and equipment in the sector. To maximize funds, the countries of the region are undertaking an assessment of all transport modes in order to identify the most efficient intermodal approaches available.

(b) Proposed UNDP cooperation

(i) Intermodal transport information, planning and management systems

52. In order to consider all transport modes in an integrated way and to create an improved database and more efficient investment planning and management, the creation of dynamic information systems is required. The training of transport managers using an integrated, intermodal approach will

be a major focus of the project. Existing networks for the development of Trans-European motorways and railways, which were assisted during the fourth-cycle regional programme, will be invited to identify activities for UNDP funding reflecting an integrated approach which would take into account the other modes of transport. Special efforts are being made to attract cost-sharing or parallel financing from major European donors.

(ii) Management of telecommunications and postal services

53. Most Central and Eastern European countries are restructuring and modernizing their telecommunications and postal services. They require major foreign investments for installation and training at all levels. The new project will concentrate on management education and will assist in coordinating efforts by European telecommunications and postal services to improve productivity and become customer and market oriented. The project will require substantial co-financing to meet the enormous needs. The feasibility of multidonor cooperation in the area will be examined during a preparatory phase.

54. The main success indicators will be the development of programmes for management change in the sector and the introduction of a regional transport database.

55. A total of \$1 million in IPF resources has been earmarked for this subprogramme.

C. Implementation and management arrangements

56. The preferred execution modality for the fifth-cycle regional programme is one whereby the beneficiary countries themselves will provide management and coordination facilities. Networking is a proven modality in UNDP-supported European regional programmes, which should allow the proposed programme to benefit from steering committee arrangements for determining priorities and from management systems for executing projects. The final choice of modalities, however, will be influenced by co-funding requirements and the preferences of the beneficiary Governments.

57. To ensure maximum inputs and delivery of the intercountry programme and its subprogrammes and projects, as well as their adaptation in the course of the cycle to changing needs of beneficiary countries, UNDP will strengthen its mechanism for an ongoing process of consultation and coordination with beneficiary countries, donors and agencies. These arrangements will also provide the means to associate related agency activities with subprogrammes and projects.

58. The intergovernmental meeting (see para. 21 above) also endorsed a list of pipeline projects for the fifth cycle which were discussed and adopted by the task force meetings. UNDP has been urged to take necessary steps for ensuring additional financial resources for their implementation. Following is a list of these projects:

- (a) Industrial subcontracting;
- (b) Trade promotion;
- (c) Macroeconomic stabilization;
- (d) Mediterranean seismic risk reduction;
- (e) Upper silesia project;
- (f) Environmental impact assessment;
- (g) Decentralized/local environmental planning and management; and
- (h) Integrated environmental monitoring.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth-cycle IPF	-	
Fifth-cycle IPF	<u>4 200</u>	
Subtotal IPF		<u>4 200</u>
Project cost-sharing (Government)	-	
Project cost-sharing (Third party)	250	
Programme cost-sharing	<u>-</u>	
Subtotal cost-sharing		<u>250</u>
TOTAL		<u>4 450</u>

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

<u>Area of concentration</u>	<u>IPF</u>	<u>Cost-sharing</u>	<u>Total</u>	<u>Percentage of total resources</u>
Private sector development, management, vocational training	2 000	-	2 000	45
Environment/energy	1 200	250	1 450	33
Transport/communications	1 000	-	1 000	22
Subtotal	4 200	250	4 450	100
Unprogrammed reserve	-	-	-	
TOTAL	4 200	250	4 450	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF
CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds

SPR	500	
UNCDF	-	
UNSO	-	
UNIFEM	-	
UNRFNRE	-	
UNFSTD	-	
Subtotal		<u>500</u>

B. Other United Nations resources

JCGP participating agencies:		
UNFPA	-	
UNICEF	-	
WFP	-	
IFAD	-	
Other United Nations agencies (non-UNDP financed)		
Global Environmental Facility	<u>17 600</u>	
Subtotal		<u>17 600</u>

Total non-core and other United Nations resources	18 100
--	--------

C. Non-United Nations resources 33 900

TOTAL	<u>52 000</u>
-------	---------------

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus a/					TCDC	Transfer and adaptation of technology	WID
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development					
I. PRIVATE SECTOR DEVELOPMENT, MANAGEMENT, STATISTICS, VOCATIONAL TRAINING								
Privatization			*					
Turnaround management			*					
Management education			*				*	*
Entrepreneurship	*							*
Statistics							*	
Vocational training	*							*
II. ENERGY AND ENVIRONMENT								
Energy conservation and air pollution control		*	*				*	
Management of hazardous waste			*				*	
Restructuring and environmental management in coal mining industry		*	*				*	
III. TRANSPORT/COMMUNICATIONS								
Intermodal transport information systems		*	*				*	
Management of telecommunication and postal systems			*					*

a/ Asterisks indicate major linkage only.

17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000
1001
1002
1003
1004
1005
1006
1007
1008
1009
1010
1011
1012
1013
1014
1015
1016
1017
1018
1019
1020
1021
1022
1023
1024
1025
1026
1027
1028
1029
1030
1031
1032
1033
1034
1035
1036
1037
1038
1039
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1050
1051
1052
1053
1054
1055
1056
1057
1058
1059
1060
1061
1062
1063
1064
1065
1066
1067
1068
1069
1070
1071
1072
1073
1074
1075
1076
1077
1078
1079
1080
1081
1082
1083
1084
1085
1086
1087
1088
1089
1090
1091
1092
1093
1094
1095
1096
1097
1098
1099
1100
1101
1102
1103
1104
1105
1106
1107
1108
1109
1110
1111
1112
1113
1114
1115
1116
1117
1118
1119
1120
1121
1122
1123
1124
1125
1126
1127
1128
1129
1130
1131
1132
1133
1134
1135
1136
1137
1138
1139
1140
1141
1142
1143
1144
1145
1146
1147
1148
1149
1150
1151
1152
1153
1154
1155
1156
1157
1158
1159
1160
1161
1162
1163
1164
1165
1166
1167
1168
1169
1170
1171
1172
1173
1174
1175
1176
1177
1178
1179
1180
1181
1182
1183
1184
1185
1186
1187
1188
1189
1190
1191
1192
1193
1194
1195
1196
1197
1198
1199
1200
1201
1202
1203
1204
1205
1206
1207
1208
1209
1210
1211
1212
1213
1214
1215
1216
1217
1218
1219
1220
1221
1222
1223
1224
1225
1226
1227
1228
1229
1230
1231
1232
1233
1234
1235
1236
1237
1238
1239
1240
1241
1242
1243
1244
1245
1246
1247
1248
1249
1250
1251
1252
1253
1254
1255
1256
1257
1258
1259
1260
1261
1262
1263
1264
1265
1266
1267
1268
1269
1270
1271
1272
1273
1274
1275
1276
1277
1278
1279
1280
1281
1282
1283
1284
1285
1286
1287
1288
1289
1290
1291
1292
1293
1294
1295
1296
1297
1298
1299
1300
1301
1302
1303
1304
1305
1306
1307
1308
1309
1310
1311
1312
1313
1314
1315
1316
1317
1318
1319
1320
1321
1322
1323
1324
1325
1326
1327
1328
1329
1330
1331
1332
1333
1334
1335
1336
1337
1338
1339
1340
1341
1342
1343
1344
1345
1346
1347
1348
1349
1350
1351
1352
1353
1354
1355
1356
1357
1358
1359
1360
1361
1362
1363
1364
1365
1366
1367
1368
1369
1370
1371
1372
1373
1374
1375
1376
1377
1378
1379
1380
1381
1382
1383
1384
1385
1386
1387
1388
1389
1390
1391
1392
1393
1394
1395
1396
1397
1398
1399
1400
1401
1402
1403
1404
1405
1406
1407
1408
1409
1410
1411
1412
1413
1414
1415
1416
1417
1418
1419
1420
1421
1422
1423
1424
1425
1426
1427
1428
1429
1430
1431
1432
1433
1434
1435
1436
1437
1438
1439
1440
1441
1442
1443
1444
1445
1446
1447
1448
1449
1450
1451
1452
1453
1454
1455
1456
1457
1458
1459
1460
1461
1462
1463
1464
1465
1466
1467
1468
1469
1470
1471
1472
1473
1474
1475
1476
1477
1478
1479
1480
1481
1482
1483
1484
1485
1486
1487
1488
1489
1490
1491
1492
1493
1494
1495
1496
1497
1498
1499
1500
1501
1502
1503
1504
1505
1506
1507
1508
1509
1510
1511
1512
1513
1514
1515
1516
1517
1518
1519
1520
1521
1522
1523
1524
1525
1526
1527
1528
1529
1530
1531
1532
1533
1534
1535
1536
1537
1538
1539
1540
1541
1542
1543
1544
1545
1546
1547
1548
1549
1550
1551
1552
1553
1554
1555
1556
1557
1558
1559
1560
1561
1562
1563
1564
1565
1566
1567
1568
1569
1570
1571
1572
1573
1574
1575
1576
1577
1578
1579
1580
1581
1582
1583
1584
1585
1586
1587
1588
1589
1590
1591
1592
1593
1594
1595
1596
1597
1598
1599
1600
1601
1602
1603
1604
1605
1606
1607
1608
1609
1610
1611
1612
1613
1614
1615
1616
1617
1618
1619
1620
1621
1622
1623
1624
1625
1626
1627
1628
1629
1630
1631
1632
1633
1634
1635
1636
1637
1638
1639
1640
1641
1642
1643
1644
1645
1646
1647
1648
1649
1650
1651
1652
1653
1654
1655
1656
1657
1658
1659
1660
1661
1662
1663
1664
1665
1666
1667
1668
1669
1670
1671
1672
1673
1674
1675
1676
1677
1678
1679
1680
1681
1682
1683
1684
1685
1686
1687
1688
1689
1690
1691
1692
1693
1694
1695
1696
1697
1698
1699
1700
1701
1702
1703
1704
1705
1706
1707
1708
1709
1710
1711
1712
1713
1714
1715
1716
1717
1718
1719
1720
1721
1722
1723
1724
1725
1726
1727
1728
1729
1730
1731
1732
1733
1734
1735
1736
1737
1738
1739
1740
1741
1742
1743
1744
1745
1746
1747
1748
1749
1750
1751
1752
1753
1754
1755
1756
1757
1758
1759
1760
1761
1762
1763
1764
1765
1766
1767
1768
1769
1770
1771
1772
1773
1774
1775
1776
1777
1778
1779
1780
1781
1782
1783
1784
1785
1786
1787
1788
1789
1790
1791
1792
1793
1794
1795
1796
1797
1798
1799
1800
1801
1802
1803
1804
1805
1806
1807
1808
1809
1810
1811
1812
1813
1814
1815
1816
1817
1818
1819
1820
1821
1822
1823
1824
1825
1826
1827
1828
1829
1830
1831
1832
1833
1834
1835
1836
1837
1838
1839
1840
1841
1842
1843
1844
1845
1846
1847
1848
1849
1850
1851
1852
1853
1854
1855
1856
1857
1858
1859
1860
1861
1862
1863
1864
1865
1866
1867
1868
1869
1870
1871
1872
1873
1874
1875
1876
1877
1878
1879
1880
1881
1882
1883
1884
1885
1886
1887
1888
1889
1890
1891
1892
1893
1894
1895
1896
1897
1898
1899
1900
1901
1902
1903
1904
1905
1906
1907
1908
1909
1910
1911
1912
1913
1914
1915
1916
1917
1918
1919
1920
1921
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943
1944
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
2046
2047
2048
2049
2050
2051
2052
2053
2054
2055
2056
2057
2058
2059
2060
2061
2062
2063
2064
2065
2066
2067
2068
2069
2070
2071
2072
2073
2074
2075
2076
2077
2078
2079
2080
2081
2082
2083
2084
2085
2086
2087
2088
2089
2090
2091
2092
2093
2094
2095
2096
2097
2098
2099
2100
2101
2102
2103
2104
2105
2106
2107
2108
2109
2110
2111
2112
2113
2114
2115
2116
2117
2118
2119
2120
2121
2122
2123
2124
2125
2126
2127
2128
2129
2130
2131
2132
2133
2134
2135
2136
2137
2138
2139
2140
2141
2142
2143
2144
2145
2146
2147
2148
2149
2150
2151
2152
2153
2154
2155
2156
2157
2158
2159
2160
2161
2162
2163
2164
2165
2166
2167
2168
2169
2170
2171
2172
2173
2174
2175
2176
2177
2178
2179
2180
2181
2182
2183
2184
2185
2186
2187
2188
2189
2190
2191
2192
2193
2194
2195
2196
2197
2198
2199
2200
2201
2202
2203
2204
2205
2206
2207
2208
2209
2210
2211
2212
2213
2214
2215
2216
2217
2218
2219
2220
2221
2222
2223
2224
2225
2226
2227
2228
2229
2230
2231
2232
2233
2234
2235
2236
2237
2238
2239
2240
2241
2242
2243
2244
2245
2246
2247
2248
2249
2250
2251
2252
2253