



Organization for Security and Co-operation in Europe Factsheet

OCEEA's Good Governance Activities

Good governance and security

Good governance of the public and private sectors, together with strong democratic institutions, are essential for economic growth. Stable states with transparent policies attract foreign and domestic investment, enabling governments to reduce poverty and inequality, increase social integration and protect the environment.

At the 2003 Ministerial Council Meeting in Maastricht, the OSCE participating States emphasized that good governance on the international, national and local level plays a crucial role for well-being, security and stability in the OSCE region. They expressed their concern that governance problems such as ineffective institutions, corruption, weak civil society, and lack of transparency and accountability in the public and private sectors can *“deprive participating States of the capacity to ensure sustainable economic, social and environmental development and to address economic and environmental challenges and threats to security and stability effectively, and need to be addressed in all their aspects.”*

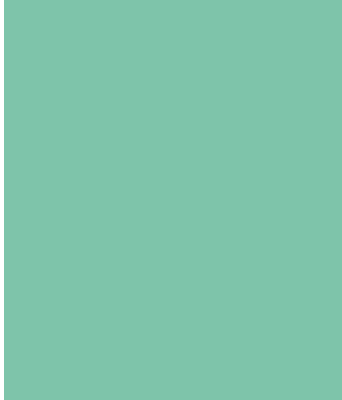
Following this expression of concern, the participating States acknowledged that good governance is of critical importance for all and agreed to work *“on a national basis, with the support of relevant international institutions, to strengthen good governance in all its aspects and to develop methods of co-operation to assist each other in achieving it.”*

The mandate

Within the OSCE, the Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) works to strengthen security and stability in the OSCE region by promoting international co-operation on economic and environmental issues. Promoting good governance and combating corruption, money laundering, and the financing of terrorism are among the key activities of the Office. These activities are based on a number of OSCE Ministerial and Permanent Council Decisions as well as the OSCE Strategy Document for the Economic and Environmental Dimension that gives high priority to “strengthening good governance” in the OSCE participating States.

Good governance

According to the United Nations (UN), governance is the process of decision-making and the process by which decisions are implemented. Good governance ensures that the voices of the poorest and the most vulnerable are heard during the process of making decisions on the allocation of development resources, and that political, social and economic priorities are based on broad consensus among the three stakeholders - the state, the private sector and civil society. All three stakeholders are critical for sustaining human development: the state creates a conducive political and legal environment; the



private sector generates jobs and income, and civil society facilitates political and social interaction.

The UN identifies eight key issues which measure good governance:

- participation,
- consensus orientation,
- accountability,
- transparency,
- responsiveness,
- effectiveness and efficiency,
- equity and inclusiveness, and
- rule of law.

The OCEEA actively supports reforms and transparency initiatives in the OSCE participating States aimed at achieving good economic governance and sound financial and resource management at the central, local and municipal levels. It, for instance, provides in co-operation with OSCE field operations tailor-made capacity building activities for local government and municipal officials dealing with fiscal decentralization, public procurement, budget and integrity issues.

Anti-corruption

Corruption is an abuse of entrusted power or responsibility (whether in the public or private sector) for private gain. It undermines democratic institutions and the rule of law and public trust, and it slows investment and economic development. The OSCE participating States have identified corruption as a major impediment to prosperity and sustainable development and consider it a threat not only to their stability and security, but also to their shared values.

Therefore, facilitating the fight against corruption in the participating States is a key priority of the OCEEA, which:

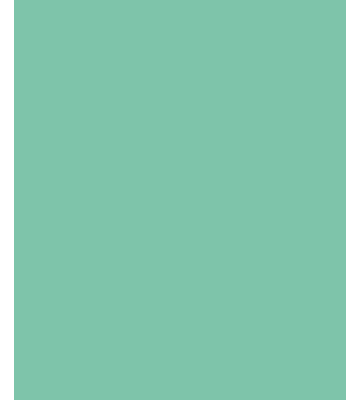
- promotes the ratification and implementation of international instruments, e.g. the United Nations Convention against Corruption (UNCAC),
- facilitates regional dialogue and exchanges of experience and good practices, e.g. on the adaptation of national legislation to international commitments,
- assists in capacity building and regional training activities for representatives of governments, the private sector and civil society, and
- provides tools and guidance for policymakers and practitioners on good governance issues via publications such as the OSCE Guide on Best Practices in Combating Corruption.

In carrying out these activities the OCEEA also works closely with other OSCE institutions, units and field operations as well as with partner organizations such as the United Nations Office on Drugs and Crime (UNODC), the Organisation for Economic Co-operation and Development (OECD), the World Bank, the Council of Europe and others.

The OCEEA also brings a good governance perspective to other areas in which the Economic and Environmental Dimension engages including developing business and investment opportunities, managing migration, facilitating cross-border trade and transport, strengthening energy security, improving opportunities for women in the economic sphere and protecting the environment.

Civil society

The OSCE participating States have acknowledged in the OSCE Strategy Document for the Economic and Environmental



Dimension that transparency in public affairs is an essential condition for the accountability of States and for the active participation of civil society in economic processes. Civil society, including media, and the private sector can play an important role in combating corruption. Active civil society engagement, when the proper legal framework is in place, can bring additional perspectives to legislative, judicial and institutional reforms under consideration. It can also serve to monitor government actions and decisions, for example, in areas such as privatization processes, the use of strategic natural resources, procurement procedures, construction contracts and public expenditures. In addition, civil society can be an effective vehicle for generating public awareness and bringing about more transparency.

The OCEEA provides a platform for dialogue between civil society representatives and government counterparts on a variety of good governance and anti-corruption issues. It also supports capacity building and anti-corruption training programmes for civil society.

Anti-money laundering and countering the financing of terrorism (AML/CFT)

Money laundering is the process by which criminal proceeds are moved through the financial system in order to conceal their illicit origin. The financing of terrorism is the collection and provision of funds for use in supporting an act of terrorism.

Within good governance, the OSCE participating States have repeatedly emphasized that money laundering and the financing of terrorism threaten our individual and collective security. In recent years, the OCEEA has intensified its efforts to combat both of these destabilizing phenomena, primarily by supporting the OSCE participating States in adopting and implementing the 40 + 9 Recommendations of the Financial Action Task Force (FATF). The OSCE's activities in the AML/CFT arena have included awareness raising, the development of technical materials, and public and private sector capacity

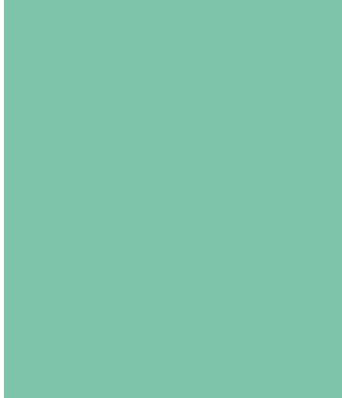
building, largely within and between national institutions, particularly financial intelligence units (FIUs).

The OCEEA's work in countering money laundering and terrorist financing is motivated by the following immediate objectives:

- developing a more nuanced understanding of the underlying threat at the national, regional and international levels to enable States to maximize the effectiveness of AML/CFT efforts,
- supporting and complementing the established activities of the FATF, UNODC and other standard setters, and
- proactively engaging with the public sector and private financial institutions to ensure more effective co-ordination of technical assistance delivery.

A key focus of the OCEEA's work in the area of AML/CFT is assisting the participating States in conducting national risk assessments. This is the process by which countries identify the threat of money laundering activity in their jurisdiction, the vulnerability of the country in terms of its ability to prevent and intercept specific types of illicit financial activity and its resulting impact. By providing a nuanced understanding of the money laundering and terrorist financing risks individual States face, national risk assessments can assist States in effectively allocating AML/CFT resources in support of security and stability. To support this process, the OCEEA has produced reference materials to assist participating States in preparing for a national risk assessment.

The OSCE is an observer to the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) and the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). The OCEEA also works on AML/CFT issues with other partners such as the UNODC, World Bank, International Monetary Fund, Egmont Group and private financial institutions.



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