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**TWENTIETH  
ECONOMIC AND ENVIRONMENTAL FORUM**

**“Promoting Security and Stability through Good Governance”**

**SECOND PREPARATORY MEETING**

**“Promoting Good Governance and Combating Corruption in Support of  
Socio-Economic Development”**

**Dublin, Ireland, 23-24 April 2012**

**CONSOLIDATED SUMMARY**

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## EXECUTIVE SUMMARY

### 20<sup>TH</sup> OSCE ECONOMIC AND ENVIRONMENTAL FORUM

#### “Promoting Security and Stability through Good Governance”

#### SECOND PREPARATORY MEETING

#### Promoting Good Governance and Combating Corruption in Support of Socio-Economic Development

Dublin, 23-24 April 2012

#### Introduction

The Second Preparatory Meeting of the 20<sup>th</sup> Economic and Environmental Forum took place on 23-24 April 2012 in Dublin and focussed on “*Promoting Good Governance and Combating Corruption in Support of Socio-Economic Development*”. Its agenda included six thematic sessions:

- **Session I:** Overview of international and regional anti-corruption instruments, initiatives and advancements;
- **Session II:** Fostering integrity and ethical conduct in the public sector;
- **Session III:** Promoting sound management of public resources and budget spending;
- **Session IV:** The key role of civil society and business community towards developing comprehensive and effective anti-corruption approaches;
- **Session V:** The role of good governance in stimulating sustainable economic, social and environmental development
- **Session VI:** Identifying and recovering stolen assets

The Meeting was attended by more than 200 participants from various fields, representatives from OSCE participating States, OSCE institutions and field presences, OSCE Partners for Co-operation, representatives of international and regional organizations, of civil society organizations, the business community and the academic community.

Recommendations for further work in the OSCE on promoting good governance and combating corruption were presented during the discussions. The outcome of the discussions during the Forum Preparatory Meeting in Dublin will be further debated in the Economic and Environmental Committee, as well as contribute to the Concluding Meeting of the 20<sup>th</sup> Economic and Environmental Forum take place on 12-14 September in Prague.

#### Main conclusions and recommendations

**The United Nations Convention against Corruption (UNCAC)** was central to the Meeting’s deliberations. Participants acknowledged that States need to do more towards implementing UNCAC’s provisions in their national jurisdictions. Additionally, it was recognised that stronger political will is needed in order for these commitments to truly be met and reflected in national legislation and practices.

The participants further emphasised the need for a comprehensive approach toward achieving good governance and fighting corruption in the OSCE region. This calls for a **stronger inclusion of all**

**relevant stakeholders** in decision-making processes, the public and the private sector, as well as civil society.

In particular, civil society needs to assume an active role in supporting efforts to address these issues. Governments should recognize the value they bring and facilitate their involvement. In this respect, it was recommended that **civil society organizations participate fully in designing anti-corruption frameworks at national level** and have full access to relevant information.

It was further acknowledged that encouragement must come from both inside the respective country, as well as from international organizations in order to gain enough momentum and achieve significant results. Therefore, **the inclusion of civil society should not be done solely by national governments, but should also be encouraged by international organizations**. If international organizations maintain strong bonds with civil societies across the region, there would be more transparency on both a national and an international level.

The importance of the business community was also noted. The participants agreed on the need to implement **more regulatory and monitoring instruments for private businesses**, as well as to **increase interaction between business and the public sector** by encouraging meaningful public-private partnerships.

The **role of international organizations** was one of the focuses of the Forum's deliberations and the OSCE, OECD and UNODC were identified as providers of crucial support for countries in this respect. The importance of **co-operation and complementarity** between international organizations was highlighted as necessary for achieving security and stability in the region. Participants recognized the Economic and Environmental Forum as an important platform for dialogue that stimulates international co-operation. Besides providing support and a platform for dialogue, international organizations should assume **more active roles** in the fight against corruption and the advancement of good governance practices. It was acknowledged that significant progress on a national level can only be achieved with an **equally vigorous approach in an international setting**.

By adhering to good governance practices, countries work towards **stimulating sustainable economic, social and environmental development in their societies**. The participants saw that education reforms and the promotion of gender equality contribute to sustainable socio-economic development. In this respect, the participants suggested that in many countries there is a growing need to **empower women from rural communities** so that they could make informed decisions and actively participate in decision-making processes, contributing to socio-economic development. Participants also expressed the wish that more countries would join the **Aarhus Convention** and contribute to sustainable development through actively including civil society in the decision-making process in environmental matters.

The Forum also deliberated on the importance of **public integrity and OSCE's role in strengthening it in the public sector**. The integrity of public officials is one of the cornerstones of good governance because it builds the public's trust in their officials, diminishes corruptive activity and subsequently contributes to a higher standard of conducting business in the private sector.

In tackling these issues, participants proposed that **conflicts of interest** be addressed through **asset declarations**, while questions of ethics and integrity be dealt with by **codes of conduct or codes of ethics for public officials**. There were concerns that codes of conduct may be insufficient tools for achieving greater institutionalised public integrity. As a result, **public integrity councils** were suggested as institutional presences that would further strengthen the integrity of the public sector. Here again, the involvement of the civil society would be crucial. Overall, it was established that more public support for such initiatives is needed in order for them to truly achieve results.

Discussions highlighted the **OSCE's engagement so far in promoting public integrity**. The OSCE has supported national governments in adopting codes of conduct for their public officials; supported and organised projects aimed at providing training for government officials on good governance practices; helped governments better regulate public procurement; and improved the countries' institutional capacity in promoting an open, responsive and accountable government at all levels. This work has been done through active co-operation with OSCE institutions and field presences, OSCE participating States, and external partners.

The participants emphasized the need for the Organization to remain active and further contribute to the promotion of public integrity in the region. In reference to future activities, it was suggested that the OSCE might define a **model code of conduct** that could serve as a stepping stone for countries that wish to implement their own codes. Additionally, the OSCE must continue to provide support and resources to help participating States with this issue and foster good practices in the region.

As part of the discussion on good governance in the public sector, participants agreed that more needs to be done for the promotion of **sound management of public resources and budget spending** in order to truly foster transparency and accountability. When debating the need for transparency and accountability in public financial management, the participants stressed that **regulatory reforms and transparency initiatives** are needed to improve public procurement and the management of natural resources. A few proposals for OSCE participating States of such initiatives and reforms were highlighted:

- Develop **public-private partnerships** to counter bribery;
- Encourage greater involvement of civil society that would also lead to a stronger political background for anti-corruption measures;
- Call upon countries to stop offering "**safe havens**" by presenting more transparent bank accounts in corruption cases;
- Establish effective investigative presences so that all proceedings are transparent and that influential actors cannot counter the investigation;
- Not only change laws, but to change the way in which complaints by citizens are processed and dealt with.

The important role of whistleblowers in corruption cases was an important part of the deliberations during the Meeting. Participants expressed the need for **strengthening whistleblower and witness protection** so that more people would be prepared to speak about corruption in their environments. Additionally, it was noted that a change of language could contribute constructively to the debate with perhaps whistleblowers being renamed as "Public Interest Defenders" in order to further encourage people to blow their whistles when they witness bribes and corruption.

In order to truly hinder corruption, more work is also needed in the area of **identifying and recovering stolen assets**. Countries should work actively towards hindering corrupt activity and contribute to better co-operation between states. Lastly, the participants noted that there needs to be high-level political support for recovering stolen assets for these tools to be harnessed effectively and used on a regular basis.

**Practical issues** present one of the biggest barriers in perfecting the recovery of stolen assets. According to the participants, significant improvement has to be made in domestic legislation and international co-operation, **networks of practitioners** have to be built to ensure continuity, effective standards of consumer due-diligence and public-private co-operation have to be set up, and a climate of mutual trust among stakeholders should be fostered to ensure active co-operation. Finally, countries that have not yet joined the Interpol/STAR Platform should be encouraged to do so.

Throughout the Meeting, participants underlined the **essential role of the OSCE in promoting and implementing anti-corruption and good governance standards** on international, national, and regional levels. In that regard, many expressed hopes that a renewed political commitment by OSCE participating States on good governance will be reached at the Ministerial Council in Dublin at the end of the year, stemming, *inter alia*, from the results of the Forum process.

The OSCE should also continue to provide a platform for the exchange of best practices, offer, *inter alia*, training possibilities on ethical behavior in public procurement for officials, media representatives, NGOs, and businesses alike and continue with supporting national governments in the implementation of anti-corruption and transparency initiatives.

### **Possible future activities on good governance and anti-corruption issues**

On the basis of recommendations made during the Second Preparatory Meeting of the 20<sup>th</sup> Economic and Environmental Forum, OSCE participating States and Executive Structures may wish to give consideration to the following issues:

- Continue to identify gaps and areas where further action is needed to promote good governance and the fight against corruption;
- Support States in complying with their international commitments such as the United Nations Convention Against Corruption (UNCAC);
- Continue to encourage platforms for dialogue and exchange of best practices through regional events;
- Help national governments strengthen their legal frameworks, support the introduction of more transparent public procurement regulations, and assist them in establishing codes of conduct for public officials, *inter alia*, by promoting model codes and other best practices;
- Support dialogue and co-operation initiatives between public authorities and civil society, and a stronger role for civil society in designing and monitoring the implementation of legal, regulatory and institutional measures aimed at combating corruption and supporting socio-economic development;
- Continue to develop co-operation in these areas with international actors like the UNODC and the Council of Europe, OECD, etc;
- Field operations should continue to strengthen their local capacities and co-ordinate with other international actors in the field;
- Offer training possibilities on ethical behaviour on public procurement for officials;
- Support a public sector culture based on integrity and accountability as key to sustainable economic growth;
- Support the highest level of ethical conduct in order to maintain public trust;
- Develop new suggestions for national governments in order to foster integrity of the public sector (e.g. integrity councils);
- Support good systems for whistleblower and witness protection;
- Promote the commitments reflected in the Aarhus Convention;
- Promote international and regional co-operation in matters concerning the identification and recovery of stolen assets;
- Assist countries in joining the Interpol/STAR Platform;

## REPORTS OF THE RAPPORTEURS

### SESSION I: OVERVIEW OF INTERNATIONAL AND REGIONAL ANTI-CORRUPTION INSTRUMENTS, INITIATIVES AND ADVANCEMENTS

**Moderator: Mr. Robert Leventhal**, Director, Anti-Corruption and Governance Initiatives, Department of State, United States of America

**Rapporteur: Mr. Gilbert Schenkenbach**, Permanent Mission of Ireland to the OSCE

*Mr. Robert Leventhal*, Director of the Anti-Corruption and Governance Initiatives of the US Department of State, served as moderator and in his introductory remarks spoke of the global increase in activities addressing the issues of good governance and corruption in the last 10 to 15 years. He pointed out that effective implementation of anti-corruption laws is often held back by lack of political will. In this regard, he stressed the need for States to live up to their international commitments such as the UN Convention against Corruption (UNCAC), by implementing and applying necessary provisions in national jurisdictions.

*Mr. Wolfgang Rau*, Executive Secretary of the Council of Europe Group of States against Corruption (CoE/GRECO) was the first speaker to take the floor. He started by informing that GRECO is an anti-corruption watchdog that was established by the Council of Europe in 1999. All 47 members of the Council of Europe participate in the GRECO, as well as the U.S. and Belarus. He also mentioned that recently Kazakhstan had expressed an interest to participate. Mr. Rau described GRECO as an ambitious institution, which uses hard law as well as soft law tools, and where member States evaluate one another in various areas during sequential Evaluation Rounds.

Third Evaluation Round has been recently completed on the themes of “Criminalisation of Bribery and Trading of Influence Offences in Domestic Legislation” and “Transparency of Political Funding”. Overall, there has been good compliance with these themes by members States. However, the legal tools to actually bring cases to justice have not been developed far enough in many countries. In this regard, Mr. Rau highlighted that the lack of political will often stands in the way of successfully implementing the necessary national legislation.

Concerning “Transparency of Political Funding”, the evaluation has concluded that several member States, including Western States, are currently undergoing non-compliance procedures, and in this regard Mr. Rau highlighted that much work still needs to be done to create transparent systems.

Finally, Mr. Rau stated that in January 2012, the fourth Evaluation Round devoted to “Prevention of Corruption of Members of Parliaments, Judges and Prosecutors” had been launched.

In his concluding remarks, Mr. Rau said that forums such as the OSCE Economic and Environmental Forum are vital to enhance co-operation among international organizations and stressed the need for complementarity between them.

Mr. Rau’s presentation was followed by a statement from *Ms. Olga Savran*, Manager, Anti-Corruption Network for Eastern Europe and Central Asia (ACN), Anti-Corruption Division, Directorate for Financial and Enterprise Affairs, OECD.

Ms. Savran spoke about the OECD’s main contributions to the fight against corruption. She started by presenting the *Anti-Bribery Convention*. The Convention entered into force in 1999 and currently encompasses 39 States. Its specific focus is on fighting “Active Foreign Bribery”, understood as the bribing of foreign public officials in order to obtain an advantage in international business. Ms. Savran informed that at the core of the Convention lie various implementation and monitoring



mechanisms such as the Working Group on Bribery, which brings together all the signatory countries for monitoring and follow-ups; the Mutual Evaluations and Peer Reviews based on “consensus-minus-one”; or the issuing of Country Reports including recommendations. Particular attention was drawn to the OECD’s typologies on anti-bribery.

Speaking about the success of the Convention, Ms. Savran pointed out that 199 individuals and 91 legal entities in 13 different state Parties had legal sanctions imposed against them between 1999 and 2011. She regretted that the majority of signatory States had no corruption cases dealt with by the Convention and urged representatives of those States to address this.

Ms. Savran then briefed on the *Anti-Corruption Network for Eastern Europe and Central Asia (ACN)*, an OECD body that is “open for co-operation with the OSCE”. She explained that the remit of the ACN differs from that of the Anti-Bribery Convention as it covers various forms of corruption. The ACN mainly operates through Peer Reviews and Monitoring. She highlighted the case of Georgia, which has made significant progress in recent years in the fight against corruption by applying strict penalties, reforming the police, introducing economic liberalisation and simplifying the public administration.

Finally, Ms. Savran drew attention to the webpage [www.cleangovbiz.org](http://www.cleangovbiz.org), where all of the OECD’s tools, principles and best practices can be found.

**Mr. Dimosthenis Chryssikos**, *Crime Prevention and Criminal Justice Officer, Corruption and Economic Crime Branch, Division of Treaty Affairs, UNODC* was next taking the floor.

Mr. Chryssikos said that efforts to enhance transparency and combat corruption are increasing because of the current economic crisis and the need for the effective use of government resources. He addressed the UNCAC, which he described as a comprehensive and multi-faceted instrument against corruption. In this regard he explained the architecture of the UNCAC treaty bodies and outcomes of the most recent 4<sup>th</sup> UNCAC Conference of the State Parties (CoSP) in Marrakesh in 2011.

Mr. Chryssikos emphasised that the Implementation Review Mechanism shows that there is a varying degree to which participating States implement and interpret the Convention’s provisions and hopes for quicker adoption of measures.

**Mr. Abdesselam Abouddrar**, *President, Moroccan Anti Corruption Agency*, was the last speaker of the panel. Mr. Abouddrar informed that the Morocco’s Central Authority for Corruption Prevention (ICPC) was set up after the country ratified UNCAC and has by now existed for three years. He pointed out that as a result of the Arab Spring the ICPC was vested with more resources, investigative powers and a say in law enforcement. Indeed, Mr. Abouddrar emphasised the importance of the issue of corruption as a cause of the upheaval of the Arab Spring. He highlighted Morocco’s role in persuading parties in the region to comply with UNCAC’s provisions. This task has become somewhat easier because of the different political situation as a result of the revolutions.

Mr. Abouddrar described giving young people a voice in enhancing democracy and fighting corruption as paramount. However, he also cautioned against concentrating on short term measures and short term results to bring corruption to justice in response to the calls of young people. In his view what is needed is a long term overhaul of the political, economic and institutional set-up in the region in order to foster good governance. To this end, he underlined the importance to focus on policies such as education reform and enhancing the rights of women and to take a long term approach to tackling corruption.

In his concluding remarks, Mr. Aboudrar emphasised that the goal of good governance in the region can best be achieved through a combination of pressure from within countries, i.e. from civil society, and the assistance of international bodies. He stressed the importance of the OSCE, OECD and UNODC among others in supporting countries in their efforts to fight corruption.

## **Discussion**

*The representative of Azerbaijan* recalled that the deliberations focussed on the issues of corruption, a social problem undermining safety and stability not only at country level but globally. Azerbaijan is undertaking substantial steps to fight corruption, *inter alia* by entering into all necessary international instruments and amending and adopting its national legislation. In addition, new specialised agencies have been created to tackle corruption nationwide. For instance, the State Commission comprising representatives of all three public governance branches (MPs, judges and executive) has been created along with the Corruption Department under the Office of the General Prosecutor of the Republic of Azerbaijan, which addresses the questions of criminal prosecution of corruption. The representative also informed that in a short period other measures have also been taken, as for instance, the new law on e-governance. Azerbaijan is fully aware that without strict means, such as an adequate legal framework, it is impossible to eliminate corruption. He underlined that intensive co-operation with international institutions is also important: recently Azerbaijan has held a round of discussions with GRECO experts on funding of political parties. A separate public council has been created under the aegis of the President of the Republic which supports all NGOs in the country. Last year the Council subsidised 36 anti-corruption projects and many of them served as the base for the on-going reforms.

The representative also underlined that civil society engagement is extremely important in order to increase the transparency index: in Azerbaijan there is a leading NGO Transparency Azerbaijan which has closely co-operated with the State Commission on Fight against Corruption.

The speaker also underlined the significance of collaboration and sharing of best practices and lessons learned at inter-state level.

*The representative of the National Council against Corruption of Tajikistan*, which was established in 2010 on the basis of international recommendations informed about the Council's work. The representative noted that the Council brings together a range of stakeholders including political parties, the judiciary and journalists. It monitors government bodies and evaluates their policies. Special provisions in the Anti-Corruption law give a mandate to NGOs to be able to conduct evaluations of actions of state bodies and the judiciary.

*The delegate of the Russian Federation* highlighted her country's commitment to implementing anti-corruption instruments in line with international recommendations. The delegate underlined that recent GRECO and OECD evaluations have indicated that the Russian authorities are making good progress in combating corruption. She added that the Russian Federation assists states in the CIS region in their fight against corruption. For example, this year it sponsors a specialised UNODC course for anti-corruption experts and, at the end of May, it will host a conference in co-operation with the International Anti-Corruption Academy, based in Austria.

*The representative of Belarus* stated that the fight against corruption is a priority and that his country is among the first ones to ratify new international treaties. The delegate also stated that Belarus swiftly implements its international obligations and a new legal framework was introduced in 2006. Belarus is currently waiting for GRECO's report and recommendations for the country's anti-corruption policy, which will be analysed within the new State programme for the period 2013-2015.

*The delegate of Uzbekistan* informed that the country has intensified the fight against corruption. In 2001 the Procurator's Office was established with a special investigatory division. The Office collects data to monitor corruption and co-operates closely with law enforcement bodies. Uzbekistan is a part of the UNCAC Coalition and has joined the Istanbul Anti-Corruption Action Plan.

*The representative of Egypt* expressed concern about corruption and pointed out the necessity to have an international scheme to combat monopoly, promote codes of conduct to control the illegal practices of transnational corporations and to tackle the trade of dangerous materials.

*The delegate of Kazakhstan* enquired about the impartiality of the OECD's typologies that were mentioned by Olga Savran. Ms. Savran responded that the OECD does not prescribe a uniform methodology for States and gave the example of the different approaches Georgia and Lithuania have taken in combating corruption.

## **SESSION II: FOSTERING INTEGRITY AND ETHICAL CONDUCT IN THE PUBLIC SECTOR**

**Moderator: Mr. John Devitt**, Chief Executive, Transparency International Ireland

**Rapporteur: Mr. Mato Meyer**, Economic Transparency Adviser, OSCE Mission to Serbia

The session was opened by *Mr. John Devitt, Chief Executive of Transparency International Ireland*, who set the context of public integrity and how the OSCE can support its strengthening in the public sector. He stated that corruption manifests itself in different ways in developed and developing worlds, and emphasised that it has been pervasive in Ireland for decades. He continued by saying that corruption in the developed world is evident through a system of patronage where influence and access to public office holders can be attained, while in the developing world they are often bought outright. He also pointed out that corrupt public officials act in self-interest and not in the public interest, whereas integrity deals with protecting public interest when it conflicts with very powerful and influential interests.

*Ms. Anneli Sihver, Advisor in the Public Administration and Public Service Department of Estonia*, made a presentation on the topic "Development of Public Service Ethics, Lessons Learned in Estonia". Ms. Sihver informed that Estonia has been active in building public service ethics through developing a legal framework that has included a public service act passed in 1996 as well as codes of ethics and an anti-corruption act in 1999. In 2004 the post of Public Integrity Officer was created, which is now placed within the Ministry of Finance. It is responsible for regulating conflict of interest in the public sector. It is the Ministry of Finance's responsibility to increase the competence of officials to avoid, identify, analyse and solve conflict of interest issues, and assess risk areas. Ms. Sihver explained that Estonia has a decentralised system so that each ministry has its own code of conduct, selection process, and promotion process. The Ministry of Finance organises ethics training for public officials with an emphasis on train the trainers and utilising practical examples that help people open up and analyse hypothetical cases based on values. The result of their work is evident through surveys that show that now public officials are more critical of corrupt practices than the general public. In conclusion Ms. Sihver argued that codes of ethics alone are insufficient. Rather, she would recommend an integrity council that could provide recommendations to public officials. Finally she also stated that political support is crucial to fostering public integrity.

*Ms. Marijana Obradovic, Assistant Director for Prevention of the Anti-corruption Agency of the Republic of Serbia*, spoke on the topic "Exchange of experiences on the development and enforcement of asset and income declaration systems for public officials". She explained that the Serbian Anti-Corruption Agency (ACA) is an independent institution responsible for prevention, education, and international co-operation. Within its scope of work lay the resolving of conflict of interest for public officials and establishing and keeping a register of public officials' assets

declarations. She informed that asset declarations are obligatory for all public officials and their immediate family. After the initial reports, follow-up extraordinary reports are required when an official's assets increase by 3,000 EUR or more. Bank accounts, addresses, vehicle registration numbers are not made public for privacy reasons. Third parties or citizens may also provide information to the ACA which would trigger checks of reports. If there is a discrepancy between the report and the results of the check, the ACA has an obligation to notify prosecutors or misdemeanour courts to initiate proceedings. The ACA has to be notified within 90 days of what action was taken by the courts or prosecutors. The criminal offence of failure to report property or lie about one's assets carries a prison sentence of 6 months to 5 years, while misdemeanour courts can fine officials for missing deadlines for submitting declarations. Ms. Obradovic informed that to date one criminal charge has been filed, and eight cases have been sent to misdemeanour courts. In this regard, she stated that the Agency feels that they would be more successful if they were permitted to cross check their database with that of the tax administration, tax police, Ministry of Interior, and Financial Intelligence Unit, however internal regulations forbid this.

**Mr. Thomas Vennen**, *Head of Democratization, OSCE/ODIHR*, spoke on the topic "The challenge of integrity and ethical conduct in parliaments". He focused his remarks on codes of conduct for parliamentarians. At the core of the OSCE's commitments lies the notion of the "essential safeguard against an over-mighty State" (Paris 1990). Such "safeguards" include mechanisms of accountability, as declared at the Helsinki Summit (1992), referring to the "democratic rights of citizens to demand from their governments respect for (...) values and standards" agreed on by the CSCE/OSCE and in particular, "the accountability of state institutions and officials" (Helsinki 2008, Decision 7/08, Paragraph 4) and "accountable systems of government" (Helsinki 2008, Ministerial Declaration). Mr. Vennen pointed out that public trust in political parties and institutions goes into the heart of democratization, and thus ethical conduct for parliamentarians is crucial. The importance of ethical conduct for parliamentarians stems from the fact that parliaments are the most open of all democratic institutions; unethical behaviour has an enormous impact on the public's perceptions of the effectiveness of parliament. MPs have both public and private roles. They are elected representatives and persons with particular culture, religious, ethnic or other affinities, as well as shareholders/investors in particular companies. The phenomenon of "revolving doors" in which persons go from politics to the private sector to politics again is common. This can open up huge possibilities for unethical behaviour and corruption. Conflict of interest should be addressed through assets declarations, but also ethics and integrity should be regulated through codes of ethics or codes of conduct. According to ODIHR research, in the OSCE region, as of 2012, eleven national parliaments have parliamentary codes of ethics (which together represent 607.5 million of the OSCE's population - about 50% of the OSCE's population) and at least five more are actively considering the development of such codes. The European Parliament adopted a code in 2011. ODIHR is developing a *Background Study on Professional and Ethical Standards for Parliamentarians*, an overview of some of the issues involved in regulating ethics for MPs, scheduled to be ready in mid-2012. Many parliaments are still debating whether integrity should be regulated through a code of conduct or through the patchwork of existing rules and regulations. It is clear however, that for the sake of public scrutiny citizens should know what the standards by which parliamentarians are held accountable are. Another issue remaining is whether codes of conduct should deal with only real and potential conflict of interest or should they also deal with demeanour, language and behaviour either in private or in public. Finally, it should be determined how codes of conduct can be enforced, regulated and updated, as well as who is allowed to complain and how can we assure that those accused have the opportunity to challenge these accusations. In conclusion, Mr. Vennen recommended that every participating State should ensure that a code of conduct is in place for their parliament. They should review their existing standards and make sure that these standards conform to best practices.

**Ms. Yael Ahilea**, *Legal Adviser, Department for Legal Advising and Legislation, Administrative Law Division, Ministry of Justice, Israel* spoke on the topic "Prevention of Conflicts of Interest and Upholding of Integrity Standards in Local Government: the Israeli Experience". Israel is resolved to

combat corruption and promote integrity, she stated. Conflict of interest law is in the heart of anti-corruption; it can prevent officials from entering into situations that could cause corruption. At the level of local municipal government codes of ethics have been adopted and assets declarations introduced. Rules against conflict of interests for elected officials at this level exist. The Committee for Prevention of Conflicts of Interest of Elected Officials in Local Government looks into cases of misconduct. These kinds of cases in Israel mostly prevail in planning and issuing building permits at the local level. According to a Supreme Court ruling on conflict of interest in 1978, public officials must refrain from entering into these kinds of situations. Administration decisions taken in conflict of interest are void or voidable. In local planning commissions, officials who have an interest in decisions to be taken must refuse themselves. However, this does not resolve all issues of conflict of interest. For instance, mayors cannot engage in a business venture while in office, but they can continue to receive rent or dividends and their relatives may continue to benefit from real estate they own. Ms. Ahilea argued that there is still a need to codify values and norms. New rules proposed that all members of planning commissions must submit declarations of assets and interests for themselves and immediate family members and extended family members. Elected officials who could be often in a potential situation of conflict of interest would be disqualified from planning commissions. Those who would be rarely exposed to a potential conflict of interests would still be closely scrutinised. Post employment restrictions would apply to them as well.

*Mr. Davor Dubravica, Head of the Anti-Corruption Sector, Ministry of Justice, Croatia* spoke on the topic “Integrity, Accountability and Transparency in State Owned Enterprises”. He started by informing that in Croatia there is no independent anti-corruption body, rather it is placed within a sector of the Ministry of Justice. Currently, the greatest challenge facing Croatia is corruption in state enterprises. Too often anti-corruption focused on repression after the damage was done, while the destruction of state property was not adequately dealt with as there was a perception of state property being everyone’s and no one’s. Important large companies were poorly managed, non-transparent and made decisions that were clearly not economical. Trials have begun on large cases of corruption in the public enterprise sector such as that of managers of highway construction. However, Croatia has decided to promote integrity and transparency through establishing a monitoring system of public enterprises and in this way establish a strong prevention mechanism. Its goals are integrity, transparency and accountability and financial reporting and monitoring of results. Public enterprises are required to adopt integrity codes, disciplinary ordinance, perform controls and audits. Ethics and anti-corruption training of employees are mandatory. Companies must fully disclose their work, especially in public procurement and recruitment procedures which are the most prone for corruption. The Ministry of Justice monitors implementation through coordinators in every company and competent ministries. All reports go to the Ministry of Justice and then to the government. Detailed questions are sent to the monitors. Verification is required for each of these questions (examples: web page, names of people on supervisory board, management boards to use for determining conflict of interest). The Ministry of Justice then looks into how conflict of interest and disciplinary procedures are dealt with. At the end of this process the Ministry of Justice publishes a consolidated report. As a result of their efforts more cases have been reported of irregularities and fraud. A ranking of companies according to implementation has led to competition among public enterprises. Identification of corruption risk areas has been undertaken. Public procurement has become more transparent and thus red flags have become easier to identify. Media and public attention have created pressure to better manage and make accountable public enterprises.

## **Discussion**

*The representative of Kyrgyzstan* stated that she felt a decentralised system of selection and employment such as that in Estonia could actually allow for greater corruption. The delegate wondered why a centralised system is not preferable. Ms. Sihver replied that vacancies are published and are open for anyone to apply. Each ministry has to be able to justify why a candidate has been chosen or not. Unsuccessful candidates can challenge this in court.

*The delegate from Kazakhstan* asked Mr. Vennen whether codes of ethics should be created for all civil servants, and whether they should contain provisions on behaviour. He asked whether ODIHR could provide a model of such a code. Mr. Vennen replied that the trend that is taking place is towards comprehensive codes that regulate behaviour also in the private sphere. He stated that this is appropriate in many countries. But still country specific solutions are the best. Rather than using the patchwork of existing rules and regulations for public officials it is preferable to have one unified code.

*The delegate from the United States of America* noted that the session did not discuss the issue of parliamentary immunity. He argued that fundamental principles should exist in which clear and transparent procedures are evident for waiving immunity. Rigorous codes of ethics are needed to prevent conflict of interest. Conflict of interest and assets disclosures that are public help identify illicit enrichment. The USA encourages the OSCE to foster good practices and provide resources to help participating States use public resources transparently.

*The delegate from Moldova* informed the participants that Moldova is in the process of establishing an agency to look at conflict of interest and assets declarations. She requested further information regarding how the Serbian Anti-corruption Agency is able to monitor such a large number of assets declarations. Ms. Obradovic replied that in Serbia an online application has been created by which searching and monitoring has been significantly simplified. Ms. Savran, from OECD, informed that her organization has various tools that participating States can use, ranging from principles for managing conflict of interest to best practices in lobbying.

### **SESSION III: PROMOTING SOUND MANAGEMENT OF PUBLIC RESOURCES AND BUDGET SPENDING**

**Moderator: Ambassador Eoin O’Leary**, Chairman of the OSCE Permanent Council, Permanent Representative of Ireland to the OSCE

**Rapporteur: Mr. Jens Rasmussen**, Senior Project Officer, Good Governance Programme, Office of the OSCE Project Co-ordinator in Uzbekistan

The moderator, *Ambassador Eoin O’Leary, Chairman of the OSCE Permanent Council, Permanent Representative of Ireland to the OSCE*, opened the session by reiterating the enormous influence that corruption has on the life and wellbeing of societies and citizens, especially highlighting the issues in connection to public procurement.

The discussion rallied about the following points:

1. Transparency and accountability in public financial management, regulatory reforms and transparency initiatives in public procurement (with a focus on infrastructure projects) and management of natural resources;
2. Development public-private sector partnership to counter bribery;
3. Advancements on strengthening whistleblower and witness protection;
4. Exchange of national best practices from across the OSCE region;

*Mr. Jan Jackholt, Director, Procurement Department, European Bank for Reconstruction and Development (EBDR)*, informed about the EBDR procurement policy reform activities. He took point of departure in some common principles of most international financial institutions. The speaker pointed out that it should be borne in mind that each financial institute has its own objectives, policies and statutes, meaning that there would be a limitation to the degree of possible harmonisation. He also stated that OSCE has supported the work of EBRD in a number of countries and that well planned, conducted and evaluated public procurement is an important part of good governance.

Mr. Jackholt declared that public procurement is about getting the right product at the right cost and that best practise of public procurement also involves the “best country-specific-fit”. He added that third party monitoring, such as by civil society, is a key factor in ensuring transparent and fair procedures.

Mr. Jackholt pointed out that a lot of effort has already been devoted to develop better procurement processes. However more needs to be done in terms of monitoring the contract implementation as well. In this regard, he informed that an EBRD public procurement sector assessment was conducted in 2010, which addressed the efficiency and economy of the procurements and offered more insight into public procurement laws and practice in the EBRD countries of operation. The speaker referred to the EBRD-UNCITRAL initiative aimed at enhancing public procurement regulation in the CIS-countries and Mongolia in co-operation with OSCE and OECD.

*Ms. Caroline Nicholas, Senior Legal Officer, International Trade Law Division, United Commission on International Trade Law (UNCITRAL)*, introduced her organization, which is striving to promote both the rule of law and prosperous economic development. Ms. Nicholas stated that public procurement is a ‘marriage’ between the private and the public sector, and therefore its regulation is important and needs to be comprehensive since 80% of the public procurement value tends to comprise of so called “complex procurement”, which includes major projects in areas such as health, education, transport, construction, and infrastructure development. Irrespective of the model chosen for public procurement, it is crucial to secure transparency and competition in the process.

Furthermore, Ms. Nicholas explained the international regulatory framework, including the UN Convention against Corruption, WTO Government Procurement Agreement, EU Directives, UNCITRAL Model Law Procurement and the international financial institutions’ principles and standards.

Ms. Nicholas drew the attention to the characteristics of a system of good governance. Such would include prevention as well as sanctions, legal framework as well as support of control mechanisms. Prevention should be achieved by promotion of integrity among officials dealing with procurement. She added that transparency is a key feature to avoid corruption, fraud and abuse of position. Since public procurement, whatever model is involved, is basically about designing a process that leads to a good commercial solution, over-regulation of the procedures should be avoided. In this regard, she stated that the level of necessary regulation depends on the capacity of the officials and the level of mutual trust in the country.

Finally, Ms. Nicholas declared that if politically defined goals (other than the pure commercial) are part of the procurement process, such should be stated and clearly indicated (sustainable development goals, environment protection, local sub-contracting etc.). Moreover, she added that E-procurement could act in a way to reduce costs and to enhance transparency. Often it is extremely difficult to spot corruption, and e-procurement gives good opportunities to track internally what has taken place.

*Ms. Husniyya Mammadova, Acting Deputy Head of Economic Co-operation and Development Department, Ministry of Foreign Affairs, Azerbaijan*, informed about the Extractive Industries Transparency Initiative in Azerbaijan, EITI. Ms. Mammadova explained that the main principle is that foreign and national extracting companies publish what they pay and that the host governments publish what they receive for the extraction. She informed that Azerbaijan had joined the EITI in 2003. In her country, also the civil society is actively involved in the EITI. She also outlined the specific tools and procedures for SOFAZ, the national “Oil Fund of Azerbaijan”, and informed that Azerbaijan has received a number of important UN and EITI awards and acknowledgements.

Ms. Mammadova pointed out that, generally, the EITI has improved the perception of the investment climate of Azerbaijan, which means that also a macroeconomic effect has been achieved. Also, the system has improved the government and civil society interaction.

*Mr. Martin Bridger, Legal Consultant, Sambei, Bridger & Polaine – Legal & Law Enforcement Specialists, United Kingdom*, from a practitioner's perspective, talked of the specific needs of protecting whistleblowers and witnesses as part of the fight against corruption. Based on the experiences of the United Kingdom Public Interest Disclosure Act of 1998, it was discussed how a genuine support of whistleblowers assists in the creation of an open, transparent and accountable culture within the workplace – be private or public. Also the involved institution will benefit from the system, since it can limit the risk to the organization's reputational damage, and it can lead to a situation, where issues are dealt with quickly and efficiently.

Mr. Bridger reiterated that the legislative framework is a prerequisite but that also a number of other means to support a whistleblower, which will often be in a very vulnerable situation, shall be in place. In order to benefit from the results of whistleblower support, the approach of the management of an organization is of crucial importance in order to be able to change its culture. Mr. Bridger added that effective and capable investigative capabilities must be established in order to be able to see the full and true picture of what has been going on in the particular situation irrespective of the fact that influential institutions and individuals might want to counter the investigation.

## **Discussion**

*The delegation of Bosnia Herzegovina* expressed a wish to approach the issue in a comprehensive way, including prevention, investigation, prosecutions, external and internal audits, and involvement of media and NGOs. The delegate stated that public procurement and corruption will always be linked together, and training of everyone involved in dealing with public procurement would be essential and an important task for OSCE to get involved in.

*The delegation of the United States of America* focused on the conditions for transparency in the businesses of the extractive industries. The delegate pointed out that it should be transparent, what money is coming into a country in exchange for natural resources. Moreover, he expressed strong support to the EITI, as well as to transparency and publication on the Internet of government purchases, and to the promotion of good whistleblower protection system. Finally the delegate suggested that the OSCE should foster dissemination of good practices in these respects.

*The delegation of Egypt* drew attention to the question of where corrupted people keep and hide the money. The delegate underlined that few countries are still providing safe havens in terms of undisclosed bank accounts, etc. In this regard, he suggested that the OSCE should call for a stop to some countries providing safe havens for the proceeds of corruption, money laundering, etc.

*Ambassador O'Leary* thanked everybody for their valuable contributions and summed up the main points of the session.

## **PANEL DEBATE – SESSION IV: THE KEY ROLE OF CIVIL SOCIETY AND BUSINESS COMMUNITY TOWARDS DEVELOPING COMPREHENSIVE AND EFFECTIVE ANTI-CORRUPTION APPROACHES**

**Moderator:** Ms. Elaine Byrne, Journalist and politics lecturer, Ireland

**Rapporteur:** Ms. Katy Long, Permanent Mission of Ireland to the OSCE



**Mr. Matt Poelmans**, *Director of Citizen Vision eParticipation Institute*, spoke largely regarding the promotion of access to information on anti-corruption measures in order to strengthen civil society's knowledge on anti-corruption issues. As participative democracy becomes more prevalent, so does the need to educate the population regarding their rights. A citizen is someone living in society, not just a consumer. Social media provides a new opportunity for increased involvement across society which could be instrumental in combating corruption. Citizen Vision has created an eCitizen Charter aimed at educating the general population while advising politicians on how to best deal with the increased involvement of the population. The three points of focus in the charter are: increasing access to information so as to bridge the gap between accessibility and use; increasing the requirements of already available information to make it more personalised; and increasing general eServices.

**Mr. Georg-Florian Grabenweger**, *Policy Adviser at International Anti-Corruption Academy (IACA)*, informed that his organization aims to build the bridges across all sectors of society, providing the necessary methodology needed to take an in-depth look at corruption. Civil society and the media have a large role to play in acting as 'watch dogs' and providing the trust and support. In order to allow them to carry out these responsibilities, governments need to provide the basic freedoms of assembly, speech and access to information.

In order to fully establish these preconditions, governments should also make sure the channels of influence are open in both the political and business sectors. They should remain up-to-date with current technologies and how to apply them, seeing as how technology empowers consumers to influence politics and business, particularly in regard to their reputation. In this aspect, governments can learn a lot from the media as they have extensive knowledge of effective communication methods and practices.

**Ms. Anne-Christine Wegener**, *Programme Manager of Transparency International*, works with armed forces and industries of defense to combat corruption. In order to do so, she notes that it is important to implement a systematic organizational approach rather than singling out and criminalising individuals. The first step here is to make anti-corruption discussable at the leadership level so it can then be trickled down through the organization. The second step is to train "change agents" who can develop an effective network of officials to carry out anti-corruption measures in the long-term. The final step can be largely carried out by civil society, and that is the measurement and monitoring of progress.

**Ms. Violetta Yan**, *Deputy Director of the OSCE Academy in Bishkek*, outlined how the Academy works to turn OSCE values into concrete actions, and therefore this year it has placed a special emphasis on promoting anti-corruption policy analysis and ethics in journalism. The goal would be reached through three steps. The first is providing a level of education which directly coordinates with the views and tasks of the academy beneficiaries. The second is to place a focus on teaching the economic impact of good and bad governance. The final emphasis is on including all sectors of society in each level of analysis, striving to prevent corruption at all levels. After going through such a training process, it is vital that governments provide channels for the young professionals to actively practice their skills in the real world.

**Ms. Roxana Cefan**, *Group Compliance and Corruption Prevention of Raiffeisen Bank International AG*, explained how Raiffeisen Bank has been actively implementing extensive compliance work projects. Since 2008, transparency has remained the key word for success. Transparency must be required across all aspects of the bank from employees to customers to suppliers. A compliance department then works with Human Resources, checking all aspects of organizational behaviour from the transfers of large sums of money to the movement of staff. The distribution and receipt of gifts and invitations is also closely regulated to prevent the act or appearance of bribery.

*Ms. Londa Esadze, Senior International Anti-Corruption Advisor and UNODC/UNDP Researcher,* outlined the varying degrees of state corruption which she has encountered during her career. They range from very corrupt societies in which corruption is very well structured and readily available to all, to moderate, relatively corruption-free societies in which only a small level of corruption exist at the public-public or public-private level.

Ms. Esadze explained that the UNCAC focuses on the sources of corruption, not just on the act of criminalising corruption. Civil society is faced with both challenges and opportunities as the charter calls them to monitor their governments and submit parallel or supplementary reports regarding their (non-)compliance using the list publically available on the internet. Governments, in turn, should place an emphasis on publishing their focal action points and implementing measures for self-assessment and compliance monitoring. They should also consider allowing civil society organizations to be involved in official country visits and in the review of the full UNCAC compliance country reports.

## **Discussion**

*The representative of Transparency International* interceded regarding the readily available tools that Transparency International offers, in order to engage civil society and allow ordinary citizens to reveal deficiencies and legal loop holes in their national legislation. They do so by providing legal assistance to all citizens, witnesses and victims of corruption, and collecting reports of grievances and sending them to relevant organizations.

*The representative of Kazakhstan* expressed appreciation for the focus on civil society and NGOs, but cautioned against recognising them as representative organizations. The representative went on to stress that the citizens often do not understand how international co-operation can eliminate corruption domestically. Since it seems States respond more readily to the demands of international organizations than their citizens, it could be beneficial for international organizations to actively include civil society in their work rather than leaving it entirely to the domestic governments.

*Ms. Londa Esadze* responded briefly reminding delegates that Article 13 of the UNCAC requires states to include the active involvement of civil society in their drafting.

*The representative of Poland* remarked that the country is seeing positive results from using a societal approach to implement codes of conduct.

*The representative of Russian Federation* stated that the Russian civil society holds anti-corruption in a very close and clear focus. Businesses which hold a large and prominent part in civil society are working with the government via working groups to combat corruption. Russia is looking to adjust legislation so that businesses may be involved in drafting bills and to further regulate lobbying.

*The representative of Kyrgyzstan* also outlined a new, strategic policy establishing an anti-corruption service with the primary aim to investigate and prevent crime. The involvement of civil society in this policy is vital in order to properly monitor the government's compliance to promised goals.

*The United States of America* asked the panellists to give key elements which they have found to be necessary in order to foster an enabling environment with full transparency and the involvement of civil society.

*A civil society representative from Kazakhstan* stressed the need for unbiased and well-functioning courts and legal channels in order to foster an enabling environment. Through their work, they have found that a key weakness of societies is that they fight amongst themselves for resources rather than fighting together against corruption.

*The NGO representative from Bosnia and Herzegovina* asked the panellists how civil society can expect a corrupt government to fight corruption, and if there is any hope for the people who desperately want to fight this “social disease”.

The final intervention from the floor was made by *representatives of the Academy of Sciences in Ukraine* who stressed the need for an appropriate and unbiased legal platform. They noted the crucial involvement of the OSCE and other international organizations to work together, considering broad security to be above their organizational interests.

Each member of the panel briefly responded to the speakers, beginning with *Ms. Violetta Yan*. She particularly stressed the need for states to establish open media and education systems as well as merit-based promotions in civil society. Once citizens have been trained, the system needs to provide ample opportunities for them to apply their knowledge.

*Mr. Georg-Florian Grabenweger* echoed the comments of Ms. Yan, further stressing that implementation must be done via existing sources and channels. In order to achieve this, it is essential to enhance communication across all sectors.

*Ms. Roxana Cefan* noted the many comments regarding the role of private businesses as further evidence that it is absolutely essential that effective regulations and monitoring devices are put in place and utilised.

*Mr. Matt Poelmans* highlighted the need to change not only laws, but also the way in which the complaints and concerns of citizens are handled. In response to the question raised by the U.S. delegate, he noted that freedom of information is essential.

*Ms. Londa Esadze* reminded delegates that simply raising awareness is a thing of the past and now is the time for capacity building. She recommended that the organizations in Bosnia and Herzegovina go ahead and monitor and report on the activities of their government while working with civil societies across national borders.

In conclusion, *Ms. Anne-Christine Wegener* urged countries to encourage individual empowerment by letting the people comment and rate their governments openly and publicly.

## **SESSION V: THE ROLE OF GOOD GOVERNANCE IN STIMULATING SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL DEVELOPMENT**

**Moderator: Ambassador Eusthathios Lozos**, Chairman of the Economic and Environmental Committee, Permanent Representative of Greece to the OSCE

**Rapporteur: Mr. Roel Janssens**, Economic Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

*Ms. Karine Minasyan*, *First Deputy Minister of Economy of the Republic of Armenia*, presented a recent OSCE-supported project aimed at further improving and streamlining existing government regulations. Implementation of the project is expected to stimulate export, investment and trade which are key drivers to rehabilitate economies particularly in the global post-crisis period. Ms. Minasyan explained that before the introduction of a 2008 reform programme, there had been a large number of complicated and contradictory regulations in place. Not only did this fuel corruption it also brought about high compliance costs for businesses. Since the introduction of the reform programme, new initiatives have been taken consisting of deregulation, regulatory simplification, elimination of administrative obstacles to doing business and creating special regulatory regimes for Small and Medium Enterprises (SMEs).

First results include the establishment of an e-government system (e-registry, e-license etc.) in the future also notary and cadastre services as well as construction permits will be accessible through the internet. As a result of these reforms Armenia has improved its position in the World Bank Doing Business ranking by 6 points and now occupies the 55<sup>th</sup> place. Armenia was also listed in the top 10 reformer countries globally in 2011.

Ms. Minasyan explained that despite these initial successes the need was felt to introduce more systematic change and thus it was decided to introduce, with the help of the OSCE and other partners, a Rapid Regulatory Simplification Project (i.e. regulatory guillotine). The OSCE has been requested by the Armenian Government to champion the process and co-ordinate donor assistance. The Regulatory Guillotine is a systematic and transparent process for simplifying regulatory regimes, it works as follows: in a first stage it counts, creates an inventory of and reviews all regulations affecting businesses; in a second stage it eliminates unnecessary regulations or simplifies overly complicated ones. The whole process takes between 12 and 24 months. In some countries that have gone through the Regulatory Guillotine process before this has led to a reduction of the number of regulations by half or more.

Ms. Minasyan then outlined how the programme is being implemented in Armenia: a central unit – the independent Guillotine Unit – has been created by the Prime Minister who personally oversees the whole process. Other Ministries provide inputs into an electronic database. Each of the regulations is then reviewed against three key questions measuring their legality, necessity and business friendliness. The review is taking place with the participation of business associations, NGOs and private sector companies using the same checklist. Final decisions are made by the Central Guillotine Unit and the reforms are then adopted as a consolidated package by the Cabinet and Parliament. Priority sectors for 2012 include public services (utilities), transport and communications sector and health (drug quality control). In 2013 tax and customs and the social sector will be prioritised. The whole reform process is expected to lead to more efficient, less costly and faster compliance with administrative procedures as well as a safer and more predictable business environment and higher levels of FDI and domestic investment.

**Ms. Yelena Kudryavtseva**, Programme Specialist, UN Women Regional Office for Eastern Europe and Central Asia, explained that UN Women has a long-standing experience with promoting economic security for women in several countries of the Eastern Europe and Central Asia (EECA) region. Concrete examples include: legislative reform for securing women's land rights in Kyrgyzstan and Tajikistan; service provision and consultative support for rural women on social protection and employment issues in Moldova and Tajikistan; counselling for rural women affected by conflict on housing issues in Georgia; and mobilising rural women self-help groups to access micro-crediting schemes in Uzbekistan.

Ms. Kudryavtseva stressed that rural women's access to information and services is an important pre-requisite for their ability to take informed decisions about their lives, gain self-reliance and be empowered. The Government, being a major service provider has a large responsibility in guaranteeing quality services and ensuring appropriate mechanisms for dialogue with citizens, including women in rural communities. At the same time, women themselves have a leadership role to play in demanding quality services and holding government accountable.

The speaker concluded that rural women empowerment through provision of support for improved access to information and services leads, *inter alia*, to:

- rural women take power to claim their rights and participate in decision making;
- a more vigilant civil society and responsive state by strengthening partnership and cultivating the culture of dialogue among government structures and rural women;

- good governance – when civil servants take up their role as ‘service providers’, and citizens, i.e. rural women take their role of ‘rights holders’ ready to demand for quality services;
- sustainability of the ‘chain of change’ ensuring understanding that achieving gender equality is not a one-off goal.

Finally, Ms. Kudryavtseva drew attention to the fact that progress can all too easily be eroded. Gender equality and women’s empowerment need to be constantly promoted and actively sustained.

**Mr. Abdukholik Kholikov**, Head of the Department of Legal Support to Entrepreneurs, State Committee for Investments and State Property Management, Tajikistan, started his presentation by providing a definition of Public Private Dialogue (PPD) explaining that PPD is a participatory decision making process that identifies economic problems and proposes solutions for a better investment climate. He then explained that in his country a *National PPD for Improvement of Investment Climate* has been established under the President. PPD is an important driver of Good Governance as it meets the following four criteria: i) increases transparency and accountability of policy-making; ii) increases levels of participation and enables integration of local decisions into national policies; iii) takes on board private sector concerns and iv) promotes democratic principles in practice. In Tajikistan, results achieved so far include the establishment of a mechanism for submission of proposals from the private sector to the Government; private sector is also involved in the development of economic policies and laws and in this regard four regional councils were created. In 2010 and 2011 for the first time Tajikistan was recognised as top-reformer country by the World Bank Report “Doing Business”. Mr. Kholikov ended his presentation by stressing that PPD also has a conflict prevention side as dialogue helps identify public views on where the main problems are, it also helps in formulating the right policy responses. In conclusion he made a brief reference to the support of the OSCE Office in Dushanbe’s support towards building PPD and more confidence between state and local stakeholders in the Rasht Valley, a remote region in Tajikistan that faces a number of economic and political security challenges.

**Mr. Jeremy Wates**, Secretary General of the European Environmental Bureau (EEB) in Brussels, explained that in addition to the ongoing economic crisis there is also a looming crisis in the field of environment and energy consumption. In the EU for instance, according to the OECD’s recently released report on the Global Outlook for 2050, if there is no change in policies, greenhouse gas emissions will by 2050 increase with 50%. Biodiversity is expected to be reduced by a further 10% and 1.5 billion people will be without access to sanitation. Mr. Wates then explained that reducing our ecological footprint will require a major transformation of our way of life. On a positive note he stressed that the environmental and economic agendas are coming together as a number of key resources which provide the basis for our current way of life are about to become depleted. He emphasised that a sustainable exit from the financial crisis requires among other things a transition to a green economy based on sustainable management. It is here that the element of ‘governance’ has a central role to play. Decisions that determine the shape of economic development need to be subjected to far more stringent environmental screening than is currently the case. Another key aspect he mentioned is the role of the public, in this regard he mentioned the Aarhus Convention and the supportive role that the OSCE has been playing in the establishment of Aarhus Centres across the region. He expressed the wish that more OSCE participating States would join the Aarhus Convention and also made a brief reference to the Arab Spring which provides an example of an awakening civil society. In conclusion, Mr. Wates put things in a broader context by referring to the ongoing discussions in the framework of Rio+20.

**The Delegation of the United States of America** stressed that companies require secure, reliable and transparent regulatory systems and that civil society has an important role to play in realising this. Corruption forms a serious impediment to competition and at a larger scale to the sustainable growth of economies. Lack of integrity is not only an impediment for companies it also undermines

public confidence. The representative ended his intervention by stressing the need for political will to address these challenges.

***The Delegation of Georgia*** announced that its Government bureaucracy and regulations had gone through a simplification process and that the number of licenses and permits needed to conduct business had gone down from 600 to only 50.

***The Delegation of the Russian Federation*** shared information related to some of the recent legal initiatives being taken by the Government laying the ground for the establishment of a monitoring mechanism for detection of corruption and conflicts of interest, the introduction of ethical codes of conduct in public service and the putting in place of an asset declarations system. The representative announced that its Government wants to be fully compliant with its international commitments and that the political will to pursue further changes and improvements is present.

## **SESSION VI: IDENTIFYING AND RECOVERING STOLEN ASSETS**

**Moderator: Mr. Dimosthenis Chryssikos**, Crime Prevention and Criminal Justice Officer, Corruption and Economic Crime Branch, Division for Treaty Affairs, United Nations Office on Drugs and Crime (UNODC).

**Rapporteur: Mr. Christian Larson**, Programme Officer, Office of the Co-Ordinator of OSCE Economic and Environmental Activities

In his introductory address ***Mr. Dimosthenis Chryssikos***, the session's moderator, noted that asset recovery has received additional impetus in recent years due to political events in several countries and also to changes in priorities among the broader international community. As the moderator pointed out, Chapter 5 of the United Nations Convention against Corruption (UNCAC) has broken new ground in terms of commitments, but there is always room for more work in terms of implementation. Overall, there have been some significant successes in identifying and recovering stolen assets, including greater awareness among experts. At the same time, a number of challenges remain, including the need to build confidence between requesting and requested states on asset recovery issues.

The first speaker, ***Mr. Pedro Gomes Pereira***, *Asset Recovery Specialist, Basel Institute on Governance, Switzerland*, welcomed the importance the OSCE and the Irish Chairmanship have placed on the inclusion of civil society in the EEF process. He clarified that the asset recovery process is not limited to the repatriation of stolen assets, but actually consists of four steps: 1) Identifying criminal assets, 2) Tracing criminal assets to their current location and form, 3) Seizing and/or confiscating those assets, and 4) Returning the assets to their country of origin.

Mr. Pereira further explained that countries face a number of challenges during the asset identification and recovery process, including the need to co-ordinate two or more different legal systems through Mutual Legal Assistance (MLA). One challenge in Mutual Legal Assistance is a requirement for dual criminality in order to share information. He further stressed the importance of asking a number of questions about the ownership of the assets, the destination and intended purpose for any returned assets, and who the victims of the asset-generating offense are. Through the UNCAC process, countries are now expected to be more proactive in the sense that, if one jurisdiction does not have the authority to investigate an offense, that jurisdiction should use channels such as the UNODC/World Bank Stolen Asset Recovery Initiative or the Egmont Group to tip off jurisdictions that may have the authority to initiate an investigation. The EU itself has published a number of studies, including the Alfano report, and countries should review these studies to see what they can take away.

The issue of preventing stolen assets from leaving countries of origin deserves additional attention. In terms of enforcement, a number of challenges remain, including the following:

- *Mutual Legal Assistance (MLA)* – before issuing a formal request for co-operation, requesting countries should call requested countries to find out what the formal request should contain. Success in MLA requires true co-operation, not only a letter.
- *Immunities* – some countries are required to inform the government authority that is being investigated. This is a problem particularly in Central and Eastern Europe, and in Central Asia.
- *Politically Exposed Persons (PEPs)* – the transliteration of names between alphabets can pose problems, and many countries do not share their domestic lists of PEPs with their international counterparts.
- *Managing seized assets* – authorities must be prepared to manage seized assets and cover the cost of doing so.
- Identifying and confiscating the proceeds of crime, and determining to whom recovered assets should be returned remain challenges for many countries.

**Mr. Oliver Stolpe**, Senior Advisor, Stolen Asset Recovery Initiative of the World Bank and UNODC, noted that the Western OSCE countries are heavily engaged in the asset recovery process. However, there is not much activity in the Eastern countries. Out of 300 asset recovery cases globally, only two included successful returns in Eastern Europe and Central Asia.

Mr. Stolpe commented that asset recovery is not a priority, even within anti-corruption efforts. The OSCE's 1999 Istanbul Document does not mention asset recovery. He informed that if asset recovery is not a priority, there will be no resources allocated to it. If asset recovery does not receive high-level political support, a policeman is unlikely to pursue a case. Thus, there is a key role for political support in this area. To continue, legal impediments exist when countries that do not have non-conviction-based asset forfeiture find it difficult to co-operate with countries that do. There is also a need to build specialised skill sets and concentrate them in one place through specialised units. The World Bank/UNODC StAR Initiative has produced a number of materials to assist countries in developing this expertise.

The speaker further noted that it is also important to learn everything you can informally before sending a formal request. If a requesting country has a strong enough relationship with a requested country, the requested country may even agree to review a draft of the MLA request prior to formal submission. As he elaborated, the UNCAC provides three avenues for asset recovery, but most countries only use one of the three. The UNCAC can be cited as a legal basis for bilateral information exchange and he would like to see more of that. One way to begin to address these challenges is for countries to develop national policies on asset recovery. He further suggested that countries should also clarify the roles and responsibilities of national stakeholders to avoid a situation in which 20 agencies and 50 persons are present at what is meant to be an operational meeting. Asset recovery specialists should build networks of trusted contacts, both on a bilateral basis, but also through the Interpol/STAR platform for exchanging sensitive information. Finally, Mr. Stolpe noted that countries that are not yet part of the Interpol/STAR platform should consider joining.

**Mr. James Mitra**, Senior Manager, Financial Intelligence Unit, Serious Organised Crime Agency (SOCA), United Kingdom began by saying that the question we face is “how can we ensure that corruption leaving a state doesn't wind up in our state, and how can we work with the private sector to further that preventive goal?” According to him, countries need to balance the need to develop new business against the requirements of FATF. Furthermore, the private sector needs to be a partner because the private sector is the only place where filtering of potential and current customers can take place. This means assisting the private sector in identifying Politically Exposed

Persons (PEPs) and recognising that determining beneficial ownership to a very granular level is difficult. The speaker continued by noting that the private sector would like to receive some return on investment for the suspicious activity reports they are filing, and that they are looking into whether there is government information that they can share in order to assist them in herding scarce resources where they can be most effective.

The speaker continued his intervention by saying that investigations to identify and recover assets are difficult and technical. This is because the team of investigators must navigate the laws of several countries, the structure of foreign law enforcement agencies, and whether informal discussions can be fruitful or whether they are dealing with a country that requires asset recovery cases to go through diplomatic channels. He continued by suggesting that requesting countries should be careful not to send speculative requests. The request must provide an indication that there is a link to the requested country. Finally, it must be realised that intelligence sharing is a process which requires some pushing and pulling on both sides.

Mr. Mitra further pointed out that MLA requests can sometimes be incomplete or incorrectly formulated. In a busy working environment, these can provide technical grounds to reject a request. However, he highlighted that it is crucial not to simply work on a process, but rather to work to ensure that justice is done. With high level approval, the UK has worked with requesting countries to help them address shortcomings in their MLA requests so that they can be in a position to respond. Mr. Mitra suggested that Financial Intelligence Units (FIUs) should find common ground with and identify ways they can assist the private sector. Finally, investigators of stolen assets also require resources and political support in order to succeed in carrying out international inquiries.

***Detective Chief Superintendent Eugene Corcoran, Criminal Assets Bureau, Ireland*** began his intervention by elaborating that Ireland's Criminal Assets Bureau developed out of an observation that the criminal code was allowing too many criminals to evade the criminal process due to requirements to obtain a conviction before assets could be confiscated. In 1996, Ireland moved toward a civil confiscation regime which allows for the ability to confiscate without a conviction. He pointed out that this system has been challenged, but has always been upheld due to built-in safeguards. By examining financial data, such as discrepancies between the incomes and spending habits of suspect individuals, the Bureau is able to develop a legal basis for search warrants. Furthermore, the Criminal Assets Bureau is of a multidisciplinary structure which allows both the free exchange of information between agencies and the cross-migration of different investigative techniques. According to Detective Chief Superintendent Corcoran, by co-operating closely with Northern Ireland, the UK and the rest of Europe, particularly through the Camden Asset Recovery Inter-Agency Network (CARIN), they are finding that Irish criminals are locating themselves elsewhere.

## **Discussion**

***The representative of Egypt*** initiated the discussion by saying that it is currently the responsibility of the victims to build momentum for asset recovery. According to them, it would have been good to hear more about financial centres that accept large amounts of money from dictators. Additionally, they suggested that when the UN calls on countries to return assets, they should check the names of their account holders and, as non-state actors, reveal that they have stolen assets in their bank and are ready to discuss them.

***Mr. Pedro Gomes Pereira*** responded to Egypt's intervention by noting that some banks have not been or are not doing enough, but there needs to be clarification about their responsibility, for example, with regard to beneficial ownership. Furthermore, if a trust has another trust as a beneficial owner, how far down should a bank drill down to identify the true beneficial owner? There is also a struggle within banks between salespeople trying to secure new business and compliance officers seeking to meet national and international requirements. Mr. Pereira concluded



his response by reminding that we must bear in mind that until a person is deemed to be a criminal, that person must have his or her rights respected.

***The representative of the United States of America*** intervened by noting that the gains made in asset recovery have been achieved by taking small steps. This is not always satisfying in terms of speed, but it does produce results. The delegation further suggested that the approach of a requested state working with the requesting state to remedy an issue with an MLA request is one states need to take. Referencing Mr. Stolpe's previous remarks, the representative commented that if a legal system does not prevent such problems, countries' should reach out informally to learn about the legal system of the requested country. CARIN and CARIN-style bodies, as well as the UNCAC focal point initiative provide communications possibilities. The U.S. is finalising a 10 page document which will explain how the U.S. laws on asset recovery work, who the contact points are for MLA requests, and the information needed for the U.S. to act upon a request. According to their representatives, the document will be translated into the UN languages.

***Mr. Dimosthenis Chryssikos*** responded by saying that the UNCAC does encourage information exchange prior to an MLA request. The UNODC also has an MLA writer tool which can be expanded to include asset recovery features.

Continuing the debate, ***the representative of Kazakhstan*** asked how should countries address situations in which individuals are accused of asset theft, even when the money is perfectly legitimate? In addition, the representative wondered how can civil society be involved in the asset recovery process and who appoints the director of the Criminal Assets Bureau in Ireland? Finally, the representative commented that he had researched the situation in Kazakhstan and found that 50% of their banks are corrupt. Seeing what he found out, the representative asked how can banks be partners if they are corrupt?

***Mr. Oliver Stolpe*** responded to the question of liability of companies and banks by saying that there is a growing trend to hold not only individuals, but also companies legally responsible. Nevertheless, Mr. Stolpe noted that is not aware whether any bank has ever been held accountable. In the only case he knows about, the entire bank was a criminal organization. He continued by pointing out that it does occur that individuals are targeted for asset recovery for political reasons, often after leaving political power. These situations must be handled carefully. With regard to the involvement of civil society, Mr. Stolpe noted that some countries, such as Italy, have involved civil society at the stage of asset repatriation.

***Mr. Pedro Gomes Pereira*** responded to previous deliberations by saying that Italy has a policy that allows society to make use of seized immovable property. Bulgaria is looking into this as well. On the topic of civil society and enforcement, Mr. Pereira noted an example in France, in which an organization called Sherpa found that the government was not acting to seize the assets of an African dictator in France. Sherpa helped the government to act against the assets. Furthermore, he elaborated that Spain has a policy that allows any individual to request a magistrate to investigate wrongdoing and this mechanism was used to investigate African money being laundered through the Canary Islands.

***Detective Chief Superintendent Eugene Corcoran*** responded to enquiries about the Criminal Assets Bureau in Ireland by stating that the bureau is fully independent. It operates transparently and there is no connection between the existence of the bureau and the amount of money restrained. As Detective Corcoran pointed out, the Bureau has withstood 15 years of challenges.

***The Moderator*** summarised the session by highlighting that practical issues, that should render asset recovery more efficient, include the need to improve domestic legislation and international co-operation, the benefits of streamlining networking and building networks of practitioners, the value

of effective standards of customer due diligence and public-private co-operation, and above all, the importance of building a climate of mutual trust among stakeholders.

## **CONCLUDING SESSION: THE OSCE'S ROLE IN FOLLOW-UP TO THE FORUM**

**Moderator: Ambassador Frank Cogan**, Head of OSCE Chairmanship Taskforce, Department of Foreign Affairs and Trade, Ireland

**Rapporteur: Ms. Alma Mirvic**, National Planning and Co-ordination Officer, Head of Mission Office, OSCE Mission to Bosnia and Herzegovina

In the concluding session, *H.E. Alan Shatter T.D., Minister of Justice, Equality and Defence of Ireland* stressed that there is a general consensus that good governance is a key element for economic and sustainable development, equal opportunities, stability and security. He underlined that promotion of good governance requires a comprehensive, multidimensional and multi-stakeholder approach. In this environment, it is important to strengthen implementation capacity, culture of integrity, transparency and accountability. Whistleblowers play an important role that should be strengthened. He also stressed that the OSCE is a forum for political dialogue, where a high level of political support for regional initiatives exists. Discussing the OSCE's role in the field of good governance, Minister Shatter noted that OSCE can be useful to identify gaps and areas where further action is desirable, strengthen national legal frameworks, establish codes of ethical conduct and introduce more transparent public procurement regulations. He also recommended that valuable work should continue in co-operation with other actors such as UNODC, OECD and CoE. Field operations should continue to strengthen local capacity and co-ordinate with other international actors in the field.

In his concluding address, Minister Shatter also discussed Ireland's experience in fighting corruption, particularly through the work of the Criminal Assets Bureau. He also explained the non-conviction based confiscation model applied in Ireland, which will be discussed at the EU level. He further underlined GRECO's third evaluation of Ireland's anti-corruption regime and the Government's efforts to clarify and reform anti-corruption laws, making them clearer and more accessible to everyone. In this process, a number of new bills will be available for public comment before parliamentary procedure.

*The Delegation of the EU/Denmark* noted that discussions at the meeting confirmed that corruption remained a big challenge for all of our societies, despite many international instruments, and that stronger political will was needed to tackle this problem. The delegate expressed support for the efforts of UN, OSCE and CoE, as well as engagement of the OSCE in promoting good governance, particularly through the work of the field operations. The participation of OSCE Partners for Co-operation at the Dublin Meeting was highlighted.

*The Delegation of the United States* commented that the conference has met its objectives. Reference was made to the Vilnius decision on annual Economic and Environmental Dimension Implementation Meetings as a good forum for follow-up on the implementation of the OSCE's second dimension commitments. The U.S. Delegation recommended that a solid benchmark be identified against which the OSCE can measure implementation in this dimension. The U.S. delegation noted several examples presented at the meeting from the Russian Federation, Poland, Georgia and the field operations on how to promote good governance and fight corruption through joint efforts. Particularly, the delegate highlighted the need to provide more opportunities to leverage the role of field presences to implement good governance and transparency measures.

*Mr. Goran Svilanović, the Co-ordinator of OSCE Economic and Environmental Activities*, expressed his appreciation to all participants and the host government for a successful meeting, noting that important steps have been made to identify areas for OSCE involvement in combating

corruption and enhancing transparency. He underlined that the OSCE should continue to support implementation of effective legal instruments and complement the work of other organizations in this field.

Summarising the recommendations made at the meeting, he noted, *inter alia*, that a culture based on integrity and accountability is key to sustainable economic growth, that ethical conduct at all levels is key to maintaining public trust, and that integrity is a prerequisite to fair and reliable public services.

Mr. Svilanović stressed that the OSCE and its field operations will continue to promote a comprehensive approach to good governance. He also announced the upcoming OSCE/OECD/UNODC seminar on asset declaration in Bishkek on 14-15 May. He underlined the OSCE's work with partner organizations to implement legislation to prevent undetected movement of proceeds from crime. Discussing the role of civil society, Mr. Svilanović noted that civil society should be an important partner, especially in the formulation, implementation, monitoring and evaluation of anti-corruption strategies and laws. Civil society needs to be enabled to participate, have access to information, education, training, and freedom to voice opinions. He explained that the OSCE will support the use of UNCAC, WTO Rules on Government of Procurement and UNCITRAL Model Law on Procurement. The OSCE/OCEEA closely co-operates with EBRD on the public procurement initiative for CIS countries and Mongolia, but there are plans to further promote these international instruments in other countries, with a strong role for field operations.

He also illustrated examples of field operations' work, like the *guillotine* project by the OSCE Centre in Yerevan or the public-private dialogue project in Tajikistan. The Aarhus Convention was showcased as an international instrument of good governance in the environmental field. The OSCE has helped establish 37 Aarhus Centres in 10 countries, with one more to be opened next month.

He noted that his Office will be assessing the contributions made to the Dublin meeting, which will also shape the discussions within the Economic and Environmental Committee meetings. The Concluding Meeting of the 20<sup>th</sup> Economic and Environmental Forum will take place in Prague on 12-14 September.

Closing the session, **Ambassador Cogan** thanked all panellists and participants, and underlined once again the cross-dimensional nature of OSCE's work in good governance.

## ANNEX



**Organization for Security and Co-operation in Europe  
Permanent Council**

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22 July 2011

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### **875th Plenary Meeting**

PC Journal No. 875, Agenda item 4

## **DECISION No. 1004 THEME, AGENDA AND MODALITIES FOR THE TWENTIETH ECONOMIC AND ENVIRONMENTAL FORUM**

The Permanent Council,

Pursuant to Chapter VII, paragraphs 21 to 32, of the Helsinki Document 1992; Chapter IX, paragraph 20, of the Budapest Document 1994; Ministerial Council Decision No. 10/04 of 7 December 2004; Ministerial Council Decision No. 4/06 of 26 July 2006; Permanent Council Decision No. 743 of 19 October 2006; and Permanent Council Decision No. 958 of 11 November 2010,

Relying on the OSCE Strategy Document for the Economic and Environmental Dimension (MC(11).JOUR/2), Ministerial Council Decision No. 11/04 of 7 December 2004 on combating corruption, and Ministerial Council Decision No. 2/09 of 2 December 2009 on further OSCE efforts to address transnational threats and challenges to security and stability,

Building on the outcomes of past Economic and Environmental Forums, as well as on the results of relevant OSCE activities, including follow-up activities,

Decides that:

1. The theme of the Twentieth Economic and Environmental Forum will be: “Promoting Security and Stability through Good Governance”;
2. The Twentieth Economic and Environmental Forum will consist of three meetings, including two preparatory meetings, one of which will take place outside of Vienna. The concluding meeting will be held from 12 to 14 September 2012 in Prague. These arrangements shall not set a precedent for future meetings of the Economic and Environmental Forum. The Office of the Co-ordinator of OSCE Economic and Environmental Activities, under the guidance of the OSCE Chairmanship for 2012, will organise the above-mentioned meetings;
3. The agenda for the Forum will focus on the following topics in relation to good governance:
  - Strengthening of the implementation of anti-money laundering and counter terrorist Financing mechanisms with a focus on risk assessment and international co-operation;

- Promotion of good governance and transparency, including through the combating of corruption, particularly with a view to strengthening socio-economic development;
  - Contribution of civil society, the media and the private sector in support of good governance and initiatives to combat corruption;
4. The agendas of the Forum meetings, including the timetables and themes of the working sessions, will be proposed and determined by the OSCE Chairmanship for 2012, after being agreed upon by the participating States in the Economic and Environmental Committee;
  5. Moreover, having a view to its tasks, the Economic and Environmental Forum will review the implementation of OSCE commitments in the economic and environmental dimension. The review, to be integrated into the agenda of the Forum, will address OSCE commitments relevant to the theme of the Twentieth Economic and Environmental Forum;
  6. The discussions of the Forum should benefit from cross-dimensional input provided by other OSCE bodies and relevant meetings, organised by the Office of the Co-ordinator of OSCE Economic and Environmental Activities, under the guidance of the OSCE Chairmanship for 2012, and deliberations in various international organizations;
  7. Moreover, having a view to its tasks, the Economic and Environmental Forum will discuss current and future activities for the economic and environmental dimension, in particular the work in implementation of the OSCE Strategy Document for the Economic and Environmental Dimension;
  8. The participating States are encouraged to be represented at a high level, by senior officials responsible for shaping international economic and environmental policy in the OSCE area. The participation in their delegations of representatives from the business and scientific communities and of other relevant actors of civil society would be welcome;
  9. As in previous years, the format of the Economic and Environmental Forum should provide for the active involvement of relevant international organizations and should encourage open discussions;
  10. The following international organizations, international organs, regional groupings and conferences of States are invited to participate in the Twentieth Economic and Environmental Forum: Asian Development Bank, Barents Euro-Arctic Council, Organization of the Black Sea Economic Co-operation, Central European Initiative, Collective Security Treaty Organization, Commonwealth of Independent States, Conference on Interaction and Confidence-Building Measures in Asia, Council of Europe, Council of the Baltic Sea States, Economic Cooperation Organization, Egmont Group, Eurasian Economic Community, Eurasian Group on Combating Money Laundering and Financing of Terrorism, European Bank for Reconstruction and Development, European Investment Bank, Europol, Financial Action Task Force, International Anti-Corruption Academy, International Labour Organization, International Monetary Fund, Interpol, Middle East and North Africa Financial Action Task Force, MONEYVAL, North Atlantic Treaty Organization, Organisation for Economic Co-operation and Development, Organization for Democracy and Economic Development – GUAM, Organization of the Islamic Cooperation, Regional Cooperation Council, Secretariat of the Extractive Industries Transparency Initiative, Shanghai Cooperation Organization, Southeast European Cooperative Initiative, United Nations Commission on International Trade Law, United Nations Conference on Trade and Development,

United Nations Development Programme, United Nations Economic Commission for Europe, United Nations Economic and Social Commission for Asia and the Pacific, United Nations Environment Programme, United Nations Industrial Development Organization, United Nations Office on Drugs and Crime, World Bank Group, World Customs Organization, World Trade Organization and other relevant organizations;

11. The OSCE Partners for Co-operation are invited to participate in the Twentieth Economic and Environmental Forum;

12. Upon request by a delegation of an OSCE participating State, regional groupings or expert academics and business representatives may also be invited, as appropriate, to participate in the Twentieth Economic and Environmental Forum;

13. Subject to the provisions contained in Chapter IV, paragraphs 15 and 16, of the Helsinki Document 1992, the representatives of non-governmental organizations with relevant experience in the area under discussion are also invited to participate in the Twentieth Economic and Environmental Forum;

14. In line with the practices established over past years with regard to meetings of the Economic and Environmental Forum and their preparatory process, the Chairperson of the Twentieth Economic and Environmental Forum will present summary conclusions and policy recommendations drawn from the discussions. The Economic and Environmental Committee will further include the conclusions of the Chairperson and the reports of the rapporteurs in its discussions so that the Permanent Council can take the decisions required for appropriate policy translation and follow-up activities.

## **WELCOMING REMARKS**

### **ADDRESS**

**by Mr. John Perry T.D.**

**Minister of State, Department of Enterprise Jobs and Innovation, Ireland**

Excellencies,  
Distinguished Colleagues,  
Ladies and Gentlemen,

I am delighted to welcome you to Ireland and to the Second Preparatory Meeting of the 20th OSCE Economic and Environmental Forum, both personally and on behalf of my good colleague, Deputy Prime Minister Eamon Gilmore, the OSCE Chairperson-in-Office.

Our meeting this week is the second in a series of Forum meetings this year addressing the theme, “Promoting Security and Stability through Good Governance”. Promoting good governance is amongst the most important OSCE commitments in the economic and environmental dimension. Good governance is a concept that impacts every aspect of work of a security organisation such as the OSCE. Moreover, it is a principle that should guide national and international policy making. Good governance centres around a belief that when government is more equitable, more transparent, and more accountable, the needs of our citizens are better cared for, our economies are more efficient, and ultimately our states more secure. I hope this is a view to which we can all subscribe.

Certainly, I am heartened by the high-level of attendance at our meeting today. I am particularly pleased to be joined in this Opening Session by Mr Michael Camuñez, Assistant Secretary at the Department of Commerce in the United States of America; Mr. Reinhard Priebe, Director for Internal Security, DG HOME in the European Commission; and Mr Goran Svilanovic, OSCE Coordinator for Economic and Environmental Activities. I look forward to your presentations this morning. I am sure your experiences will enrich our discussions.

A key issue that we will analyse today and tomorrow is the linkage between good governance and socio-economic development. It takes only a quick look at the “World Bank Doing Business report” or the “Transparency International Corruption Perception Index” to understand the importance of good governance and transparency. Both are central to developing stable and sustainable economies and both are key elements in the establishment of a friendly business environment.

Poor governance has the potential to destabilise a state both economically and politically. First and foremost, a corrupt environment distorts competition. It also generates a misallocation of resources and leads to reduced levels of investment. Corruption imposes costs on an economy. These are costs which neither states nor citizens should have to pay. Nor indeed, in the current economic climate, can they afford to pay them. Where corruption becomes endemic, it erodes the legitimacy of the government and can become a destabilising force.

No doubt if we posed the same question to any entrepreneur drawn from the states represented here, we would get the same response. For businesses to prosper, a transparent and predictable economic environment is crucial. Moreover, they require clear and coherent laws along with rules and regulations. These also must be backed up by efficient and credible institutions to enforce them. All represent incentives for both domestic and foreign investments, as well as for the development of a vibrant Small and Medium Enterprise sector. In turn, this facilitates job creation, economic growth and financial security.

Job creation is at the top of the Irish Government's agenda. Since we came into office, we have been working hard to create the improved economic conditions which will support the maintenance of existing jobs and the creation of new ones. The *Action Plan for Jobs*, launched in February, outlines the Government's plan to rebuild the economy. The plan will improve access to finance for small businesses, reduce costs and red tape, and improve supports for exports, management and innovation. I am aware, in my capacity as Ireland's EU SME Envoy under the European Commission's *Small Business Act for Europe* that many of the policies in the Government's *Action Plan for Jobs* reflect policy issues impacting small businesses across Europe.

Economic success depends critically on the ability of our SMEs to achieve their full potential.

One of the lessons of the last few years is that good corporate governance is a key factor in successful performance and not merely a desirable add on to the running of companies. Both at home in Ireland and as part of the EU, we are learning the lessons of the financial crisis and developing our policies. Of course, this discussion covers a range of issues. For example, we are looking at the membership of boards of directors and asking how we can best promote diversity? Another question is the role of shareholders – do we need change in the way shareholders interact with the companies in which they invest? What of reporting requirements? Are they sufficient as they are or should we require more from companies?

At the heart of all this discussion is the question of whether or not to make new legal obligations on companies or to go down the road of encouragement and support. I believe that it is appropriate to look at both options. However, before deciding whether or not to regulate, we must recognise the differences that exist between companies.

Companies can be large or small, listed or private. For those companies that hold a special place in the economy, such as banks, it is accepted that they require more stringent regulatory controls. However, for the majority of companies, the challenge is to find the right balance. We must have regulation that meets the proper aims of public policy and works to support profitable business. However, we also need to be careful not to introduce unnecessary burdens on commercial activity. It is true that good governance is just as important for the success of small and medium sized companies as it is for large ones. But it is not usually necessary to have requirements for practice and reporting that are as detailed or prescriptive. One size cannot fit all. We need a tailored approach that builds on and improves the current framework without losing sight of the needs of business for efficiency.

Later this year, the European Commission is expected to bring forward new proposals on some of the main issues in the areas of corporate governance and company law. Around the same time, in Ireland, my colleague Minister Bruton will introduce a Companies Bill in our Parliament which will include provisions on governance. The Irish Government is determined to use these opportunities to design a system that is appropriate, effective and proportionate taking into account the varieties of forms that companies have.

Promoting good governance and addressing corruption requires co-ordinated responses at the international as well as national level. This is why the international community has designed international and regional anti-corruption instruments and initiatives. The United Nations Convention against Corruption (UNCAC) is the central framework for these efforts and the OSCE participating States committed, through the 2004 Sofia Ministerial Council Decision on Combating Corruption to sign, ratify and implement it fully.

However, anti-corruption instruments, such as the UN Convention are only a first step to address the problem. Monitoring activities, which a number of organisations such as the EU, Council of Europe, the OECD and UNODC undertake, are also of crucial importance. They help with assessing the progress achieved by states, and aid them in identifying gaps and strengthening



implementation of international commitments. I would like to commend the good work done by each of these organisations.

I also believe the OSCE has an importance role to play in reinforcing national and international efforts to promote transparency and combat corruption. In that regard, much has been done and a lot has been achieved so far. A few examples of recent activities include an expert seminar “*Anti-corruption Policy and Integrity Training*” organised with the OECD in Vilnius last March and the OCEEA roundtable “*On the road to Marrakesh: the role of civil society in fighting corruption*” in July in Vienna. I would also like to mention the support provided by the OSCE Centre in Astana to the implementation of the Extractive Industry Transparency Initiative (EITI) in Kazakhstan’s oil, gas and non-carbon sectors. I would also note the support by the OSCE Office in Yerevan to the Government of Armenia with the launching of the so called “Guillotine” programme. This is a programme of systemic reform to eliminate inconsistencies in the legal framework. These reforms will also help boost foreign investment, eliminate corruption risks, and contribute towards the overall economic development of the country. This last project is an initiative that Ireland has been supporting with Irish Aid funding through the OSCE.

A final fundamental factor for success is the establishment of a genuine and constructive dialogue between the government and the general public. Civil society participation is of crucial importance. Citizens have the right to be permanently and fairly informed about their government’s decisions and to take part in the decision making process. Moreover, a strong social reaction to corruption is crucial for the success of national efforts to tackle this negative phenomenon. In the economic field, entrepreneurs themselves can assist state institutions in defining efficient rules and regulations to stimulate the economy.

Excellencies, Ladies and Gentlemen,

It is over ten years since good governance was the focus *per se* of an OSCE Forum meeting. The Irish Chairmanship believes it is important and timely to bring this issue again to the forefront of the high level political discussions within the OSCE. The Forum provides an opportunity to renew the dialogue amongst OSCE participating States and Partners for Co-operation on this issue. It also offers a platform to involve non-state actors, including civil society representatives, the business community and the partner regional and international organisations. We hope that one outcome from this will be a renewed political commitment by OSCE states at the Ministerial Council in Dublin on good governance and we will be working actively in the coming months to secure consensus on this.

We are very much encouraged by the positive response received so far during the Forum’s preparatory process, and the active engagement of delegations and other relevant stakeholders. We are therefore confident that this year’s Forum process, including this meeting, will generate fruitful results.

Let me conclude by wishing you an enjoyable stay in Dublin and every success for this Forum meeting.

**OPENING REMARKS**  
**by Mr. Goran Svilanović**  
**Co-ordinator of OSCE Economic and Environmental Activities**

Excellencies,  
Ladies and Gentlemen,

I would like to join Minister Perry in welcoming you to this 2<sup>nd</sup> Preparatory Meeting of the 20<sup>th</sup> Economic and Environmental Forum.

Allow me to also take this opportunity to express my gratitude for the hospitality that the Irish Chairmanship has shown by hosting this event in its capital, as well as for its very productive and meaningful insights during the preparations of this Second meeting that closes the preparatory cycle of the Forum.

Distinguished participants,

Today we initiate the second phase of the Forum process, dedicated to the topic of *promoting good governance and combating corruption in support of socio-economic development*.

We are all aware that corruption is one of the biggest threats to security and stability and a big barrier for the effective implementation of good governance principles. As a direct abuse of entrusted power, corruption and bribery undermine democratic institutions, diminish the rule of law, discourage investment and business development, hurt social integration and hinder the capacity of countries to allocate scarce resources in an efficient manner.

In this regard, anti-corruption initiatives have proven to have a positive impact on a country's prosperity. According to the IMF, if a country improves its corruption index by two points, it will enjoy an increase in investment activity by four percentage points and half a percentage point in the annual growth of GDP per capita. Therefore, measures that help prevent and counter corruption in both the public and private sectors should be vigorously encouraged by all of us. Only by effectively implementing good governance practices can we increase our social, economic, and environmental capital in order to achieve lasting prosperity and sustainable socio-economic development.

This is why the 2003 OSCE Ministerial Council in Maastricht placed strong emphasis on further developing the co-operation among the OSCE participating States to strengthen good governance on the international and national levels, and to fight corruption. By promoting a culture that upholds values of transparency, accountability and integrity, we aim at achieving an ethical public administration that enjoys the trust of the people. We also actively encourage stronger inclusion of civil society in public matters in order to enable a broad-based decision-making process that includes all relevant actors - the government, the private sector and the civil society.

As recalled by Minister Perry, the 2004 Sofia Ministerial Council Decision on Combating Corruption gave the OCEEA the mandate to assist OSCE participating States in the ratification and implementation of the *United Nations Convention against Corruption (UNCAC)*.

Thus, in the last ten years, my Office has worked on raising awareness of the damaging effects of weak governance and corruption and the new means and tools available to countries interested in effectively fighting this scourge. In co-operation with other OSCE executive structures and institutions as well as with relevant international organizations, we have promoted the implementation of existing international anti-corruption frameworks and legal instruments, in particular the UNCAC. We have also organised several roundtables, expert seminars, training

programmes and study tours across the OSCE region to facilitate exchange of best practices, expertise, peer learning and professional networking. Some of the most recent events, like the OCEEA-OECD Expert Seminar on *"Anti-Corruption Policy and Integrity Training"* or the roundtable *"On the road to Marrakesh: the role of civil society in fighting corruption"* have just been mentioned by Minister Perry.

We have also provided more concrete support to initiatives like the establishment of Anticorruption Agencies and Financial Intelligence Units in different OSCE countries and thematic publications. In this connection, I would like to inform you that we are currently updating the *OSCE Guide on Best Practices in Combating Corruption* and working on a new publication on National Risk Assessment of Money Laundering and the Financing of Terrorism. We will have the pleasure to share these with you during our Concluding Meeting in September in Prague.

Dear participants,

Our efforts would not be so significant without the contribution of our field presences. The OSCE Missions in Bosnia and Herzegovina, Montenegro, Serbia and Skopje, our Presence in Albania, our Centres in Bishkek and Astana, and our Offices in Yerevan, Baku and Tajikistan are working closely with their host countries in providing assistance in areas such as development of anti-corruption legislation, anti-corruption agencies and independent judiciaries; development of codes of conduct and transparent public procurement processes; promoting integrity in customs and border services as well as raising the awareness and engagement of the civil society.

I would like to take this opportunity to sincerely thank all our partner organizations, OSCE institutions and field presences for your continuing support and dedication. By complementing each other and also working together, we will be faster and more effective in reaching our common goals.

Ladies and Gentlemen,

This meeting is a unique occasion for us to exchange knowledge and experience gained across the OSCE region and with our Partners for Co-operation as well as within the civil society and the International Organizations. Let us use this Meeting fully to identify areas for further improvement and co-operation to reach our common goal of improved governance and transparency, and eradication of corruption for the benefit of sustainable socio-economic development, stability and security. I would therefore like to encourage all of you to actively participate in the discussions and to suggest topics for further elaboration at the Concluding Forum Meeting in Prague.

Thank you very much for your attention

**OPENING REMARKS**  
**by Mr. Michael Camuñez**  
**Assistant Secretary of Commerce, United States of America**

Minister Perry, Distinguished Colleagues, Ladies and Gentlemen:

On behalf of the United States, I would like to thank the Irish Chairman-in-Office, Secretary General Zannier, Coordinator for Economic and Environmental Activities Svilanović, and our Irish hosts for convening this Economic and Environmental Forum Second Preparatory Meeting, and for welcoming us so graciously to Dublin. It is an honour to be here today in this beautiful historic venue, as a guest of the Irish chairmanship, and as part of the U.S. delegation to the OSCE, representing the U.S. Government in my capacity as Assistant Secretary of Commerce and as a Commissioner to the U.S. Helsinki Commission.

The United States welcomes the opportunity to discuss the critical concept of how promoting good governance and combating corruption support socio-economic development, and thereby contribute to security. This is a top priority for the Obama Administration and the U.S. Department of Commerce, and one in which I am keenly interested as Assistant Secretary of Commerce. This is also my second time participating in the OSCE's economic and environmental dimension events, having led the U.S. delegation to the first-ever EEDIM last year, and I am pleased to be joined today by colleagues from the U.S. Department of State and the U.S. Helsinki Commission. Colleagues, by the time we conclude our meetings tomorrow afternoon, it is my sincere hope that we will have charted a clear path forward in advancing the OSCE's work and our collective efforts to strengthen governance and transparency across the region.

Human rights, the rule of law, and transparent government are interconnected. As President Obama observed early in his Presidency during a major address to students in Cairo, Egypt: “[C]onfidence in the rule of law and the equal administration of justice; government that is transparent and doesn't steal from people; the freedom to live as you choose. These are not just American ideas; they are human rights...Governments that protect these rights are ultimately more stable, successful and secure...”

This notion that every individual should be able to exercise his or her rights, free from government corruption, and that every individual should be free to conduct free enterprise, to innovate, and to prosper – is one that is understood and embraced by the OSCE.

As the OSCE's Maastricht Strategy document states: “Peace, good international relations, the security of the State and the security and safety of the individual within the State, based on the rule of law and respect for human rights, are crucial for the creation of the climate of confidence which is essential to ensure positive economic and social development.”

But let me be clear: good governance is not just essential for the exercise of personal freedom or the stability of the State. It is an essential requirement for economic growth, innovation and prosperity. And the OSCE can and should embrace transparency and good governance principles as essential to the advancement of our work in the Second Dimension. To build new factories, make new products, develop new technologies and innovate, companies need governments to create an “enabling environment.” They seek predictable laws and regulations that are enforced fairly and transparently. Policies, procedures and contracts must be honoured and governments, the private sector, and civil society must interact effectively. The United States has some of the most innovative companies in the world, and they are constantly looking for new markets in which to invest. When deciding where to make new investments, good governance and anti-corruption policies implemented by the prospective host countries play a key role. Indeed, these factors give the host country a competitive advantage to attract foreign direct investment, which will in turn create new wealth and jobs.

The OSCE, with its comprehensive approach to security, is in a unique position to nurture and strengthen the connection between human rights, accountable and responsive government, and economic prosperity. We are all aware of the important work the OSCE conducts in this area. Through the Office of the Coordinator for Economic and Environmental Activities (OCEEA), and the OSCE's field operations, the OSCE has helped to raise public awareness of the accountability of government officials and to promote best practices for the private sector. The OSCE's capacity-building work – its needs assessments, trainings and workshops – enables participating States to fulfil the good governance and transparency commitments they have undertaken in other international fora. As a consultative body built on dialogue and a commitment to universal values and principles, the OSCE helps us aspire to, and achieve, higher standards. Here are just a few concrete ways in which the OSCE can assist participating States in achieving higher standards of good governance, transparency and accountability in the year ahead:

- First, the OSCE must continue its work to help countries ratify and implement the United Nations Convention Against Corruption (UNCAC). The United States, which was recently evaluated through the UNCAC, believes that the process should be open, the results public and should involve civil society as much as possible. The OSCE can play a role by, among other things, providing more effective technical assistance to countries where possible.
- Second, the OSCE should establish good governance and transparency as a priority for the work of the field missions, and participating States should welcome and encourage this work with their jurisdictions. The OSCE should continue to prioritize the work it is doing to improve trade and transport connections, notably at border crossings, and to build capacity in participating States by promoting best practices on border and customs procedures. An example of how the OSCE improves peoples' lives takes place every day at trade resource centres along the Tajik-Afghan border, where trade volumes have increased and cross-border traders' lives have improved as a result of OSCE-supported transparency initiatives on customs clearance. At this time, I would also like to congratulate the twenty-four students from Central Asia and Afghanistan who became the first to enrol in the Master's program in Economic Governance and Development at the OSCE Academy in Bishkek. Mr. Coordinator, I know it was a special honour for you to address these students during your visit to open the course. The United States is pleased to have been among the States who made this program possible through extra-budgetary support.
- Third, the OSCE should direct the field mission to support technical assistance and capacity building for open and transparent public procurement.
- And, lastly, after much debate, it is time for the OSCE to endorse the Extractive Industries Transparency Initiative (EITI). The EITI stands for the principle that a country's natural resources should be developed for the benefit of all public and private stakeholders. Its value and importance is already recognized on the world stage: the United Nations and the Organization for Economic Cooperation and Development (OECD) have already endorsed the EITI. In 2011, leaders of the G8 and G20 reconfirmed their support for the EITI and several OSCE participating States have announced their intention to implement the EITI. But more than that, the EITI represents an innovation in the way decisions about public administration are made, that of the multi-stakeholder initiative. The OSCE has, since its foundation, been a kind of multi-stakeholder initiative, and as we reaffirm our collective commitment to good governance through this year's Forum process, it makes sense that we should act this year, too. I am proud to report that last year the U.S. formally announced it will implement EITI domestically. We urge other countries to join us in strengthening transparency in these and other areas.

This forum offers a useful opportunity to exchange views, experiences and best practices. Thus, I wanted to share briefly some key elements of the work that my agency, the Department of Commerce, is pursuing in support good governance and transparency initiatives aimed at stimulating economic growth in the U.S. and throughout the OSCE region. Over the course of the meeting, I look forward to learning more from participants about the ways in which you and your governments and, or organizations, are pursuing these goals.

- The Department's Commercial Law Development Program (CLDP) has provided valuable training: developing government and business ethics and transparency programs in many countries in the OSCE region; assisting countries in Central and Eastern Europe and the former Soviet Union with the drafting and adoption of the commercial law reforms; and providing WTO technical assistance to six of the first eight ex-Communist states to join the WTO. By helping to develop the legal infrastructure to support domestic and international businesses alike, CLDP's programs have helped grow overseas markets and developed transparent legal systems and fair regulations.
- In my office of Market Access and Compliance, we promote good governance practices by spearheading a variety of trade policy initiatives. We engage with multiple stakeholders – including the private sector, other countries on a bilateral basis, and multilateral organizations – in these initiatives.
  - On the multilateral front, we were active in the creation of the G20 Anticorruption Working Group and the comprehensive action plan they developed to combat corruption. In fact, I have just returned this week from the meeting of the B20/G20 high level dialog in Mexico. We also participate in the OECD Working Group on Bribery. In this regard, let me congratulate our Russian colleagues for ratifying the OECD Anti-Bribery Convention. We look forward to working with you as partners in this important international process.
  - On the bilateral front, my office raises issues of transparency directly with and through commercial diplomacy with our trading partners. We also fund good governance and transparency programs to help train and build capacity in areas like customs clearance and government procurement, among others.
- We are also pursuing specific policy initiatives to ensure that our commitment to fight corruption is reflected in our efforts globally and regionally. Specifically, we are including robust transparency provisions in our Free Trade Agreements, anticorruption language in Model Trade and Investment Framework Agreements, and new anti-corruption sections in our U.S. and Foreign Commercial Service Country Commercial Guides.

I cite these issues and activities as examples of how the United States is working with other governments and multilateral institutions to achieve real economic progress in different regions and markets. *We stand ready to work with and through the OSCE in a similar fashion.* At the same time, we will continue to engage the private sector and civil society on these issues. To make progress, an effective partnership among governments, business, and civil society is indispensable.

Distinguished Colleagues,

The next two days offer an opportunity to hear from real experts in the area of good governance and anti-corruption. In the view of the United States, good governance and transparency are the very essence of the Economic and Environmental Dimension. This year's Forum gives us an opportunity to ensure that our work in the second dimension is fully integrated into all aspects of the OSCE's efforts to strengthen our mutual security. Let's work together to make real progress in this area at the Dublin Ministerial.

**OPENING REMARKS**  
**by Mr. Reinhard Priebe**  
**Director of Internal Security, DG HOME, European Commission**

Let me first of all thank you for inviting the European Commission to this Second Preparatory Meeting for the 20<sup>th</sup> OSCE Economic and Environmental Forum on "Promoting Security and Stability through Good Governance". We appreciate the close cooperation between OSCE and the EU on many policy subjects which are relevant and important both within the EU and for other countries being part of the OSCE.

Obviously, good governance contributes to promote security and stability. And promoting good governance is essential to support socio-economic development and economic growth.

All the subjects you are working on in preparation of the 20<sup>th</sup> Economic and Environmental Forum – anti-money-laundering, countering the financing of terrorism, sound management of public resources and budgets, recovery of stolen assets, to mention only a few – are also very much in the focus of current EU policies. Therefore it is essential to exchange views and to coordinate. The challenges are so high that we should join efforts. They are certainly too important to waste resources with overlapping or conflicting initiatives.

I agreed with the chair to focus my intervention today on the ongoing initiatives of the EU in the field of combating corruption.

Corruption is not easy to be tackled in any country. Its harmful effects on democracies and societies as a whole, as well as its economic costs and negative impact on fundamental rights are largely acknowledged nowadays. A genuine political will to eradicate corruption is often missing. Many countries are struggling with deeply rooted corruption capturing the very core of their institutions from legislature to executive and judiciary and imposing a way of living and shadow economies widely tolerated and difficult to discard.

Corruption affects people and businesses, regardless of nationality. It distorts licit economies, through facilitating tax evasion, lowering investments levels, reducing competition and increasing the costs of doing business. The current challenges in Europe and beyond related to the financial crisis and the urgent need to keep public debts sustainable in particular call for reinforced guarantees for the integrity and transparency of public expenditure.

There are no corruption-free zones. Although the European Union has long been perceived as one of the parts of the world less touched by corruption, it definitively exists in Europe with significant differences in its nature and extent from one country to the other. Fighting corruption calls for actions, both at EU level and at the national level of its Member States.

Corruption has been in the focus of the European Union for more than 15 years now. The EU incorporated in legal instruments dating as far back as 1996 and 1997 criminal law provisions on active and passive corruption before wider Council of Europe and UN instruments have seen the light. In 2003, specific rules on combating corruption in the private sector were adopted at EU level. Corruption is listed by the Treaty on the Functioning of the European Union among the particular serious crimes with a cross-border dimension for which minimum rules on definition of offences and sanctions may be established at EU level.

In spite of numerous legal and policy initiatives taken so far, the actual results in tackling corruption across the EU still remain rather unsatisfactory overall. We see this in perception surveys, studies on the costs and effects of corruption, implementation reports on EU legislation and findings of monitoring instruments such as GRECO and the OECD.

The Commission's special Eurobarometer survey on corruption presented in February this year reveals the attitudes/perception of Europeans towards corruption. The survey shows that three EU citizens out of four continue to see corruption as a major problem in their country<sup>1</sup> and almost half of the Europeans believe that the level of corruption in their country increased in the past three years<sup>2</sup>.

In the 2011 Corruption Perception Index of Transparency International, which measures the level of perceived corruption in the public sector, one third of the EU Member States (i.e. 9) scored less than 5 out of the maximum 10 (perceived as least corrupt), with the lowest in the EU of only 3.3<sup>3</sup>.

A study conducted for the European Commission has estimated the economic costs of corruption in the EU to approximately 120 billion Euros/year (the equivalent of 1% of the EU countries GDP). Moreover, in public procurement, one of the most vulnerable areas to corruption, studies have shown that about 20 to 25% of the public contracts' value in the EU is lost to corruption.

Corruption is also closely linked to organised crime. It facilitates the operation of illegal markets (e.g. illegal cigarettes, drugs, prostitution, car-theft, extortion). These are also the type of illegal activities that most often have a cross-border dimension. The Organised Crime Threat Assessment (OCTA) issued by Europol last year mentions that in the area of trafficking of human beings the most threatening criminal groups are those capable of controlling the entire trafficking process, including high-level corruption and money laundering.

Fighting corruption has now become a common priority on the public agenda of politicians both at EU and at national level. However, there is a long way to go from declared intentions to genuine will and then to tangible results. As stated very well in your background paper: Anti-corruption instruments are only a first step to address the problem. Effective review mechanisms are needed to ensure the correct implementation by governments.

In June 2011, the Commission presented a Communication on 'Fighting Corruption in the EU' which intends to reinforce the EU policy against corruption. The new anticorruption strategy is based on the obvious assumption that corruption cannot be fought against in isolation and that stronger actions are needed at EU level to ensure better results.

The Commission wants the new approach of the EU anti-corruption policy to respond more effectively to the citizens' concern that corruption continues to be a major problem in the EU, that the most severe forms of corruption cannot be tackled only by legislative solutions and that, despite major differences between EU Member States, the cross-cutting effects of corruption impact negatively on the Union as a whole.

The new EU anti-corruption strategy follows a two-fold approach:

- It sets up an EU anti-corruption reporting mechanism for a periodic assessment of Member States' efforts against corruption, the EU Anti-Corruption Report and
- It suggests focusing on corruption across the board in a number of internal and external EU policy fields, as well as reinforced cooperation with existing anticorruption monitoring mechanisms.

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<sup>1</sup> 74%, as compared to 78% in 2009 see corruption as a major problem in their country (Eurobarometer special corruption 374, 2012.).

<sup>2</sup> 47% believe that the level of corruption in their country increased in the past three years (Eurobarometer special corruption 374, 2012).

<sup>3</sup> The 9 EUMS which scored below 5: LI, HU, CZ, LV, SK, IT, RO, EL, BG. Lowest score: BG (3.3).



With the EU Anti-Corruption Report we do not want to reinvent the wheel. We will build on existing knowledge in terms of evaluation of anti-corruption policies through long-standing monitoring tools like GRECO, OECD and, more recently, the review mechanism of the UN Convention against Corruption (UNCAC). Our reporting should add value on matters most relevant to the EU and should develop innovative measurement and assessment methods to be able to bring about real change.

The Report will be issued by the Commission every two years, starting next year. It will point out good and negative practices, EU trends and vulnerabilities.

The Report will focus on a number of cross-cutting issues of particular relevance at EU level (such as corruption in public procurement). In addition, selected issues specific to Member State will be highlighted in individual country analyses.

The Report will make recommendations, both cross-cutting and tailor-made. It will identify EU trends, stimulate peer learning and further compliance with EU and international commitments, and facilitate the exchange of best practices. Moreover, it will prepare the grounds for future EU policy initiatives.

While the recommendations to be made in the EU Anti-Corruption Report will not be legally binding on the Member States, the Commission, through regular assessments and by highlighting outstanding recommendations, should bring about the necessary leverage for Member States to intensify their anti-corruption efforts.

Beyond the reporting mechanism, the Commission's Communication on "Fighting Corruption in the EU" calls for stronger focus on corruption and points out the way forward on actions in a range of connected internal and external policy fields, including closer judicial and police cooperation, modernising EU rules on confiscation of criminal assets, a revised public procurement legislation, better crime statistics, an enhanced anti-fraud policy to protect the EU financial interests.

As far as EU external policies are concerned, the Commission's Communication of June 2011 pledged for a reinforced focus on corruption in various areas:

With regard notably to the enlargement process, recent accessions have shown that at the time of accession it is difficult for acceding countries to demonstrate the irreversibility of anti-corruption reforms. This calls for a reinforced rule of law dialogue with candidate and potential candidate countries at an early stage of the pre-accession process, making use of stricter benchmarking mechanisms and thorough evaluations, including fact-finding missions. The Commission will therefore continue to give high priority to the monitoring of anti-corruption policies from early stages of the accession preparations with the aim to ensure sustainability of reforms. The enlargement process, although very demanding on the countries in question, offers great opportunities for pushing forward profound reforms.

As to the European Neighbourhood Policy, the High Representative and the Commission will promote actions reinforcing the capacity to fight corruption in the neighbourhood countries as a key aspect of the support given.

As part of its cooperation and developing policies, the EU will promote a greater use of the conditionality principle to encourage compliance with minimum international anti-corruption standards, as well as a stronger use of anti-corruption provisions already existing in the legal bases for cooperation with partner countries.

In the visa dialogue process, anti-corruption policies are among the key issues covered by public order and security matters and are strictly monitored in the dialogue with all countries applying for a visa-facilitation or visa-free regime with the EU.

As part of last year's anti-corruption package, the Commission reflected on modalities of EU participation in GRECO. A reinforced cooperation with GRECO is needed to create synergies between the GRECO evaluation system and the future EU corruption reporting.

The EU anti-corruption strategy is part of a broader range of EU initiatives to protect of licit economy. Let me just mention two other important initiatives which form part of this package:

- The new Commission Anti-Fraud Strategy, adopted last year, sets up a number of measures for the protection of EU financial interests. The Commission's Communication on the protection of EU financial interests, covering the criminal law and administrative aspects focused on safeguarding taxpayers' money at EU level against illegal activities, including against threats posed by corruption inside and outside the EU institutions.
- Last March, the Commission proposed a Directive on the freezing and confiscation of proceeds of crime. The proposal aims at making it easier for Member States' authorities to confiscate and recover the profits that criminals make from serious and organized crime. The proposal covers also corruption, as defined in the EU legislation, and comprises provisions on: direct confiscation, value confiscation, extended confiscation, non-conviction based confiscation (in limited circumstances), third-party confiscation, effective execution, management of frozen property.

Other initiatives have been adopted or are in preparation:

- Disclosure of payments to governments in the extractive and forestry sectors. The Commission adopted in October 2011 a legislative proposal requiring the disclosure, on a country and project basis, of payments to governments by listed and large unlisted companies with activities in the extractive (oil, gas and mining) and forestry sectors. The key objective of this proposal is to enhance transparency and accountability of governments and businesses for exploiting natural resources (oil and gas, minerals and primary forests).
- Revision of public procurement directives: proposal of the Commission adopted in December 2011. It aims at a simplification of procedures, but strengthens at the same time anti corruption safeguards. Among the new proposed provisions I would mention those regarding: conflict of interest, setting up of national overights to monitor the implementation of public procurement rules, introducing red flagging/alert systems to possible fraud and corruption, centralising of data, stricter rules for modification of contracts, expanded exclusion criteria, monitoring of concluded contracts.
- Incoming revision of the Third Anti-Money Laundering Directive that will take account of the revised recommendations of the Financial Action Task Force (FATF) scheduled for this autumn. The Commission follows closely the work of the Financial Action Task Force and encourages the extra-focus that FATF has recently put on laundering of proceeds of corruption.

This – inevitably somewhat lengthy – overview on EU actions hopefully has given you an impression of the wide range of initiatives the EU is currently taking for itself to combat corruption.

The anti-corruption package represents a significant step forward towards a reinforced EU anti-corruption policy. Considerable work is ahead of us for turning these commitments into reality. None of the measures proposed in the EU anti-corruption package suggest magic solutions, but we are confident that they may turn into useful tools in fighting more vigorously corruption within the EU. We are confident that these measures will also further improve the anti-corruption policies in

our relations to other countries, in particular with those countries aspiring to join the EU and those in our close neighbourhood.

The necessary legislation is largely in place, either imposed through international or through European instruments or adopted at national level. However, regulation alone does not bring about the best results. What we need to focus on is implementation. Only joint efforts can bring about results and we therefore need the support of all players to be able to come up with strong anti-corruption tools. Given the importance now attached to this subject we very much appreciate the engagement of OSCE in the fight against corruption.

## CLOSING STATEMENTS

### ADDRESS

**by Mr. Alan Shatter T.D.  
Minister of Justice, Ireland**

Distinguished Participants,  
Ladies and Gentlemen,

I am honoured by this opportunity to address the closing session of this important conference and share with you some thoughts about how we can be more effective in promoting good governance and combating corruption in our countries and the role the OSCE could play in that regard.

As our work comes to its conclusion, I will try to summarise some of the key messages that emerged from this Forum meeting.

First and foremost, I am pleased to note the general consensus among the Forum's participants that good governance is a key element, conducive not only to economic development but also to sustainable development, equal opportunities for all and, ultimately, to stability and security.

The lack of good governance, the absence of efficient and accountable institutions, the lack of transparency - all these lead to economic underperformance, open the door to corruption and abuses of power and generate an array of security risks at national and regional level. As rightly mentioned in the OSCE Strategy for the Economic and Environmental Dimension, "Good governance at all levels contributes to prosperity, stability and security."

Secondly, promoting good governance requires a comprehensive, multidimensional and multi-stakeholder approach. Promoting good governance and combating corruption is not a simple task and consistent action on several fronts is needed. Preventive measures have to be intertwined with enforcement measures. Legislative improvements have to be supported by strengthening the implementation capacity of relevant institutions. A culture of integrity, transparency and accountability at central and local level has to be promoted. At the same time, it is important to strengthen whistleblowers and safeguards for protection. Asset and income declaration systems are important corruption prevention measures but they have to be backed by effective verification mechanisms and ultimately by the capacity to identify, freeze and recover stolen assets.

Good governance is most successfully promoted through the participation and co-operation of all stakeholders - governments and government agencies, the business sector, non-governmental organisations and the media. It is particularly important that civil society actors acquire the knowledge and the capacity to raise awareness and tackle corruption issues.

Thirdly, the Forum's deliberations highlighted the need to address corruption with even stronger determination. Stronger efforts have to be made to implement agreed standards and commitments. Enhanced co-operation at all levels - amongst states, between governments and civil society and the business community, between countries and international organisations - is needed in that regard.

Let me turn now to the possible role for the OSCE.

The OSCE is a forum for political dialogue. The Organisation can thus be instrumental in fostering high-level political support for regional initiatives that promote good governance and tackle corruption.

The OSCE can also be useful in identifying gaps and areas where further action is desirable. Especially in the area of prevention, the OSCE has been actively supporting participating States over the years in their work to strengthen their national legal frameworks and anti-corruption institutions, develop anti-corruption strategies and action plans, establish codes of ethical conduct, introduce more effective and transparent public procurement regulations and increase civil society participation. I think this valuable work should continue in close co-operation and coordination with other actors, such as the United Nations Office on Drugs and Crime (UNODC), the OECD, the Council of Europe and the European Union.

The OSCE field operations can be instrumental in strengthening local capacity to combat corruption. The field operations also play a key role in coordinating the local actors and the international donors in efforts to promote good governance in their host countries.

Corruption is primarily motivated by the prospect of financial gain. It is crucial that we address this fact in the most effective way possible – by constantly striving to introduce better co-ordination and international information sharing.

Ireland's ratification last year of the UN Convention against Corruption further signals our determination to advance international cooperation in this area. This UN Convention is a comprehensive anti-corruption treaty which requires countries to implement legal and regulatory regimes both within the private and public sectors. The OSCE Ministerial Council Declaration on Combating Corruption specifically highlights this Convention and encourages OSCE participating States to ratify it.

As highlighted in the Convention, asset recovery is a key element of a comprehensive anti-corruption framework. An important and effective tool in the fight against criminality is the development of best practice in tackling proceeds of crime and criminal financing. You have heard today of the work of Ireland's Criminal Assets Bureau. The Bureau through its multi-disciplinary approach to targeting the proceeds of crime has served Ireland well in tackling the proceeds of crime in this jurisdiction.

The Bureau came into existence following a particularly turbulent time in Irish criminal history - when criminal gangs came to the fore and those who orchestrated the activities of these gangs sought to remain beyond the reach of the State authorities.

Ireland is one of a small number of states who have adopted both conviction based and non-conviction based models for the confiscation of proceeds of crime. While conviction based models are the norm in many states, the non-conviction based model, as deployed by the Criminal Assets Bureau in this jurisdiction, is less known.

Whereas the conviction based model of confiscation acts *in personam* against a convicted person, the non-conviction based approach can act *in rem* against property which constitutes the proceeds of crime. In the Irish model, civil law rather than criminal law concepts apply and therefore the civil law standard applies with regard to matters of evidence, that is, judgements are made on the balance of probabilities. Our system also includes a number of very important safeguards, either expressly provided for in legislation or through accompanying administrative measures.

The multi-disciplinary structure of the Bureau and its supporting legislative framework represent an effective model that is both fair and balanced, and the Irish Government is committed to further strengthening the operation of the model in this jurisdiction.

I am aware of the concerns that are expressed from time to time regarding the non-conviction based model. However, I believe these concerns can be addressed through a legislative framework that is proportionate and which provides for the necessary safeguards and protections. The particular

legislation in Ireland was considered very novel at the time of its inception. Much thought went into ensuring that our constitutional requirements were met and that fair procedures applied.

The Irish legislation has been the subject of a number of constitutional challenges to the Irish Supreme Court during its time in operation. A significant number of the arguments made in these cases reflect matters that could possibly have been raised under the Convention for the Protection of Human Rights and Fundamental Freedoms, had the Convention been incorporated into Irish domestic legislation at the time of the cases. For example, the challenges which were made included arguments to the effect that the Act constituted a criminal procedure by another name and did not therefore provide for the necessary protections that would apply in a criminal procedure; that the Act involved the contravention of the privilege against self-incrimination and that the Act breached rights to private property. However, the legislation has withstood all of these challenges.

I firmly believe that effective non-conviction based regimes can respect our constitutional rules, and the fundamental rights and legal principles provided for in the EU Treaties and the European Convention on Human Rights.

I believe that increased cooperation at international level is core to the targeting of proceeds of crime and that more can be done through further enhancements to the regimes that exist.

As many of you will be aware, a proposal for a Directive on the freezing and confiscation of proceeds of crime in the European Union has recently been published. I believe that this proposal will provide us with further opportunities to encourage thinking at European Union level about the model operated in this jurisdiction. I will seek to encourage the Member States to take the opportunity to consider this model further, particularly in the context of mutual recognition of our respective regimes. The forthcoming Irish Presidency of the Union will be used to advance this.

I am very heartened by the interest that has been expressed within this wider network of states with regard to the work of the Bureau. I would encourage and support continued work in this area through the international fora and within the framework of the OSCE.

I should also like to take the opportunity to acknowledge the extensive work that takes place in the field of anti-corruption and in the general area of good governance within other international fora - a number of these bodies are represented here today.

In this regard, I should like to mention that the Third Phase of Ireland's Evaluation by the Greco was finalised recently, and we were pleased that the Greco Evaluation Team reported on our strong commitment to consolidate and reform the law on corruption, while also recommending that we continue with efforts to revise existing criminal law in this field, to enhance consistency and clarity.

Our membership of the key international anti-corruption groups affords us a further opportunity to review the various anti-corruption measures we have already in place, and to improve our laws in the light of our experience and participation in these international fora.

Turning to the legislative framework in Ireland, my overall objective for our new Criminal Justice (Corruption) Bill is to clarify and reform the anticorruption laws dating back to 1889 so that the relevant anti-corruption measures are made clearer and more accessible for everyone. One of the themes addressed here this morning was the need for civil society involvement in anti-corruption efforts. In an effort to facilitate such participation the Government plans to publish the general scheme of the Corruption Bill. This will allow all concerned to make an input even before the Bill is drafted or presented to parliament for debate.

Another important part of the framework of anti-corruption law is that concerning political funding. The Electoral (Amendment) (Political Funding) Bill 2011 significantly reforms political funding

arrangements in Ireland, and is currently before our Parliament. The input of GRECO, through its third round evaluation of party funding has been invaluable in informing the development of the Bill. The Government also plans to legislate for a statutory register of lobbyists, along with rules concerning the practice of lobbying, and work is ongoing on this subject. To compliment this work I have reviewed our approach to trading in influence and I aim to ensure that it is addressed in a robust, discrete offence provision in the forthcoming corruption Bill.

Distinguished delegates, you will have heard of the recent reports by the Moriarty and Mahon tribunals here in Ireland. While I know that those reports are a cause of great concern to the public and indeed to all of us in Government, I wish to look on the positive side. It is the mark of a mature democracy that it can engage in such detailed and open self-examination of its failings. The response of the Government in reforming in light of that examination will be the mark of our integrity as ministers and parliamentarians. For my part I have directed my officials to carefully consider all of the tribunal's recommendations so as to ensure that they are properly reflected in the corruption Bill.

I am certain that all of the states represented here today are similarly engaged in the ongoing development and reform of their domestic arrangements in this area. I hope that this meeting has provided some useful insights in this regard and that we will see the benefits of our discussions in the years ahead.

To conclude, I would like to thank once again the distinguished speakers who have participated over the last two days. I am delighted to see that many of the international organisations who work closely with the OSCE are represented here today. The discussions have been very productive and I am aware that these deliberations will continue at the concluding Forum meeting in Prague in September. Ultimately, our aim is to prepare proposals for the Dublin OSCE Ministerial in December. The task will be for us to define more clearly the OSCE's role to maximise its support for international efforts in promoting good governance.

The Irish Chairmanship remains committed to ensure a successful Forum process. We welcome the progress made and I can assure you that we will work hard to deliver meaningful proposals in this regard.

Thank you.

**CLOSING STATEMENT**  
**by Mr. Goran Svilanović**  
**Co-ordinator of OSCE Economic and Environmental Activities**

Minister Shatter,  
Excellencies,  
Ladies and Gentlemen,

Allow me to start my intervention by expressing my great appreciation to all of you – Government representatives of the OSCE participating States and Partners for Co-operation, International Organizations, NGOs, private sector representatives, OSCE field operations - for your active participation and support during these two days. Due to your engagement in the discussions, and due to the contributions you all have made, this second preparatory meeting of the 20<sup>th</sup> Economic and Environmental Forum has been, in my view, a real success. We have made together important steps towards identifying relevant recommendations for the OSCE in the field of combating corruption and enhancing good governance and transparency.

Special words of thanks go to the Irish Chairmanship – Minister Shatter and Minister of State Perry representing the Chairperson in Office, Ambassador O’Leary and Ambassador Cogan and their teams in Vienna and Dublin - and the Irish Government for their warm hospitality, for the high level participation and for their commitment to the work of the OSCE in the economic and environmental dimension.

At the same time I want to thank all the speakers, panellists, moderators, rapporteurs, for the excellent contributions to our discussions. The interpreters and the technical staff of the conference also deserve our gratitude.

Distinguished participants,

The starting point of our discussion was a comprehensive overview of the existing international legal framework, of the key international and regional anti-corruption instruments and initiatives, of the most recent developments and priorities in this field. Notably, we heard informative presentations on the work of UNODC, on the UNCAC review, on the work of the OECD and the Council of Europe/GRECO, as well as on recent developments at the EU level. The OSCE has supported and should continue to support and facilitate the effective implementation of such legal instruments and we should strengthen our co-operation with these organizations, as we can indeed complement their work.

Let me take this opportunity and summarize some of the key points and recommendations discussed throughout this Forum meeting and also provide you with information on related actions and activities my Office is planning or could be considering.

First, I would like to emphasize that developing a **culture based on integrity, transparency and accountability**, free from corruption and money laundering, is key to sustainable economic growth, development and stability, nationally as well as internationally.

Ethical conduct on the highest political, administrative and judicial levels is of utmost importance in gaining and maintaining the trust of the public at large in how their country and economy are managed. Integrity is a prerequisite to fair and reliable public services and needs to be reflected in institutional accountability, procedural reforms and transparency as well as in corruption control measures. This also includes effective management of conflict of interest systems and the creation and enforcement of effective asset disclosure systems for the prevention of misuse of position and/or embezzlement of public funds as well as in detecting and prosecuting the offenders.



The OSCE and its field operations will continue to promote a **comprehensive approach to good governance** and assist the participating States in developing codes of conducts, training programmes and guidelines for different groups - civil servants, Members of Parliament, Ministers, Mayors, judges as well as in the business sector. The work of our colleagues in ODIHR to assist interested countries in introducing *Professional and Ethical Standards for Parliamentarians* is definitely worth mentioning and we look forward to the launch of the study on these issues.

The OSCE can also be helpful in facilitating the exchange of experience and best practice on how to develop and implement effective **asset declaration** systems as one way to introduce more transparency and counter corrupt practices. In this connection, I am pleased to mention the upcoming OSCE-OECD-UNODC *Expert Seminar on "Asset Declarations for Public Officials: a Tool to fight Corruption in Central Asia"* to be held in Bishkek on 14-15 May.

While asset declaration is an important prevention measure and necessary component of an effective anti-corruption approach, it is the successful **recovery and/or repatriation of stolen assets** that is perhaps the most visible indicator that anti-corruption efforts are bearing fruit. Over the past several years, a number of the OSCE participating States and Partners for Co-operation have successfully worked together to identify stolen assets and return them to their country of origin. The OSCE has been active in supporting its participating States in ratifying and implementing the UN Convention against Corruption, which provides several important tools for asset recovery. We should continue to support such efforts.

We must bear in mind, however, that in the vast majority of asset repatriation cases, the identification of stolen assets occurred only after they were moved into foreign jurisdictions. Preventing stolen assets and proceeds of corruption from moving through cross border transactions will require further implementation of national asset declaration regimes and more due diligence by financial institutions to ascertain the origin of funds before accepting them. The OSCE should leverage the political will of its participating States and Partners for Co-operation and to work with its partner organizations to provide assistance in adopting and implementing legislation and best practices aimed at preventing the undetected movement of proceeds of crime.

Another central message of our meeting is that **civil society should be an important partner in the fight against corruption**. The civil society should become more closely involved in the formulation, implementation, monitoring and evaluation of anti-corruption strategies and action plans. At their turn, Governments need to show a stronger political will in that regard and develop the kind of legal, regulatory, policy and institutional frameworks that enable civil society to gainfully and responsibly participate. The civil society needs access to information, education and training, as well as the freedom to voice opinions about weaknesses and malpractices without fear of negative repercussions.

Another aspect emphasized during the meeting is the importance of **transparency in economic matters**. Specific examples of transparency initiatives in the public procurement sector or in the management of publicly owned companies were provided. Indeed, without coherent and cohesive regulation the desired policy outcomes cannot be reached, value for money cannot be ensured and public resources and assets will not receive the protection they deserve. In this field, the main focus of the OSCE should be to support the use of existing instruments such as the UN Convention against Corruption, the WTO's Agreement on Government Procurement or the 2011 UNCITRAL Model Law on Procurement. In this regard, my Office already provides support to an EBRD - UNCITRAL launched initiative aimed at enhancing public procurement regulation in the CIS countries and Mongolia. While the first countries to engage in the initiative were Armenia and Moldova we intend to further promote and support this endeavour also in other countries in the OSCE region. I also see a strong role for our field operations in such activities.

We were informed about the Armenian Government's recently launched "Guillotine programme" supported by the colleagues of the OSCE Office in Yerevan. Simplifying a country's legal framework, making legislation, rules and regulation more accessible and transparent is in the benefit of all. Not only does this mean a boost for companies and businesses and the national economy at large, it also reduces corruption risks and strengthens the trust of citizen's in their Government. Equally important is to put in place mechanisms for a genuine and structured public-private dialogue at all levels, as highlighted in the presentation of project from Tajikistan, supported, *inter alia*, by the OSCE mission there. The OSCE involvement is in particular relevant as it supports activities in the Rasht Valley, a region vulnerable to economic and political security challenges, which has enjoyed limited development and donor support so far.

Another key message is the importance, for the economic development of a country, but not only, of **women's economic empowerment** and full participation in the economic sphere. This is a key element of sustainable economic development. The need for gender sensitive public policies as an essential component of good governance was also emphasized. My Office is committed towards promoting equal participation and opportunities for women in the economic sphere and we are encouraged by the adoption last year in Vilnius of the Ministerial Council Decision on these issues.

We also learned about the important benefits that can be achieved by promoting more **transparency in the energy sector**. More transparency ultimately leads to better management. It helps countries to attract direct foreign investment, to improve their credit ratings, and to build trust amongst communities. Good governance thus helps to enhance energy security, because investments into energy projects are made over the long-term, and long-term investment is greatly helped by the presence of a sound business climate.

We heard about the efforts of Azerbaijan to implement the provisions of the Extractive Industries Transparency Initiative (EITI). The OSCE will continue co-operation with the EITI and other organizations which promote transparency in the field of energy. We should also keep in mind that the notion of "transparency" in energy could also be applied to technical matters. We could explore ways by which we can facilitate the dissemination of best practices and engage in co-operation with relevant organizations in this field.

Let me now turn to the area of **environmental governance**. We will continue our close cooperation with the UNECE in promoting the implementation of the Aarhus Convention, both through our continued support to the Aarhus Centres which now form a network of 37 Centres in 10 countries in the OSCE region and also through capacity building and training activities targeting key stakeholders, particularly judiciary.

I would also like to touch upon the preparatory process for the UN Conference on Sustainable Development that will take place in Rio de Janeiro in June, referred to as Rio+20. As you know, the Maastricht Strategy made a specific reference to 1992 Rio Conference and its major outcomes, namely Rio Declaration and Agenda 21. I am pleased to underline that the OSCE through its Aarhus Centers Network and partnership within the ENVSEC Initiative has contributed significantly to the implementation of relevant principles of the Rio Declaration. As you may know, the second informal-informal negotiations for the Outcome Document of the Rio+20 Conference started yesterday in New York and will continue until 4th of May. Further to my appeal to all participating States during the first thematic Economic and Environment Committee Meeting of this year on Environmental Good Governance on 14 March, I would request you once again to consider supporting the inclusion of a reference to linkages between environment, sustainable development and security within the Draft Outcome Document for Rio+20.

Ladies and Gentlemen,

The next steps for us will be to carefully assess the contributions and recommendations made at this 2<sup>nd</sup> preparatory meeting of the 20<sup>th</sup> Economic and Environmental Forum. A substantial discussion will also take place in the framework of the Economic and Environmental Committee in Vienna.

We will next prepare the agenda for the Prague Forum to be held on 12-14 September, and I take this opportunity to invite all of you to join us in Prague.

Before concluding I would like to recall what several speakers have already highlighted in their interventions. Discussing how to combat corruption and promote integrity is in fact a discussion about the fundamental values our countries and societies are based upon. Upholding and reaffirming such shared values and codifying them through mutually agreed norms and standards of behaviour, transposing them not only into documents but also in practice, in order to improve the functioning of our states for the benefit of all, is, in my view, extremely relevant for an organization like the OSCE. And this could be also one of the key outcomes of this year's Forum deliberations.

Thank you for your attention.

18 April 2012

**20<sup>th</sup> OSCE ECONOMIC AND ENVIRONMENTAL FORUM  
“Promoting Security and Stability through Good Governance”**

**SECOND PREPARATORY MEETING**

**Promoting Good Governance and Combating Corruption  
in Support of Socio-Economic Development**

Dublin, 23-24 April 2012

**ANNOTATED AGENDA**

**Sunday, 22 April**

**18:00 - 20:00**      **Welcome Cocktail hosted by Mr. Goran Svilanović, Co-ordinator of OSCE Economic and Environmental Activities,** at the Morrison Hotel, Lower Ormond Quay, Dublin 1

**Monday, 23 April**

**09.30 – 10.30**      **Opening Session**

- **Mr. John Perry T.D.**, Minister of State, Department of Enterprise Jobs and Innovation, Ireland
- **Mr. Goran Svilanović**, Co-ordinator of OSCE Economic and Environmental Activities
- **Mr. Michael Camuñez**, Assistant Secretary of Commerce, United States of America
- **Mr. Reinhard Priebe**, Director, Internal Security, DG HOME, European Commission

Statements by Delegations

10.30 – 11.00      Coffee/Tea break

**11.00 – 13.00**      **Session I:      Overview of international and regional anti-corruption instruments, initiatives and advancements**

#### Selected topics:

- Key issues, new developments and priorities at regional level in fighting corruption (including the Partners for Co-operation)
- Key provisions of international frameworks and legal instruments (including UN Convention against Corruption, OECD Anti-Bribery Convention, etc.)
- Existing international and regional co-operation, coordination and monitoring mechanisms (Council of Europe/GRECO, OECD/ACN, UNODC/UNCAC Review, EU anti-corruption reporting mechanism for periodic assessment, etc.)

**Moderator:** **Mr. Robert Leventhal**, Director, Anti-Corruption and Governance Initiatives, Department of State, United States of America

**Rapporteur:** **Mr. Gilbert Schenkenbach**, Permanent Mission of Ireland to the OSCE

#### Speakers:

- **Mr. Wolfgang Rau**, Executive Secretary, Council of Europe Group of States against Corruption (CoE/GRECO)
- **Ms. Olga Savran**, Manager, Anti-Corruption Network for Eastern Europe and Central Asia (ACN), Anti-Corruption Division, Directorate for Financial and Enterprise Affairs, Organisation for Economic Co-operation and Development (OECD)
- **Mr. Dimosthenis Chryssikos**, Crime Prevention and Criminal Justice Officer, Corruption and Economic Crime Branch, Division for Treaty Affairs, United Nations Office on Drugs and Crime (UNODC)
- **Mr. Abdesselam Abouddrar**, President, Moroccan Anti-Corruption Agency

#### Discussion

13.00 – 14.30            Lunch break

**14.30 – 16.00            Session II:    Fostering integrity and ethical conduct in the public sector**

#### Selected topics:

- Key issues for promoting good public governance and a culture of integrity, transparency and accountability at central and local level
- Latest developments and initiatives in the OSCE region on introducing and enforcing standards for ethical behaviour and code of conduct by public officials and politically elected persons
- Exchange of experiences on the development and enforcement of asset and income declaration systems, disclosure requirements and verification mechanisms for public officials and persons entrusted with prominent public functions

**Moderator:** **Mr. John Devitt**, Chief Executive at Transparency International Ireland

**Rapporteur:** **Mr. Mato Meyer**, Economic Transparency Adviser, OSCE Mission to Serbia

#### Speakers:

- **Ms. Anneli Sihver**, Advisor, Public Administration and Public Service Department, Ministry of Finance, Estonia

- **Ms. Marijana Obradović**, Assistant Director for Prevention, Anti-corruption Agency, Serbia
- **Mr. Thomas Vennen**, Head of the Democratization Department, OSCE/ODIHR
- **Ms. Yael Ahilea**, Legal Adviser, Department for Legal Advising and Legislation, Administrative Law Division, Ministry of Justice, Israel
- **Mr. Davor Dubravica**, Head of the Anti-Corruption Sector, Ministry of Justice, Croatia

## Discussion

16.00 – 16.30            Coffee/Tea break

## 16.30 – 18.00            **Session III: Promoting sound management of public resources and budget spending**

Selected topics:

- Transparency and accountability in public financial management, regulatory reforms and transparency initiatives in public procurement (with a focus on infrastructure projects) and management of natural resources
- Developing public-private sector partnership to counter bribery
- Advancements on strengthening whistleblower and witness protection
- Exchanges of national best practices from across the OSCE region

**Moderator:** **Ambassador Eoin O’Leary**, Chairman of the OSCE Permanent Council, Permanent Representative of Ireland to the OSCE

**Rapporteur:** **Mr. Jens Rasmussen**, Senior Project Officer, Good Governance Programme, Office of the OSCE Project Co-ordinator in Uzbekistan

## Speakers:

- **Mr. Jan Jackholt**, Director, Procurement Department, European Bank for Reconstruction and Development (EBRD)
- **Ms. Caroline Nicholas**, Senior Legal Officer, International Trade Law Division, United Nations Commission on International Trade Law (UNCITRAL)
- **Ms. Husniyya Mammadova**, Acting Deputy Head of Economic Co-operation and Development Department, Ministry of Foreign Affairs, Azerbaijan
- **Mr. Martin Bridger**, Legal Consultant, Sambei Bridger & Polaine - Legal & Law Enforcement Specialists, United Kingdom

## Discussion

18.30                    **Reception hosted by the Irish 2012 OSCE Chairmanship (George’s Hall, Dublin Castle)**

## Tuesday, 24 April

### 09.30 – 11.00 **Panel Debate - Session IV: The key role of civil society and business community towards developing comprehensive and effective anti-corruption approaches**

Selected topics:

- Strengthening political will and the legal, regulatory and institutional frameworks to allow civil society organizations to contribute to the formulation, implementation and monitoring of anti-corruption strategies and action plans
- Involving civil society organizations, the media and the private sector
- Promotion of access to information on anti-corruption measures through e-portals, anti-corruption co-operation networks, participatory monitoring and evaluation processes, civil society information centres
- Identification of training and educational needs of civil society to strengthen their knowledge on anti-corruption issues

**Moderator:** Ms. Elaine Byrne, Journalist and politics lecturer, Ireland

**Rapporteur:** Ms. Katy Long, Permanent Mission of Ireland to the OSCE

#### **Panellists:**

- **Mr. Matt Poelmans**, Director, Citizen Vision eParticipation Institute, the Netherlands
- **Mr. Georg-Florian Grabenweger**, Policy Adviser, International Anti-Corruption Academy (IACA)
- **Ms. Anne-Christine Wegener**, Programme Manager, Transparency International, United Kingdom
- **Ms. Violetta Yan**, Deputy Director, OSCE Academy, Bishkek, Kyrgyz Republic
- **Ms. Roxana Cefan**, Group Compliance & Corruption Prevention, Raiffeisen Bank International AG, Austria
- **Ms. Londa Esadze**, Senior International Anti-Corruption Advisor, UNODC/UNDP Researcher, Transnational Crime and Corruption Centre (TraCCC), George Mason University Lecturer

#### **Discussion**

11.00 – 11.30 Coffee/Tea break

### 11.30 – 13.00 **Session V: The role of good governance in stimulating sustainable economic, social and environmental development**

Selected topics:

- Stimulating the economy through simplification of business-related regulations, inter-institutional co-ordination and the creation of transparent and friendly business environments
- Exchange of best practices on building integrity in customs and other border services for the benefit of trade and transport development
- Role of good governance in improving opportunities for women in the economic sphere

- Good governance activities in the field of environment

**Moderator:** **Ambassador Eustathios Lozos**, Chairman of the Economic and Environmental Committee, Permanent Representative of Greece to the OSCE

**Rapporteur:** **Mr. Roel Janssens**, Economic Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Ms. Karine Minasyan**, First Deputy Minister of Economy of the Republic of Armenia
- **Ms. Yelena Kudryavtseva**, Programme Specialist, UN Women Regional Office for Eastern Europe and Central Asia
- **Mr. Abdukholik Kholikov**, Head of the Department of Legal Support to Entrepreneurs, State Committee for Investments and State Property Management, Tajikistan
- **Mr. Jeremy Wates**, Secretary General, European Environmental Bureau (EEB), Brussels

**Discussion**

13.00 – 14.30            Lunch break

**14.30 – 16.30            Session VI: Identifying and recovering stolen assets**

Selected topics:

- Advancements and remaining challenges in developing the necessary legislation and institutions
- Introduction of effective standards of customer due diligence and co-operation between financial institutions and government agencies
- Stronger international information sharing and co-operation on asset recovery

**Moderator:** **Mr. Dimosthenis Chryssikos**, Crime Prevention and Criminal Justice Officer, Corruption and Economic Crime Branch, Division for Treaty Affairs, United Nations Office on Drugs and Crime (UNODC)

**Rapporteur:** **Mr. Christian Larson**, Programme Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Mr. Pedro Gomes Pereira**, Asset Recovery Specialist, Basel Institute on Governance, Switzerland
- **Mr. Oliver Stolpe**, Senior Advisor, Stolen Asset Recovery Initiative of the World Bank and UNODC
- **Mr. James Mitra**, Senior Manager, Financial Intelligence Unit, Serious Organised Crime Agency (SOCA), United Kingdom
- **Detective Chief Superintendent Eugene Corcoran**, Criminal Assets Bureau, Ireland

**Discussion**

16.30 – 17.00            Coffee/Tea break

**17.00 – 18.00            Concluding Session: The OSCE’s Role in Follow-up to the Forum**



**Moderator:** **Ambassador Frank Cogan**, Head of OSCE Chairmanship Taskforce, Department of Foreign Affairs and Trade, Ireland

**Rapporteur:** **Ms. Alma Mirvić**, National Planning and Co-Ordination Officer, Head Of Mission Office, Bosnia and Herzegovina

- **Mr. Alan Shatter T.D.**, Minister for Justice, Equality and Defence, Ireland
- **Mr. Goran Svilanović**, Co-ordinator of OSCE Economic and Environmental Activities
  
- Concluding Debate and Closing Statements