



**20<sup>th</sup> OSCE Economic and Environmental Forum**  
“Promoting Security and Stability through Good Governance”

2<sup>nd</sup> Preparatory Meeting

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

Dublin, 23-24 April 2012

**Opening Address**

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

Minister of State

Department of Jobs, Enterprise 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 20<sup>th</sup> 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.