



**Organization for Security and Co-operation in Europe
The Secretariat**

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20TH OSCE ECONOMIC AND ENVIRONMENTAL FORUM

“Promoting Security and Stability through Good Governance”

**Food for Thought Paper for the Concluding Meeting of the 20th EEF
(12-14 September 2012, Prague)**

Objective

At the initiative of the Irish 2012 OSCE Chairmanship and in line with OSCE Permanent Council decision (PC.DEC/1004 of 22 July 2011) the thematic focus of the 20th OSCE Economic and Environmental Forum is “Promoting Security and Stability through Good Governance”.

The Concluding Meeting of the Forum is due to take place on 12-14 September in Prague and will build upon the results of the two Preparatory Meetings¹ in Vienna and Dublin. It shall wrap up the deliberations and consolidate ideas, proposals and recommendations emerging from the preceding meetings, in view of possible further decisions and actions by the participating States and the OSCE.

This paper summarises the main outcomes and conclusions of the Preparatory Meetings, with a view to stimulating further discussion on these issues during the Prague Forum. It also aims at assisting the process of identifying the most appropriate ways and means to ensure a relevant follow-up to this year’s Forum.

Background

The First Preparatory Meeting took place on 6-7 February 2012 in Vienna. It focused on anti-money laundering and countering the financing of terrorism (AML/CFT). Discussions addressed six thematic areas:

¹ A comprehensive record of the deliberations and conclusions drawn at the two Preparatory Meetings is available in the form of Consolidated Summaries (EEF.GAL/10/12 and EEF.GAL/16/12)

- Capacity building - preventing money laundering and the financing of terrorism (ML/FT)
- Capacity building - identifying and suppressing ML/FT
- AML/CFT National Risk Assessments
- Domestic interagency co-operation
- International information exchange
- Triangulating co-operation between public, private and international organizations

The Second Preparatory Meeting 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 sessions on:

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

Both meetings facilitated a lively dialogue among official representatives of the OSCE participating States and Partners for Co-operation, international, regional and non-governmental organizations, the business community, civil society, academia, as well as OSCE field operations and other OSCE institutions and departments.

Selected issues for further discussion by the participating States

Money laundering and the financing of terrorism represent serious global security threats; they are trans-national phenomena that require integrated, all-inclusive and comprehensive action worldwide. Effective responses should involve both preventive and enforcement measures. Another key issue is the need for co-operation, co-ordination and exchange of information at all levels. Multi-agency co-operation is important at domestic, regional and international levels. The private sector, in particular the financial institutions, should be part of **AML/CFT efforts**.

At the First Preparatory Meeting in Vienna, the OSCE was encouraged to continue its involvement in this area which consisted so far, *inter alia*, in **promoting international standards** such as the FATF Recommendations, supporting participating States in the establishment of financial intelligence units (FIU), elaborating necessary legislation and implementation of international standards, and providing assistance to financial intelligence units to join the Egmont Group.

In addition it was suggested that the OSCE should continue raising awareness at the political level of the value and benefits of conducting **National Risk Assessments**, and work with partner organizations and participating States to mobilize and co-ordinate the technical and regional resources necessary to carry them out.

It was also emphasized that the OSCE should continue to co-operate with partner organizations such as FATF, MONEYVAL, EAG, the World Bank and the IMF to harmonize and mobilize the technical resources necessary to conduct national assessments of ML/FT risks.

It was also recommended that the OSCE should:

- Continue to deliver **tailor-made capacity building** and training activities responding to the needs of participating States, particularly on topics such as new payment methods, financial investigative techniques, and the collection of data for use in AML/CFT risk assessments;
- Support the developing of **confidence and co-operation between public and private institutions** by supporting joint consultations on AML/CFT rules and legislation, as well as on the development of relevant policy objectives and strategies to achieve them;
- Ensure through dialogue and publications that ML/FT typologies identified by the private sector are brought to the attention of national FIUs, investigative authorities and judiciaries etc., and that state authorities provide feed-back to private sector reporting entities.

To enhance the effectiveness of the OSCE engagement in this area the OSCE could consider **applying for observer status with the FATF**, which may strengthen the synergies at regional level with regard to the support for the adoption and implementation of international standards. *Inter alia*, that might also contribute to strengthening the transfer of experience in the above areas between the OSCE participating States.

The Forum process deliberations also highlighted the wide reaching implications of **corruption** on socio-economic development as well as on security and stability. Addressing effectively this complex issue requires political commitment and determined action at all levels as well as co-ordination among different stakeholders as well as across borders. Both **preventive² and enforcement aspects** should be tackled simultaneously.

In this context, the importance of **effective implementation** of existing international legal instruments, notably the **United Nations Convention against Corruption (UNCAC)**, was stressed. Again, the OSCE should continue to promote implementation of the provisions of UNCAC and other international frameworks in co-operation with international actors such as the UNODC, the Council of Europe and the OECD.

With regard to future involvement by the OSCE some suggestions included:

- **Stimulating political will** amongst its participating States in order to enhance the implementation of anti-corruption and good governance commitments by adequately reflecting them in national legislations, policies and practices;
- Continue, together with partners, to **identify gaps** and areas where further action is needed to promote good governance and the fight against corruption;
- Continue to support participating States in complying with their international commitments, *inter alia* by facilitating dialogue and exchange of best practices on relevant topics through **regional events**.

² A number on proposals for further consideration by the participating States are also included in the Report on the review of implementation of commitments prepared for this year's Forum – *Strategic approaches to corruption prevention in the OSCE region*

A principle that was reinforced at the meeting in Dublin was that good governance, transparency and combating corruption can truly be ensured if there is participation and involvement of all stakeholders, including in particular civil society. **Strengthening civil society and media engagement** was therefore noted as another crucial aspects and one where there could be important future involvement by the OSCE. Other areas of future engagement by the OSCE proposed at the meeting in Dublin were, *inter alia*:

- Support dialogue and co-operation initiatives between public authorities and civil society, and a **stronger role for civil society in designing, monitoring and assessing** the implementation of legal, regulatory and institutional measures aimed at combating corruption and supporting socio-economic development;
- Promote transparency and **access to information**, education and training, strengthen the capacity of civil society organizations at all levels, help **build partnerships** among civil society actors nationally and across borders;
- Support the introduction of systems for **whistleblower and witness protection**.

Recovery of stolen assets was also a widely discussed topic at the preparatory meeting in Dublin. It was underlined that there is a need to continue to promote international and **regional co-operation** in matters concerning the identification and recovery of stolen assets, to **remove legislative barriers** and to create **networks of practitioners** to strengthen cross-border co-operation. Regional co-operation on asset recovery, opportunities for increased membership and participation, asset recovery experience and expertise in the OSCE region were considered as areas where the OSCE may increase its engagement in co-ordination and collaboration with other international organizations.

In general, the Forum process to date has emphasized the key importance of upholding **high ethical standards** in the public sector. Specific areas for possible OSCE support include providing assistance to national governments to strengthen their legal and regulatory frameworks, supporting the introduction of more transparent **public procurement** regulations, and assisting them in establishing codes of conduct for public officials, *inter alia*, by promoting **model codes** and other best practices. At the same time, the OSCE could promote increased interaction between business and the public sector by encouraging meaningful public-private partnerships.

The Forum has also explored cross-dimensional issues linked to the promotion of principles of good governance, including gender empowerment, sustainable development, as well as the links between good governance and organized crime, trafficking and the impact of corruption at borders. The work of Aarhus Centres, which the OSCE supports, in raising and addressing environmental issues was highlighted as one good example.

Conclusion

The preparatory process of the 20th OSCE Economic and Environmental Forum has indicated that there is a strong role for the Organization in the area of good governance. The OSCE's contribution can be two fold – at political level as well as through the implementation of concrete activities facilitating dialogue and building capacities.

Many expressed hopes that a renewed political commitment by OSCE participating States on good governance and combatting corruption and money laundering 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 Irish Chairmanship has indicated that it plans to bring forward proposals on strengthening OSCE commitments related to good governance at the Dublin Ministerial Council. A food for thought paper on this issue was circulated by the Irish OSCE Chairmanship to OSCE participating States and Partners for Co-operation 30 July 2012 (CIO.GAL/108/12). The paper notes that the Chairmanship believes it is timely for OSCE participating States to reinforce their commitment to good governance and transparency and think it would be important for this year's Ministerial Council to make a strong and clear statement on the critical importance of good governance and transparency for participating States and the relevance of the issue to the work of the OSCE. Such a document might also:

- Reaffirm the mandate of the OSCE to work on activities related to good governance, such as tackling corruption, money laundering and terrorist financing and where possible strengthen this mandate;
- Stress the important role that civil society and the private sector, including a free media, play in promoting good governance;
- Acknowledge existing international initiatives aimed at addressing these issues e.g. the UN Convention Against Corruption and the FATF Recommendations and where possible endorse them or strengthen OSCE commitments related to them;
- Promote/encourage increased international, regional and national co-operation and coordination for more effective implementation of measures to prevent and counter corruption, money laundering and the financing of terrorism,
- Encourage continued co-operation with key international actors and agree concrete steps to facilitate this e.g. through jointly agreed action plans and activities as well as participation in relevant events and meetings by acquiring observer status when so required.

The Concluding Meeting of the Forum will offer an opportunity for participants to discuss these proposals as well as make recommendations as to commitments that might be considered by the OSCE participating States at the Ministerial Council in Dublin.

List of reference documents

EEF.GAL/5/12 - Food for Thought for the First Preparatory Meeting

EEF.GAL/10/12 - Consolidated Summary of the First Preparatory Meeting

EEF.GAL/12/12 - Background Paper for the Second Preparatory Meeting

EEF.GAL/16/12 - Consolidated Summary of the Second Preparatory Meeting

CIO.GAL/108/12 - Food for Thought Paper on Strengthening OSCE Commitments on Promoting Good Governance and Transparency