



**Organization for Security and Co-operation in Europe  
Economic Forum (Senior Council)**

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29 May 2001

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**Conference Services**

# **NINTH MEETING OF THE ECONOMIC FORUM**

**Prague, 15-18 May 2001**

## **SUMMARY**



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

PC.DEC/363  
22 June 2000

Original: ENGLISH

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**288th Plenary Meeting**

PC Journal No. 288, Agenda item 5

**DECISION No. 363  
PLACE, DATE AND OVERALL THEME FOR THE  
NINTH MEETING OF THE ECONOMIC FORUM**

The Permanent Council,

Taking into account the Chairperson's Summary of the Eighth Meeting of the Economic Forum,

- Decides that the Ninth Meeting of the Economic Forum will take place in Prague from 15 to 18 May 2001. The overall theme of the Forum will be "Transparency and good governance in economic matters".

Discussions of the Forum should benefit from input provided by deliberations in various international organizations, other OSCE bodies and relevant meetings, including seminars.

Moreover, taking into account its mandate, the Economic Forum will review the implementation of commitments in the economic dimension.

The organizational modalities, including the sub-themes of the Forum, will be further elaborated and submitted to the Permanent Council for adoption in due time.



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

PC.DEC/404  
1 March 2001

Original: ENGLISH

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**323rd Plenary Meeting**

PC Journal No. 323. Agenda item 6

**DECISION No. 404  
MAIN SUBJECTS AND ORGANIZATIONAL MODALITIES FOR  
THE NINTH MEETING OF THE ECONOMIC FORUM  
15-18 May 2001**

Pursuant to Chapter VII, paragraphs (21) to (32), of the Helsinki Document 1992, and

Recalling its Decision No. 363 of 22 June 2000,

The Permanent Council decides that,

1. Within the framework of the overall theme “Transparency and good governance in economic matters” and with regard to the preparatory process, the Ninth Meeting of the Economic Forum will concentrate on the following main subjects:

- (a) Issues related to the promotion of transparency and good governance;
- (b) Actors involved in the promotion of transparency and good governance;
- (c) Instruments for promoting transparency and good governance.

2. Moreover, taking into account its mandate, the Economic Forum will

- (a) Review the implementation of commitments in the economic dimension and the recommendations of the Eighth Economic Forum, including the seminars held under the economic dimension since the last Economic Forum;
- (b) Discuss future activities for the economic dimension in 2001/2002.

3. The participating States are encouraged to be represented at a high level by officials responsible for shaping international economic policy in the OSCE area. Participation of representatives from the private sector in their delegations would be welcome.

4. As in previous years, the format of the Economic Forum should foresee the active involvement of relevant international organizations and encourage open discussions.

5. The following international organizations are invited to participate in the Ninth Meeting of the Economic Forum: Council of Europe, Energy Charter Secretariat,

European Bank for Reconstruction and Development, European Environment Agency, European Investment Bank, International Atomic Energy Agency, International Labour Organization, International Monetary Fund, North Atlantic Treaty Organization, Organisation for Economic Co-operation and Development, United Nations Environment Programme, United Nations Economic Commission for Europe, Secretariat of the United Nations Framework Convention on Climate Change, United Nations Industrial Development Organization, World Health Organization, Stability Pact for South Eastern Europe and other relevant organizations.

6. The Mediterranean Partners for Co-operation (Algeria, Egypt, Israel, Jordan, Morocco and Tunisia) and the Partners for Co-operation (Japan, the Republic of Korea and Thailand) are invited to participate in the Economic Forum.

7. Upon request by a delegation of an OSCE participating State, regional groupings may also be invited, as appropriate, to participate in the Ninth Meeting of the Economic Forum.

8. 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 meeting.

9. The Chair of the Forum will present his or her summary conclusions from the discussions at the end of the meeting. The PC will further include the conclusions of the Forum in its discussions of future activities of the economic and environmental dimension in order to identify possible recommendations and take the necessary decisions for appropriate follow-up activities.



**Organization for Security and Co-operation in Europe  
Economic Forum (Senior Council)**

9-EF(SC).JOUR/1  
15 May 2001  
Annex

Original: ENGLISH

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**1st Day of the Ninth Meeting**

9-EF(SC) Journal No. 1, Agenda item 1

**AGENDA AND WORK PROGRAMME  
OF THE NINTH MEETING OF THE ECONOMIC FORUM**

**(Prague, 15-18 May 2001)**

1. Opening of the Ninth Meeting of the Economic Forum
  - (a) Welcoming remarks by the Chairperson of the Economic Forum
  - (b) Welcoming remarks by a representative of the host Government
  - (c) Opening address by the Chairman-in-Office
  - (d) Welcoming remarks by the Secretary General of the OSCE
  - (e) Welcoming remarks by the acting Co-ordinator of OSCE Economic and Environmental Activities
  - (f) Statement by the President of the OSCE Parliamentary Assembly
  - (g) Statement by the Deputy Director of the Office for Democratic Institutions and Human Rights
2. Transparency and good governance in economic matters
  - Keynote addresses
3. General debate
4. Review of the implementation of OSCE commitments in the Economic and Environmental Dimension
  - (a) Remarks by the Chairperson of the Economic Forum
  - (b) Remarks by the acting Co-ordinator of OSCE Economic and Environmental Activities



- (c) General overview of the implementation of OSCE commitments in the Economic Dimension by a representative of the United Nations Economic Commission for Europe
5. Discussion by the Working Groups and Special Session:
- (a) WG A: Issues related to the promotion of transparency and good governance
  - (b) WG B: Actors involved in the promotion of transparency and good governance
  - (c) WG C: Instruments for the promotion of transparency and good governance
  - (d) SS: Improving border controls in order to contain drug trafficking without impeding the normal flow of trade and the free movement of people in Central Asia
6. Closing plenary
- (a) Rapporteurs' reports from the Implementation Review Meeting, the three working groups and the special session
  - (b) Closing remarks by the acting Co-ordinator of OSCE Economic and Environmental Activities
  - (c) Concluding remarks and reading of the Chairperson's Summary
7. Closure of the Ninth Meeting of the Economic Forum

**WORK PROGRAMME**

Working hours: 10 a.m. - 1 p.m.  
3-6 p.m. (please also note special working hours)

	Tuesday 15 May	Wednesday 16 May	Thursday 17 May	Friday 18 May
Morning		PL (Item 4)	WG A (Item 5(a))  WG C (Item 5(c)) afterwards:  WG B (Item 5(b))  WG C (Item 5(c))	SS (Item 5(d)) afterwards:  PL (Items 6, 7)
Afternoon	PL (Items 1, 2, 3)	WG A (Item 5(a))  WG B (Item 5(b)) afterwards:  WG C (Item 5(c))  WG B (Item 5(b))	WG A (Item 5(a))  WG B (Item 5(b)) afterwards:  WG A (Item 5(a))  WG C (Item 5(c))	

PL = Plenary meeting  
WG = Working Group  
SS = Special Session

## **ANNOTATED AGENDA AND ORGANIZATION OF WORKING GROUPS OF THE NINTH MEETING OF THE OSCE ECONOMIC FORUM**

### **Agenda**

#### **Tuesday, 15 May**

- 10 a.m. - 6 p.m. Registration for the Economic Forum
- 3 - 6.30 p.m. Opening Plenary (open to the press)
- Welcoming remarks by the Chairperson of the Economic Forum,  
Professor Daniel Daianu
- Welcoming remarks by Vice-Minister for Foreign Affairs of the  
Czech Republic, H.E. Mr. Martin Palouš
- Opening address by the Chairman-in-Office,  
H.E. Mr. Dan Mircea Geoana
- Welcoming remarks by the Secretary General of the OSCE,  
Ambassador Ján Kubiš
- Welcoming remarks by the Acting Co-ordinator of OSCE Economic  
and Environmental Activities, Mr. Marc Baltés
- Statement by Mr. Adrian Severin, President, OSCE Parliamentary  
Assembly
- Statement by Mr. Peter Eicher, Deputy Director, ODIHR
- Keynote addresses:
- Mr. Alexandr Andryuchshenko, Vice-Minister, Ministry of  
Economy and Trade, Kazakhstan
  - Mr. Johannes Linn, Vice President, World Bank
  - Mr. Miklos Marschall, Executive Director for Central and  
Eastern European Countries and the Former Soviet Union,  
Transparency International
  - Mr. Angel Viñas, Director for Multilateral Relations and  
Human Rights, European Commission
- Discussion
- 6.30 - 8 p.m. Reception hosted by the Chair

**Wednesday, 16 May**

- 9 a.m. - 3 p.m. Registration for the Economic Forum
- 10 a.m. - 1 p.m. Opening of the review of the implementation of OSCE commitments in the economic and environmental dimension
- Opening address by the Chairperson of the Economic Forum, Professor Daniel Daianu
- Remarks by the acting Co-ordinator of OSCE Economic and Environmental Activities, Mr. Marc Baltes
- General overview of the implementation of OSCE commitments in the economic and environmental dimension by Ms. Danuta Huebner, Executive Secretary of United Nations Economic Commission for Europe (UNECE)
- Rapporteur: Ms. Barbara Haering, OSCE Parliamentary Assembly
- Discussion
- 1 - 3 p.m. Lunch
- 3 - 4.30 p.m. Working Group A: Issues related to the promotion of transparency and good governance (first session)
- Improving the legal framework and reforming the public administration; developing codes of conduct for civil servants and public officials
- Working Group B: Actors involved in the promotion of transparency and good governance (first session)
- Inter-institutional co-operation - benchmarking of good governance; best practices (Platform for Co-operative Security)
- 4.30 - 5 p.m. Coffee break
- 5 - 6.30 p.m. Working Group C: Instruments for the promotion of transparency and good governance (first session)
- The role of State institutions and the media
- Working Group B: second session
- The importance of public-private dialogue/partnership in building sound institutions
- 6.30 p.m. Reception hosted by the OSCE Secretariat

**Thursday, 17 May**

- 9.30 - 11 a.m. Working Group A (second session)
- Subsidiarity, decentralization and local governance
- Working Group C (second session)
- Developing and implementing existing international instruments
- 11 - 11.30 a.m. Coffee break
- 11.30 a.m.-1 p.m. Working Group B (third session)
- Players and instruments involved in fostering an anti-corruption environment
- Working Group C (third session)
- Facilitate and catalyse - the role of OSCE field presences
- 1 - 3 p.m. Lunch
- 3 - 4.30 p.m. Working Group A (third session)
- Creating a business-friendly environment and supporting small and medium-sized enterprises
- Working Group B (fourth session)
- Regional co-operation enhances good governance and security
- 4.30 - 5 p.m. Coffee break
- 5 - 6.30 p.m. Working Group A (fourth session)
- Management of shared resources (water/energy) and environmental governance
- Working Group C (fourth session)
- Raising awareness and promoting public participation - the role of education and training

## **Friday, 18 May**

- 8.30 - 10 a.m. Special Session: Improving border controls in order to contain drug trafficking without impeding the normal flow of trade and the free movement of people in Central Asia
- Moderator: Mr. Thomas L. Price, Emeritus Co-ordinator of OSCE Economic and Environmental Activities  
Rapporteur: Rainer Hermann, OSCE Secretariat
- Lead speakers:
- Mr. Nurlan Abdirov, Ministry of Justice of Kazakhstan
  - Dr. Shirin Akiner, Royal Institute of International Affairs
  - Ms. Zhuldyz Akisheva, United Nations Office for Drug Control and Crime Prevention
- 10 a.m. - noon Discussion
- Closing Plenary session (open to the press)
- Rapporteurs' reports on the Implementation Review Meeting, the three working groups and the special session
- Closing remarks by the acting Co-ordinator of OSCE Economic and Environmental Activities
- Concluding remarks and reading of the Chairperson's summary
- Noon Press conference

## **Organization of Working Groups**

### **Working Group A**

#### **Issues related to the promotion of transparency and good governance**

Moderator: Mr. Jernej Stritih, Regional Environmental Centre for Central and Eastern Europe  
Rapporteur: Mr. Gianluca Rampolla, OSCE Secretariat

## **Wednesday, 16 May**

- 3 - 4.30 p.m. First session: Improving the legal framework and reforming the public administration; developing codes of conduct for civil servants and public officials

Lead speakers:

- Mr. Hans Henrik Brydensholt, High Court of Justice, Denmark
- Mr. Daniel Kaufmann, World Bank (via video conference)
- Mr. Folkert Milch, OSCE Project Co-ordinator in Ukraine
- Mr. Gerald Staberock, ODIHR

**Thursday, 17 May**

9.30 - 11 a.m. Second session: Subsidiarity, decentralization and local governance

Lead speakers:

- Ms. Petra Andersson, OSCE Spillover Monitor Mission to Skopje
- Mr. Milan Mrdja, Civil Society Promotion Centre, Bosnia and Herzegovina
- Mr. Michel Rivollier, OSCE Advisory and Monitoring Group in Belarus

3 - 4.30 p.m. Third session: Creating a business-friendly environment and supporting small and medium-sized enterprises

Lead speakers:

- Mr. Michael Bleyzer, SigmaBleyzer and Ukraine Growth Fund
- Mr. Boris Divjak, Prosperitet, Bosnia and Herzegovina
- Mr. Vache Gabrielyan, Central Bank of Armenia
- Mr. Andrej Poglajen, Small Business Development Centre, Ljubljana
- Mr. Claude Potelle, Corporate Resources International
- Ms. Nuriniso Roustamova, Association of the Businesswomen of Tajikistan
- Mr. José María Troncoso, OSCE Mission to Croatia

5 - 6.30 p.m. Fourth session: Management of shared resources (water/energy) and environmental governance

Lead speakers:

- Mr. Andrey Andreevskiy, Non-governmental Ecological Vernadsky Foundation
- Ms. Annette Eisenmann, OSCE Presence in Albania
- Mr. Petro Pavlichenko, Regional Environmental Centre - Ukraine

**Working Group B**  
**Actors involved in the promotion of transparency and good governance**

Moderator: Ms. Alina Mungiu-Pippidi, Romanian Academic Society  
Co-Moderator: Ambassador Herbert Salber, OSCE Centre in Almaty  
Rapporteur: Mr. Robert Scott, United States Department of State

**Wednesday, 16 May**

3 - 4.30 p.m. First session: Inter-institutional co-operation - benchmarking of good governance; best practices (Platform for Co-operative Security)

Lead speakers:

- Mr. Bob Bonwitt, SIGMA/Organisation for Economic Co-operation and Development
- Mr. Frank Evers, OSCE Office in Yerevan
- MP Shavarsh Kocharyan, National Assembly of Armenia
- Mr. Alan Rousso, European Bank for Reconstruction and Development

5 - 6.30 p.m. Second session: The importance of public-private dialogue/partnership in building sound institutions

Lead speakers:

- Mr. Arcadie Barbarosie, Institute for Public Policy, Chisinau, Moldova
- Ms. Vera Nanivska, International Centre for Policy Studies, Ukraine
- Ms. Doris Pollet-Kammerlander, OSCE/ODIHR Office in Montenegro
- Mr. Armands Pupols, OSCE Centre in Almaty

**Thursday, 17 May**

11.30 a.m. - 1 p.m. Third session: Players and instruments involved in fostering an anti-corruption environment

Lead speakers:

- Ms. Ruzanna Baghdasaryan, OSCE Office in Yerevan
- Mr. Guido Dolara, Control Risks Information Service
- Mr. Daniel Linotte, OSCE Secretariat
- Mr. Paul Stephenson, GRECO/Council of Europe



3 - 4.30 p.m. Fourth session: Regional co-operation enhances good governance and security

Lead speakers:

- Ms. Vera Budway, Southeast European Cooperative Initiative
- Ambassador Valerie Chechlashvili, Black Sea Economic Co-operation
- Mr. Erwan Fouere, European Commission
- Mr. Larry Sampler, Institute for Defence Analysis
- Ms. Arevik Saribekyan, Centre for Regional Development, Yerevan

**Working Group C**  
**Instruments for the promotion of transparency and good governance**

Moderator: Mr. Erwan Fouere, European Commission

Co-Moderator: Ambassador Jivan Tabibian, Delegation of Armenia to the OSCE

Rapporteur: Mr. Sorin Tanasescu, Permanent Mission of Romania to the OSCE

**Wednesday, 16 May**

5 - 6.30 p.m. First session: The role of state institutions and the media

Lead speakers:

- Dr. Lucig Danielian, American University of Armenia
- Mr. Jacques Floch, OSCE Parliamentary Assembly
- Mr. Jan Machacek, *Prague Business Journal*
- Ms. Halka Kaiserova, Office of the OSCE Representative on Freedom of the Media
- Mr. Evgeniy Kosenko, Journalist, *Vremya*, Kazakhstan
- Mr. Mark Nelson, World Bank
- Mr. Jovan Teokarevic, Institute of European Studies, Belgrade

**Thursday, 17 May**

9.30 - 11 a.m. Second session: Developing and implementing existing international instruments

Lead speakers:

- Mr. Geoffrey Hamilton, UNECE
- Mr. Riccardo Lepri, OSCE Centre in Ashgabad
- Mr. Roger Nord, International Monetary Fund
- Mr. Douglas Tookey, OSCE Centre in Tashkent

11.30 a.m. -1 p.m. Third session: Facilitate and catalyse - the role of OSCE field presences

Lead speakers:

- Mr. Frederic Schiller, OSCE Secretariat, Conflict Prevention Centre
- Mr. Josef Aregger, Swiss Delegation to the OSCE

Respondent: OSCE field missions

5 - 6.30 p.m. Fourth session: Raising awareness and promoting public participation - the role of education and training

Lead speakers:

- Mr. Alajdin Abazi, South East European University, the former Yugoslav Republic of Macedonia
- Ms. Helle Degn, Council of the Baltic Sea States
- Mr. Michael Smith, OSCE Office in Baku
- Mr. Denis Torkhov, Strategy Centre, St. Petersburg

## **CHAIRPERSON'S SUMMARY OF THE NINTH MEETING OF THE ECONOMIC FORUM**

1. In accordance with Chapter VII of the 1992 Helsinki Decisions and pursuant to Permanent Council Decisions Nos. 363 of 22 June 2000 and 404 of 1 March 2001, the Ninth Meeting of the Economic Forum took place at the Czernin Palace in Prague from 15 to 18 May 2001. The participants in the Economic Forum were high-level representatives of participating States responsible for shaping international economic and environmental policy in the OSCE area. Several participating States included representatives of the private sector, academic circles and non-governmental organizations in their delegations.

The OSCE Partners for Co-operation (Japan, the Republic of Korea and Thailand) and the Mediterranean Partners for Co-operation (Algeria, Egypt, Israel, Jordan, Morocco and Tunisia) were invited to attend and contribute.

The following international organizations and regional groupings were invited to participate in and make contributions to the Forum: Council of Europe, Energy Charter Secretariat, European Bank for Reconstruction and Development, European Environment Agency, European Investment Bank, International Atomic Energy Agency, International Energy Agency, International Labour Organization, International Monetary Fund, North Atlantic Treaty Organization, Organisation for Economic Co-operation and Development, United Nations Department for Policy Co-ordination and Sustainable Development, United Nations Development Programme, United Nations Economic Commission for Europe, United Nations Environment Programme, United Nations Framework Convention on Climate Change, United Nations Industrial Development Organization, World Trade Organization, Black Sea Economic Co-operation, Barents Euro-Arctic Council, Council of the Baltic Sea States, Central European Initiative, Commonwealth of Independent States, and Southeast European Cooperative Initiative.

2. The overall theme of the Ninth Meeting of the Economic Forum was "Transparency and Good Governance in Economic Matters". The discussions focused on the following main topics drawn from the preparatory seminars:

- Issues related to the promotion of transparency and good governance - Working Group A;
- Actors involved in the promotion of transparency and good governance - Working Group B;
- Instruments for the promotion of transparency and good governance - Working Group C.

On 18 May, a special session was devoted to the theme: "Improving border controls in order to contain drug trafficking without impeding the normal flow of trade and the free movement of people in Central Asia".

3. H.E. Mr. Mircea Geoana, Minister for Foreign Affairs of Romania, delivered a welcoming address to the Forum in his capacity as Chairman-in-Office of the OSCE. The opening plenary was also addressed by H.E. Mr. Martin Palouš, Vice-Minister for Foreign

Affairs of the Czech Republic; Ambassador Ján Kubiš, Secretary General of the OSCE; Mr. Marc Baltes, acting Co-ordinator of OSCE Economic and Environmental Activities, Mr. Adrian Severin, President of the OSCE Parliamentary Assembly; Mr. Peter Eicher, Deputy Director of the ODIHR; H.E. Mr. Alexandr Andryuchshenko, Vice-Minister for Economy and Trade of the Republic of Kazakhstan; Mr. Johannes Linn, World Bank Vice President for Europe and Central Asia; Mr. Miklos Marschall, Executive Director with Transparency International; and Mr. Angel Viñas, Director with the European Commission.

4. The addresses delivered in the opening session mapped out the Forum's path. This thrust was pursued in the working groups. In one session of Working Group A, lead speakers in Prague were linked to the World Bank in Washington via video-conference and they engaged in a lively free-flow exchange of ideas, with the active participation of delegations and NGOs.

5. The reports of the Working Group Rapporteurs are included in the Summary of the Ninth Meeting of the Economic Forum (EF.GAL/10/01).

6. A review on the implementation of commitments in the economic dimension by participating States was undertaken at the morning session on 16 May. The session was opened by the Chairperson of the Forum. Ms. Danuta Hübner, Executive Secretary of the United Nations Economic Commission for Europe, and Mr. Marc Baltes, acting Co-ordinator of OSCE Economic and Environmental Activities, gave opening addresses at the session. There was general agreement that co-operation would have to be intensified, both among OSCE institutions and between the OSCE and other international agencies, especially the Economic Commission for Europe (ECE). The OSCE and the ECE should be seen as complementary organizations and should strengthen their co-operation.

7. Based on the reports, the recommendations will be evaluated and, in accordance with PC Decision No. 404, transmitted to the Permanent Council so that it may take the necessary decisions for appropriate follow-up activities.

8. The Chairperson's statement on the Ninth Meeting of the Economic Forum is reproduced below:

Ladies and Gentlemen,

We have come to the end of the Ninth Meeting of the Economic Forum, and I wish to make a few closing remarks after the four days of intensive debates.

I venture to assert that these debates were very encouraging in the context of our goals, for they were rich in thoughtful comments and useful insights. As you have just heard from Mr. Baltes' statement, they also contained recommendations. The wide range of participants - representatives of governments, parliamentarians, academics, international organizations, NGOs, etc. - and the dedication reflected in the debates prove that this year's topic was rightly chosen, reflecting a widely felt *Zeitgeist* and responding to overriding concerns.

Poor governance in economic matters and lack of transparency pose serious threats to security and stability at the national level, and can generate "hot spots" for security at a higher level, among States. Behind inadequate governance and economic distress lie fragile

institutions and resilient vicious circles; the latter may be reinforced by external shocks. It follows that, in order to address the risks to security one has to target both their local roots and outside sources of insecurity. In other words, institutional change and policy reform need to be buttressed by better governance of processes that are beyond one country's capabilities to cope with, and thus adversely affect security. Put in a nutshell, stability and economic development can be enhanced by creating suitable institutions and implementing the right policies at the national and global levels.

Since progress can be quite slow - which is not surprising, as institutional change is a time-consuming process - vision, stamina, policy realism (pragmatism) and consistency, as well as leadership are needed.

Inherent in every end there is a new beginning: the end of the Forum marks the beginning of a new stage in the follow-up process. I should state that this exercise is an integral part of the logic of the current ongoing endeavour, initiated by the Romanian Chairmanship together with all the delegations, to review and strengthen the role of the economic and environmental dimension. This endeavour resonates strongly at a time when governments, in both rich and poor countries, see economic issues increasingly determining their foreign policy and security agendas.

In tailoring the follow-up process, the Chairman-in-Office will be taking as the starting point the following operational considerations stemming from the Forum's recent debates:

- In order to achieve better results, the continuity of OSCE activities is of utmost importance. A substantive process of follow-up to the Economic Forum should have the blessing of the Permanent Council and should reflect the whole spectrum of participating States' concerns; they must be directly reflected in field activities as well.
- The debate on strengthening the economic dimension must not confine itself solely to the Co-ordinator's activities in Vienna. It must also address the relationship with the OSCE field presences, which should receive clear guidelines from the Chairman-in-Office, the Permanent Council and the Co-ordinator's Office.
- Just as important as the co-ordination between Vienna and the missions deployed is the communication between the OSCE field presences themselves and between the OSCE and other international organizations' missions, in order to identify and address issues of regional and/or sub-regional relevance. Regional meetings of the economic and environmental officers should be envisaged to this end. There was a general view from the floor concerning the usefulness of continuing the practice of having the field missions present relevant reports.
- Topics like transparency and good governance cut across the three dimensions of the OSCE. In the context of such topics, the need for an integrated approach was again highlighted. Bearing in mind its comprehensive approach to security, OSCE is well suited for this undertaking. To this end, the Office of the Co-ordinator of OSCE Economic and Environmental Activities and all other OSCE institutions should engage in closer co-operation.

- The Platform for Co-operative Security constitutes the basis for our approach. Capitalizing on this document can assure the coherence of ongoing processes under various initiatives and activities by different international players with common goals. There is a need for a more thorough evaluation of OSCE's progress in promoting regional co-operation.
- OSCE activities should be seen in a broader context, adding the output of the Economic Forum and other related events to international initiatives. The OSCE Chairmanship intends to share the conclusions of this meeting with the participants in the Second Global Forum on Fighting Corruption and Safeguarding Integrity, which will be held in the Hague at the end of this month.

Against this background and in accordance with its Decision No. 404, as of 1 March 2001, the Permanent Council will further include the conclusions of the Forum in its discussions of future activities of the economic and environmental dimension in order to identify possible recommendations and take the necessary decisions for appropriate follow-up activities.

The recommendations emanating from the Seminar on Strengthening the Role of OSCE in the Realm of Environment and Security, to be held in Berlin on 3 and 4 July 2001 will also be treated in this way. I would like to take this opportunity to extend our appreciation to the German and Swiss Governments for organizing this event.

Ladies and Gentlemen,

I wish to inform you that the Tenth Meeting of the Economic Forum will take place in Prague. Its theme and dates will be decided by the Permanent Council after appropriate consultations and in conformity with existing practices. The Forum should be thoroughly prepared, *inter alia*, by seminars that are both geographically and thematically focused. Preparations should be undertaken by the Office of the Co-ordinator of OSCE Economic and Environmental Activities together with the incoming chairmanship. The seminars should take place early, so that a decision with regard to the sub-themes of the Economic Forum can be built on their conclusions. As from 1 June this year, the responsibility for organizing the Tenth Meeting of the Economic Forum is delegated by the Chairman-in-Office to the Minister for Foreign Affairs of Portugal.

## **CONCLUDING REMARKS BY THE ACTING CO-ORDINATOR OF OSCE ECONOMIC AND ENVIRONMENTAL ACTIVITIES**

At the close of four days of fruitful discussion, it is my pleasure to present to you the perspective of the Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) on the work achieved. As you have heard, a wealth of proposals, ideas and recommendations have emerged, and our Office, together with the Chairman-in-Office, will carefully analyse all of them and work on their implementation.

A number of common denominators are to be found in the working groups, whether they were dealing with issues, actors or instruments involved in the promotion of transparency and good governance, and I would like to highlight a few.

Speakers generally agreed that it is important to broaden the framework of good governance and to address its constituent issues. Whether applied to governments, private enterprises, international organizations or NGOs, good governance encompasses openness, efficiency, transparency and civic participation.

Ownership is of particular importance in the process of reform in countries in transition, and the OSCE can facilitate high-level political support of initiatives aimed at good governance in all its participating States.

We all agree that international legal instruments and their implementation help to enhance governance, promote regional co-operation, strengthen civil society and increase civil participation in the governmental decision-making process. The OSCE can play an important role in stimulating political will aimed at developing and implementing the necessary legal instruments.

The NGO community has a major role to play in the development of good governance and needs our support. In this context, I would like to thank the United States for its generous support. Without its substantial voluntary contribution, the participation of more than 50 NGOs would not have been possible.

Turning to the business community, transparency and rule of law are key elements for the establishment of a business-friendly environment: capital providers evaluate these conditions as a basis for investment; lack of good governance has a negative influence on business development and economic growth. In that context, chambers of commerce can help to build a healthy business sector. At the same time, the participation of economies in transition in regional and global instruments and in organizations that promote good governance is of crucial importance.

The role of OSCE's field presences was unanimously recognized as crucial for the implementation of its mandate. Their active and valuable contributions to the discussions demonstrated that field presences can be a key tool for enabling the Organization to enhance its conflict-prevention and early-warning capacities in the economic and environmental dimension.

The role of free media and investigative journalism is crucial: independent media contribute to the strengthening of civil society and democracy and increase the accountability of State institutions.

These issues are, of course, only a few of those raised over the last four days. I consider all these recommendations worthy of analysis. But I would also like to point out that it would be premature, if not presumptuous, to attempt to prioritize the recommendations only hours after the release of the reports.

Our work this week has built upon the Office's enhanced co-operation with NGOs and field missions. At the same time, and with the essential input of delegations, we have had the opportunity to take stock of our activities up to this point. As in the past, we will continue to identify those issues where improvement is necessary.

The week has also served as a starting point from which we can further evaluate and consider new avenues for beneficial partnerships and activities. Under the guidance of the Chairman-in-Office, we hope to develop a clear and concise direction for future activities which embodies and reflects the rich discussions by the more than 300 participants in the Forum. The lessons learned from this year's Forum will also contribute to the ongoing discussions on the strengthening of the economic and environmental dimension.

Therefore, I am looking forward to distilling the essence of our harvest, and, together with the Chairman-in-Office and the Permanent Council, establishing priorities for the implementation of proposed activities. The Ninth Meeting of the Economic Forum will close today, but these issues remain on our agenda.

We are only at the beginning of a long journey leading to an OSCE world where common commitments are better understood and implemented, thus enhancing the stability, security and ultimately the well-being of future generations.

Before concluding these remarks, Professor Daianu, I would like to thank you personally, as well as your team, and in particular Mr. Mihut and Mr. Leonte, for your outstanding co-operation in the preparation of this Forum. The task was a challenging one, and the Romanian Chairmanship has led us to a very successful meeting this year in Prague. This would of course not have been possible without all the participants in the event, and I would like to thank all of you for your invaluable support and contribution. I would especially like to thank our moderators, co-moderators, rapporteurs and lead speakers for engaging all of us in most stimulating discussions.

The contributions from the OSCE missions, as well as from the NGOs, have confronted us with realities in the field and are thus of immense value for our future deliberations in Vienna, and I thank them for that. I am especially grateful to the team from my Office, to whom a great deal of the credit for the success of this Forum is due, and I would in particular like to thank Gianluca Rampolla and Aleksandra Thurman for their invaluable support. I would also like to thank the OSCE conference services, our technical team from Vienna, as well as Mr. Venera and his dedicated team here in the OSCE's Prague Office. And last, but not least, I would like to express appreciation to our interpreters for their excellent work, their patience and their dedication.

Mr. Chairman, ladies and gentlemen, it was an honour and a great pleasure to be with all of you as acting co-ordinator this year, and I am looking forward to our continuing co-operation. Thank you and I wish all of you a safe journey to your home country.



## **TRANSPARENCY AND GOOD GOVERNANCE IN ECONOMIC MATTERS**

**16 May 2001**

### **Report of the Rapporteur of the Implementation Review Meeting**

#### **Agenda item 4: Review of the implementation of OSCE commitments in the economic and environmental dimension**

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##### **(a) Remarks by the Chairperson of the Economic Forum**

In his opening address Professor Daniel Daianu underlined the growing importance of the economic and ecological dimension within OSCE activities. In view of this increasing importance, commitments should not be just self-sufficient exercises. Their implementation is the key to the success of OSCE efforts. In order to assure this implementation, the review process should be improved. Prof. Daianu appreciated the fact that the preparatory process of the Ninth Meeting of the OSCE Economic Forum had been improved remarkably by integrating the OSCE field missions as well as the EU-Commission.

##### **(b) Remarks by the acting Co-ordinator of the OSCE Economic and Environmental Activities**

Mr. Marc Baltes stressed the fact, that conflicts increasingly have economic roots, due to the growing economic and social disparities within countries but also between OSCE countries. The goal must be to reach economic equity and to alleviate poverty. Therefore, the significance of the economic dimension within the framework of the OSCE is becoming more and more evident.

During the last year the co-ordinator and his office have been implementing the recommendations of the last meeting of the Economic Forum, thus

- Enhancing the co-operation with other international organizations and institutions, in particular with the EU-Commission;
- Incorporating the experience of field missions;
- Fostering the co-operation with business as well as with NGO, as well as starting to build up an early warning system.

Mr. Baltes underlined the importance of the ongoing discussions aiming to improve the importance, capability and visibility of the Co-ordinator of the OSCE Economic and Environmental Activities as focus point for the corresponding activities within the OSCE.

**(c) General overview of the implementation of OSCE commitments in the Economic Dimension by a representative of the United Nations/Economic Commission for Europe**

Ms. Danuta Huebner, Executive Secretary of the United Nations/Economic Commission for Europe acknowledged the great efforts undertaken by transition economies during the last decade. However, there is still a long way to go, she said. The position of countries has become even more heterogeneous with the gaps in economic performance and development between states becoming increasingly noticeable. Therefore, the common goal must be to eradicate poverty. Despite the lack a “theory of transition”, some fundamental lessons for transition policies can be learned. Above all, she stressed the importance of

- The time needed in order to establish institutions;
- Policy management, policy continuity and leadership - especially while institutions are not established;
- The rule of law and of good governance;
- The commitment of the international community.

Furthermore, she underlined the importance of

- High economic growth rates;
- Macroeconomic stabilization;
- Sustainable social security systems;
- Regional economic co-operation; and
- Private-public partnership.

## **Discussion**

### **Achievements and challenges**

Many delegations underlined the growing conflict potential of the increasing economic and social disparities within and between countries. At the same time, also ecological problems can become a threat to security and stability within the OSCE region. These are new challenges for the OSCE. Thus, the activities of the OSCE in the economic and ecological dimension achieve major importance.

Furthermore, several participants stressed the fact that the enlargement process of the European Union has become very important for the transition process - as the EU Commission is at the same time pushing and supporting transition countries and their economies towards internal reforms and enhanced co-operation. Countries have to outgrow State bureaucracy, corruption as well as political unpredictability in order to foster a sustainable economic development.

## **Recommendations with regard to the economic and environmental activities of the Organization for Security and Co-operation in Europe**

All participants of the Ninth Economic Forum of the OSCE shared the view that the importance of OSCE activities in the economic and environmental dimension is constantly increasing. Thus, the status as well as the resources of the Co-ordinator of the OSCE Economic and Environmental Activities should be improved in order to allow his or her office to cope with the increasing challenges. The Co-ordinator and his or her office need a clear and broadened mandate as well as direct access to the Permanent Council.

The comprehensive and multidimensional approach of the OSCE was clearly approved by the participants. Nevertheless, the OSCE should keep its focus on conflict prevention and conflict resolution, thus facilitating the co-operation with other international organizations and institutions. Taking into account the fact that the implementation of commitments made at meetings and seminars is crucial for the success of the OSCE, the interaction between the political level and the action in the field should be improved. Moreover, the implementation of commitments needs a thorough monitoring and an improved review process.

Furthermore, the Co-ordinator of the OSCE EEA was invited

- To focus on practical projects with tangible results;
- To set standards - specially in view of an improved implementation of the concept of good governance;
- To develop observation and monitoring mechanisms;
- To give more importance to environmental aspects;
- To initiate round tables for governments, business and the civil society, thus fostering a target oriented dialogue;
- To enhance the co-operation with other specialized institutions as well as with the Parliamentary Assembly of the OSCE.

### **Information**

The German and Swiss delegations invited the participants of the Ninth Meeting of the Economic Forum to the International Seminar on "Strengthening the Role of OSCE in the Realm of Environment and Security", to be held in Berlin on 3 and 4 July 2001.

The Dutch delegation informed the participants about the United Nations Global Conference on Good Governance to be held in Den Haag at the end of this month.

## **WORKING GROUP A**

**16 and 17 May 2001**

### **Report of the Working Group Rapporteur**

#### **Agenda item 5(a): Issues related to the promotion of transparency and good governance**

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There was general agreement among the participants that governance was the process and the institutions by which authority in a country was exercised. Governance could be defined in components that could be measured, analysed and worked on: these included accountability, political stability and lack of violence, quality regulatory framework, government effectiveness, control of corruption and rule of law. It was also stressed that it was important to broaden the framework of the concept of good governance and to address issues such as: State capture, political and economic independence of the judiciary, support of civil society, public participation and collective action, and also to address systemic factors such as institutional reform. It was also argued that good governance comprised the mechanisms, processes and institutions through which collective decisions were made and implemented, and citizens, groups and communities pursued their vision, articulated their interest, exercised their legal rights, met their obligations and mediated their differences. Good governance, as defined in this manner emphasized the nature and quality of interactions among social actors and between social actors and the State.

Various approaches to promoting good governance were discussed throughout the working group sessions. A consensus emerged that good governance was most successfully implemented through participation of stakeholders at the national and sub-national levels, including national and local government, NGOs, the business sector, civil servants, and the judiciary. The importance of ownership of the process of reform, political leadership and independent initiative in this context was emphasized. There was general consensus that the OSCE could play an important role in facilitating and providing high-level political support to good governance initiatives internationally and in the countries where it had a presence. Several successful cases of such support were reported by the field offices and partner organizations.

Participants agreed that decentralization helped to promote consensus-building, increased accountability, strengthened good governance and transparency and contributed to the process of depolarization between government and society. The very concept of local governance inevitably increased the weight of transparency and accountability in the effective management of public funds as it opened operations to greater public scrutiny. Decentralization drew citizens closer to the decision-making process and consequently to the management of their own strategic local policies, therefore encouraging further accountability for their fellow citizens' welfare and the improvement of their living standards.

Participants argued that transparency, simplicity, predictability and stability were key elements for the establishment of a business-friendly environment, and therefore for the

creation of conditions for attracting foreign capital. In this respect, policy areas that required reforms were: privatization, the tax regime, the banking sector, land use approvals and registration, public-private sector dialogue, the legislative framework for commerce and the enforcement regime, administrative barriers and customs administration.

Participants lastly stressed that the OSCE had a vital role to play in the economic and environmental dimension of security. That role should be based on its special capabilities. These included its ability to speak with the support of 55 countries, its field missions which were close to stakeholders affected by the threats posed by corruption and instability and its flexibility that permitted it to respond to needs that were not being met by other international organizations. This role was a complementary one that helped to fill gaps in critical areas that called for action and that might not otherwise be addressed by other international organizations.

### **A number of recommendations were formulated during the discussions**

Participants pointed to the need to identify and prioritize a limited number of areas of reform that responded to domestic needs and positively affected governance. It was argued that the OSCE could help in that process.

Participants stressed the need for the OSCE to elaborate mediation and alternative dispute-settlement mechanisms applicable in the economic and environmental dimension.

Referring to ODIHR's legislative alert program, which was an early-warning mechanism that made it possible to react to draft legislation sensitive to the human dimension, it was suggested that a similar system could be developed in the OSCE economic and environmental dimension.

It was recognized that the causes of bad governance were indeed identical for the human and economic dimensions. Participants called upon the OSCE to muster the necessary political determination to tackle the issue of good governance inter-dimensionally.

It was argued that the OSCE should continue and further increase its support, through the field missions, for the processes of administrative and legislative reform and the development of civil society. In this respect, the OSCE should promote the ratification and implementation of the Aarhus Convention.

The development of codes of conduct fostered democratization by promoting enhanced dialogue between civil society and authorities. Participants argued that OSCE could mediate in the elaboration of codes of conduct, thereby facilitating greater dialogue.

Participants suggested that OSCE could also promote the creation of steering committees of representatives of civil servants to elaborate administrative reform proposals.

The OSCE, in supporting the processes of decentralization, should focus on issues of constitutional framework allowing a transfer of competencies and resources, specific local legislation, mechanisms for allocation of appropriate resources to local authorities and systems of equalization/redistribution.

Three problems could affect the process of decentralization: non-optimal size of units, lack of capacity and lack of resources. Co-operation among municipalities would help to solve the problem of the dimension and at the same time function as a confidence-building measure. The process of decentralization should be phased over time so that the local administrations and civil society could gradually develop the necessary management capacity and gather experience with the political process. In order to tackle the problem of insufficient resources, the possibility of international donors providing earmarked funds should be explored as a temporary measure until a proper system of redistribution had been established. It was also important to seek greater co-ordination between international donors in the provision of resources for supporting the effective implementation of local responsibilities and capacity-building for local authorities. The OSCE could act as a catalyst in both cases.

The OSCE should promote public awareness of the advantages of decentralization and provide training for local authorities and elected officials to build local competencies, skills and capacities, thereby fostering the establishment of ownership of the process of decentralization. The OSCE, the OSCE field missions in co-operation with the OSCE PA and the Council of Europe and the EU/EC should further strengthen their activities in this respect.

It was suggested that the OSCE should concentrate on becoming the best and most comprehensive clearing house for initiatives, commitments and practices of the countries in the OSCE region. This would make it possible to compare and contrast practices, pinpoint gaps and indicate directions that could otherwise elude occasional non-comprehensive analysis.

Participants called upon the OSCE to facilitate dialogue to solve border controversies that affected trade, movement of labour and trans-border business. The importance of trans-border joint ventures was indicated as an important means of confidence-building.

The OSCE and the OSCE Office in Baku were asked to co-operate with relevant national authorities to address issues related to the development of SMEs.

It was pointed out that the OSCE should continue to foster dialogue between civil society and government and contribute to the building of a business culture.

It was suggested that the OSCE should become part of the implementation of the "Blue Corridor" project, considering that this would promote regional co-operation and foster environmental and economic security for the countries involved in the development of the project.

The OSCE was requested to support energy sector reforms and provide advice on sound management of resources as a conflict-prevention measure.

The OSCE was asked to support the elaboration of environmental legislation where needed.

It was stressed that, due to its level of political influence, the OSCE, through its awareness-raising activities, could promote better understanding of the importance of the environmental component of policies aimed at fostering stability.

Participants appealed to the OSCE to act as a catalyst in attracting international attention to local environmental problems and to facilitate dialogue between civil society and government.

It was recommended that the OSCE should assist in the creation of adequate instruments for early warning of large-scale environmental problems.

Referring to the example of the Regional Environmental Centre for the Caucasus, the OSCE was invited to promote activities in the field of environment that would foster regional co-operation.

## **WORKING GROUP B**

**16 and 17 May 2001**

### **Report of the Working Group Rapporteur**

#### **Agenda item 5(b): Actors involved in the promotion of transparency and good governance**

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The working group's discussions were far-reaching. Although it is impossible to capture all the ideas presented and discussed, many of the remarks fell into a set of broad themes, in accordance with which this Report is organized.

It was difficult to find any single definition of good governance, but speakers generally agreed that the term, whether applied to governments, private enterprises, international organizations or NGOs, was meant to capture the concept of openness, efficiency, transparency and civic participation. The application of principles of good governance in the real world was problematic and frequently fell short of the ideal. Among the factors contributing to this gap between theory and practice were the disinclination of governments to engage, since short-term costs in displacing "business-as-usual" practices outweighed long-term benefits. Governments were able to avoid action because "ownership" of the good governance issue was not spread equally among actors; civil society was not empowered to participate, and international donors did not require accountability and conditionality.

The need for donors to require benchmarks and standards was highlighted. With funds and expertise to provide, donors had leverage to require increased transparency and public involvement in government. Also highlighted was the role private capital could play in this regard: capital providers evaluated transparency and rule-of-law conditions as a basis for investment, since lack of good governance stunted business development and economic growth.

Speakers also stressed the need to consider specific national and regional conditions when evaluating progress toward good governance, standard setting and benchmarks. The tension between acknowledging individual national and regional situations and customizing assistance on the one hand, and holding national actors to their OSCE commitments and generally accepted international norms on the other, was evident throughout the discussions. The need for a flexible approach incorporating all international and national actors was also stressed.

Participants noted the need for donors themselves to be held accountable, in other words, donor organizations should have to account publicly for their lending decisions. The potential role for NGOs in monitoring donor fund flows and project implementation was noted, as was the need also to hold NGOs accountable. In effect, participants recommended that a full circle of transparency and accountability involving donors, recipients and representatives of civil society should be established.



The general importance of the NGO community for the development of good governance was another focus of discussion. Examples were described of NGOs working effectively in partnership with governments on such matters as co-operative dissemination of information, as required under the Aarhus Convention, public-awareness campaigns, the establishment of anti-corruption information centres, human-rights training for the civil service and police and the joint development of school curricula.

Participants discussed the complex network of institutions necessary to promote good governance, with specific reference to the overly optimistic expectations for economies in transition that had emerged after independence a decade ago. An unfortunate effect today was that some countries might turn away from the free-market model in response to unfulfilled expectations and frustration. The growing threat of unlicensed, unregulated or illegal enterprises was also noted. As people turned away from integration into civil society, e.g., through tax evasion and circumvention of labour laws, there was a heightened threat to security. In addition, the potential for chambers of commerce to play a positive role in building healthy business sectors was mentioned.

Attention was also called to the importance of reaching out to economies in transition to urge their participation in regional and global instruments and organizations that promoted good governance. The role of accession to the WTO and its demand for trade liberalization and tariff reductions, the EU *acquis*, the Council of Europe's Group of States against Corruption (GRECO) programme, Stability Pact anticorruption initiatives, the Black Sea Economic Co-operation process and co-operation with OSCE field missions were all highlighted as reinforcing practices of good governance. Several speakers recommended that the OSCE should take an active co-ordinating role, by "setting the table" and bringing together actors who implemented programmes.

The vital role of free media and investigative journalism, from investigating commercial corruption by companies to uncovering government involvement in corruption, was highlighted. The OSCE should play a role in ensuring the safety of journalists and the effectiveness of the media as well as in counteracting "reform by announcement" impulses. Speakers also emphasized the importance of involving private sector businesses as stakeholders and participants in promoting good governance.

Participants also noted that efforts to combat corruption must be measured, and should not be used to smear political opponents or for similar inappropriate ends. Public education campaigns and early introduction of concepts of good governance in primary schools were highlighted as especially important and fundamental in building civil society and increasing public awareness of good governance issues generally. The need to guard against defining good governance solely in terms of corruption was identified; good governance was a broad subject that affected all levels of government and society.

Finally, participants discussed regional efforts to enable cross-border constituencies to be built. Speakers agreed that regional efforts should be undertaken to supplement the promotion of good governance at the national level. However, the existence of local conflicts often complicated efforts at regional co-operation. Collaboration on customs border-crossing activities within the Southeast European Cooperative Initiative (SECI) was cited as one example of an effective regional approach. EU enlargement was another regional process that acknowledged individual countries' unique experiences while at the same time forging agreement on common principles.

### **Specific Suggestions for the OSCE included:**

1. Leverage current OSCE support for the Aarhus Convention by pushing for transparency in budgetary processes among participating States. OSCE could review how each participating State provides for budget transparency.
2. Focus on the training of civil servants as well as professionals (lawyers, accountants) to build capacity and the ability to implement procedures of good governance.
3. Request the Co-ordinator of OSCE Economic and Environmental Activities (CEEAA) to evaluate the ability of participating States to fulfil their commitments in the economic dimension (especially those that apply to good governance); the CEEAA work programme should focus on deficit areas.
4. Provide concrete support for the media, in particular, to include training in techniques of investigative journalism.
5. Monitor NGOs to evaluate their transparency and adherence to principles of good governance.
6. Increase involvement of field missions in Council of Europe GRECO evaluations when performed in their host countries. Also, request an update on GRECO findings after more national reviews have been completed.
7. Revise or strengthen the mandate of OSCE field missions to enable them to monitor the enactment of laws to combat corruption and their implementation.
8. Use OSCE as an information clearing house for national and regional efforts to combat corruption and to promote good governance, including through holding workshops and regional seminars.
9. Enhance support for Central Asian regional actors and initiatives that promote good governance.

## **WORKING GROUP C**

**16 and 17 May 2001**

### **Report of the Working Group Rapporteur**

#### **Agenda item 5(c): Instruments for the Promotion of Transparency and Good Governance**

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The Group met in four sessions, each of which was devoted to one of the following themes:

- The role of State institutions and the media;
- Developing and implementing existing international instruments;
- Facilitate and catalyse - The role of OSCE field presences;
- Raising awareness and promoting public participation.

Representatives of OSCE participating States, OSCE field missions and institutions, other international organizations, non-governmental organizations and the media intervened in the debates. Lead speakers laid good groundwork for discussion through their interventions, which focused on specific themes. The debate was enriched by representatives of OSCE field presences, who, through their daily work, have a decisive role in implementing OSCE mandates.

The following ideas and recommendations are among the most relevant for the overall debate of the theme of the Forum, namely good governance and transparency in economic matters:

1. There is a close interrelation between good governance and free and independent media. Free and independent media help to ensure that individuals are correctly informed and to strengthen civil society and democracy. Free and independent media enhance the accountability of State institutions. Good and normal communication between State institutions and the media is a practice to be developed in countries in transition, as a two-way street. Both State institutions and the Media are means for guaranteeing one of the fundamental human rights, the right to information.

#### **Recommendation**

The OSCE can support governments in increasing their capacity to be transparent, to communicate with the media and to guarantee the free flow of information to them. OSCE could also support action to improve the skills of journalists. Such activities could be carried out through regional projects.

2. Threats to the freedom of the media come from State institutions, while threats to the independence of the media come from everywhere: public or private sectors, political parties, media owners and other influential groups. A free judiciary is a guarantee for the freedom and independence of the media. At the same time, the freedom and independence of the media can be protected from inside by media players themselves having a high moral profile and conduct, a courageous attitude and longstanding experience and competence. The need for a code of professional ethics for members of the media was underlined.

### **Recommendation**

The OSCE, through the Representative on Freedom of the Media, could promote a project concerning the elaboration of a code of professional ethics for members of the media, with contributions from OSCE participating States and media representatives. The experience of relevant projects for the media in South-Eastern Europe could be extended to other regions.

3. There is a close relation between free media, good governance and development. Economic growth goes hand in hand with the increasing need for information. Quoting John Stiglitz, "It is now generally recognized that better and timely information results in better and more efficient resource allocation". Several international organizations and institutions have reached relevant conclusions in this respect.

### **Recommendation**

The Co-ordinator of OSCE Economic and Environmental Activities could, in co-operation with relevant international organizations and institutions, and in the spirit of the Platform for Co-operative Security, develop activities aimed at identifying ways in which free media could support development in countries in transition.

4. International legal instruments can help to enhance governance, promote regional co-operation, strengthen civil society and increase civil participation in the governmental decision-making process. The Aarhus Convention was considered among the most notable recent instruments in this respect. It sets out an important practice, which could be extended to other areas of activity and other regions. The accession to such legal instruments is a necessary but not sufficient condition for a government to achieve expected results. Effective implementation is crucial and requires domestic efforts and international support. These are prerequisites for creating ownership and putting governments in the driver's seat.

### **Recommendation**

OSCE field missions could support governments in implementing new legal instruments by increasing the awareness of central government and local authority officials and civil society, promoting better co-ordination at the national level by supporting interdepartmental structures, encouraging exchanges of experience with experts from countries which acceded to these instruments earlier and presenting best practices.

5. Corruption and illicit practices (such as money laundering) are serious threats to good governance, economic growth and sound development. International financial institutions, the Council of Europe and other international organizations have adopted legal instruments to prevent corruption, bribery and money laundering.

## **Recommendation**

Periodical open-ended consultations, with the participation of such institutions, could be organized by the Co-ordinator of OSCE Economic and Environmental Activities. They could provide practical suggestions for OSCE field presences and basic information for the participating States. GRECO (Council of Europe) could be a good start. We could also build upon the experience of the Round Table arranged by the OSCE Office in Yerevan.

6. The role of field presences were unanimously recognized as crucial for the implementation of the OSCE mandate. Presence in the field was identified as a basic value added of the Organization. Several functions of OSCE field presences were mentioned: cataloguing and identifying, acting as a catalyst, convening and consciousness raising. All these functions could enhance OSCE's conflict-prevention and early-warning capacities, taking into account that the field presences are in permanent contact with local realities and developments. Transmitting political messages emanating from the 55 OSCE participating States to national governments could be added to the functions of the OSCE field presences.

## **Recommendation**

The current practice of regular reporting by OSCE field presences should continue, with a special focus on aspects having relevance to security. There is a need to increase the flow of information and political guidance coming from the CiO, the Permanent Council and the Office of the Co-ordinator of OSCE Economic and Environmental Activities. The analysis, processing and assessing of reports from the field carried out by the Office of the Co-ordinator should be enhanced.

7. Economic and environmental problems pose increasing risks to security and stability. They are various and sometimes (e.g., unemployment) exceed the mandate established for each OSCE field presence. They could either cause or exacerbate security problems. The provision of sufficient resources to ensure the functioning of economic and environmental officers in all the field presences was recognized as a necessity.

## **Recommendation**

The field presences should be flexible in implementing their mandates in the economic and environmental dimension. Identification of new threats to security, taking into account the specific problems of each country, is part of the fulfilment of their basic functions. All the field presences should receive the resources necessary for their specific economic and environmental activities.

8. Raising public awareness and promoting public participation further the effort to generate transparency and good governance. As a rule, authorities are not supportive of transparency, nor do they have a natural propensity for accountability. The role of civil society and, especially, of NGOs, is crucial to ensuring the accountability of governments. It was underscored that communication, exchange of information and co-operation among NGOs could enhance their action. Networking among NGOs creates opportunities for better information, training and the promotion of dialogue with authorities. Efforts to fight corruption, lack of transparency and illicit practices are enhanced by the existence of

networking among different structures of civil society. The establishment of a network to combat corruption was proposed.

### **Recommendation**

The OSCE in general and the ODIHR, in particular, have a role to play in supporting NGOs in their efforts to raise public awareness and promote public participation. Field presences could support networking among NGOs from the same country or help to identify NGOs with similar activities in neighbouring countries.

9. Education is a crucial factor for raising awareness and promoting public participation. It contributes to the development of openness to dialogue, to the emergence of a new mentality, to the creation of a climate of trust and confidence in post-conflict situations, to the development of a responsible attitude by individuals and to the development of subjective effectiveness. Efforts that contribute to the empowerment of local communities and individuals, thus generating a sense of ownership, should be included.

### **Recommendation**

There is a need to continue efforts to identify the best ways to raise awareness as a prerequisite for good and accountable governance. OSCE institutions and field presences should work together in identifying best practices as well as success stories in OSCE participating States.

## **SPECIAL SESSION**

**18 May 2001**

### **Report of the Rapporteur of the Special Session**

#### **Agenda item 5(c): Improving border controls in order to contain drug trafficking without impeding the normal flow of trade and free movement of people in Central Asia**

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In introducing the background of this special session, the moderator recalled that, in October 2000, the United Nations Office for Drug Control and Crime Prevention (UNODCCP) and the OSCE Chairmanship (Austria) had facilitated an international conference in Tashkent, which had comprehensively addressed the issue of drugs, organized crime and terrorism in Central Asia.

The lead speaker from the UNODCCP stressed that the fight against drugs was an important element of conflict prevention, as drugs were a major source of violence and instability. The dramatic increase in opium cultivation in Afghanistan was having a severe impact on Central Asia with regard to trafficking routes. However, since the Taliban imposed a total ban on opium poppy cultivation, there are no longer any significant poppy fields in Afghanistan, at least on territory under Taliban control. The ODCCP had various programmes in Central Asia at the national and regional levels, but these needed to be complemented with efforts by other international players.

The representative of the Ministry of Justice of Kazakhstan also stressed the immense scale of the drug problem for his country. Due to the long and permeable borders, but also to the socio-economic conditions, Central Asia provided a favourable environment for illicit drug trafficking. To counter this threat, Kazakhstan was making a considerable investment to enhance its control capacity.

An expert from the Royal Institute of International Affairs outlined three key aspects: (1) Border controls as such were necessary in the specific environment of Central Asia. Borders should, however, not be closed but efficiently controlled. (2) Wider criminal networks were organizing the trafficking. Therefore, it was not enough for law enforcement agencies to work at the national level. They needed to co-operate. (3) It was also necessary to acknowledge the fact that the drug business enjoyed the protection of sometimes high-ranking officials and to address the problem. Finally, it was not only necessary to implement controls, but also to reduce demand - especially in the West - and to stimulate society in fighting drugs.

During the discussion, the complexity and comprehensiveness of the drug problem was referred to. It was not enough to focus only on border controls; economic, social and humanitarian factors also needed to be considered. It was mentioned that the production of drugs was also related to the financing of terrorism. One participant from Tajikistan referred to the dramatic poverty in his country, which pushed people to become involved in illicit trafficking.

One representative from an NGO in Tajikistan illustrated how inefficient border controls hampered regional trade. A bus journey between Tajikistan and Kyrgyzstan, which would normally require 15 hours, took up to 30 hours because of the controls. However, it was also mentioned that inefficient controls were often related to the lack of efficient technical equipment. It was further stressed that the still prevailing practice of exit visas was hardly useful in fighting illicit drug trafficking, but instead hampered economic growth and contradicted basic OSCE commitments and norms. It was emphasized in addition that already existing international agreements, for example customs agreements, must be implemented.

Several participants recalled that efforts also needed to be made on the demand side of the drug problem. The view was expressed that even settlement of the Afghanistan conflict would not bring a solution to the drug issue, since the markets and thus the trafficking problem would remain.

The discussions led to the conclusion that, due to the complexity of the drug problem and its many facets, only comprehensive and integrated approaches were promising. Moreover, it was a global problem and sustainable solutions could not be limited to Central Asia.



## LOG OF CONTRIBUTIONS TO THE NINTH MEETING OF THE ECONOMIC FORUM

### Theme: Transparency and Good Governance in Economic Matters

Ref. No.	Date	Author	Title/Subject	Language
<b>I. Plenary sessions</b>				
EF.DEL/2/01	10.05.01	UN/ECE	Contribution by UN/ECE to the Review of the Implementation of OSCE Commitments	E
EF.DEL/9/01	15.05.01	World Bank	Statement by Mr. Linn (Keynote Speaker)	E
EF.DEL/10/01	15.05.01	European Commission	Statement by Mr. Viñas (Keynote Speaker)	E
EF.DEL/11/01	15.05.01	ODIHR	Statement by Mr. Eicher (Keynote Speaker)	E
EF.DEL/13/01	15.05.01	Canada	Opening statement	E
EF.DEL/14/01	15.05.01	Turkey	Opening statement	F
EF.DEL/15/01	15.05.01	Parliamentary Assembly	Address by the President of the Parliamentary Assembly	E
EF.DEL/16/01	15.05.01	Romania/CIO	Address by Chairman-in-Office	E
EF.DEL/18/01	15.05.01	Sweden-EU	Opening statement	E
EF.DEL/22/01	16.05.01	Tajikistan	Opening statement	E/R
EF.DEL/23/01	15.05.01	Switzerland	Opening statement	E
EF.DEL/25/01	16.05.01	Turkey	Talking points on the review of the implementation of commitments in the economic and environmental dimension	E
EF.DEL/27/01	16.05.01	Poland	Opening statement	E
EF.DEL/29/01	16.05.01	Denmark	Statement on the review of the implementation of commitments in the economic and environmental dimension	
EF.DEL/33/01	16.05.01	USA	Opening statement	E
EF.DEL/34/01	16.05.01	USA	Statement on the review of the implementation of commitments in the economic and environmental dimension	E
EF.DEL/35/01	16.05.01	Czech Republic	Welcoming remarks by Dep. MFA of Czech Republic	E
EF.DEL/37/01	16.05.01	Liechtenstein	Statement on the review of the implementation of commitments in the economic dimension	E
EF.DEL/38/01	16.05.01	Netherlands	Contribution by the Netherlands	E
EF.DEL/41/01	16.05.01	Russian Federation	Opening statement	E/R
EF.DEL/42/01	16.05.01	Czech Republic	Statement in reply to Liechtenstein	E
EF.DEL/48/01	16.05.01	Thailand	Statement on the review of the implementation of commitments in the economic and environmental dimension	E
EF.DEL/49/01	16.05.01	Switzerland	Review of Implementation	E
EF.DEL/59/01	18.05.01	Tajikistan	Closing statement	E/R
EF.DEL/67/01	17.05.01	Belarus	Statement on the review of the implementation of commitments in the economic and environmental dimension	E/R
EF.DEL/69/01	18.05.01	European Commission	Statement on the review of the implementation of commitments in the economic dimension	E
EF.DEL/70/01	18.05.01	Holy See	Statement by Msgr. Ivan Jurkovic	E
EF.DEL/71/01	18.05.01	Sweden-EU	Closing statement	E

<b>Ref. No.</b>	<b>Date</b>	<b>Author</b>	<b>Title/Subject</b>	<b>Language</b>
EF.DEL/72/01	18.05.01	Romania/CIO	Remarks by the Chairperson on the review of the implementation of commitments in the economic and environmental dimension	E
EF.DEL/73/01	18.05.01	SG	Welcoming remarks by the SG	E
EF.DEL/74/01	16.05.01	Azerbaijan	General overview of the implementation of OSCE commitments in the economic and environmental dimension	E
EF.DEL/77/01	16.05.01	Azerbaijan, Georgia, Moldova, Ukraine	Further development of economic and environmental dimension of the OSCE	E
EF.GAL/3/01	18.05.01	OCEEA	Remarks by the acting Co-ordinator on the review of the implementation of commitments in the economic and environmental dimension	E
EF.GAL/4/01	18.05.01	Rapporteur	Review of implementation of OSCE commitments in the economic and environmental dimension	E
EF.GAL/5/01	18.05.01	Rapporteur Working Group A	Issues related to the promotion of transparency and good governance	E
EF.GAL/6/01	18.05.01	Rapporteur Working Group B	Actors involved in the promotion of transparency and good governance	E
EF.GAL/7/01	18.01.05	Rapporteur Working Group C	Instruments for the promotion of transparency and good governance	E
EF.GAL/08/01	18.05.01	OCEEA	Concluding remarks	E
EF.GAL/9/01	18.05.01	Romania/CIO	Concluding remarks by the Chairperson	E
<b>II. Working Group A – Issues Related to the Promotion of Transparency and Good Governance</b>				
EF.DEL/19/01	15.05.01	Non-Governmental Ecological Vernadsky Foundation	Presentation on blue corridors in Europe	E/R
EF.DEL/24/01	16.05.01	ODIHR	Presentation by ODIHR	E
EF.DEL/26/01	16.05.01	Small Business Development Centre, Ljubliana	Presentation by Small Business Development Centre, Ljubliana	E
EF.DEL/31/01	16.05.01	World Bank	Power Point presentation	E
EF.DEL/39/01/ Rev.1	17.05.01	Tajikistan	Contribution to transparency and good governance by Tajikistan	E/R
EF.DEL/44/01	16.05.01	Malta	Subsidiary, decentralization and local governance	E
EF.DEL/45/01	16.05.01	FYROM	Undertaking activities directed to implementation of the reform of the public administration by FYROM	E
EF.DEL/50/01	17.05.01	Civil Society Promotion Center Bosnia and Herzegovina	Contribution by the Civil Society Promotion Centre, BiH	E
EF.DEL/51/01	17.05.01	Civil Society Promotion Center Bosnia and Herzegovina	Contribution by the Civil Society Promotion Centre, BiH	E
EF.DEL/57/01	17.05.01	Corporate Resources International	Supportive environment, institutions and economic actors, corporate resources international (Mr. Claude Potelle)	E
EF.DEL/58/01	17.05.01	OECD/SIGMA	Control and management system baselines for EU membership	E

Ref. No.	Date	Author	Title/Subject	Language
EF.DEL/59/01	18.05.01	Tajikistan	Women and the Economy: NGO activities in Tajikistan to develop and strengthen women's and family business	E/R
EF.DEL/75/01	17.05.01	Azerbaijan	Issues related to the promotion of transparency and good governance: creating a business-friendly environment and supporting small and medium-size enterprises	E
EF.FR/2/01	15.05.01	OSCE Project Co-ordinator in Ukraine	Promotion of transparency and good governance	E
<b>III. Working Group B – Actors involved in the Promotion of Transparency and Good Governance</b>				
EF.DEL/17/01	15.05.01	Romania	Corruption and money laundering	E
EF.DEL/40/01	16.05.01	Society and Law	Overview of Tajikistan's NGO legislation	E
EF.DEL/46/01	16.05.01	Small and Medium Entrepreneurs' Association, Croatia	Creating a business-friendly environment and supporting SMEs by SMEA	E
EF.DEL/54/01	17.05.01	OCEEA	Georgia's international commitments and the fight against corruption - the WTO and EU examples	E
EF.DEL/60/01	17.05.01	SECI	The business support offices of SECI	E
EF.DEL/61/01	17.05.01	SECI	The SECI business support framework for Southeast Europe	E
EF.DEL/62/01	17.05.01	BSEC	Statement by Amb. Chechelashvili	E
EF.DEL/63/01	17.05.01	European Commission	Regional co-operation enhances good governance	E
EF.DEL/76/01	17.05.01	Azerbaijan	Actors involved in the promotion of transparency and good governance: players and instruments involved in fostering an anti-corruption environment	E
<b>IV. Working Group C – Instruments for the Promotion of Transparency and Good Governance</b>				
EF.DEL/5/01	15.05.01	IMF	Transparency and good governance in economic matters	E
EF.DEL/30/01	16.05.01	Croatia	The role of the media	F
EF.DEL/32/01	16.05.01	World Bank	Power point presentation	E
EF.DEL/36/01	16.05.01	OSCE Mission to Tajikistan	Instruments for promotion of transparency and good governance	E
EF.DEL/47/01	16.05.01	Center for Education and Counseling of Women, Croatia	The role of the NGOs/civil society in building skills and creating partnerships by CESI	E
EF.DEL/55/01	17.05.01	GAIA	Transparency and global consumption	E
EF.DEL/64/01	17.05.01	CBSS	Raising awareness and promoting public participation	E
EF.DEL/65/01	17.05.01	St. Petersburg Centre of Humanities and Political Studies	Examples of the budget work of NGOs	E
EF.DEL/66/01	17.05.01	Russian Federation	Statement	E/R
<b>V. Special Session – Improving border controls in order to contain drug trafficking without impeding the normal flow of trade and the free movement of people in Central Asia</b>				
EF.DEL/68/01	17.05.01	Kazakhstan	Statement	E/R
<b>VII. Other relevant documents</b>				
EF.DEL/1/01	7.05.01	Portugal	Concept paper by Portugal on the theme of the Economic Forum 2002	E
EF.DEL/3/01	10.05.01	Secretary General	Contribution by lead speakers	E
EF.DEL/4/01	11.05.01	Secretary General	Contribution by lead speakers	E

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EF.DEL/6/01	15.05.01	International Centre for Policy Studies, Kiev, Ukraine	The need for public/private partnership in transition countries	E
EF.DEL/7/01	15.05.01	CEI	The CEI regional co-operation programme	E
EF.DEL/8/01	15.05.01	Council of Europe	Contribution by the Council of Europe	E
EF.DEL/12/01	15.05.01	US Department of Commerce	Public and private partnerships, GUUAM Symposium Baku (5 May)	E
EF.DEL/20/01	15.05.01	Romania	Small and medium sized enterprises in Romania	E
EF.DEL/21/01	15.05.01	Romania	Energy policy, energy and environment in Romania	E
EF.DEL/28/01/ Add.1	17.05.01	Council of Europe	Criminal law convention on corruption	E
EF.DEL/43/01	16.05.01	Slovenia	Information on FDI in Slovenia	E
EF.DEL/52/01	17.05.01	USA	Contribution by the USA on ethics programs to prevent corruption	E
EF.DEL/53/01	17.05.01	USA	A strategy for combating corruption, transparency, awareness, prevention, enforcement,	E
EF.DEL/56/01	17.05.01	Council of Europe	Contributions by the Council of Europe	E/F
EF.FR/1/01	10.05.01	Secretary General	Contributions by OSCE field missions	E
EF.GAL/1/01/ Rev.1	15.05.01	Romanian Chairmanship	Draft agenda and work programme of the Ninth Meeting of the Economic Forum	E
EF.GAL/2/01	11.05.01	Secretary General	Food-for-thought Paper prepared by OCEEA "Transparency and good governance in economic matters"	E
EF.INF/1/01	11.05.01	Permanent Mission of the Czech Republic	Information on the spouses programme	E
EF.INF/2/01	16.05.01	Conference Services	Provisional List of participants to the Ninth Meeting of the Economic Forum	E
EF.INF/2/01/ Rev.1	17.05.01	Conference Services	Final List of participants to the Ninth Meeting of the Economic Forum	E
PC.DEC/363	22.06.00	Permanent Council	PC Decision on the place, date and overall theme for the Ninth Meeting of the Economic Forum	E
PC.DEC/404	1.03.01	Permanent Council	PC Decision on the main subjects and organizational modalities for the Ninth Meeting of the Economic Forum	E
SEC.GAL/55/01/ Rev.5	2.05.01	Secretary General	Revised information, draft organization of working groups	E
SEC.INF/248/01	4.05.01	Conference Services	Information Circular No. 7: Organizational modalities for the Ninth Meeting of the Economic Forum	E
SEC.INF/259/01	10.05.01	PPIO	Press advisory 297/01: Ninth Economic Forum to focus on Good Governance	E
SEC. INF/262/01	11.05.01	PPIO	Press Release 303/01: CiO to address opening session of Ninth Economic Forum on 15 May, open to media on 15 and 18 May	E
SEC.INF/264/01	14.05.01	PPIO	Media Advisory No. 305/2001: Delegations from 55 States assembling in Prague for the Ninth Economic Forum 15-18 May	E