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**TWENTIETH  
ECONOMIC AND ENVIRONMENTAL FORUM**

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

**CONCLUDING MEETING**

**Prague, 12-14 September 2012**

**CONSOLIDATED SUMMARY**

OFFICE OF THE CO-ORDINATOR OF OSCE ECONOMIC AND ENVIRONMENTAL ACTIVITIES  
WALLNERSTRASSE 6, 1010 VIENNA; TEL: + 43 1 51436-6675; FAX: 51436-6251; EMAIL: [pm-oceea@osce.org](mailto:pm-oceea@osce.org)

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## EXECUTIVE SUMMARY

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

## CONCLUDING MEETING

### Promoting Security and Stability through Good Governance

Prague, 12-14 September 2012

#### Introduction

The Concluding Meeting of the 20<sup>th</sup> Economic and Environmental Forum took place on 12-14 September 2012 in Prague. It built upon the outcome of the two preceding preparatory meetings in Vienna on 6-7 February 2012 (EEF.GAL/10/12) and Dublin on 23-24 April 2012 (EEF.GAL/16/12).

The agenda of the Prague Forum focussed on the following issues:

- Review of the implementation of OSCE commitments in the area of good governance, with a special focus on strategic approaches to corruption prevention;
- Multi-stakeholder co-operation in Anti-Money Laundering /Countering the Financing of Terrorism (AML/CFT);
- Regional co-operation on asset recovery;
- Strengthening civil society and media engagement in support of good governance, integrity and transparency;
- Promoting good governance and integrity in public procurement;
- Cross-dimensional issues linked to the promotion of principles of good governance;

A Special Event on OSCE resources for combating corruption, money laundering and the financing of terrorism highlighted two upcoming OSCE publications, namely the OSCE handbook of best practices in combating corruption and the OSCE Handbook on Data Collection in support of Money Laundering and Terrorism Financing National Risk Assessments.

The Concluding Plenary Session discussed the role of the OSCE in promoting good governance in follow-up to the Forum.

The Prague Forum Meeting was attended by more than 300 participants from various fields, representatives from OSCE participating States, OSCE institutions and field presences, OSCE Partners for Co-operation, representatives of international and regional organizations, of civil society organizations, the business and academic community.

#### Main conclusions and recommendations

A report on “**Strategic Approaches to Corruption Prevention in the OSCE Region**”, commissioned by the OCEEA in view of the review session included a series of recommendations which were thoroughly discussed during the session. *Inter alia*, the potential role of the OSCE as a forum able to strengthen political dialogue and therefore develop solid political will was underlined. **Political will** was seen by many participants as a key element contributing to the efficient implementation and enforcement of the existing legal instruments, commitments and anti-corruption strategies. The necessity to assist participating States in bringing national law in line with international standards was recommended. It was also highlighted that the OSCE could further contribute to the fight against corruption by ensuring that existing anti-corruption instruments are effectively implemented. In this regard, the OSCE could for instance assist participating States to enhance **integrity in the public sector** as well as contribute to **strengthening civil society** anti-corruption engagement. Another potential role of the OSCE could be to advocate for and even

conduct relevant risk assessments in order to **help develop locally based strategies** reflecting the specific contexts and needs of different countries. The OSCE's political mandate and its extensive network of field operations were pointed out as adding significant value while co-operating with other specialized international organizations, in particular the UNODC, the Council of Europe or the OECD.

With regard to **the issues of anti-money laundering efforts and countering the financing of terrorism**, it was emphasized that OSCE activities should complement the work of other relevant national and international stakeholders. A possible area of engagement for the OSCE could be supporting and conducting **comprehensive data-collecting exercises**. In this regard, the upcoming OSCE Handbook was welcomed by participants. At the same time, the Forum emphasized that organized crime and money-laundering offenders constantly look for new options and areas of action. As a result, it was suggested that the OSCE could constantly tackle the evolution of organized crime in order to better design its capacity building activities. Finally, participants considered robust **co-operation between public and private institutions** as a key factor in the fight against money laundering and the financing of terrorism. That would guarantee the quality of the information provided to law enforcement bodies and at the same time allow financial institutions to better use intelligence to focus their compliance efforts. The OSCE was encouraged to actively engage in supporting such co-operation.

**Regional co-operation** was also seen as a critical component in the promotion of good governance, especially in the field of **asset recovery**. In that regard, it was suggested that the OSCE could play an important role by co-ordinating and **establishing partnerships** with the World Bank/ UNODC Stolen Asset Recovery Initiative (StAR) and the Asset Recovery Focal Point Initiative. The OSCE could also help participating States to ratify and implement relevant UNCAC provisions. *Inter alia*, it was suggested that the OSCE could encourage participating States to promote the **disclosure of assets and interests** of public officials, the development of **monitoring systems**, as well as the improvement of **seizure and confiscation** regimes. Due to its political nature, the OSCE was identified as having great potential to **strengthen participating States' political** will and to encourage them to develop specific strategies, especially bringing asset recovery to the top of their policy agendas. The OSCE can also be a relevant platform for the **exchange of best practices** and information and facilitate networking among relevant stakeholders, as well as promote peer-learning among asset recovery practitioners. The OSCE field operations, having first-hand knowledge of the local environment, could assist participating States in identifying needs and in implementing international standards. Therefore, tailor-made trainings designed to improve specific deficiencies could be developed and implemented together with partners such as the World Bank, UNODC, or the Basel Institute for Governance.

The **OSCE handbook of best practices in combating corruption** was welcomed by participants. It was highlighted that once published, participating States would find in this tool the necessary information and guidance to better prevent and fight corruption. The readiness of the Office of the OSCE Co-ordinator for Economic and Environmental Activities to assist participating States to put in practice the recommendations and guidelines included in this upcoming publication was valued.

Forum participants acknowledged the key importance of **strengthening the capacity of civil society** to monitor good governance at community and national level. Governments and civil society should co-operate more and the civil society should be empowered to play the role of 'auditor' of government spending and supervise the impartiality of public services delivery. The need to ensure **freedom of the media and of Internet and access to public data** through the publication of government expenses, the establishment of e-procurement systems, etc, was particularly highlighted. Finally, it was stressed the necessity to protect individuals and organizations engaged in direct anti-corruption activities from political harassment.

Regarding the promotion of good governance and integrity in the field of **public procurement**, the Forum underlined the benefits of applying current trends, such as e-procurement, in public procurement regulations and approaches. The co-operation of the OSCE with relevant partner organizations such as UNCITRAL was welcomed. Participating States were also encouraged to accede to relevant existing arrangements, such as the World Trade Organization Agreement on Government Procurement. The creation of an international **monitoring system**, supported by the OSCE in co-operation with relevant partners, was also proposed by some participants. This initiative could include quantitative control indicators and help to identify and spread best national practices in public procurement, as well as facilitate the process of **harmonizing international public procurement regimes**.

The Forum emphasized that the effective promotion of good governance requires a **cross-dimensional perspective**. The OSCE can be well placed to do so, due to its comprehensive approach to security.

Regarding the link between **good governance and the fight against terrorism**, it was pointed out that addressing divisions in society, enhancing the engagement of the civil society in the promotion of good governance, promoting debate and communications, and fighting discrimination and exclusion would heavily reduce the risk of support base to terrorism. Moreover the increase of resilience, cohesion and participation of the civil society through education, as well as the improvement of economic prospects could also curb the backing to terrorism.

The relationships between **trafficking in human beings and corruption**, which can range from ignoring/tolerating trafficking to being directly involved, were also discussed. It was stressed that other consequences of lack of good governance, such as money laundering activities, allow the proceeds of crime to flow into the legal economy, yielding profits for traffickers. Thus, the freezing and forfeiture of benefits generated by criminal activities can be an important step in addressing trafficking. As a result, it was concluded that FATF/MONEYVAL typologies can enhance and form part of anti-trafficking measures.

From a **gender mainstreaming perspective**, it was noted that non-inclusive systems can lead to higher corruption. Further, it was suggested that the OSCE should promote stronger targeted action to increase women's greater representation in the economic sphere and access to decision-making. The necessity to improve women's access to information, education and training was emphasized, along with the relevance of promoting awareness raising and capacity building measures to empower women with respect to their rights, and capacity building on how to prevent violations of good governance. As well, with regard to gender analysis and reporting, the OSCE could advocate sex-disaggregated data and ensure that the data is reported to the right systems and monitored correctly.

Among the consequences of corruption in **customs**, the loss of revenue, the wearing down of public trust and confidence, the reduction in compliance, the obstruction of international trade and economic development, as well as the decline in social protection and national security were mentioned. The co-operation between the OSCE and the World Custom Organization was highlighted as a means to improve these negative outcomes.

Throughout the Meeting, representatives of the 2012 Irish OSCE Chairmanship stressed that the recommendations and conclusions of the Forum should mark a staging post in terms of the response by OSCE participating States to the imperative of delivering better governance for citizens. With this aim, the Chairmanship suggested that OSCE Foreign Ministers should address this issue, together with the proposals already put forward by the Chairmanship, at the Dublin Ministerial Council to be held in December 2012.

# REPORTS OF THE RAPPORTEURS

## REVIEW OF THE IMPLEMENTATION OF OSCE COMMITMENTS IN THE AREA OF GOOD GOVERNANCE

**Moderator:** *Mr. Martin Kreutner, Chair, Transition Team, International Anti-Corruption Academy (IACA)*

**Rapporteur:** *Ms. Pavlina Rehor, Counsellor, Delegation of the European Union to the International Organizations in Vienna*

*Ms. Greta Fenner Zinkernagel, Managing Director of the Basel Institute on Governance,* presented the Review Report on *Strategic approaches to corruption prevention in the OSCE region.* She started by describing the scope, content and methodology of the Review and focused further on its key findings. She indicated that corruption prevention has become a policy issue attracting attention at national, regional and international level. Nevertheless the picture across the region shows that there is a huge amount of work to be done. According to surveys in several countries, the level of corruption is going rather up than down. In terms of actual results Ms. Fenner underlined that there is a long way to go. The hindering issue is the lack of political will which could be sometimes triggered by external factors (as it has been seen from the EU accession process). Therefore she recalled that the OSCE can play an important role as a forum for political dialogue to strengthen political will. Many countries have made progress by setting up legal instruments but much more are lacking implementation and enforcement of existing instruments. According to the Report, the OSCE can help participating States to overcome this implementation and enforcement gap through strengthening institutions and generating overall political will. Ms. Fenner pointed out that anti-corruption strategies are often very generic. The reason is that the same priorities and issues are at stake. At the same time they are copying provisions of international instruments and are often drafted by international consultants rather than by State and non-state actors implementing and enforcing them. In this regard, Ms. Fenner stated that there is a need to conduct risk assessment and to develop locally based strategies reflecting actual needs of the respective countries – there could be a potential role for the OSCE.

The Report focused further on integrity of public sector. The disconnection between instruments and their implementation was highlighted. The Report indicates that codes of conducts for public officials are being introduced but training is still an exception. Raising awareness and training public officials is therefore essential to foster integrity. Control and monitoring mechanisms of public sector integrity also need to be strengthened. Ms. Fenner suggested that the OSCE could offer staff training on integrity issues. Concerning public sector management three areas that require particular attention were mentioned in the presentation of the Report: (1) importance of transparency for the effectiveness of public institutions; (2) public sector reform needs to be adapted to the respective context; (3) merit-based human resources management.

Regarding transparency, accountability and civic participation following key findings were presented: (1) most countries have incomplete legislation concerning access to information; (2) media and civil society do not always enjoy the position to ensure success of anti-corruption efforts; and (3) whistle-blower protection needs to be introduced and enhanced.

*Mr. Martin Kreutner, Chair, Transition Team, International Anti-Corruption Academy,* highlighted the need for a truly comprehensive approach to anti-corruption efforts. Mr. Kreutner declared that corruption has been mischaracterized as belonging to public sector only, to be addressed by stronger penal laws. Today we can see that there are many causes and possible solutions requiring engaging broader spectrum of society. This needs to embrace all sectors of society including the corporate business society. Further, streamlining of efforts is necessary.

Mr. Kreutner pointed out that most participating States have more review mechanisms to undergo, at the same time the overspecialization is growing.

Underlining that the OSCE's genuine area of competence is security, Mr. Kreutner stated that fight against corruption was a key component of comprehensive notion of security. He further introduced a brief selection of main substance issues:

- Protection of whistle-blowers – both in terms of existence of legislation as well as in terms of its actual enforcement is still insufficient in the OSCE area;
- The political party financing as one of the sectors being more vulnerable to corruption, where therefore the transparency must be increased;
- The necessity of free media to set its own benchmarks;
- The fact that 'double standards' do not foster credibility of anti-corruption efforts.

Mr. Kreutner concluded his intervention by saying that even though the progress concerning fight against corruption seemed to be slow, it has to be taken into account that the international anti-corruption agenda has been on now for only roughly 15-20 years. Therefore a mid-term and long-term perspective is needed.

**Mr. Dimostenos Chryssikos**, *Crime Prevention and Criminal Justice Officer, UNODC*, introduced the Review of implementation mechanism of UNCAC. He referred to the Chapter II of UNCAC (prevention) and added that a multi-stakeholder approach including all actors regarding fighting corruption within their respective mandate is needed. The mechanism is created to enhance the implementation of the Convention. He introduced the current architecture of UNCAC treaty bodies and highlighted the achievements of the 4<sup>th</sup> session of the Conference of the state parties (COSP) in Marrakech in October 2011 (consolidation of review mechanism and relevance for technical assistance, Marrakech Declaration on Prevention, International Co-operation in Asset Recovery). He further introduced key findings during the first 2 years of review cycle: inconsistency in adopting constituent elements of the bribery offences in full compliance with the UNCAC requirements; not equal standards regarding criminalization and sanctioning measure against bribery in the private sector; introduction of procedures and measures to protect reporting persons (whistle-blowers). He concluded that the OSCE has a political mandate and an extensive field network and could therefore work together with UNODC on challenges within the OSCE region.

**Mr. Jakub Boratynski**, *Head of Unit, DG Home, European Commission*, highlighted the political importance of anti-corruption agenda and added that public awareness on corruption is increasing. He added that overall legal and institutional framework seems to be satisfactory. However results are not yet where they should be. Gap of implementation and enforcement still exists. Mr. Boratynski further introduced the following must-haves in the fight against corruption: genuine political will; tailor-made and problem oriented approach that takes into account specifics of each country, sector or region; and comprehensive approach across all policy areas and across borders. He indicated that it is also important to show openness to criticism, self-assessment and monitoring mechanism, as well as to ensure adequate follow-up.

Mr. Boratynski further elaborated on the new EU anti-corruption strategy promoted by the Commission which followed a two-fold approach: (1) sets up an EU anti-corruption mechanism; (2) strengthens the focus on corruption in a number of internal and external EU policies as well as co-operation with existing mechanisms such as GRECO, UNCAC. The EU Anti-corruption report (first report to be published next year) is an instrument to increase the trust among EU member States, promote good practices and boost political will. It is at the same time a part of a coherent approach of the European Commission to anti-corruption.



As far as the EU external policies are concerned, the Commission's Communication of June 2011 pledged for a reinforced focus on corruption with regard to enlargement (reinforced rule of law dialog), European neighbourhood policy, Co-operation and development policies (conditionality principle) and Visa dialogue. According to Mr. Boratynsky, the EU Anti-corruption report will be a good platform to identify relevant negative and good practices in the EU member States. In the European Commission's view, the new approach has a potential to respond more effectively to the citizens' concerns.

In the following **discussion** a *representative of Romania* noted that the Review Report was based on open sources and less on information provided by governments and made some observations on some parts of the Report referring to the situation in Romania. He further highlighted the performance of the National Anti-corruption Directorate (DNA).

*Ambassador Stanislav Rascan, Director General for Economic Diplomacy, Slovenia* introduced good governance practice in Slovenia in the field of anti-corruption and money laundering. He presented in particular the work of the Commission for the Prevention of Corruption and its online tool "Supervisor", which provides public access to information on expenditures of all Slovenian public institutions. Avoiding conflict of interest in public sector is high on agenda of enhancing the integrity of public sector.

*A representative of Kyrgyzstan* thanked the OSCE for assisting the country in trainings and seminars aiming at developing good governance. The representative underlined that nobody is sheltered against these problems. Kyrgyzstan, with new laws in place and ratified conventions, still needs stronger implementation. The need for political will was also highlighted. The representative added that Kyrgyzstan still needs help in training members of parliaments on law making concerning anti-corruption, money laundering, etc. and would like to see more co-operation with OSCE countries also concerning asset recovery, in particular through the exchange of experience with other countries, trying to bring national law in line with international standards.

*The representative of Sweden* draw the attention of participants to a European Commission launched research project on the impact of anti-corruption policies conducted by the Quality of Government Institute attached to the University of Gothenburg. He referred in this connection to the so called 'Big Bang' theory saying that corruption cannot be eradicated gradually but 'revolutionary'.

## **SESSION I: MULTI-STAKEHOLDER CO-OPERATION IN ANTI-MONEY LAUNDERING /COUNTERING THE FINANCING OF TERRORISM (AML/CFT)**

**Moderator:** *Ms. Donna Carruth, Senior Manager, Financial Information, Strategy and Prevention, Serious Organised Crime Agency, United Kingdom*

**Rapporteur:** *Ms. Heike Jantsch, Counsellor, Permanent Mission of the Federal Republic of Germany to the OSCE*

In Session I, an overview was provided on steps being taken on different levels in order to increase the effectiveness of AML/CFT regimes.

*Mr. John Ringguth, Executive Secretary, Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, MONEYVAL*, highlighted the commitments of inter-agency co-operation established in 2005 between OSCE and the Council of Europe and focussed on the efforts undertaken by Moneyval, FATF, Egmont Group and others aiming at increasing the effectiveness of AML/CFT regimes. Mr. Ringguth pointed out that a shift from 'legal

based' to 'risk based' approaches could open wide opportunities to identify economic sectors non-compliant with required legal standards. Significant impetus to effectiveness could also be generated by broader sharing of information between Intelligence Reports (from FIUs) with law enforcement bodies. He also proposed explicit criminalisation of money laundering in the context of major proceeds-generating offences as well as deterrent confiscation orders. The Speaker added that in order to assess activities, comprehensive data-collecting is fundamental. In this regard he welcomed the OSCE handbook on data-collecting. Mr. Ringguth underlined the value of the OSCE as an organization being supportive in providing capacity building, training and outreach activities tackling organized crime and money laundering, both threats having potentially high security implications.

**Mr. Shane Riedel**, *Director in Compliance at Citigroup London, United Kingdom*, elaborated on the contribution of financial institutions to the international effort to fight money laundering and terrorist financing. Mr. Riedel considered robust co-operation between private and public partners - in this context, financial institutions and law enforcement bodies - to be the key to successful investigations. Most helpful to overcome trust gaps between these partners could be a thorough feedback particularly from law enforcement bodies to financial institutions. In his opinion, this would help specifying risk judgements and thus monitoring financial crime typologies.

**Mr. Zbyslaw Dobrowolksi**, *Economic Advisor, Supreme Audit Office, Jagiellonian University Institute of Public Affairs, Poland*, gave an overview of activities of the Polish Supreme Audit Office (SAO) as an example of inter-agency co-operation in the fight against corruption, ML/FT, stolen assets and other wrongdoing. Mr. Dobrowolksi explained that the Polish SAO is the supreme body of state audit, independent of the executive and judicial branches of the government. Having broad audit authorities, the SAO evaluates the functioning of the entire public sector, including the Polish Financial Intelligence Unit (FIU), the National Bank of Poland, and the Commission for Banking Supervision. SAO's activities strive for (1) incorporating wrongdoing issues in the routine audit work; (2) heightening public awareness of wrongdoing through timely and public disclosure of audit findings; (3) improving methods and tools of combating corruption and other types of wrongdoing; (4) providing a means for whistle-blowers to report instances of wrongdoing; and (5) co-operating with other national and international institutions in the fight against corruption and ML/FT. SAO is an active member of INTOSAI Working Group Fighting Against Corruption and Money Laundering. SAO also participates in a regional project made up of SAIs from the Visegrad Group and Slovenia.

**Mr. Elnur Musayev**, *Senior Prosecutor, Anti-Corruption and Anti-Money Laundering Department, Azerbaijan*, presented another example of best practice by introducing the AML/CFT stakeholder co-operation in Azerbaijan. Mr. Musayev explained that a Memorandum of Understanding establishes a framework and the standards of the national inter-institutional co-operation; that includes, *inter alia*, the Financial Monitoring Service (FMS), the Anticorruption Department (ACD, *reporting directly to the Prosecutor General*), the Chamber of Auditors, Central Bank, State Customs Committee and other ministries. Co-operation and mutual understanding is fostered by jointly developed curricula of training between FMS, ACD and the Central Bank, and by sharing of information on the respective internal control systems. Additionally, stress is put on the enhancement of public-private co-operation: contact points and liaison officers in almost all banks have helped to establish a self-driven process of inter-action. Particular training by FMS and ACD is provided for legal enforcement bodies and judges. Since organized crime is a 'moving target', only concerted efforts are considered to be sustainable (comprising contact persons in each institution, ad hoc groups on specific operations) – supported by close co-ordination on the international level.

During the **discussion**, *the representative of Switzerland* wished to further elaborate on public-private co-operation and wanted to know whether there are established procedures and systems. The panellists referred to the example of Azerbaijan. Co-operation requires (1) reliable contacts and (2)

knowledge on specific requirements of the respective partner, e.g. types of investigations, patterns of transactions. Reference was also made to an increasing number of criminal proceedings which did not originate from the traditional sources in public or financial bodies but from the private sector. Furthermore, recent amendments of FATF recommendations focussed on assessing the private sector – which also would imply recommendations on compliance for the respective sector. It was indicated that mutual information sharing could be complemented by observations made in Intelligence Reports (by FIU, Europol, others) and the means by which this information is provided to the relevant stakeholders differ from country to country.

*The representative of the United Kingdom* asked about ways to overcome existing barriers between public and private stakeholders. The panel emphasized the importance of confidence building between the respective actors and of providing feedback for all partners. Mutual development of criteria, standards and procedures including joint training on that basis would provide a sustainable co-operation and efficient engagement against money laundering, financing of terrorism and organized crime.

*The representative of the United States* asked about the role of the OSCE in order to facilitate co-operation and to overcome obstacles. In line with the already given recommendations the panellists identified several options for further OSCE involvement: (1) the projects such as the two upcoming Handbooks (Anti-corruption, Data-collecting) were considered to be most helpful in establishing common standards; (2) capacity building was estimated to be key to the ‘moving target’ of organized crime, as there always will be a need for improving investigations, identifying new areas of action (e.g. cyber-crime, property rights); (3) efficient risk assessments will need more specific approaches, which need to be developed on sectorial, national and eventually on regional data, and require efforts from all stakeholders and international organizations – with a complementary contribution from OSCE, (4) awareness raising pertains to that process - there will be demands from specific sectors, from public or law enforcement bodies or from stakeholders in different countries, challenged by the same patterns of crime.

There was also agreement of the panel that OSCE activities should always be complementary to engagements of national and international stakeholders. The challenge of combating organized crime, money laundering and the financing of terrorism requires joint forces by all participating States, since the potential damage to economies, societies, national security and stability can be significant.

### **Conclusions and recommendations for the OSCE:**

- AML/CFT Multi-stakeholder co-operation requires procedural, legal and structural approaches - nationwide, on the intergovernmental and global level.
- Against the background of existing regimes on AML/CFT (like FATF, Egmont Group, Moneyval, Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on FT) there is the need for promoting the implementation of these standards at national levels. More efficiency will be achieved when enhanced and cross-border co-operation will be provided between similar institutions in different countries (like FIUs, financial institutions) and between public and private sector within one country.
- Constantly changing options ('moving target') for ML/FT and organized crime require permanent vigilance including continuous capacity building on all levels of co-operation. In this context, OSCE may also provide added value for participating States, complementary to training offers by other institutions.
- In order to be able to assess risks and the implementation of standards respectively, a ‘common language’ is needed. The projects of handbooks/guidelines on anti-corruption and

data-collecting as undertaken by OSCE are considered to be helpful for better compiling and comparing data – and thus increase the options of exchanging views and experiences within a network of experts.

- The private sector constitutes an essential partner in AML/CFT-efforts. A robust co-operation between public and private institutions can significantly enhance the quality of information provided to law enforcement bodies and allows financial institutions to best use intelligence to focus their compliance efforts. Institutionalized exchange of views, feedback mechanisms, liaison officers and common capacity building contribute to effective monitoring and prosecuting criminal cases. The OSCE could actively engage in overcoming barriers of co-operation between AML/CFT stakeholders.

## **SESSION II: REGIONAL CO-OPERATION ON ASSET RECOVERY**

**Moderator:** *Mr. Goran Svilanović, Co-ordinator of OSCE Economic and Environmental Activities*

**Rapporteur:** *Mr. Jean-Marc Flükiger, Attaché to the Permanent Representation of Switzerland to the OSCE*

The first speaker, *Mr. David Mikosz, Foreign Affairs Officer, Anti-Corruption and Anti-Money Laundering Specialist, U.S Department of State, Bureau of International Narcotics and Law*, gave an overview about the United States' approach to asset recovery. He presented several practical measures taken by his country in the field: first, specialized law enforcement teams have been set up; second, novel approaches have been developed, including non-conviction based forfeiture. Mr. Mikosz informed that these approaches have been successful and thus several civil law countries, as well as the European Union, have shown interest in this approach. The speaker highlighted the importance of close co-operation for an efficient tracing, freezing and forfeiting of assets. He also stressed the importance of networks such as the Camden Asset Recovery Inter-Agency Network (CARIN). Mr. Mikosz stated the OSCE can play an important role by coordinating and establishing partnerships with the World Bank/UNDOC Stolen Asset Recovery Initiative (StAR) and the Asset Recovery Focal Point Initiative. Moreover, he emphasized that initiatives such as StAR and the Focal Point initiative help building international capacity and should be key partners for the OSCE. The OSCE has unique strength in being able to help its participating States to develop their national capacities but also in helping applying the commitments taken.

*Ambassador Valentin Zellweger, Head of the Directorate of International Law, Swiss Federal Department of Foreign Affairs*, observed that asset recovery is a timely issue due to high profile cases such as in Egypt and Tunisia. He stressed the important efforts of Switzerland in this field. He also pointed out that according to the World Bank, stolen assets represent between 20 and 40 billion dollars every year. So far, five billion dollars have been recovered, of which two billion have been returned by Switzerland alone. The speaker stressed two ways of recovering assets: either by the country of origin which starts a prosecution and use mutual legal agreements (MLA) to recover the money or by a direct complaint and prosecution in the country where the assets have been stolen. The speaker highlighted the challenge of managing expectations. In the case of the Arab spring, it was necessary to explain that stolen assets cannot be returned at once and that legal procedures take time. Moreover, populations often consider the amounts stolen much higher than they really are. Laws are not sufficient. The political will to return assets is paramount. In this regard, the establishment of trust between States is important before sending MLA requests. On the role of the OSCE, Mr. Zellweger emphasized that no new instrument or mechanism is needed from the Organization. However, the OSCE can help participating States to ratify and implement the UNCAC and develop anti-corruption programmes, notably through its field presences. Moreover, the OSCE can provide support in helping strengthening the political will of participating States.

*Ms. Nina Lindros-Koopolo, Senior Economic Officer, Head of the Economic Governance Unit, Office of the Co-ordinator of OSCE Economic and Environmental Activities*, presented the results of the recent seminar “Identifying, Restraining and Recovering Stolen Assets in the OSCE region” held in Vienna, on 3-5 September 2012. The seminar sought to enhance the exchange of knowledge and experience between experts. The participants of the seminar issued eight recommendations to be considered by the participants of the Forum in Prague:

- First, the experts underlined the importance of advancing the effective implementation of UNCAC, and especially its chapter V.
- Second, they recommended to establish asset recovery as a policy priority and emphasized the need to develop specific asset recovery strategies in the OSCE region.
- Third, they considered that developing effective seizure and confiscation regimes in line with art. 31 of UNCAC is important, as is the introduction of non-conviction based forfeiture and the enforcement of forfeitures issued by other jurisdictions.
- Fourth, experts asked the OSCE to facilitate networking, the exchanges of experience and peer-learning among asset recovery practitioners within the region.
- Fifth, they also recommended the conduct of training programs on asset recovery through OSCE field presences in coordination with other relevant organizations, such as the World Bank, the Basel Institute of Governance and UNODC.
- Sixth, the creation of public-private partnerships for a better and effective implementation of the UNCAC, as well as to identify politically exposed persons and beneficial owner of assets, was also considered.
- Seventh, the experts recommended to establish or strength income assets declarations systems.
- To conclude, it was recommended that participating States should make full use of existing knowledge materials and technical services provided by international actors.

In the next presentation *Mr. Klaudio Stroligo, World Bank Senior Financial Sector Specialist*, observed that corruption and assets recovery are very high on the political agenda, but that the results are still poor. He then considered several challenges and obstacles in the field of assets recovery. One of the challenges is the lack of trust and of comprehensive assets recovery policies. As a solution, he proposed to establish institutional and promote personal contacts between relevant officials. He also mentioned the implementation problem, notably when States ratify international conventions but face difficulties in applying these conventions directly .Other barriers include the lack of effective domestic confiscation measures regimes. The speaker suggested introducing the possibility of seizing and confiscating instrumentalities and the reversal of the burden of proof. Even if it is sometimes argued that this measure is unconstitutional, the speaker observed that it is often not the case. He stressed the importance of measures such as a quick freezing and seizing of assets. He emphasized the need to use existing focal points and the fact that several financial actors have started to act proactively to help countries in formulating their requests. To conclude, he observed that the lack of a system of asset management is problematic as authorities do not know what to do with seized assets.

Several participating States and organizations contributed to the **discussion**.

*The representative of the Russian Federation* observed that there are numerous organizations active in the field of assets recovery. The Russian Federation called for an international unified mechanism, for example in the form of a central international database.

*The representative of Ireland* informed about the creation of a criminal assets bureau which has been quite successful. Ireland emphasized the importance of ‘breeding life’ into anti-corruption legislation and informed that in the future, more attention would be given to international networks, such as CARIN.

*The representative of Switzerland* highlighted three key elements for the recovery of stolen assets: the necessity to freeze the assets quickly, to establish direct contacts between the authorities and to strengthen political will. The importance of capacity building was also highlighted by the delegate.

*The representative of the United Nations Office on Drugs and Crime (UNODC)* emphasized the importance of specific expertise to develop specific national legislation but also to implement this legislation. In this regard he pointed out that the OSCE can play an important role in assets recovery: it is a vehicle to accumulate knowledge, to build trust and to network.

*The representative of the Basel Institute on Governance* underlined three roles for the OSCE in the field of assets recovery: (1) it is a forum for political dialogue and can play a role in furthering commitments of participating States; (2) the Organization can also be active in capacity-building through the field offices; and (3) it can offer tailor-made solution to participating States.

*The representative of the World Custom Organisation* emphasized its role and commitment in the development of capacities.

At the end, *Ms. Nina Lindros-Koopolo* summarized some of the possible roles of the OSCE in the field of stolen assets recovery. She pointed out that the Organization is a forum for dialogue but is also able, through its field presences, to identify the needs of participating States and offer custom-made trainings in co-operation with other training institutions. Concerning public-private partnership, Ms. Lindros-Koopolo added that the OSCE should consider what could be done at the national level.

### **Conclusions and recommendations for the OSCE:**

- Several panellists suggested that the OSCE could play an important role at the level of prevention of assets' stealing and in the implementation of existing instruments, for example the UNCAC and other relevant international/regional conventions at domestic level. In this regard, the meaningful disclosure of assets and interests of public officials could be an instrument encouraged by the OSCE. The development of monitoring systems has also been encouraged.
- The OSCE could also support the development of seizure and confiscation regimes, but also effective systems of stolen assets recovery, by its participating States.
- Several panellists and delegations pointed out to the fact that one of the added values of the OSCE lies in the field missions and their knowledge of the local environments. These missions could assist in identifying needs and could provide, with the help of other international partners like the StAR initiative, ICAR and UNODC, tailor-made trainings and support to fulfil these needs. The field presences could also provide help in the prevention of corruption.
- Another possible role of the OSCE lies in strengthening the political will and encouraging participating States to take appropriate measures to put the issue of stolen assets as a policy priority. The OSCE could facilitate the process for participating States to identify the relevant regional network for assets recovery and/or the exchange of information. Governmental institutions dealing with stolen assets should also consider the possibility of strengthening public-private partnerships.

### **SESSION III (PANEL DEBATE): STRENGTHENING CIVIL SOCIETY AND MEDIA ENGAGEMENT IN SUPPORT OF GOOD GOVERNANCE, INTEGRITY AND TRANSPARENCY**

**Moderator:** *Ms. Alina Mungiu-Pippidi, Prof., Hertie School of Governance, Chair the European Research Centre for Anti-Corruption and State Building Research, Romania*

**Rapporteur:** *Ms. Ermelinda Xhaja, National Programme Officer, OSCE Presence in Albania*

*The moderator, Ms. Alina Mungiu-Pippidi, welcomed the participants and panelists of the session and introduced the key topics to be covered. She added that one could measure the level of corruption in a given country by using as indicators the strength of the civil society and the freedom of the media.*

*Ambassador Norman L. Eisen, the United States Ambassador to the Czech Republic, emphasized the critical role that civil society plays in developing democracy and in supporting sound and lasting reforms by governments. Based on his previous experience as co-founder of a non-government entity - Citizens for Responsibility in Washington (CREW) - and Special Adviser to President Barack Obama on ethics and government reform, he pointed out that NGOs can play an important role in identifying corruption in governments and in supporting the necessary reforms to control and limit such mismanagements. He also underlined the importance to better control the relations between lobbyists and government officials, in order to increase transparency in the way governments do business and promote good governance. In his current capacity, Ambassador Eisen has promoted collaboration among the Czech government, NGOs and other relevant stakeholders. He mentioned, as example of a successful story, the creation of the Platform for Transparent Public Procurement. He listed a number of lessons learned from this initiative: (1) the importance to engage senior government leaders in carrying out reforms in partnership with NGOs; (2) the relevance of improving the coordination among NGOs; and (3) the value of establishing a common platform with media and civil society organizations in drafting new legislations.*

*Mr. Alfonso Zardi, Head of the Department of Local and Regional Democracy and Good Governance, Directorate of Democratic Institutions, Council of Europe (CoE), provided an overview of the CoE work in new member countries that had moved from totalitarian regimes to democracy. The CoE has promoted fair elections, effective local self-government and access to information and participation in local affairs by those living in a community. The quality of democracy is measured against the principles of good democratic governance at local level, the pillars of which are transparency, accountability, public ethics, rule of law and respect for human rights. The Strategy for Innovation and Good Governance at Local Level adopted by the Council of Europe is proposed to member states and is taking roots across Europe. According to Mr. Zardi the implementation of the reforms should start from the local level, to enhance the tools of local government to implement good governance principles as the closest to the citizens. Generally, there is a lack of trust in public institutions, but the local level is the one trusted most.*

*Mr. John Devitt, Chief Executive, Transparency International, Ireland, raised the issue of how civil society can engage with businesses and governments. The focus of social partnership process has been, for the last 25 years, on economic prosperity and very little discussions on corruption have taken place. The time is right to discuss issues that have affected the economic collapse. According to Mr. Devitt, there is no systemic approach to fight corruption and he pointed out the need to focus on bribery on international transactions. Another aspect would be to engage on political donations that influence public policies as well as on promoting values such as transparency and accountability.*

*Ms. Elena Panfilova, Board Member, Transparency International, the Russian Federation, stated that corruption differs in different countries and more support should be secured for activists in the countries that have totalitarian systems. She mentioned that the methods of civil society engagement*

have changed now as people are more aware of corruption. New methods for anti-corruption efforts include, *inter alia*, providing legal assistance to people suffering from corruption practices. The impact of Internet and media has influenced the way in which corruption can be tackled, as more people can be involved in the anti-corruption efforts, even though they are not active members of a civil society organization. Ordinary citizens can be better informed and organised as they are more informed now due to the new means of communications.

*Mr. Azamat Akeleev, Chairman of Public Supervisory Board at Ministry of Finance, Kyrgyzstan*, briefly introduced the Public Supervisory Boards (PSB) established in 40 different ministries and other public institutions. Such special commissions include officials, journalists and activists based on their professional and educational backgrounds, social activity and non-political affiliation. Talking about the functionality of PSBs, he stated that not all have turned out to be consistently active and efficient in improving transparency and accountability of the government. In many cases people selected to PSB have turned out to be incompetent, affiliated with government officials, or poorly motivated individuals. There was also a lack of financing and technical support. The limited co-operation and good will from the part of government officials also played a negative role in the poor performance of some PSBs. However, despite all these problems, a few successes have been generated by members of PSBs. Due to PSB at the Ministry of Transport and Communication several high profile cases have been opened against officials regarding embezzlement and corruption during construction of major roads. He mentioned also the work done by the Ministry of Finance's PSB to provide transparency of public finances and fight against the very culture of closed, corrupt and unaccountable Kyrgyz bureaucracy. Some concrete results have been achieved so far, such as online treasury operations and public hearings of budget proposals.

*Ms. Zana Vokopola, Executive Director of Urban Research Institute, Albania*, highlighted the reforms undertaken by the Albanian Government in fighting corruption as well as the establishment of a Governmental Agency to support civil society initiatives. Still, concerns regarding corruption remain widespread. She referred to the 'bottom up' approach where the citizens are those who should react and act, and highlighted some of the practical difficulties to develop this approach. The civil society is going weaker every day and the good 'role models' of civil society are often entering politics. There is a lack of trust especially in the justice system that remains very problematic in Albania. Another issue that has to be considered is the integrity of public institutions and promotion of integrity models of public officials but also of civil society actors.

In the **discussion** that followed, *the representative of Switzerland* said that specialized civil society organization can play a concrete role in fighting corruption. There is a need to build the knowledge and share experience with all the stakeholders. Civil society organizations and private sector can be involved in development of national strategies but also in reviewing mechanisms.

*The representative of the Russian Federation* mentioned the work done by the Ministry of Economy in Russia on public private partnership, where working groups have been established with representatives of business community, public authorities, parliament members, high courts, and law enforcement agencies to draft and approve a national Anti-corruption Plan. There is in place a national anti-corruption charter for business community. Also an expert group has been established to produce legal regulations on lobbying activities. Further on, *the representative* asked *Mr. Azamat Akeleev* from Kyrgyzstan how the Public Service Boards are established and if they are governmental bodies. *Mr. Akeleev* replied that the PSBs are created based on a presidential decree and people are selected by a specific commission and are coming mainly from media and civil society groups.

*A civil society representative from Taraz City, Kazakhstan*, shared experience of the NGO "Taraz Press Club" on monitoring implementation of the construction of the transport corridor "Western Europe-Western China" project. *The Economic and Environmental Officer of the OSCE Centre in Astana* gave an insight on this initiative of civil society supported by the OSCE. The aim of this



initiative is to assure accountability and transparency of the companies implementing the works of the project and monitor their activity in terms of human rights and anti-corruption, environmental requirements and identification of possible violations of the above.

*The representative of Tajikistan* shared the experience of the country in setting up an Anti-corruption council with government and civil society members. According to him, public organizations, NGOs and citizens are involved in hearings on approving regulations. Quite often, corruption is possible because the regulations in place are not well drafted. Anti-corruption expertise of civil society is needed to examine and ensure that national regulations and legal mechanisms are effective. Therefore, the involvement of civil society in drafting bills and monitoring the implementation is the right approach.

*A Representative from the Academic Institute for International Research in Ukraine* mentioned the support provided by the OSCE to update the energy strategy in his country by involving all the partners and raising awareness on best practices.

*A representative from Transparency International Moldova* shared experience of this organization in Moldova in monitoring the implementation of the UNCAC recommendations. Their suggestion on amending certain legislations has been taken into account by the Government and the required modifications have been adopted by the Parliament.

*A representative from OSCE Mission in Serbia* shared as a best practice the drafting and implementation of the Code of Conduct for local officials. This code was drafted in five languages and was considered an effective tool in monitoring the transparency and accountability of local officials.

*A representative from International Anti-Corruption Academy* mentioned the work done by his organization to train member of civil society as well as from the public and private sector on anti-corruption issues. He referred to a new master program. By having such training session together, there are more chances to build a sustainable network that may advance in the fight against corruption.

### **Conclusions and recommendations for the OSCE:**

- There is a need to strengthen civil society and media capacity to promote good governance broadly, at community level as well as national level. A broad approach involving the whole society can be more effective. If there are only a few dedicated anti-corruption organizations they can be easier made a target. Ideally, government and civil society should co-operate. The civil society should be empowered to supervise the government spending and aim and guaranteeing the impartiality of public services delivery.
- It is important to empower citizens and thus to broaden the numbers of active monitors of good governance. Nowadays, due to Internet and communication technologies, any citizen can report irregularities and corruption issues. Participants acknowledged that there is a need to ensure freedom of Internet and access to public data through publication of government expenses (online expense tracking systems), e-procurement, publication of available public jobs, etc.
- The people and organizations engaged in direct anti-corruption activity (whistle-blowing, disclosure campaigns) need to be protected and shielded from political harassment.
- All good governance activities can have an impact if their design is concrete enough, has a clear target and goes beyond the overused awareness raising. It is crucial to promote

measurable impact as the yardstick of good governmental and civil society anti-corruption activities.

#### **SESSION IV (PANEL DEBATE): PROMOTING GOOD GOVERNANCE AND INTEGRITY IN PUBLIC PROCUREMENT**

**Moderator:** *Professor Gustavo Piga, Università degli Studi di Roma “Tor Vergata”, Italy*

**Rapporteur:** *Mr. Pieter Ramaer, First Secretary, Permanent Representation of the Netherlands to the OSCE*

*The Moderator* introduced the theme of the Panel debate and stressed the vulnerability of public procurement to fraud and corruption and their negative impacts on socio-economic development. Bad procurement was also a threat to stability and security in the OSCE region. He presented some statistics on the negative impact of bad procurement. The aim of this panel discussion was to share experiences and present ways of improvement, in particular by harmonizing international public procurement systems. Professor Piga then introduced the Panellists and the key topics to be covered during the session and invited them to make their introductory statements.

*Mr. Paulo Magina, President of the Board and CEO of the National Agency for Public Procurement, Portugal,* focused in his presentation on current trends in public procurement regulation and approaches and electronic public procurement, known as e-procurement, in particular. He described how in Portugal a very successful reform in public procurement was accomplished. The usage of e-procurement was fundamental to it. All Portuguese public procurement was now electronic, using e-tendering and e-awarding tools to support the process. He stressed that the political will to change and evolve is important. He concluded that to his believe this reform brought a new level of governance and efficiency to public procurement in Portugal.

*Mr. Timothy Lemay, Principal Legal Officer, United Nations Commission on International Trade Law (UNCITRAL),* gave a brief introduction to the work done by UNCITRAL. The overarching aims of the UNCITRAL Model Law on Public Procurement (adopted in 2011) are achieving value for money and avoiding abuse in public procurement, through: maximizing participation and competition in procurement, ensuring fair and equitable treatment of participants, assuring integrity, fairness and public confidence in the procurement process and promoting transparency. Procurement systems need to be tailored to individual legal and administrative systems, to take account of systemic risks, differing sizes of economy, geography, and so on, but core principles and procedures need to be agreed. UNCITRAL has sought to tread a middle way in its Model Law.

*Ms. Eliza Niewiadomska, Principal Counsel, EBRD-UNCITRAL Initiative,* gave a presentation of the EBRD and UNCITRAL initiative on enhancing public procurement regulation in the CIS countries and Mongolia. The main expected key outcomes of the initiative are: modern, high-quality national public procurement legal framework, based on the 2011 UNCITRAL ML standards but tailored to the country context and compliant with the 2012 WTO Government Procurement Agreement.

*Ms. Olga Anchishkina, Deputy Head, Department of Macroeconomic Analysis and Methodologies, Accounts Chamber of the Russian Federation,* focused on the Russian approaches to the organization of public procurement. Central in this was the formation of the Federal Acquisition (Contracting) System (FA(C)S), a new administrative, institutional and technological framework for promotion of good governance and integrity in public procurement. Ms. Anchishkina described the development of the new Code of integrity in public procurement that could establish standards of fair behaviours both for the procurement entity and for the suppliers. This Code will create valuable

reference points which are important for law enforcement agencies, public control and monitoring by civil society. She emphasized the need for transparency and monitoring. In this regard, Ms. Anchishskina suggested that the OSCE in co-operation with its partners could contribute to the creation of an international monitoring system in the sphere of public procurement. Such monitoring system could include quantitative control indicators and help to identify and spread best national practices in public procurement, as well as facilitate the process of harmonizing international public procurement regimes.

*Ms. Dinta Foco, Director of Public Procurement Agency, Bosnia and Herzegovina*, focused on the impact of legal framework on the public procurement procedures. Her main conclusions and recommendations were that the legal framework should establish procedures with all elements accepted which have impact on the public procurement system, taking into account conditions on the relevant market, knowledge about procurement in contracting authority and suppliers. This means that requests would not be too formalistic but also not too flexible. Instead, these requests will ensure compliance with the main principles of the public procurement, more legal focus on prevention of the corruption, and speed up appeals process where focus would not be excessive on the formalistic mistakes.

*Ms. Elodie Beth, Head of the Procurement Unit in the Public Governance and Territorial development Directorate, OECD*, presented the findings from a review of progress made by OECD countries in the implementation of the Recommendation on Enhancing Integrity in Public Procurement. This Recommendation is an instrument adopted by all OECD member countries to promote good governance and integrity in public procurement. Ms. Beth stressed the need to introduce indicators in the process.

Due to time constraints there was limited time for discussion and summing up. The most important recommendation to OSCE participating States was to encourage participating States to accede to existing arrangements such as the World Trade Organization Agreement on Government Procurement (GPA). The Moderator concluded the panel meeting by asking the panellists the following question: “What would you prefer: more rules or more discretion?” Most panellists answered: “both”.

## **SESSION V: CROSS-DIMENSIONAL ISSUES LINKED TO THE PROMOTION OF PRINCIPLES OF GOOD GOVERNANCE**

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

**Rapporteur:** *Ms. Caroline Donnellan, Attaché, Permanent Mission of Ireland to the OSCE*

In his introductory remarks *the Moderator, Ambassador Lozos*, spoke about the work of the Economic and Environmental Committee on examining the cross dimensional linkages of the 2012 ‘good governance’ theme. In this regard he referred to the success of the thematic Committee meeting which specifically dealt with such cross-dimensional issues.

*Mr. Peter Knoope, Director, International Centre for Counter Terrorism (ICCT), the Netherlands*, was the first speaker, providing a presentation on links between good governance and violent extremism and radicalisation that leads to terrorism. He discussed the ways in which poor governance, a lack of economic opportunities and corruption can relate to terrorism. He noted that the ICCT examines the support base of terrorist groups, rather than the leadership, demonstrating that the removal of the support base can best isolate the leaders of terrorist groups and reduce their

power. Mr. Knoope recommended a variety of policy responses to deal with the issues, which included:

- A reduction of the operating space for ideologues and recruiters;
- The increasing of resilience, cohesion and participation through education, improved economic prospects and the setting of positive examples to promote social inclusion;
- Addressing divisions in society, enhancing engagement with civil society on good governance standards, promoting debate and communication and fighting discrimination/exclusion;
- Building bridges between the government and the citizen to facilitate the improvement of governance.

**Dr. Maria Grazia Giammarinaro**, *OSCE Special Representative and Co-ordinator for Combating Trafficking in Human Beings*, spoke next. In her presentation, Dr. Giammarinaro highlighted the importance of leveraging anti-corruption and anti-money laundering tools to combat and prevent trafficking in human beings and promote good governance. She outlined how the global economic crisis has compounded the trafficking problem by enhancing the market for traffickers. Sectors such as agriculture, construction, food processing, hospitality, restaurants, and domestic work were mentioned as becoming particularly affected by trafficking alongside the development of the global economic crisis. Dr. Giammarinaro noted that trafficking is a large scale problem affecting the global economy that impedes growth, fuels corruption and undermines rule of law. The three “Ps” Prevention, Protection and Prosecution were highlighted as being important parts of an approach to combat trafficking.

With regards to the relationship between trafficking and corruption, Dr. Giammarinaro noted that corruption practices can range from the passive, involving ignoring or tolerating of trafficking to active, whereby direct involvement takes place. Risks for corrupt officials are extremely low, and victims often feel that they have no recourse to justice and unfortunately, the criminal justice response is often not commensurate with the crime. She explained that money laundering allows the proceeds of crime to flow into the legal economy, yielding profits for traffickers. The freezing and forfeiture of the proceeds of crime can be an important step in addressing trafficking, since it is primarily profit-driven. FATF/MONEVAL typologies therefore can enhance and form part of anti-trafficking measures.

Dr. Giammarinaro emphasised that there are now sufficient tools and legal frameworks in existence to address trafficking however they now need to be implemented and applied fully. She noted that if a country is serious about addressing the issue it has to tackle corrupt practices and investigate the flows of money associated with trafficking of human beings. In addition regional and international co-operation was considered to be important in pursuit of large scale criminal actors and networks as opposed to a sole focus on low-level perpetrators. The creation of joint-investigation teams was one such example of this type of co-operation. In conclusion, Dr. Giammarinaro offered her full support in assisting stakeholders in this process and providing guidance in fulfilling the three C’s: the conviction of the perpetrators, including corrupt officials, the confiscation of the trafficker’s assets and compensation for the victims.

**Ambassador Miroslava Beham**, *Senior Advisor on Gender Issues, Office of the OSCE Secretary General* spoke about the gender mainstreamed perspective of promoting security and stability through good governance. She outlined that the ‘good governance’ concept, is considered to be gender inclusive. To achieve this, women need to be empowered through targeted policy and through the creation of an environment that is conducive to widespread inclusion.

She noted that the first challenge to this process is that many believe that good governance is ‘gender neutral’. Regressive laws, statutes and regulations can often harm women however this is

often passively ignored. Ambassador Beham also noted that non-inclusive systems can lead to corruption which can greatly reduce spending on services that predominantly affect women and children's welfare. Corruption can increase obstacles for women entrepreneurs and can make it difficult for women to access capital. In addition corruption can lead to a lack of access to water and energy resources which can particularly impact on women who, for example, often bear the burden of seeking water/fuel. Ambassador Beham noted that 'hard sector' issues can also be 'gender issues' and commented on the importance of a gender balance in the police force to foster trust in society. The second challenge was that women are often thought of as 'victims' only, whereas women can be important actors in the promotion of good governance and in driving change. Ambassador Beham provided statistics to demonstrate that at greater representation of women is associated with lower levels of corruption in certain areas. The third challenge outlined was that drivers of exclusion have deep cultural political, social and institutional roots.

Ambassador Beham felt that the OSCE should promote stronger targeted action to increase women's access to decision-making spheres and referred to the 2004 Gender Action Plan and the Ministerial Decision 07/09 call for involvement of women in all levels of decision making. Specific areas of action could include:

- The improvement of access to information, education and training;
- The promotion of awareness raising and capacity building measures to empower women with respect to their rights;
- The promotion of awareness raising and capacity building on how to prevent violations of good governance;
- Working with other partners on complaint mechanisms such as whistle blower protection and complaint centres;
- The implementation of gender-inclusive election systems;
- The improvement of gender analysis and reporting. The OSCE could advocate sex-disaggregated data and ensure that the data are reported to the right systems and monitored correctly.

**Ms. Patricia Revesz**, *Governance Advisor, World Customs Organisation (WCO)*, spoke about the negative consequences of corruption in the Customs area, which can include revenue loss; the wearing down of public trust and confidence; a reduction in compliance; a decline in social protection and national security; impede Customs reforms; obstruct international trade and economic development, and increase costs to the community. She noted that corruption can be difficult to tackle as it is often 'hidden' and that corruption in the Customs field is specific and its measures must therefore be specific and often technical/practical in nature. Appropriate sanctions are not always in place and overall changes can take some time.

Ms. Revesz outlined the WCO integrity strategy which includes several tools: the revised Arusha Declaration; the Integrity Development Guide, Revised Model Code of Ethics and Conduct, and the Leadership and Management Programme. In addition, awareness raising, integrity pilot projects and empirical research form part of its strategy. Ms. Revesz provided an outline of an Integrity Pilot Project of the WCO in Uruguay, held in partnership with the private sector. Also discussed was a system of performance measurement in Cameroon, where a comprehensive customs reform was launched in 2007.

Ms. Revesz outlined the co-operation that has been taking place between the OSCE and the WCO in this area. This co-operation includes an awareness campaign (WCO SAFE Framework of Standards), guidance for the Handbook of Best Practices at Border Crossing, an AEO regional training workshop in Dushanbe, Integrity Seminars in Astana and Almaty. WCO representatives have also participated in a number of events and discussions are taking place on future co-operation

in integrity areas. In terms of added value, Ms. Revesz commented that the WCO has Customs expertise whereas the OSCE can offer larger outreach to all border agencies.

The Moderator opened the floor to delegations. *The representative of the Russian Federation* outlined the measures that have been taken in the country to tackle corruption, improve state and municipal services and to improve control and oversight mechanisms in order to enhance overall transparency.

*Dr. Michael Hecker of Mobile TeleSystems* spoke about recent negative experiences of his company in Uzbekistan.

*A representative of the Polish Ministry of Foreign Affairs* spoke about the importance of sustainable development, the need for solidarity and co-operation and Poland's commitment to remain engaged in dialogue and debate.

## **CONCLUDING PLENARY SESSION – THE ROLE OF THE OSCE IN PROMOTING GOOD GOVERNANCE IN FOLLOW-UP TO THE 20TH ECONOMIC AND ENVIRONMENTAL FORUM**

**Rapporteur:** *Mr. Robert Hull, Second Secretary, Permanent Mission of Ireland to the OSCE*

In opening the session *Ambassador Eoin O'Leary, Chairperson of the OSCE Permanent Council and Permanent Representative of Ireland to the OSCE*, stressed that the conclusion of the Forum should not be the end of the discussions, but rather it should mark a staging post in terms of the response by OSCE participating States to the imperative of delivering better governance for our citizens. In his view, OSCE Foreign Ministers should address this issue at the Dublin Ministerial Council in December and he drew the attention of participants to the proposals already put forward by the Irish OSCE Chairmanship.

Summing up the discussion over the previous days he noted four key issues that had been raised. Firstly, the importance of implementing existing commitments. Alongside this, the crucial importance of anti-corruption strategies and institutions to fight corruption. These must be adequately resourced and protected from undue interference if they are to be able to carry out their important work. Regional co-operation was another critical component highlighted, particularly efforts aimed at tackling problems like money-laundering and terrorist financing, which proliferate where governance is weak, or in facilitating asset recovery. Finally, he noted that there is a need to constructively interact – and indeed increase the level of interaction – with civil society, the private sector and the media in efforts to promote good governance and combat problems such as corruption. He commented that we will not remain true to the concept of good governance if we do not reflect this perspective in our commitments and our actions.

*Mr. Goran Svilanović, Co-ordinator of OSCE Economic and Environmental Activities*, then spoke, drawing attention to some of the recommendations emerging from the discussions. He began by stressing the importance that participants had attached to co-operation by the OSCE with relevant key partner organizations. Likewise, the discussions had also confirmed the importance of partnerships with civil society and the private sector, and the need to strengthen these. Other important issues highlighted during the meeting included the importance of promoting integrity and accountability, the need for reliable and upright public procurement systems and the value that the OSCE can add to regional co-operation on asset recovery. Mr. Svilanović noted that the meeting had also looked at good governance from a cross-dimensional perspective and had explored areas where the OSCE could provide further assistance towards efforts to counter money-laundering and

terrorist financing. These include through capacity building activities and by brokering meetings between public and private AML/CFT stakeholders. Mr. Svilanović concluded by drawing attention to two forthcoming OSCE publications which could act as tools to promote good governance. They are an updated edition of the Handbook of Best Practices in Combating Corruption and the OSCE Handbook on Data Collection in support of Money Laundering and Financing of Terrorism National Risk Assessments.

A number of participating States then spoke from the floor to provide concluding remarks.

*The representative of the United States* expressed his hope for fruitful progress in Dublin and hoped that good governance would not be a one year topic for the OSCE. It stressed its support for the UN Convention against Corruption and said the goals laid out in Chapter V of the Convention are critical. The US believes the OSCE can play a supportive role in this regard. The US representative added that civil society has an undeniable role in promoting good governance. States should adopt a collaborative approach that involves civil society, academia, the private sector and the media. The US hopes for agreement on a Ministerial Declaration in Dublin that reflects the comprehensive nature of the OSCE.

Next to speak was the *representative of the European Union*. The representative expressed its support for the proposals contained in the Irish Chairmanship's Food for Thought Paper on Strengthening OSCE Commitments on Promoting Good Governance and Transparency. The European Commission noted that many elements necessary for good governance are human rights related and expressed support for a number of existing international and regional initiatives and standards related to good governance, transparency and AML/CFT issues. The delegate concluded by proposing that future discussions on economic and environmental topics within the OSCE take a good governance perspective.

*The Ukrainian delegation* joined other delegations in expressing support for the theme of the Forum and for deepening co-operation on good governance within the OSCE. Ukraine drew attention to the agreed theme of the 21<sup>st</sup> Economic and Environmental Forum which will be: "Increasing stability and security: Improving the environmental footprint of energy related activities in the OSCE region". Ukraine noted the links between the theme of this year's Forum and next year's theme and highlighted the possibility of continuing some of this year's discussions in the context of one of the Forum preparatory meetings next year.

The next delegation to speak was *Turkey*, who welcomed the fact that the discussions had highlighted the cross-dimensional aspects of good governance. Turkey also noted the crucial importance of long-term political will and public-private partnerships in good governance efforts. Turkey suggested the OSCE participating States should stick to shared values and that the OSCE field operations offer a useful structure for further effective work. Turkey hopes the Ministerial Council in Dublin will lay the ground for further work by the OSCE on good governance.

The final delegation to take the floor was *Azerbaijan* who said the commitment amongst participating States to work on all aspects of good governance and transparency is welcome and encouraging. Azerbaijan believes the role of the OSCE should be focused on designing activities geared towards promoting security and stability. In closing, Azerbaijan noted that sometimes the work of private companies in other countries can violate the sovereignty of participating States. Azerbaijan suggested that this is another comprehensive issue related to good governance that the OSCE should consider addressing.

*Ambassador O'Leary* concluded the session by thanking all those that had contributed towards the organisation of the Forum. He also highlighted the theme of next Economic and Environmental Forum and reiterated the relevance of this year's discussions to that topic. He finished by

encouraging delegations to consider as they returned to their capitals how OSCE participating States can step up their efforts to promote good governance.

## **SPECIAL EVENT: OSCE RESOURCES FOR COMBATING CORRUPTION, MONEY LAUNDERING AND THE FINANCING OF TERRORISM**

**Moderator:** *Ms. Nina Lindroos-Kopolo, Senior Economic and Environmental Officer, Office of the Co-ordinator for Economic and Environmental Activities, OSCE Secretariat*

**Rapporteur:** *Mr. John Hillman Herring, Senior Economic and Environmental Officer, OSCE Centre in Bishkek*

Following the recommendation of the Financial Action Task Force (FATF) that countries perform a risk assessment focusing on the financing of terrorism and money laundering, the OSCE, together with the World Bank (WB), has supported Serbia, Kazakhstan, and Kyrgyzstan in performing such risk assessments. In September 2012, OSCE and the International Monetary Fund (IMF) will sponsor a regional national risk assessment workshop for additional seven nations. To further the process, after consultation with the FATF, WB, and IMF, the OSCE determined to develop a Handbook on Data Collection in support of Money Laundering and Financing of Terrorism National Risk Assessments.

*Presentation by Ms. Nina Lindroos-Kopolo, Senior Economic and Environmental Officer, Office of the Co-ordinator for Economic and Environmental Activities, OSCE Secretariat*

Ms. Nina Lindroos-Kopolo presented the **updating of the OSCE Best Practices in Combating Corruption handbook**. Ms. Lindroos-Kopolo pointed out that this tool is being produced for the use of experts and practitioners and/or policy-makers and civil society stakeholders. The aim of the handbook is to provide new and/or updated knowledge material that can be useful as guidance and reference in implementing more effective anti-corruption regimes in the OSCE participating States. The Speaker explained that this tool covers a broad range of issues related to prevention, criminalisation, law enforcement and international co-operation. It also discusses the different stakeholder roles including civil society, media and the private sector. Thus, the issues dealt with cut across the mandates and work of the different dimensions of the OSCE.

The speaker noted that in order to bring the readers the best added value and highest possible quality, the Office of the Co-ordinator for OSCE Economic and Environmental Activities (OCEEA) decided to carefully review the text and collect expert inputs from other OSCE dimensions as well as OSCE's key partner organizations. Ms. Lindroos-Kopolo informed that during the updating, the OCEEA has **partnered with ODIHR**, who will update the chapters dealing with political party financing, conflict of interest, lobbying and the judiciary. The speaker also announced that in autumn a **small expert review group** will be in charge of giving feedback on the different chapters. Ms. Lindroos-Kopolo also took advantage of the presentation to note the intention of the OCEEA to incorporate as far as possible the national contributions received so far from a number of participating States. In this regard, she welcomed the participation of **national anti-corruption experts from participating States** particularly interested in contributing to this work in the review group. Finally, Ms. Lindroos-Kopolo shared her hope that the handbook will be ready by end of this year or early next year.

*Presentation by Mr. Christian Larson, Programme Officer OCEEA, OSCE Secretariat, and Mr. Nir Artzi, AML/CFT Consultant*



While many States have anti-money laundering and combating the financing of terrorism (AML/CFT) systems which are well designed, there remains the issue of how they function in practice, and how to improve that functioning.

One problem is that standards are usually set by those with significant private sectors and adequate state budgets, but those standards also apply to States without these advantages. An additional problem is the conflict between the desire to retain flexibility, characteristic of many States with existing programmes and adequate budgets, and the desire for clear unambiguous direction, characteristic of those States with less experience with risk management and lower budgets.

The National Risk Assessments (NRAs), which are the first requirement in meeting AML/CFT standards, exemplify this problem. IMF, WB, and ‘standard setting nations’ have developed methodologies to assess AML/CFT threat, vulnerability, and potential consequences. Other nations, dedicated to achieving compliance, seek guidance on how to do so with limited resources. Further, review of the results produced by even the best financed States showed a lack of uniformity in data collection, which impedes and often precludes meaningful comparisons across States.

As a result, the handbook has been developed, with support from Irish Aid and the Irish Chairmanship of the OSCE. The handbook has created no new standards: instead, it focuses on providing practical tools which States may adopt in developing or amending their data collection strategies and practices. Because it is comprehensive, it also serves as a source for ideas for how any country can improve its performance in this arena.

The rationales for standardizing data collection relevant to AML/CFT are:

- improved understanding of patterns and threats (criminal, geographic, etc);
- improved resolution of analysis possible;
- capacity to track changes over time;
- ID of vulnerabilities at national level; analysis of suspicious actions;
- Aids in prioritizing in specific areas, improving resource allocation, legal framework, etc.

In summary, it leads to more effective use of available resources.

The challenges to data collection are:

- multiple stakeholders (Customs, prosecutors, law enforcement, etc) means multiple systems for data collection;
- incompatible data;
- definitional issues- often not consistent even within a country, especially with respect to how data should be collected;
- limited guidance.

The key Common Data Collection Issues are:

- units of measurement (“cases” versus “individual”, etc);
- reporting periods;
- missing data;
- aggregated or disorganized indicators;
- money laundering versus terrorism financing (usually very limited data on the latter, and it can be “lost” if lumped into the other categories);
- currency conversions and value estimates.

The Handbook allows for a systematic approach. One critical point remains the appointment of a single agency/authority to lead data collection effort. Guidance on topics include: Reports from Financial Intelligence Units (FIUs); Criminal Justice system; Asset Restraints (freezing, seizing, confiscation); International Co-operation; Regulatory Sectors; Demonstration matrix. The handbook

may evolve as a “living document” if updates are indicated and feasible. Currently the document is near final.

*Presentation by Kuanysh Dairbekov, Ministry of Finance, Republic of Kazakhstan.*

Kazakhstan’s National Assessment began in October 2011 with information exchange between Departments and work with World Bank. It included three stages:

- 1) Seminar in October 2011. Result: six work groups : analysis of threat, law, geographic and economic factors, financial conditions, non-financial conditions, and business;
- 2) Six month period for work groups to collect and analyze data;
- 3) Seminar on results of work group activity; attendance by law enforcement and other agencies.

The World Bank commented on methods and a strategy was set to realize all planned activities. Currently, the work is being done, with an anticipated completion date of October/November 2012. The process will result into an assessment of level of threats into high, medium, and low categories. This will enable a focus on high threat issues and points to recommendations to improve relevant legislation.

Along the process many questions were raised, including “what information is actually needed?” and “where can it be found?” Principally, though, a major issue was the need for close co-operation of various agencies, including agreement on specific proposals. Only through such co-operation can a clear picture emerge.

The Moderator, *Ms. Nina Lindroos-Kopolo*, highlighted that the Kazakhstan experience demonstrates that the process helps countries to decide how to allocate resources, and what legal changes are needed. The process requires multi-agency co-operation.

During the discussion, *the representative of the OSCE Mission to Bosnia and Herzegovina* highlighted a number of issues from his country’s experience:

- there has been a strengthening of monitoring - 14 field offices, work with judicial and civil society;
- BiH progress includes adoption of strategy and creation of anti-corruption agency;
- BiH has done baseline assessment, including analysis of existing legal framework; further actions are planned;
- Analysis of difference between perceptions and experience of corruption.

There are plans to enhance this programme. This allows assessment of judicial response to corruption. One goal is a tailored monitoring strategy, from first response through judicial action. The OSCE also provides support to other organizations fighting corruption.

*Mr. David Mikosz, of the US State Department* stated his country supports the Handbook effort. He also asked whether there would be a formal process for seeking input from civil society organizations. *Christian Larson* responded the OSCE has invited feedback, but it is important to remember the Handbook is aimed at primarily government groups.

*The World Bank representative* also welcomed the issuance of the Handbook and asked if it would be possible to move beyond risk assessment. According to the WB experience with doing assessments it is key to include in an action plan that you will start collecting data in a meaningful way. The WB process is flexible, which may mean that in order to be useful to the country, the

process/techniques may not be compatible with Handbook or international standards. An example is in the classification of certain types of crimes. *Christian Larson* responded the goal was “to remove blinders caused by the lack of data”. The OSCE will consider how to incorporate the WB comments. He concluded by reiterating the desire for comments from interested parties.

**Organization for Security and Co-operation in Europe  
Economic and Environmental Forum**

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**875th Plenary Meeting**

PC Journal No. 875, Agenda item 4

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

The Permanent Council,

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

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

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

Decides that:

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

- Promotion of good governance and transparency, including through the combating of corruption, particularly with a view to strengthening socio-economic development;
- Contribution of civil society, the media and the private sector in support of good governance and initiatives to combat corruption;

4. The agendas of the Forum meetings, including the timetables and themes of the working sessions, will be proposed and determined by the OSCE Chairmanship for 2012, after being agreed upon by the participating States in the Economic and Environmental Committee;

5. Moreover, having a view to its tasks, the Economic and Environmental Forum will review the implementation of OSCE commitments in the economic and environmental dimension. The review, to be integrated into the agenda of the Forum, will address OSCE commitments relevant to the theme of the Twentieth Economic and Environmental Forum;

6. The discussions of the Forum should benefit from cross-dimensional input provided by other OSCE bodies and relevant meetings, organized by the Office of the Co-ordinator of OSCE Economic and Environmental Activities, under the guidance of the OSCE Chairmanship for 2012, and deliberations in various international organizations;

7. Moreover, having a view to its tasks, the Economic and Environmental Forum will discuss current and future activities for the economic and environmental dimension, in particular the work in implementation of the OSCE Strategy Document for the Economic and Environmental Dimension;

8. The participating States are encouraged to be represented at a high level, by senior officials responsible for shaping international economic and environmental policy in the OSCE area. The participation in their delegations of representatives from the business and scientific communities and of other relevant actors of civil society would be welcome;

9. As in previous years, the format of the Economic and Environmental Forum should provide for the active involvement of relevant international organizations and should encourage open discussions;

10. The following international organizations, international organs, regional groupings and conferences of States are invited to participate in the Twentieth Economic and Environmental Forum: Asian Development Bank, Barents Euro-Arctic Council, Organization of the Black Sea Economic Co-operation, Central European Initiative, Collective Security Treaty Organization, Commonwealth of Independent States, Conference on Interaction and Confidence-Building Measures in Asia, Council of Europe, Council of the Baltic Sea States, Economic Cooperation Organization, Egmont Group, Eurasian Economic Community, Eurasian Group on Combating Money Laundering and Financing of Terrorism, European Bank for Reconstruction and Development, European Investment Bank, Europol, Financial Action Task Force, International Anti-Corruption Academy, International Labour Organization, International Monetary Fund, Interpol, Middle East and North Africa Financial Action Task Force, MONEYVAL, North Atlantic Treaty Organization, Organisation for Economic Co-operation and Development, Organization for Democracy and Economic Development – GUAM, Organization of the Islamic Cooperation, Regional Cooperation Council, Secretariat of the Extractive Industries Transparency Initiative, Shanghai Cooperation Organization, Southeast European Cooperative Initiative, United Nations Commission on International Trade Law, United Nations Conference on Trade and Development, United Nations Development Programme, United Nations Economic Commission for Europe,

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

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

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

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

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

## WELCOMING REMARKS

**by the Minister of Foreign Affairs of the Czech Republic presented by the Deputy  
Minister of Foreign Affairs H.E. Tomáš Dub**

Mr. Chairman,  
Excellencies, Ladies and Gentlemen, Distinguished Guests,

I would like to welcome all of you in Prague on the occasion of the twentieth OSCE Economic and Environmental Forum. We are pleased to see the representatives of the 56 participating States of the OSCE, the representatives of the OSCE Secretariat, as well as the OSCE Partners for Co-operation and the representatives of international organizations. We know that this event is important for the OSCE and I wish you to make best use of it.

Before coming to the topic of the Forum, let me make few comments about the OSCE agenda as a whole.

We are heading towards Dublin Ministerial Council and we hope the outcome will be more substantive than in Vilnius where we failed to adopt any human dimension decision. This was indeed disappointing.

We are looking forward to continue our work in a run up to Dublin to adopt the decisions in all three dimensions proposed by Irish Chairmanship on Transnational Threats, Confidence Building Measures, good governance and transparency and last but not least on media freedom as well as decision on new media and safety of journalists.

Mr. Chairman,

It is high time, in our view, to achieve some progress in main OSCE's agenda, after we experience some setbacks in recent years, such as impasse in first dimension or recurrent violation of the OSCE commitments in the third dimension. There is no doubt that we have number of good and valuable commitments in the OSCE and it is indeed crucial not to undermine them with any new decision that we take in the future. More commitments are desirable only if we do not compromise on our old ones. Yet, one of our biggest challenges in first, second and not least in third dimension remain the actual implementation of the OSCE commitments.

The topic of the 20th Economic Forum - "Promoting Security and Stability through Good Governance" is very relevant. Corruption undermines rule-of-law, trust in state institutions and hampers economic development. This is something that no government can afford to overlook today. Particularly important is the role of civil society and independent media in this regard and I welcome that the session of this Forum is devoted to the "Strengthening civil society and media engagement in support of good governance, integrity and transparency".

In conclusion, Mr. Chairperson, I would like to express my hope that this year's Forum will be conducive to formulate some concrete conclusions and recommendations that can help participating States to tackle important challenges in good governance and transparency.

Let me express my thanks to the Irish Chairmanship, to wish much success to the Ukrainian incoming Chair. But I would like to also thank to Secretary-General, Coordinator of the OSCE Economic and Environmental Activities, the OSCE Secretariat and its Prague Office and organizers for all the preparatory work they have done.

I wish you a pleasant and productive stay in Prague.

Thank you for your attention.

## WELCOMING REMARKS

by **H.E. Brian Hayes, T.D. Minister of State**  
**Department of Finance, Ireland, 2012 OSCE Chairmanship**

*Your Excellencies,  
Distinguished Guests,*

I am delighted to participate again in this year's Economic and Environmental Forum and to open the Concluding Meeting. I would like to convey a warm welcome to all participants both personally, and on behalf of my good colleague, Deputy Prime Minister Eamon Gilmore, the OSCE Chairperson-in-Office. I wish also to express my gratitude to the Ministry of Foreign Affairs of the Czech Republic for once again hosting us here in this wonderful setting.

This meeting marks an important milestone for the OSCE Economic and Environmental Forum – it is 20 years since the participating States of the then Conference on Security and Cooperation in Europe agreed to establish the Forum. Each year since, the Forum has gathered together policymakers, national experts, international organisations and representatives from civil society and the private sector to discuss economic and environmental issues that impact on our collective security. Under the organisation of the Office of the Co-ordinator of Economic and Environmental Activities, this meeting has established itself as an important forum for dialogue and exchange of experiences. I want to thank Mr Svilanovic, the current Coordinator, for the continued effort and dedication shown by him and his team towards making each Forum so successful.

*Distinguished Guests,*

The Forum was conceived to provide political stimulus to issues pertinent to strengthening free-market economies and building democracy. Good governance, the theme of this year's Forum under the Irish OSCE Chairmanship, is a concept that contributes precisely to these objectives. When governance is transparent, inclusive and accountable, economies are more efficient, democracy is stronger and ultimately states are more secure.

Good governance is multifaceted and to promote and strengthen it, both nationally and in a region such as our own, requires the development of comprehensive and efficient strategic approaches involving co-operation at several levels. States have rightly recognised that working together and developing common standards yields better results.

Organisations such as the Council of Europe, the Organisation for Economic Cooperation and Development (OECD), the United Nations Office on Drugs and Crime (UNODC) and the Financial Action Task Force (FATF) have all undertaken important work in different areas. Each is an important partner for Ireland and also for the OSCE. I am delighted that they have all been involved in the Forum this year. I am particularly pleased to be joined this morning by Mr. Richard Boucher, Deputy Secretary General of the OECD and Mr. Marin Mrčela, President of the Council of Europe Group of States against Corruption (GRECO).

In the field of combating corruption, there has rightly been much focus in recent years on the ratification and implementation of the United Nations Convention against Corruption. I am pleased that a solid partnership has been developed between the OSCE and the UNODC in that regard. At the same time, the OSCE has been active in co-operation with other organisations. The OSCE supports their implementation review mechanisms, including the OECD Anti-Corruption Network for Eastern Europe and Central Asia. I hope we will see a further strengthening of such joint efforts as a result of this Forum process.



Likewise, challenges such as money laundering and terrorism financing represent global security threats and effective solutions can only be achieved through the commitment and active involvement of all countries. Ireland is a member of the Financial Action Task Force and is committed to applying the revision of the FATF recommendations agreed in February this year. However, the capacity to cope with these threats through the international AML/CFT system is only as strong as its weakest link. It is in the mutual interest of all participating States that we take the same rigorous approach to combating money laundering and terrorist financing. Ireland is, therefore, involved in discussions at EU level for the revision of the EU's 3<sup>rd</sup> Money Laundering Directive to take account of the new FATF recommendations.

We also believe the OSCE should advocate the full implementation of the new FATF Recommendation and support such efforts.

However, there are severe limitations to the effectiveness of such international frameworks if legislation is not enacted by a state to translate these commitments into policy. Ireland recognises this and is committed to putting into place strong legislation to tackle corruption, money laundering and terrorist financing. We wish also to promote a society where corruption will simply not be tolerated.

The objective of the General Scheme of the Criminal Justice (Corruption) Bill 2012, which has been approved by the Irish Government for drafting, is to clarify and strengthen the law on corruption in Ireland. While there is already substantial anticorruption legislation in place, it is intended that the Bill will make the relevant law more accessible. It is also intended to replace and update existing offences concerning giving or receiving bribes. The General Scheme contains provision for stiff penalties of up to 10 years imprisonment and unlimited fines for persons convicted of offences under this measure. It also provides for the Courts to be given new powers to remove public officials from office, following conviction, and to exclude them from holding office for up to 10 years.

The Scheme of the Bill was published to enable a Parliamentary Committee, and any other interested parties, to provide observations on it prior to the commencement of drafting. Development of the Bill allows for reflection on Ireland's experience in recent years as party to a number of international agreements on tackling corruption. Along with the key active and passive corruption offences, and provision for significant extra-territorial jurisdiction, the scheme also provides for whistle-blower protection for relevant offences. In this regard, I should like to clarify that the scheme of the Bill will address offences committed by persons in both the private and public sector.

After drafting of this measure is finalised, the Bill will then be submitted to Government for approval before its formal publication and introduction to the Irish Parliament.

Ireland also introduced new legislation in 2010 which strengthened Irish law against money laundering and terrorist financing, and brought it in to line with the EU's 3<sup>rd</sup> Money Laundering Directive and the latest FATF recommendations. This legislation incorporates the Directive and FATF requirements regarding the adoption of a risk-based approach. This allows the effected financial and other bodies to concentrate their resources where the risks of money laundering and terrorist financing are greatest.

Effective implementation of anti-money laundering legislation is critical. For that reason the 2010 Irish legislation assigns specific responsibility to the Central Bank of Ireland and to other competent authorities to monitor compliance and to take measures to secure compliance with the provisions of the legislation. In the context of money laundering, the Central Bank of Ireland clearly recognises the importance of better and more robust regulation.

The 2010 legislation also established an Anti-Money Laundering Compliance Unit within the Department of Justice with responsibility for areas which had previously been unregulated for money laundering purposes including trust and company service providers, gaming clubs and dealers in high value goods.

The enactment of Ireland's money laundering legislation represents a significant element in the new and stronger regulatory regime for the financial services sector. It represents a commitment on the part of the State to have a legislative regime in respect of money laundering and terrorist financing that will be equal to the best in the international arena.

*Distinguished Guests,*

One cannot talk about promoting good governance without reference to the role of the private sector, a free media and civil society organisations. They are critical partners in national and international efforts to promote good governance. Their participation goes hand in hand with development of sound national policies. Civil society can also play a crucial role in encouraging accountability and monitoring the implementation of commitments.

Again the OSCE plays an important role in facilitating dialogue between civil society and governments, particularly through the work of its field operations but also at meetings such as this. I am delighted that representatives from the private sector, the media and civil society organisations across our region have been so actively involved in the Forum. I look forward to your contributions over the coming days.

Ultimately though, good governance relies upon political will. And building up political will is both a key purpose of the Forum and an area where the OSCE can add value on good governance issues.

As you will be aware, Ireland has been working over the course of its OSCE Chairmanship to build consensus on increasing our commitments within the OSCE on good governance. We will continue to work on this in earnest in the coming months and hope progress will be secured at the Ministerial Council in Dublin. Ireland views this meeting in Prague as a crucial point in that process. We have, over the next three days, the opportunity to draw together the discussions which took place during the two preparatory meetings in Vienna and Dublin and consider how we might advance the recommendations that came from these meetings.

Ireland has already put forward a number of proposals in this regard, which are contained in a food-for-thought paper circulated to delegations in July. We believe that it is timely for OSCE participating States to reinforce their commitment in this area. We think it is, therefore, important for this year's Ministerial Council to make a strong and clear statement on the critical importance of good governance for participating States.

A new OSCE commitment might also:

- stress the important role that civil society and the private sector, including a free media, play in promoting good governance;
- promote increased international, regional and national co-operation to counter corruption, money laundering and the financing of terrorism;
- acknowledge existing international initiatives aimed at addressing these issues;
- encourage continued cooperation by the OSCE with key international actors and agree concrete steps to facilitate this; and
- 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.

We value the feedback we have already received from delegations on our proposals and we look forward to further comments. We will also listen closely to the views and recommendations that emerge from the deliberations which take place here in Prague. I would encourage you all to engage actively in the discussions by sharing your expertise and recommendations. I am confident the Forum will succeed in meeting its objective, and will generate renewed momentum to progress our commitment to good governance.

Thank you.

## OPENING REMARK

by Mr. Goran Svilanović

**Co-ordinator of OSCE Economic and Environmental Activities**

*Your Excellencies,  
Ladies and Gentlemen,*

Let me warmly welcome all of you to Prague, to the Concluding Meeting of the 20<sup>th</sup> OSCE Economic and Environmental Forum. It is a privilege to address such a distinguished audience.

The theme of this meeting – *Promoting Security and Stability through Good Governance* – proposed by the Irish OSCE Chairmanship and supported by all 56 participating States, provides, without any doubt, a great opportunity to enhance the continuity and the consistency to our work in the economic and environmental dimension. The Forum process aims at stimulating political dialogue, generating momentum, strengthening partnerships, formulating ideas and recommendations. I am confident that this year, once again, the Forum deliberations will in the end lead to a reinforcement of commitments undertaken by our participating States. I am also convinced that both my Office and the OSCE Field Operations will find enough food-for-thought enabling us to strengthen our engagement on the ground in this priority area which is good governance. There is a lot to do in this field across the OSCE region.

*Ladies and Gentlemen,*

We are building on solid ground. Throughout the preparatory process, during the preparatory meetings in February and April, high level representatives and experts from the public and private sector, the civil society and academia, as well as from regional and international organizations, formulated already a number of valuable suggestions related to countering money laundering and the financing of terrorism and promoting good governance and combating corruption in support of socio-economic development. The outcomes of the preparatory meetings enabled us to better understand the challenges we are facing, the perspectives of different stakeholders, and the options we have to advance co-operation on this very topical and important issues.

Let me now underline some of the key conclusions and suggestions for the way ahead as they emerged from the preparatory meetings. I will be brief and I also encourage you to consult the *Food for Thought Paper* (EEF.GAL/19/12) prepared by my Office.

Let me also mention that a number of 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* – which will be presented and discussed in the following session. Let me take this opportunity and thank the author of this report for her excellent work.

The first meeting in February in Vienna focussed on countering money laundering and the financing of terrorism. It was noted that, given the global nature of the phenomenon, only a proactive and consolidated action of all stakeholders, public and private, both domestically and at the supranational level can be effective.

The OSCE shall continue to build upon its previous engagement in the area of AML/CFT and, *inter alia*, advocate the implementation of international standards such as the FATF Recommendations; provide, in co-operation with partners, technical and methodological support to conduct National

Risk Assessments; develop and deliver tailor made capacity building activities, for example to strengthen national financial intelligence units, or to support the development of necessary legislation pertinent to AML/CFT. As a geographically wide political forum, the OSCE has an added value in accentuating the efforts on strengthening regional inter-regional co-operation by facilitating exchanges of best practices and experience.

In Dublin in April, participants in the second preparatory meeting discussed ways and means of advancing good governance principles and combating corruption in support of socio-economic development. From the outset, the importance of effective and full implementation of the United Nations Convention against Corruption was highlighted. There is a need to step up efforts in all areas covered by the convention – prevention, criminalization, international co-operation and asset recovery.

As well, another key conclusion is that effective anti-corruption strategies require a holistic and inclusive approach. Multi-stakeholder co-operation at various levels can be instrumental toward achieving good governance and fighting corruption in the OSCE region. In particular, the capacity and the role of civil society organizations should be strengthened. The OSCE, including through its field presences, should continue to provide support in that regard. At the same time, international organizations, including ours, should serve as facilitators at regional, sub-regional and inter-state dialogue to give an impetus to trans-boundary co-operation and exchange of best practices and ideas.

The OSCE could also contribute in strengthening public sector integrity. Model codes of conduct for public officials, helping governments to better regulate public procurement, enhancing institutional capacity, promoting open, transparent, responsive and accountable government, supporting efforts to build effective asset recovery systems, are just some areas for possible future engagement.

In doing all of the above, the OSCE will continue to co-ordinate and develop synergies with partner organizations such as the UNODC, OECD, the Council of Europe, European Union, the World Bank and the IMF. A number of recent events illustrate the value of such a co-operative approach. To name just a few, let me highlight the *Regional Seminar on Promoting Local Government Reform and Good Governance at Local Level*, held last December in Kyiv in tandem with the Council of Europe's Centre of Expertise for Local Government Reform, the *National Risk Assessment workshops* held in Astana, Bishkek and Belgrade together with the World Bank and the *Expert Seminar on Asset Declarations for Public Officials* organized in May in Bishkek, jointly with the OECD Anti-Corruption Network for Eastern Europe and Central Asia and the United Nations Office on Drugs and Crime.

More recently, in fact last week, in Vienna, together with the UNODC and the Stolen Asset Recovery (StAR) Initiative of the World Bank and the UNODC, we organized a *Seminar on Identifying, Restraining and Recovering Stolen Assets in the OSCE Region*. While this topic will be discussed in greater detail tomorrow, let me just underline the importance of putting in place effective asset recovery systems for the credibility of national and international anti-corruption and anti-money laundering efforts. We learnt that although progress has been made in recent years, much still remains to be done and for moving forward more swiftly stronger political will is needed.

*Ladies and Gentlemen,*

This year's Forum process has already generated relevant recommendations for the OSCE in the field of good governance. Here in Prague we should consolidate these results and pave the ground for a successful Ministerial Council in Dublin at the end of the year. In that regard I commend and fully support the efforts of the Irish Chairmanship towards building consensus on a possible

Ministerial Council Decision on good governance. I also want to voice my highest appreciation for the excellent co-operation with the Chairmanship along this year's Forum process.

*Dear Participants,*

I would like to end my intervention by highlighting two additional issues.

This year is an anniversary edition – the 20<sup>th</sup> – of the Forum. To celebrate that, we put together a brochure highlighting the Forum's history, its achievements to date, the thematic areas covered. In my view the Forum remains a useful instrument providing strategic direction for our work in the economic and environmental dimension and a fundamental link between various activity areas and different stakeholders. Increasing its effectiveness has been and should continue to be a constant preoccupation of delegations and of my office.

We have also set up a small exhibition displaying cartoons, drawings and posters from various public campaigns on anti-corruption in the OSCE region organized by various international and civil society organizations. We want to raise awareness on the scourge of corruption and on its pervasive effects and at the same time to recall the commitment enshrined in the OSCE Strategy Document for the Economic and Environmental Dimension "...to make the elimination of all forms of corruption a priority . . .".

I hope you will enjoy it and I believe it will give you additional food-for-thought.

I am looking forward to our discussions.

I thank you for your kind attention.

## CLOSING REMARKS

**By Ambassador Eoin O’Leary  
Chairperson of the OSCE Permanent Council  
Permanent Representative of Ireland to the OSCE**

Excellencies,

Distinguished Participants,

We have reached the concluding session not only of our meeting here in Prague but of this the twentieth Forum process. Over the course of three meetings we have discussed extensively the importance of good governance and the crucial contribution it makes towards security and stability. We have had an ambitious agenda and covered an extensive range of issues.

Our discussions have benefited from the insights and wisdom of a vast range of experts and stakeholders. On behalf of the Irish Chairmanship, I would like to express our thanks to all those panellists – both speakers and moderators – who have taken of their time to participate in the meetings, particularly this week’s event. Your contributions have been central to our dialogue.

Whilst we conclude the Forum process today, I hope we are only at a staging post in terms of the response by OSCE participating States to the imperative of delivering better governance for our citizens. OSCE participating States sent a clear signal last year of the importance they attach to this issue by deciding to make good governance a topic of high-level dialogue in the OSCE once again through the Forum process. Now OSCE participating States should consider how they can move beyond this and translate dialogue into action. This session offers an opportunity to discuss precisely this question.

Our Ministers should address this issue at the Dublin Ministerial Council. As delegations will be aware, the Irish Chairmanship has put forward some initial proposals already in the context of our food for thought paper issued in July. We have been developing these proposals and will be reflecting on these in light of the recommendations from this meeting in the coming days. We will be issuing a more detailed text in the next few weeks, which we will use as the basis for the first tage of discussions on a text to be agreed in Dublin at the Ministerial Council.

The Irish Chairmanship has been encouraged as we have listened to discussions here in Prague that our own thinking appears to be in alignment with the views being expressed by the delegations and perhaps I can highlight some of those areas.

Firstly, the importance of implementing existing commitments. It is clear from what has been said that there are many valuable frameworks already agreed relating to good governance issues. There is no need for the OSCE to add another new framework or mechanism. However, implementation remains a challenge – be it because of lack of capacity of political will. On both counts the OSCE can assist.

The crucial importance of anti-corruption strategies and institutions to fight corruption has also been highlighted. These must be adequately resourced and protected from undue interference if they are to be able to carry out their important work.

Regional cooperation is another critical component, particularly to efforts aimed at tackling problems like money-laundering and terrorist financing, which proliferate where governance is weak, or in facilitating asset recovery. The OSCE offers a platform for networking and for facilitating coordination, both between states and between relevant international actors and other stakeholders.

Finally, there is a need to constructively interact – and indeed increase the level of interaction with civil society, the private sector and the media in efforts to promote good governance and combat problems such as corruption. The central concept of good governance is inclusivity and the participation of all members of society in decision making. We will not remain true to the concept of good governance if we do not reflect this perspective in our commitments and our actions.

This is not an exhaustive list of the recommendations or themes emerging from our discussions, but I believe they are some of the pillars a new OSCE document should be built around.

Before opening the discussion I'd like to pass the floor to Mr. Goran Svilanovic, Co-ordinator of OSCE Economic and Environmental Activities, for his own reflections on our discussions as well as perhaps a summary of some of the recommendations emerging from the sessions which have been identified by our rapporteurs.

Thank you, Goran for that comprehensive review. The floor is now open.

## DISCUSSION

Ladies and Gentlemen,

Many ideas have been expressed at this meeting. These can indeed serve as basis for a substantial follow-up to the Forum as well as for a document to be adopted in Dublin. I would ask all delegations to engage constructively in the negotiations on a Ministerial Council document. We share a common goal and I am confident that it will prove possible to reflect this in consensual language in Dublin.

Before I conclude I would like to thank the Permanent Representative of Ukraine, the incoming OSCE Chairmanship, for his intervention. As participants were informed, the theme of next year's Forum will look at the environmental footprint of energy related activities.

I would like to congratulate Ukraine on identifying another pertinent issue for dialogue on. Energy related activities and their impact on the environment, can undoubtedly pose a threat to security. As Ambassador Prokopchuk noted, this is another area where good governance is also crucial, whether by enabling citizens to have access to information and participate in decision making or in ensuring transparency in processes and economic decisions. We look forward to receiving further information in due course on the topics for discussion in each meeting and to beginning discussions in earnest during the Ukrainian Chairmanship.

Dear Participants,

As I mentioned at the outset this Forum process has benefited significantly from the contributions of our excellent speakers, panellists and moderators. There are a number of others without whom this particular meeting and the Forum process more broadly would not be possible.

I would like to warmly thank our host, the Ministry of Foreign Affairs of the Czech Republic, for inviting us to use this magnificent venue. I think you would all agree with me that it is a delight to have the opportunity to spend time in this beautiful city.

Thank you to the OSCE Prague Office for all the practical work which goes on behind the scenes to ensure the smooth running of this event here each year.

I would like to thank our rapporteurs for providing us with summaries of our discussions to allow for further reflection and deliberation.



Another vital contribution has been the work done by interpreters.

Thanks as well to the Economic and Environmental Officers from the OSCE field presences for their recommendations of speakers and input into the different sessions.

But most of all I would like to express my gratitude for the work of the Office of Coordinator of Economic and Environmental Activities, led by you Goran. I would like to thank you for the excellent support and cooperation the Irish Chairmanship have received in the planning and organisation of this year's Forum. Perhaps if you permit me I might single out the staff of the Forum Unit in your office, Gabriel Leonte, Edelmira Campos-Nunez and Andrea Gredler, assisted this year in particular by the Head of the Governance Unit, Nina Lindroos-Kopolo, and commend them for their outstanding work. Although I might add that there are many other colleagues from your Office here who have also contributed significantly and we are grateful for all their efforts.

To conclude perhaps I can repeat the quote from Vaclav Havel that Mr Mrcela reminded us of in the opening session:

“Vision is not enough, it must be combined with venture. It is not enough to stare up the steps, we must step up the stairs”

As you return home from Prague lets think further on how we as OSCE participating States can step up.

I wish you a safe trip home and look forward to continuing this conversation.

The Forum Meeting is now concluded.

## CLOSING REMARK

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

Dear Ambassador O'Leary,  
Your Excellencies,

I would like to join the Irish Chairmanship in thanking you all for the outstanding work done during this Concluding Meeting. I am also very pleased to note that the two preparatory meetings organized in Vienna and Dublin have fulfilled their task and firmly guided us in preparing this week's discussions. The theme proposed by the Chairmanship has proved to be of great interest to participants from different countries, fields of expertise and backgrounds. The presence of numerous government delegates, representatives of key partner organizations, civil society and the private sector confirms the pertinence and relevance of the approach we have undertaken. Throughout this last part of the Forum process, we have examined different aspects of good governance, identified our strengths and our weaknesses both as states and the OSCE and we have managed to better understand where we stand and the direction we would like to take going forward. I am pleased to have noted a general consensus throughout the Forum process that efforts to promote good governance and fight corruption in the OSCE area can be successful only through close co-operation among the various stakeholders, that our efforts in concert are greater than our efforts in isolation.

Ladies and Gentlemen,

In this last Session of the Forum I would like to share with you some of the recommendations that have arisen from our debates.

I would like to start by stressing the importance participants have attached to **co-operation with relevant key partner organizations**. Their importance was constantly emphasised during the both the preparatory meetings and this concluding meeting. The Report on the Review of commitments has deepened our understanding of the different international instruments the OSCE participating States are party to or can join, including the many benefits the adoption and implementation of such initiatives can bring. I would like to take advantage of this opportunity to thank the representatives of these key partner organizations for having accepted our invitation, for have shared their expertise with us and for expressing their support during our discussions. From our side, the OCEEA will continue to support participating States in their efforts to join international commitments and incorporate them into their national legislation, especially with regard to the UNCAC provisions and the FATF recommendations.

Our debates have also confirmed that another key element for the successful promotion of good governance and the effective fight against corruption is **strengthening the role of and partnerships with civil society and the private sector**. It is indeed in the interest of participating States to have a well informed and dynamic civil society which is capable and empowered to contribute to discussions undertaken in legal, regulatory and institutional frameworks. In this regard, the OSCE stands ready to support activities aiming at promoting public private dialogue and co-operation.

At the same time, **integrity and accountability** must also be promoted, not only in our societies, but in our governments. While talking about our government structures, participants have noted the necessity to further engage in promoting a reliable and upright **public procurement system**. We have seen the magnitude public procurement's vulnerability to abuse, and we have heard the advantages of promoting the integrity of those involved in the public procurement process. We have also heard about the benefits of harmonizing public procurement systems and regulatory approaches. Indeed, this is a field where the OSCE can continue to facilitate the exchange of best practices and support relevant international initiatives.

I would like now to turn to a relatively new area of engagement for my Office, which is asset recovery. During the Forum Process we have reconfirmed the value the OSCE's regional nature adds to successful co-operation among participating States. This was made especially clear during the discussions on **asset recovery** – which built upon the expert conclusions of last week's asset recovery seminar in Vienna. It was noted that the OSCE could provide a platform for the exchange of best practices, organize capacity building and training activities, and foster further co-operation and networking among key stakeholders in the participating States.

We have devoted a great deal of attention to **anti money laundering and countering the financing of terrorism**. Although the relevant international standards are quite comprehensive, significant work remains in implementing them. We have heard several concrete proposals of ways to foster closer partnerships with the private sector to increase the effectiveness of our AML/CFT efforts. For example, governments can provide financial institutions with feedback and information on emerging trends in organized crime. In terms of how the OSCE can support the participating States on AML/CFT, we heard suggestions to continue building the capacity of the participating States to implement those portions of the international standards that have thus far been largely overlooked. We also heard suggestions that the OSCE broker meetings between public and private AML/CFT stakeholders to help facilitate public-private partnership. A number of OSCE participating States have begun the process of conducting a national Risk Assessment, and the OSCE could continue to support interested participating States in this regard.

In the final session we have looked at **good governance from a cross-dimensional perspective**. Indeed, the fight against corruption and the promotion of good governance are very much transversal issues. Properly managed customs and border services for instance allow for more effective trade and transport. Well governed societies also take away many of the root causes of extremism, terrorism and organized criminality. The need for more international cooperation was highlighted.

Ladies and Gentlemen,

This year's Forum process has provided us in the OCEEA with a great opportunity to consolidate our knowledge and better prioritize and streamline our good governance-related activities. It was for us a useful learning exercise and I hope you share this perception.

As announced at the special event on Wednesday, we are finalizing two new tools: the updated edition of the **Handbook of Best Practices in Combating Corruption and the OSCE Handbook on Data Collection in support of Money Laundering and Financing of Terrorism National Risk Assessments**. I am convinced that these publications will contain practical tools the participating States can use to further their efforts to prevent and fight corruption and money laundering. I would like to reassure you of my Office's readiness to assist participating States in putting in practice the recommendations and guidelines included in these forthcoming publications.

Your Excellencies,

These are just some of the recommendations the 20<sup>th</sup> OSCE Economic and Environmental Forum process has generated. In the upcoming weeks my Office will prepare a Consolidated Summary of our deliberations based in the work carried out by our excellent rapporteurs.

However, our discussions on this topical theme do not end here. I would like to encourage delegations to duly reflect on all the ideas and recommendations stemming from the Forum, and to contribute to shaping our follow-up engagements and activities. Delegations will have the opportunity to continue discussing these issues in the framework of the Economic and Environmental Committee and during the Economic and Environmental Dimension Implementation Meeting due to take place in October in Vienna. The EEDIM meeting provides an opportunity to further confirm the participating States' focus on the field of good governance and on concrete outcomes of the debates we have carried out during the Forum process.

I would like to encourage the participating States once again to make the most of what has been discussed here and be ready to translate the Forum's conclusions and recommendations into political engagements and a reinforcement of our commitments in this field. Let me conclude by reiterating our support for the Irish Chairmanship to build consensus for a Ministerial Council Decision on Good Governance to be adopted by the Ministerial Council in Dublin in December.

Thank you



Organization for Security and Co-operation in Europe  
The Secretariat

Vienna, 7 September 2012

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

**CONCLUDING MEETING**

**Prague, 12 – 14 September 2012**

Venue: Czernin Palace, Loretánské nám. 5, 118 00 Prague

**ANNOTATED AGENDA**

**Wednesday, 12 September 2012**

10.00 – 13.00      **Opening Plenary Session** (*open to the press*)

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

**Welcoming remarks:**

- **H.E. Tomáš Dub**, Deputy Minister of Foreign Affairs, Czech Republic
- **H.E. Brian Hayes T.D.**, Minister of State at the Department of Finance, Ireland,  
2012 OSCE Chairmanship
- **Mr. Goran Svilanović**, Co-ordinator of OSCE Economic and Environmental  
Activities

**Keynote addresses**

**Mr. Marin Mrčela**, President, Council of Europe/Group of States against Corruption  
(CoE/GRECO)

**Mr. Richard Boucher**, Deputy Secretary General, Organisation for Economic Co-  
operation and Development (OECD)

**Statements by Delegations / Discussion**

13.00 – 14.30      Lunch break

14.30 – 16.30                    **Review of the implementation of OSCE commitments in the area of good governance**

**Moderator: Mr. Martin Kreutner**, Chair, Transition Team, International Anti-Corruption Academy (IACA)

**Rapporteur: Ms. Pavlina Rehor**, Counsellor, Delegation to the International Organisations in Vienna, European Union

- Review Report on *Strategic approaches to corruption prevention in the OSCE region*

Presenter and author: **Ms. Gretta Fenner Zinkernagel**, Managing Director of the Basel Institute on Governance

Commentator: **Mr. Martin Kreutner**, Chair, Transition Team, International Anti-Corruption Academy (IACA)

- The review process of the United Nations Convention against Corruption (UNCAC) by **Mr. Dimosthenis Chrysikos**, Crime Prevention and Criminal Justice Officer, Corruption and Economic Crime Branch, Division for Treaty Affairs, United Nations Office on Drugs and Crime (UNODC)
- The EU anti-corruption policy revisited - rationale of the new EU approach against corruption in internal and external policies by **Mr. Jakub Boratynski**, Head of Unit, DG Home, European Commission

16.30 – 17.00                    Coffee/Tea break

17.00 – 18.30                    **Special Event:**                    **OSCE resources for combating corruption, money laundering and the financing of terrorism**  
(English/Russian interpretation only)

- OSCE handbook of best practices in combating corruption
- OSCE handbook on data collection in support of money laundering and terrorism financing national risk assessments

**Moderator: Ms. Nina Lindroos-Kopolo**, Senior Economic and Environmental Officer, Office of the Co-ordinator for Economic and Environmental Activities, OSCE Secretariat

**Rapporteur: Mr. John Hillman Herring**, Senior Economic and Environmental Officer, OSCE Centre in Bishkek

- **Mr. Christian Larson**, Programme Officer, Office of the Co-ordinator for Economic and Environmental Activities, OSCE Secretariat and **Mr. Nir Artzi**, AML/CFT Consultant
- **Mr. Kuanysh Dairbekov**, Head of Division, Committee on Financial Monitoring of the Ministry of Finance of the Republic of Kazakhstan

18.30                                    **Reception hosted by the Irish 2012 OSCE Chairmanship, Gardens of the Czernin Palace.**

## Thursday, 13 September 2012

09.30 – 11.00            **Session I: Multi-stakeholder co-operation in Anti-Money Laundering /Countering the Financing of Terrorism (AML/CFT)**

- Overview of steps being taken to increase the effectiveness of AML/CFT regimes across the OSCE region
- Examples of best practices in interagency co-operation in the fight against ML/TF
- Identification of benefits, methods and legal bases for increased international co-operation
- The need to build partnerships with the private sector in the fight against ML/TF

**Moderator: Ms. Donna Carruth**, Senior Manager, Financial Information, Strategy and Prevention, Serious Organised Crime Agency, United Kingdom

**Rapporteur: Ms. Heike Jantsch**, Counsellor, Permanent Mission of the Federal Republic of Germany to the OSCE

- **Mr. John Ringguth**, Executive Secretary, Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, MONEYVAL
- **Mr. Shane Riedel**, Director in Compliance at Citigroup London, United Kingdom
- **Mr Zbyslaw Dobrowolski**, Economic Advisor, Supreme Audit Office, Jagiellonian University Institute of Public Affairs, Poland
- **Mr. Elnur Musayev**, Senior Prosecutor, Anti-Corruption and Anti-Money Laundering Department, Republic of Azerbaijan

11.00 – 11.30            Coffee/Tea break

11.30 – 13.00            **Session II: Regional co-operation on asset recovery**

- Major areas of activity and gaps on asset recovery in the OSCE region
- Opportunities for increased membership and participation of OSCE participating States in asset recovery networks and focal point initiatives
- Identifying opportunities to develop asset recovery experience and expertise in the OSCE region

**Moderator: Mr. Goran Svilanović**, Co-ordinator of OSCE Economic and Environmental Activities

**Rapporteur: Mr. Jean-Marc Flükiger**, Attaché to the Permanent Representation of Switzerland to the OSCE

- **Ambassador Valentin Zellweger**, Head of the Directorate of Public International Law, Federal Department of Foreign Affairs, Switzerland
- **Mr. David Mikosz**, Foreign Affairs Officer, Anti-Corruption and Anti-Money Laundering Specialist, Department of State, Bureau of International Narcotics and Law, United States
- **Ms. Nina Lindroos-Kopolo**, Senior Economic and Environmental Officer, Office of the Co-ordinator for Economic and Environmental Activities, OSCE Secretariat
- **Mr. Klaudijo Stroligo**, Senior Financial Sector Specialist, Financial Marketing Integrity, World Bank

13.00 – 14.30 Lunch break

14.30 – 16.00 **Session III (Panel debate): Strengthening civil society and media engagement in support of good governance, integrity and transparency**

- Importance of civil society, private sector and media participation in the fight against corruption and the role of legal, regulatory and institutional frameworks at national and local level as well as broader political will to this end
- Transparency and access to information (*i.e.* through e-government, organising public meetings or hearings, introducing grievance mechanisms etc.) and education and training as pre-requisites for the development of well informed and engaged civil society
- Building partnerships between public sector and civil society organizations as a platform for increased interaction, mutual feed-back and external control and monitoring
- The role of the OSCE in building the capacity of civil society and the public sector at national and local levels

**Moderator: Ms. Alina Mungiu-Pippidi, Prof.**, Hertie School of Governance, Chair the European Research Centre for Anti-Corruption and State Building Research, Romania

**Rapporteur: Ms. Ermelinda Xhaja**, National Programme Officer, OSCE Presence in Albania

- **Ambassador Mats Ringborg**, International Trade Policy Department, Ministry of Foreign Affairs, Sweden
- **Ambassador Norman L. Eisen**, United States Ambassador to the Czech Republic
- **Mr. Alfonso Zardi**, Head of the Department of Local and Regional Democracy and Good Governance, Directorate of Democratic Institutions, Council of Europe
- **Mr. John Devitt**, Chief Executive, Transparency International, Ireland
- **Ms. Elena Panfilova**, Board Member, Transparency International, Russian Federation
- **Mr. Azamat Akeleev**, Chairman of Public Supervisory Board at Ministry of Finance, Kyrgyzstan
- **Ms. Zana Vokopola**, Executive Director of Urban Research Institute, Albania

16.00 – 16.30 Coffee/Tea break

16.30 – 18.00 **Session IV (Panel debate): Promoting good governance and integrity in public procurement**

- The vulnerability of public procurement to fraud and corruption and their impacts on socio-economic development
- Current trends in public procurement regulation and approaches (*i.e.* e-procurement, codes of conduct, transparency measures, integrity pacts, sharper sanctions, public private co-operation, monitoring by civil society) and exchange of experience on the effectiveness of introduced reforms
- The importance of harmonizing international public procurement systems
- The role of international organizations in promoting greater transparency, competition and objectivity in public procurement decision-making



**Moderator: Professor Gustavo Piga**, Università degli Studi di Roma “Tor Vergata”, Italy  
**Rapporteur: Mr. Pieter Ramaer**, First Secretary, Permanent Representation of the Netherlands to the OSCE

- **Mr. Michael Camuñez**, Assistant Secretary of Commerce, United States of America
- **Mr. Paulo Magina**, President of the Board and CEO of the National Agency for Public Procurement, Portugal
- **Mr. Timothy Lemay**, Principal Legal Officer, United Nations Commission on International Trade Law (UNCITRAL)
- **Ms. Eliza Niewiadomska**, Principal Counsel, EBRD-UNCITRAL initiative
- **Ms. Olga Anchishkina**, Deputy Head, Department of Macroeconomic Analysis and Methodologies, Accounts Chamber of the Russian Federation
- **Ms. Dinta Fočo**, Director of Public Procurement Agency, Bosnia and Herzegovina
- **Ms. Elodie Beth**, Head of the Procurement Unit in the Public Governance and Territorial Development Directorate, OECD

18.30                      **Reception hosted by the Co-ordinator of OSCE Economic and Environmental Activities, Lobkowitz Palace at the Prague Castle**

### **Friday, 14 September 2012**

09.30 - 10.30            **Session V - Cross-dimensional issues linked to the promotion of principles of good governance**

- Understanding the interplay between promoting good governance, fostering socio-economic development and societal cohesion, and addressing transnational threats
- The need to promote integrity in border security and management agencies
- The importance of leveraging anti-money laundering and anti-corruption tools to combat trafficking in human beings

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

**Rapporteur: Caroline Donnellan**, Attaché, Permanent Mission of Ireland to the OSCE

- **Mr. Peter Knoope**, Director, International Centre for Counter Terrorism (ICCT), the Netherlands
- **Ms. Maria Grazia Giammarinaro**, Special Representative and Co-ordinator for Combating Trafficking in Human Beings, OSCE Secretariat
- **Ambassador Miroslava Beham**, Senior Adviser on Gender Issues, OSCE Secretariat
- **Ms. Patricia Revesz**, Governance Advisor, Capacity Building Directorate, World Customs Organization

10.30 – 11:00            Coffee/Tea break

11:00 – 13.00            **Concluding Plenary Session – The role of the OSCE in promoting Good Governance in follow-up to the 20<sup>th</sup> Economic and Environmental Forum**

**Rapporteur: Mr. Robert Hull**, Second Secretary, Permanent Mission of Ireland to the OSCE

- **Ambassador Eoin O’Leary**, Chairperson of the OSCE Permanent Council, Permanent Representative of Ireland to the OSCE
- **Mr. Goran Svilanović**, Co-ordinator of OSCE Economic and Environmental Activities
  - General Discussion
  - Closing Statement