

# 24<sup>TH</sup> ECONOMIC AND ENVIRONMENTAL FORUM

“Strengthening stability and security through co-operation on good governance”

## 2016 COMPILATION OF CONSOLIDATED SUMMARIES

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CONCLUDING MEETING  
Prague, 14-16 September 2016

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### PLEASE NOTE:

All documents and speakers' presentations of the respective Forum Meeting are available on the OSCE Economic and Environmental Forum website:

**Concluding Meeting:** [www.osce.org/event/24th\\_eef\\_2016](http://www.osce.org/event/24th_eef_2016)

Consolidated Summary (EEF.GAL15/20/16), <http://www.osce.org/secretariat/290181>

**Second Preparatory Meeting:** [www.osce.org/event/24th\\_eef\\_prep2](http://www.osce.org/event/24th_eef_prep2)

Consolidated Summary (EEF.GAL/16/16), <http://www.osce.org/secretariat/262976>

**First Preparatory Meeting:** [www.osce.org/event/24th\\_eef\\_prep1](http://www.osce.org/event/24th_eef_prep1)

Consolidated Summary (EEF.GAL/8/16), <http://www.osce.org/secretariat/227761>

**24<sup>th</sup> OSCE Economic and Environmental Forum  
CONCLUDING MEETING**

**Prague, 14-16 September 2016**





## EXECUTIVE SUMMARY

The Concluding Meeting of the 24th OSCE Economic and Environmental Forum (EEF) on „Strengthening stability and security through co-operation on good governance“ took place in Prague on 14-16 September 2016. During this three-day-meeting, the following areas were addressed:

- Good governance and its impact on business climate, sustainable economic development, stability and security;
- The way to Hamburg;
- The role of the private sector in fighting corruption, money-laundering and financing of terrorism for strengthening stability and security;
- Trade facilitation measures and good governance in supply chains;
- Good environmental governance and its impact on economic development, stability and security;
- Review of the implementation of the OSCE commitments relevant to the theme of the 24<sup>th</sup> Economic and Environmental Forum;
- Good migration governance and labour market integration.

More than 250 participants, including official representatives of OSCE participating States, field operations, institutions and Partners for Co-operation as well as experts from international, regional and non-governmental organizations, the business community and academia attended the meeting and engaged in the discussions about various aspects of good governance and connectivity.

Ambassador Eberhard Pohl, Chairperson of the OSCE Permanent Council and the Permanent Representative of Germany to the OSCE opened the event together with H.E. Lubomír Zaorálek, Minister of Foreign Affairs of the Czech Republic and Ambassador Lamberto Zannier, Secretary General of the OSCE.

The keynote speech as well as many other interventions emphasized that connectivity and good governance based on predictability and mutual trust arising out of the agreed rules are among key elements for promoting peace, strengthening dialogue and security, and ensuring prosperity. It was highlighted that strengthening security in the OSCE region through strengthening the Economic and Environmental Dimension and enhanced connectivity and good governance was a key priority. Good governance could be seen as the foundation of effective government and viable economic and environmental policies, since it ensures sound regulatory frameworks, rule of law, and engagement with relevant stakeholders. By removing barriers to cross-border co-operation, supporting trade facilitation and customs co-operation, and improving the regional climate, the OSCE could foster sustainable growth. The OSCE's already significant contribution to promoting sustainable development and good environmental governance was specifically noted as a valuable experience.

Several participating States briefed on best practices in their countries on the achievements in the field of connectivity and good governance. The importance to reaching out to partners beyond the OSCE area was also mentioned as well as the need to reinforce the Economic and

Environmental Dimension with a better integration of all three dimensions. It was stated several times that the Economic and Environmental Dimension should be used as a catalyst for co-operation and confidence building while including the activities of the field operations.

Discussions also focused on the key role that the fight against corruption, money-laundering and the financing of terrorism have in many sectors. The close collaboration with relevant authorities was stressed as effective response to prevent criminal transactions. It was suggested that the OSCE could offer its contribution by providing technical assistance to a number of anti-corruption agencies. The recently published OSCE Handbook on Combating Corruption would be used to develop targeted training courses. Participatory approach and stronger collaboration among governments, civil society, the business community, and academia is important to foster citizens' trust and social consensus on non-tolerance of corruption and the promotion of good governance.

It was pointed out that migration governance needed a coherent and long-term response by the international community. Efforts should be focused on improving policy cohesion between migration management, economic development and environmental policies, encouraging legal migration by balancing facilitation and prevention measures, as well as understanding the demand and supply of labour markets. Creating conditions for improved economic development and co-operation was mentioned as a crucial factor, as well as the facilitation of integration of migrants in host societies, their reintegration on return, and improvement of protection-mechanisms of migrants.

Finally, participants pointed out that good environmental governance was an integral part for achieving economic development, stability and security and was the gluing factor for green economy and sustainable development. It was highlighted that sustainable development is key for boosting economic growth. High importance was attached to the Sustainable Development Goals. Regional processes and events such as the Pan-European Strategic Framework for Greening the Economy and the upcoming EXPO-2017 on "future energy" can give an impetus for further promoting green economy and environmental good governance, as do the activities of field operations and Aarhus Centres on the ground.

At the Concluding Meeting, the review report implementation of the OSCE commitments relevant to the theme of the 24th Economic and Environmental Forum was presented. The report provided a comprehensive overview of three pillars of good governance addressed during the EEF, namely good economic governance, good migration governance and good environmental governance, and set out recommendations for further engagement in these areas.

# REPORTS OF THE RAPPORTEURS

## *Opening Plenary Session*

**Moderator: Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 German OSCE Chairmanship

**Rapporteur: Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Welcoming remarks:**

**Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship

**H.E. Lubomír Zaorálek**, Minister of Foreign Affairs, Czech Republic

**H.E. Lamberto Zannier**, Secretary General, OSCE

### **Keynote speech:**

**Dr. Gernot Erler**, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag

*Ambassador Pohl, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship, welcomed the keynote speakers, representatives of participating States, International Organizations, and Non Governmental Organisations, and thanked H.E. Lamberto Zannier for organizing this event. The First and the Second Preparatory Meeting have demonstrated the high interest in topics on stability and security.*

*H.E. Lubomír Zaorálek, Minister of Foreign Affairs of the Czech Republic, emphasized that the Concluding Meeting would be dedicated to strengthening stability and security through good governance. Impartiality, competence and equality are key principles that constitute good governance, which is vital in many fields including public administration. Good governance is an important foundation, which will lead to enhanced stability. H.E. Lubomír Zaorálek referred to the Sustainable Development Goals (SDG), in particular targets 16.6 and 16.8, which confirmed the importance of accountable and effective institutions through enhanced co-operation. The Czech Republic would be helping to contribute to these topics. The Economic and Environmental Forum could be seen as a good example to enhance security and sustainability and to contribute to strengthening the resilience of participating States.*

*H.E. Lamberto Zannier, OSCE Secretary General, stated that the 2030 Sustainable Development Goals (SDGs) provided a pathway to a peaceful society and global solidarity; especially SDG Goal 16 could lead to the creation of effective institutions. Regional organizations are very important in this respect. H.E. Lamberto Zannier underlined that the Second Dimension offered great potential for building confidence and trust. The OSCE had a long-standing experience, for example with its support to sustainable development and environmental good governance*

through the ENVSEC Initiative and the Aarhus Centres Network. Closer co-operation between national and local governments, between international and regional organizations, civil society, the business community and other key stakeholder is essential to building up good governance and achieving sustainable development.

*Dr. Gernot Erler, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag, stressed the need to consider economic and environmental issues taking due account of the conflicts in the OSCE area and to further engage in the OSCE's Economic and Environmental Dimension in order to build trust in the mutual benefit of co-operation and stepping up an exchange of experience how to direct such a process. This year's Chairmanship took up the idea of connectivity, which played an important role in other international fora such as the Asia-European Meeting, the G20 or the Western Balkan Summits. A Chairmanship Conference in Berlin in May 2016 was organized entitled 'Connectivity for Commerce and Investment'. This conference showed the interest of the private sector in greater connectivity in the OSCE area in order to reduce costs of transnational trade. Dr. Erler reiterated the intention to continue this exchange as a new input for the OSCE and highlighted the importance of actively including business representatives in the annual Economic and Environmental Forum. He explained that most transaction costs arose from different standards and procedures. Simplifying and harmonising procedures could bring benefits to transnational private-sector trade and to the society to generate economic growth, which would help in fighting against corruption as an important part of good governance.*

The floor was opened for discussion.

*The representative of Uzbekistan commended on the themes chosen for the Forum, namely good governance, public-private partnership, and the impact of environmental governance on the economic development, stability and security as important and relevant issues on the global agenda. The OSCE is a platform for equal dialogue among participating States. Uzbekistan referred to the importance of broader international co-operation with regard to the desiccation of the Aral Sea while developing environmentally friendly economic activities and creating conditions to access environmentally clean technologies. The representative of Uzbekistan welcomed the Concluding Meeting of the EEF to enable fruitful discussion and to identify mutually beneficial areas for future co-operation.*

*The representative of the European Union, together with the aligned countries (the former Yugoslav Republic of Macedonia, Serbia, Albania, Bosnia and Herzegovina, Liechtenstein, Ukraine, Moldova, Armenia, Georgia, and Andorra) emphasized the role of the OSCE as well-placed to facilitate exchanges of best practices and to stimulate further compliance of participating States with international commitments. The continued focus on combatting corruption was highly appreciated, which remained among the greatest challenges for a number of participating States. He also welcomed the OSCE's important contribution to strengthening good environmental governance, promoting sustainable development and fighting climate change. Furthermore, the inclusion of relevant stakeholders was key to advancing good governance. It was welcomed that the business sector has been given a stronger voice in the Forum process of this year. The Chairmanship Business Conference in Berlin in May this year provided a useful platform for getting the private sector perspective on many of the topics of the agenda of the Second Dimension.*

*The representative of the Russian Federation* emphasized that good governance is firmly established on the agenda of the OSCE's Second Dimension activities. The principles of good governance are key to promoting business, helping to attract investment and having a positive impact on the general economic situation in the participating States. It was stated that ensuring the smooth cross-border circulation of goods, services and labour as well as fighting corruption and managing migration flows are prerequisites for stable economic development. The OSCE has proved itself as an appropriate international forum that enables participating States, even when they have different approaches, to search for new opportunities to develop co-operation. In this respect, the OSCE could make a positive contribution to stepping up dialogue and act as a catalyst for international co-operation.

*The representative of Switzerland* noted the particular relevance of the Second Dimension to the OSCE. More use should be made of the economic and environmental dimension to work closely together in order to build up security in the OSCE's common space. Confidence is created by activities aimed at fostering dialogue between different political entities and on different levels. This concerned all OSCE dimensions. In conclusion, additional resources are required for the Second Dimension, especially with regard to economic activities. It should be explored how the Second Dimension could be strengthened: institutionally and materially. This would require an increased budget for the OCEEA.

*The representative of Armenia* underlined the high importance of good governance to the country. A reform of the regulatory framework is underway, which is aiming at reducing the administrative burden on the private sector, reducing corruption risks, and strengthening transparency and accountability of public institutions. The role of the OSCE executive structures and the OSCE Office in Yerevan were commended, which have contributed to the regulatory framework reform in Armenia. The co-operation with civil society and the Aarhus Centres was commended and further encouraged. It was stated that the OSCE is well placed to promote good governance at all levels within the concept of comprehensive security. In an era of increasing interdependencies or connectivity, good governance required inclusive international and regional co-operation, which would take the economic interests of other participating States into account and would not contribute to the creation of new divisions.

*The representative of Belarus* reiterated the need for strengthening OSCE's economic and environmental dimension as an integral part of the OSCE's comprehensive and co-operative security concept. Peace, stability and security, both in individual countries and across the entire OSCE community, are impossible without sustainable economic development, which should be based upon good governance. Good governance is about building a fair, predictable and reliable economic and trade architecture in Europe and the Euro-Atlantic area as a whole, while taking into account the interests of all participating States. By working to remove barriers and create a transparent and predictable trading environment, consolidate cross-border contacts and regional co-operation and develop transport corridors, all joint efforts will contribute to "renewing dialogue, rebuilding trust and restoring security" throughout the OSCE.

*The representative of Georgia* underlined this year's OSCE's focus on good governance, both its economic and environmental aspects, as well chosen. Good governance played a key role in strengthening stability and ensuring prosperity. The Chairmanship's decision to promote and explore the potential of economic connectivity with the OSCE area and beyond was commended.

The involvement of the private sector in the discussions was perceived as beneficial and useful. Georgia, together with Azerbaijan, Kazakhstan, Turkmenistan and Turkey, was part of an informal working group on the East-West Trans-Caspian Trade and Transportation Corridor, which was established by an initiative of Azerbaijan earlier this year. These countries are actively co-operating bilaterally to increase the potential of the east-west transit corridor.

*The representative of the United States of America* looked forward to continuing the constructive dialogue from this year's preparatory meetings and to elaborate how the OSCE could contribute to improving good governance on a wide range of issues. Strengthening security in the OSCE region through enhanced economic connectivity and good governance are key priorities. The importance of promoting good governance cannot be overstated. The representative was pleased that good governance remained a priority for the OSCE's economic and environmental dimension. It could be seen as the foundation of effective government, economic and environmental policies, regulatory frameworks, adherence to the rule of law, and engagement with civil society and the general public. The efforts to increase economic ties among OSCE participating States were welcome, especially in the Caucasus and Central Asia. By removing barriers to cross-border co-operation, supporting trade facilitation and customs co-operation, and improving the regional investment climate, the OSCE and its participating States could foster more sustainable growth across the region.

*The representative of Turkey* praised that this year's Forum cycle showed ways how to enhance co-operation in the field of connectivity. Good governance remained a key factor. It was appreciated that one session at the Concluding Meeting was devoted to the Hamburg Ministerial Council. Good governance is helping to boost economic growth, increasing competitiveness and improving the investment climate of a country; a fundamental factor for sustainable economic development, stability and security. However, it is a complex challenge. Appropriate institutional mechanism and good regulatory framework should be created. Fighting corruption played a substantial role in this respect. The OSCE is one of the leading actors in good governance, referring to the OSCE's tool box and its comprehensive outlook to security. The publication of the Handbook on Combating Corruption was highly valued. She further stated that good environmental governance was an integral part of sustainable economic development and called for efforts to fight environmental pollution, climate change and ecosystem degradation, and promote energy efficiency and green economy, referring to Turkey's 10<sup>th</sup> development plan 2014-2018 and other policy documents which reflect the importance of environmental protection. Trade facilitation was another important factor regarding the OSCE's geography to strengthening and deepening regional economic co-operation. Turkey, together with Kazakhstan, Turkmenistan, Azerbaijan and Georgia, established the informal working group of the Trans-Caspian East-West trade and transport corridor in the OSCE.

*The representative of Azerbaijan* described that the country had taken significant steps in improving the business environment and creating favourable conditions to attract investments, particular in the non-oil sector. Azerbaijan has also achieved impressive results on many Millennium Development Goals. The country was currently adopting its national sustainable development strategy building on the Sustainable Development Goals. Programmes have been implemented such as in the field of good governance and strengthening the rule of law. Particular attention has been paid to the legislative framework to the protection of investments. Steps were taken to streamline certain procedures to easier register new businesses. Furthermore, the country was an initiator and active participant of regional and trans-regional

transport corridors, in partnership with OSCE participating States, in order to link trans-European and trans-Asian transport roads and to create better conditions for SMEs. He also referred to the previously mentioned informal working group. The group aimed at raising awareness to this transport corridor as well as to contributing to the potential of connectivity in the region.

*The representative of Kazakhstan* reiterated that the Second Dimension had a vast potential in the process of confidence building. Strengthening stability and security through co-operation on good governance is essential to all OSCE participating States. Kazakhstan's Plan of the Nation "The 100 Concrete Steps" as a comprehensive reform package was further explained. Connectivity remained one of the key tools of the long-term development. Two dimensions were presented: hard connectivity (related to physical integration of transport and transit routes) and soft connectivity (related to tariffs, norms, procedures as well as the improvement of conditions for developing intra-regional trade). Kazakhstan was determined to connect into global transport networks being the ninth largest country in the world. Furthermore, improved co-operation could also be successfully co-ordinated with the implementation of China's Silk Road Economic Belt programme. The OSCE could play a major role in supporting closer co-operation between national governments and local governance as well as between international organizations. It was reminded that CICA (Conference on Interaction and Confidence-Building Measures in Asia) celebrated its 25<sup>th</sup> anniversary of launching as an initiative.

*Ambassador Pohl* thanked all speakers for their interventions and wished interesting discussions during the upcoming sessions. He also mentioned the presentation of the OSCE Handbook on Protecting Electricity Networks from Natural Hazards.

### ***Session I (Panel Debate): Good governance, business climate and sustainable economic development***

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

**Rapporteur: Mr. Mery Mukazhan**, Second Secretary, Permanent Mission of the Republic of Kazakhstan to the International Organizations in Vienna

#### **Speakers:**

**Mr. Štefan Füle**, Special Envoy for the OSCE and the Western Balkans, Ministry of Foreign Affairs, Czech Republic, former Commissioner for Enlargement and Neighbourhood Policy

**Mr. Goran Svilanović**, Secretary General, Regional Cooperation Council

**Mr. Jan Žůrek**, Managing Partner, KPMG, Member of the Governmental Council for Sustainable Development, Czech Republic

*Dr. Eric Frey* Managing Editor, Der Standard, introduced the session by emphasizing the importance of good governance and its impact on business climate and sustainable economic development. He underlined that there is a general consensus on good governance, which is key for improving the business climate, attracting investments and fostering economic activities. All these issues have a significant impact on economic growth.



*Mr. Goran Svilanovic, Secretary General, Regional Cooperation Council*, noted that good governance was a topic that brought the OSCE participating States together for many years. In order to explain some issues related to the economic development in the Western Balkans, he gave the example of the public opinion survey called 'Balkanbarometer' conducted by the RCC, which complements the 'Eurobarometer'. Results of this survey revealed that unemployment, overall poor economic situation and corruption are the most important problems of the region. For example, the survey illustrated that 70% of the people in the region are worried about unemployment. The RCC increased the co-operation with other regional organizations as well as activities on anti-corruption initiatives. It also developed several joint projects to strengthen national efforts on combating corruption. He introduced the "South Europe 2020" strategy linked to the "Europe 2020" strategy, which includes eleven concrete goals and highlighted the issue of 'employment' among these. The target of creating one million jobs between 2010 and 2020 was put forward by the RCC. A special team was established to assist national authorities on the issue of employment. Mr. Svilanovic emphasized that there was a very good level of co-operation between the OSCE and the RCC. He mentioned that the RCC operated in a very practical way in order to avoid overlapping with the OSCE. He added that, through intensified co-operation in the region, a ground for politicians to deal with sensitive issues could be prepared.

*Mr. Jan Zurek, Managing Partner, KPMG, Member of the Governmental Council for Sustainable Development*, noted that the Czech Republic takes the 31<sup>st</sup> place in the recent World Economic Forum Competitiveness Index. He underlined that over the last two years the country has showed some significant changes due to better work of the state police and attorneys on combating corruption. Mr. Zurek talked about initiatives in this field in the Czech Republic such as a Platform for Transparent Business, the Coalition for Transparent Business and Reconstruction of State that had a positive impact on the improvement of good governance in the country. He commended the presence of the Foreign Chambers of Commerce, such as the American and German Chambers and their work in the Czech Republic. He stressed that there were potential risks of corruption related to EU subsidies.

*Mr. Stefan Füle, Special Envoy for the OSCE and the Western Balkans, Ministry of Foreign Affairs, Czech Republic, former Commissioner for Enlargement and Neighbourhood Policy*, noted the importance of the implementation of good governance. He shared his experience on good governance when he was EU Commissioner on Enlargement. For example, EU candidate countries were assisted to having good economic governance, strengthening administrative capacity, and improving their investment framework. Moreover, good governance was part of two chapters of the EU accession negotiations. At regional level, by e.g. improving the investment framework in the Western Balkans, a platform for interaction between the EU, institutions, member states and international financial institutions was created with the aim to establish one single pipeline for projects and programmes. The speaker emphasized the good co-operation between the EU and the Regional Cooperation Council (RCC). He stressed that the OSCE could be seen as a platform to meet the needs of participating States.

Then, the floor was opened for discussion.

*Mr. Alexander Chuplygin, Deputy Head of the OSCE Mission to Bosnia and Herzegovina*, underlined that corruption presented a challenge to the economic development of Bosnia and

Herzegovina. Mr. Chuplygin stressed that the OSCE Mission has a potential to assist Bosnia and Herzegovina in combating corruption by its expertise and political leverage. Furthermore, Mr. Chuplygin briefed on the work of the mission.

*Ambassador Sian Macleod, Head of the UK Delegation to the OSCE*, rose the question what the OSCE could do to make a difference in the field of good governance.

*The representative of Bosnia and Herzegovina* noted that good governance had an influence on economic sustainability, security and other aspects in the region. He mentioned that the issue of good governance was a challenge in Bosnia and Herzegovina.

*The representative of Turkey* reacted to the statement of Mr. Füle on compliance to the EU acquis. Turkey was in a process of integration to the EU. The country was introducing and implementing necessary legislation on the issues, which were discussed today. She emphasized that Turkey was an active member of the OSCE and would give importance to strengthening of the Second Dimension including the issue of good governance.

*Mr. Goran Svilanovic* answered the question by the UK saying that the support by the UK in the field of judiciary reforms was highly appreciated. He noted that the RCC was working together with a center in London dealing with judiciary reforms. He informed that the UK was planning to start a programme in Montenegro related to codification of civil law with the participation of regional experts. He commended the work done by the UK and thanked for all the efforts and also mentioned the good partnership between the RCC and TEPAV in Turkey. He noted that the RCC, which is driven by the idea 'one region-one economy', saw the OSCE as a reliable partner. He emphasized the importance of intensifying co-operation.

*Mr. Jan Zurek* highlighted the importance of implementing laws. He underlined the crucial role of a certain positive culture towards good governance.

*Mr. Stefan Füle* highlighted three issues, which are important on good governance: the need of coherence in addressing good governance; addressing good governance in conflict areas and offering benefits to those who were affected in internal conflicts; the third issue, besides any differences, was related to avoiding new dividing lines in Europe. He mentioned the importance of reaching out to partners beyond the OSCE area. Mr. Füle emphasized the significance of strengthening the Second Dimension and recommended a better integration of all three dimensions.

## **Session II: The way to Hamburg**

**Moderator: Ambassador Vuk Žugić**, Permanent Representative of the Republic of Serbia to the OSCE and Chairperson of the OSCE Economic and Environmental Committee

**Rapporteur: Mr. Uroš Milanović**, Attaché, Permanent Mission of the Republic of Serbia to the OSCE

## **Introduction:**

**Dr. Gernot Erler**, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag

*Ambassador Vuk Žugić, Permanent Representative of the Republic Serbia to the OSCE and Chairperson of the OSCE Economic and Environmental Committee*, opened the discussion and suggested that Delegations commented on potential deliverables for a Ministerial Council Decision in Hamburg, based on the Food-for-Thought Paper, which was circulated by the 2016 OSCE German Chairmanship (CIO.GAL/150/16). He called upon Delegations to have an open discussion with regards to a potential MC Decision and gave the floor to Dr. Gernot Erler, Special Representative of the German OSCE Chairmanship.

*Dr. Gernot Erler, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag*, emphasized the importance of trust-building and security in the OSCE region, particularly having in mind developments in certain areas and a deterioration of relations among participating States. He suggested that the Second Dimension should be used as a catalyst for co-operation and confidence building. The Food-for-Thought Paper was based on the discussions during the First and the Second Preparatory Meetings of the EEF, as well as the Chairmanship event which was organized in Berlin, focusing on the topic of “good governance and labour exploitation in supply chains”. Dr. Erler expressed his wish that the Delegations would provide input on the topics specified within the document, more specifically on good governance, transparency and business climate, economic connectivity, good governance in supply chains as well as public-private partnerships, combating money-laundering and financing of terrorism.

*The representative of the European Union* said that, in general, all the mentioned elements of a potential MC document stated in the Food-for-Thought Paper (FFT) were supported. The Delegation was ready to engage in positive spirits in negotiating on the document.

*The representative of Switzerland* underlined their support on the topic of good governance and connectivity, in particular the topic of combating corruption. Switzerland called upon participating States to voluntarily exchange review documents and best practices, in line with the implementation of relevant UNCAC provisions. Switzerland strongly supported the idea of having an MC deliverable, which would encompass both, economic connectivity and trade facilitation, and highlighted that the FFT-Paper was a good basis for negotiations.

*The representative of France* called upon strengthening of the economic and environmental dimension, which will, in turn, lead to the strengthening of security in the OSCE area. They fully supported potential deliverables based on good governance and connectivity as well as the suggestions made by the Swiss delegation on the exchange of review documents. France suggested that more emphasis should be given to the protection of environment in global supply chains, and called upon the German Chairmanship to include some of the elements from the Paris Agreement on Climate Change in the draft MC document in Hamburg.

*The representative of Belarus* positively assessed the potential deliverables, as suggested in the FFT-Paper, particularly the issue of connectivity and good governance, which were closely connected topics. However, Belarus stated an apparent difference of opinions amongst

participating States with regard to the meaning of 'connectivity'. Belarus called upon the incoming OSCE Chairmanships to keep the topic of economic connectivity high on their agendas. With regard to a potential MC document, Belarus urged the delegations on reaching a document, upon which will bring an added value to the OSCE.

*The representative of Armenia* also supported the topics of good governance and connectivity, highlighting its connection to security while diminishing tensions. He suggested that the Chairmanship could include references on the role of field operations, civil society, the Aarhus Centres and the ENVSEC initiative in the draft MC document as they delivered practical results on the ground.

*The representative of Turkey and Georgia* gave their support to the MC Deliverables in the FFT-Paper, and stated that they would constructively approach the process of negotiations.

*The representative of Serbia* supported the priorities of the German Chairmanship and the potential deliverables. He emphasized the importance of good governance and labour exploitation in supply chains, and called for further detailed deliberations on this topic in the Second Dimension. He expressed hope that the Ministerial Council in Hamburg would reach consensus on a comprehensive document, which would build upon the existing OSCE Commitments to bring added value to the Organization.

*The representative of Austria* called upon the strengthening of the Second Dimension and praised the results and discussions of the previous First and Second Preparatory meetings of the EEF. He also positively assessed the debate during the business conference, which was organized as a Chairmanship event in Berlin, stating that it was stimulating for the participating States. He stressed the importance of the Second Dimension and its underutilization and untapped potential. Austria also called for strengthening of the OSCE Field Operations.

*The representative of the United States of America* gave its support to the priorities of the German Chairmanship and potential deliverables in the FFT-Paper, suggesting that the discussions during the year have generated enough "matter" in order to have a meaningful Ministerial Council document. He would positively approach the negotiations process on a Ministerial Council Decision within the Second Dimension.

*The representative of Kazakhstan* supported the potential deliverables as well, but highlighted the issue of economic sanctions imposed against one of the OSCE participating States and its incompatibility with the topic of economic connectivity. With regard to some concerns raised by one Delegation on the topic of water management, he noted that good water governance could be a topic of discussion, but could be rather tackled under the incoming Austrian Chairmanship as it was closely linked to green technologies.

*The representative of the Russian Federation* stressed the importance of the topic on economic connectivity, and underlined that this topic might revive discussions within the Economic and Environmental Dimension. He stated that the suggested deliverables in the FFT-Paper were a good basis for a Ministerial Council document. Russia was ready to engage actively in the negotiating process. However, the problem of economic sanctions, which were being implemented towards the Russian Federation by some OSCE participating States, was

highlighted. He suggested focusing on several concrete topics in the field of good governance, rather than having generalized discussions.

*The representative of Canada* expressed its support for the potential MC document deliverables, and highlighted the need to focus on the rebuilding of trust. He believed that the MC document needed to have a strong link to security issues. The OSCE had to avoid a duplication of work of other international organizations. Canada was ready to constructively engage in deliberations on a draft document. He reiterated the importance of field operations, Aarhus Centres, and the Environment and Security Initiative (ENVSEC) as most relevant assets on the ground. With regard to the issue of sanctions, he stated that the sanctions are being imposed due to the actions of the Russian Federation in Ukraine. They would be removed once the Russian Federation returned Crimea to the Ukraine and stopped supporting the separatists in Donbass.

*The representative of Ukraine* stated the reasons for imposing sanctions and calling upon the Russian Federation to cease with the occupation of Crimea, Sevastopol and Donbass.

*The representative of the Russian Federation* specified that it did not consider the points made by the Delegations of Canada and Ukraine as valid, since it was only the UN Security Council, which had the authority to impose sanctions upon other countries. He concluded by stating that the OSCE's Economic and Environmental Forum was not a proper forum for these discussions.

*The representative of Slovakia* highlighted the necessity of strengthening the OSCE Second Dimension in order to restore confidence and rebuild trust and security throughout the region.

*Dr. Erler* underlined the fact that no Delegation was against having the mentioned deliverables within a Ministerial Council document in Hamburg. The general remarks showed support for the points made in the FFT-Paper. He expressed his wish to have a substantive MC document. The FFT-Paper was an excellent and ambitious basis for this. He called upon participating States to implement the topic of good governance in supply chains in order to more effectively combat human trafficking, stressing the importance of all three OSCE dimensions on security.

*Ambassador Vuk Žugjić* concluded the Meeting by reiterating to the participating States to work on strengthening of the Second Dimension, highlighting the support, which was shown on potential deliverables of an MC document in Hamburg. He emphasized the significance of the topic of good governance and economic connectivity which should stay high on the agenda of the incoming OSCE Chairmanships.

### ***Session III: The role of the private sector in fighting corruption, money-laundering and financing of terrorism for strengthening stability and security***

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

**Rapporteur: Ms. Zukhra Bekteпова**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

**Mr. Drago Kos**, Chair of the OECD Working Group on Bribery in International Business Transactions

**Mr. Tseasuren Nyamdorj**, Deputy Director, Commissioner in charge, Independent Authority Against Corruption of Mongolia, (IAAC), Mongolia

**Dr. Marcin Walecki**, Head, Democratization Department, Office for Democratic Institutions and Human Rights (ODIHR)

**Mr. Michael Nagl**, Manager – Global Investigations, Western Union Payment Services Ireland Ltd., Austria

**Mr. Nazar Kholodnytskyi**, Deputy Prosecutor General, Head of the Specialized Anti-Corruption Prosecutor's Office, Ukraine

*Dr. Eric Frey, Managing Editor, Der Standard*, introduced the topic of the Session: the role of the private sector in fighting corruption, money-laundering and financing of terrorism for strengthening stability and security. He gave examples of how transparency, accountability and good governance could positively impact the investment climate, and how the private sector could be a partner in strengthening good governance.

*Mr. Drago Kos, Chair of the OECD Working Group on Bribery in International Business Transactions*, spoke about private sector integrity. He underlined that according to the 2013 Edelman Trust Barometer, only 50% of businesses were trusted to do what was right, less than 1 in 5 believed that business leaders would tell the truth, when confronted with difficult issues. The speaker underlined that the issue of trust between government and private sector remained sensitive and actual. He stated that the largest “truth gap” was perceived in the United States of America and China. Mr. Kos noted a number of consequences of this lack of trust, such as the application of sanctions for non-existing or weak compliance systems, an absolute lack of positive rewards for effective compliance systems, and no real will for co-operation. He listed a number of basic elements of private sector's integration, such as managements' commitments to combat corruption, companies' anti-corruption strategies, professional assistance in the area of corporate integrity, whistleblowing, positive motivation for effective compliance systems, and others. Mr. Kos briefed on how the OECD supported and assisted in developing private sector integrity, in particular through the activities of the OECD Working Group on Bribery in International Business Transactions. He emphasized that a peer-review monitoring system was considered by the NGO Transparency International as the ‘gold standard’ of monitoring. The speaker elaborated on the co-operation between the OSCE and the OECD in the area of private sector integrity, which consisted of developing joint initiatives, working on joint projects, organizing joint conferences and meetings in order to avoid overlapping and integrating its efforts. In conclusion, he underlined that significant improvements in the societies' integrity could not be achieved without improvements in the corporate integrity.

*Mr. Tseasuren Nyamdorj, Deputy Director, Commissioner in charge, Independent Authority Against Corruption of Mongolia* gave an overview on the national policy on combating corruption, which affected not only governmental structures, but also the media and the private sector. He briefed on main activities undertaken by the Independent Authority on prevention corruption and anti-corruption policies. He underlined that the private sector had a potential - both to cause corruption and to fray this phenomenon. The speaker stated that the national

policy of Mongolia was oriented towards strengthening public-private partnerships. Mr. Nyamdorj emphasized that the government of Mongolia elaborated on improving existing facilities for business in order to minimize the government's intervention in private sector activities through an advance regulatory and legal framework in this area. He briefed on the State Concept of Mongolia on Sustainable Development, adopted in 2016, which anticipated combating corruption through implementing the National Plan against Corruption. He underlined that this National Plan considered developing anti-corruption programmes for private and political parties, aimed to improve business' competitive capabilities.

*Dr. Marcin Walecki, Head, Democratization Department, Office for Democratic Institutions and Human Rights (ODIHR)* stressed that corruption affected all OSCE participating States. He underlined that mistrust influences public affairs and harmed public-private partnerships. The speaker mentioned several types of corruption in the private sector and different political dimensions, in particular the abuse of state resources, forcing the private sector to pay 'protection money' and political contributions for favours, contracts or policy change. He underlined that 'either democracy controls the money or money will control the democracy'. In this regard, Dr. Walecki spoke about ODIHR's efforts on combating corruption. He mentioned a joint project "Money in Politics" in South-Eastern Europe, implemented together by OCEEA and ODIHR. He underlined that this project was aimed at assessing the level of co-operation between relevant anti-corruption bodies in selected OSCE field mission areas in South-Eastern Europe to identify key challenges and existing gaps and to discuss what kind of mechanisms could be used to improve anti-corruption efforts. Dr. Walecki also stressed the importance of international legislation implementation in the area of combating corruption, in particular the UN Convention against Corruption, recommendations made by the Group of States against Corruption (GRECO) of the Council of Europe. He emphasized that time has come for the third generation of reforms focused on improving standards and assisted for better co-operation among existing international and internal anti-corruption institutions. In conclusion, Dr. Walecki highlighted that the OSCE should continue to assist its participating States in combating corruption, to elaborate concrete solutions and to provide technical assistance in this area.

*Mr. Michael Nagl, Manager – Global Investigations, Western Union Payment Services Ireland Ltd.*, informed on Western Union (WU) as a unique money transfer company, which had over 165 million consumers in 200 countries and territories and moved \$85 billion between consumers in 2014. He underlined that the sound financial inclusion strategy required a proper risk assessment and solid Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) controls. He highlighted that every online transaction provided an unlimited possibility for criminal use, in particular linked to corruption. The speaker briefed on efforts undertaken by WU in order to implement a robust global AML/CFT regime and the 'Know your customer (KYC) Programme' designed to deter, detect, and report criminal threats in compliance with applicable regulations & FATF standards. Mr. Nagl stressed that WU's AML/CFT Risk Assessment Unit, Internal Financial Intelligence Unit and other relevant structures were designed to identify, analyse, and manage ML/TF threats, vulnerabilities, and risks, utilize risk assessment tools to deliver actionable, all-source intelligence analysis, and promote the collaboration with e.g. Anti-Terrorist Units. He underlined that WU attached great importance to provide its experts with Customized AML/CFT training programmes aimed at advancing professional capacities. In conclusion, the speaker emphasized that international and regional organizations should foster initiatives that lead to deep co-operation with the private sector in the spirit of partnership and trust, introducing

reasonable and harmonized controls and eliminate blind spots, while fortifying security through a fluid exchange of knowledge and best practices.

*Mr. Nazar Kholodnytskyi, Deputy Prosecutor General, Head of the Specialized Anti-Corruption Prosecutor's Office of Ukraine*, informed that the 2014-2017 Anti-Corruption Strategy was adopted by the Government of Ukraine aimed at strengthening the legal framework on combating corruption and to enhance effectiveness of relevant institutions. He briefed on activities undertaken by the newly established Specialised Anti-corruption Prosecutor's Office and the National Anti-Corruption Bureau of Ukraine in combating corruption. The speaker noted that all activities of these two anti-corruption bodies were aimed at the prevention, detection, cessation, investigation, and solving of corruption offenses committed by senior officials authorized to perform state functions. He underlined that in eight months, 28 indictments have been submitted to the court against judges, Members of the Parliament, public servants, lawyers, and commercial companies.

The floor was opened for discussion.

*The representative of Raiffeisen Bank* stressed that involvement of financial structures in the process of combating organized crimes was especially important. He mentioned that public-private partnerships were important to enhance mutually beneficial co-operation, including in the area of combating corruption. He underlined the importance of the implementation of relevant legal regulations against corruption.

*The representative of Germany* asked Mr. Kos to share some best practices on positive motivation of private companies to integrate in these fields. He also raised the issue of legal instruments available to discriminate those countries, which did not require a legally binding policy.

*Mr. Kos* answered that Italy was an example of successful practices in motivating private sector integration, where the existence of a compliance system was a precondition for access to public procurement. He stressed that there were a number of member states who should still be pushed forward to implement basic requirements related to legal persons.

*The representative of Kazakhstan* agreed that private companies with good compliance systems should have relevant advantages. She enquired who should define if compliance systems were effective. She stressed that a process of providing access to public procurement and other benefits could also create conditions for corruption. She remarked that money service businesses are often used by organized crime groups to the financing of terrorism. She noted that it was vitally important for government structures to establish partnerships with these companies to prevent and to combat money-laundering and the financing of terrorism.

*The representative of Georgia* focused on Georgia's experience in the fight against corruption, money-laundering, financing of terrorism and the involvement of the private sector. He noted that in 2015 Georgia had successfully met all benchmarks in relation to the fight against corruption as provided by the EU-Georgia Visa Liberalization Action Plan. He informed about the legislative reforms carried out following the recommendations by the OECD-ACN and GRECO,



focused on combating corruption and enhancing transparency and accountability of public services.

*The representative of Italy* noted that combating corruption was vitally important to implement the Sustainable Development Goals. She mentioned that the OSCE Handbook on Combating Corruption had an effective guide on legal tools and best practices on prevention and fighting corruption. She underlined the importance of public-private partnerships in suppressing corruption.

*The representative of Austria* requested Mr. Kholodnytskyi to elaborate on experience of co-operation with the OSCE Project Co-ordinator in Ukraine and to identify a particular area, where the OSCE could reinforce its efforts. Mr. Kholodnytskyi responded that the Specialized Anti-Corruption Prosecutor's Office Media stood ready to co-operate with international partners including the OSCE Project Co-ordinator in Ukraine.

*The representative of the United States of America* underlined the importance of the topic on money in politics and asked Mr. Kholodnytskyi to elaborate on the situation of bribes in the area of public purchases and procurement. Mr. Kholodnytskyi responded that the private sector informed the anti-corruption agencies of the Ukraine on bribe cases in the sphere of government procurement.

In response to the questions raised, *Mr. Kos* responded that national public prosecution service or specialized private companies could assess the effectiveness of the compliance systems while using OECD's standards. In this respect he noted the political will of the Government of the Ukraine in combating corruption and its effective activities and reforms of existing legal instruments.

*Mr. Nagl* responded that Western Union offered its co-operation with relevant authorities of many countries in line with combating money-laundering and the financing of terrorism. He underlined that close collaboration was important to prevent any criminal transaction and, in addition, to protect customers' data.

*Dr. Frey* asked Mr. Walecki how the OSCE could contribute to a particular way in combating corruption. Mr. Walecki responded that the OSCE provided technical assistance for a number of anti-corruption agencies, implemented by the OCEEA, OSCE Field Operations. He mentioned the OSCE Handbook on Combating Corruption, which should be translated in other languages, and would be used in developing a number of targeted training courses. He emphasized that it was important to strengthen OSCE efforts in combating corruption in a holistic approach.

*Dr. Frey* asked Mr. Nyamdorj how the OSCE could assist Mongolia in combating corruption. Mr. Nyamdorj responded that the OSCE's expertise in drafting of a new concept on combating Corruption would be very much appreciated.

*The representative of Armenia* proposed to involve the Office of the OSCE's Representative on Freedom of the Media to the discussions on combating corruption. Investigative journalism could be a possible barometer to reflect if the anti-corruption government's efforts were successful or

not as well as the public opinion in this regard. He underlined that an investigative journalism could be considered as a prevention tool.

### *Session IV: Trade facilitation measures and good governance in supply chains*

**Moderator: Mr. Walter Kemp**, Vice President and Chief Operations Officer, International Peace Institute

**Rapporteur: Mr. Tarash Papaskua**, Counsellor, Permanent Mission of Georgia to the OSCE

#### **Speakers:**

**Ms. Ana Hinojosa**, Director of Compliance and Facilitation, World Customs Organization (WCO)

**Ms. Asli Gurates**, Customs expert, Transport Facilitation and Economics Section Sustainable Transport Division, UNECE

**Ms. Natascha Weisert**, Senior Policy Officer, Division for Sustainability Standards, Federal Ministry for Economic Cooperation and Development, Germany

**Ambassador Madina Jarbussynova**, OSCE Special Representative and Co-ordinator to Combat Trafficking in Human Beings

**Mr. Carlos Grau Tanner**, Director General, Global Express Association

*Ms. Ana Hinojosa, Director of the Compliance and Facilitation Directorate at the World Customs Organization (WCO) spoke about the WCO's initiatives on trade facilitation. She noted that WCO's key objective was to ensure the smooth flow of cargo and goods across the borders of its 180 member countries. The WCO pursued this goal through the promotion of trade facilitation and security, ensuring fair and efficient revenue collection, the protection of the society through combating crime and terrorism and achieving institutional and human resource development. She highlighted a number of conventions that the WCO managed, e.g. the revised Kyoto Convention establishing global standards for processing cargo across borders, the Istanbul Convention and others related to harmonizing procedures. She particularly stressed the importance of digital customs as means of transformation to an automated way of processing various documents. Among the important tools the WCO had developed to help its member states, she noted the Single Window compendium as well as the WCO data model used by customs authorities through the so-called ASYCUDA customs administration programme. She also highlighted the WCO's Mercator Program of 2014, which aimed at helping the customs administrations of its members to implement the customs related articles of the WTO Trade Facilitation Agreement. The Mercator programme provided e.g. tailor-made technical assistance and capacity building; achieving harmonized implementation based on WCO's global standards; and ensuring effective co-ordination among all stakeholders. Particular emphasis was made on the Time Release Study, which provided for a critical performance measurement and the evaluation of the processing time of cargo across the entire cargo cycle. In terms of technical assistance missions, it was noted that the WCO had delivered around 180 such missions to more than 70 countries in the past two years. With a view to combating illicit financial flows and trade based money-laundering, the importance of international co-operation and synergies was stressed, including with WTO, OECD, and other international partners. Co-operation with the OSCE was underlined in organizing regional workshops on the increasing transit potential of Central Asia and the South Caucasus. According to Ms. Hinojosa, to ensure further safety and*

security of growing electronic transactions, the WCO had established the Working Group on E-commerce, which was scheduled to meet on 21-23 September 2016.

*Ms. Asli Gurates, Customs expert, Transport Facilitation and Economic Section Sustainable Transport Division of the UNECE* spoke about the role of the UNECE in harmonizing and simplifying procedures to promote trade facilitation. She highlighted the long lasting commitment with the OSCE to help its 57 member states to align their customs procedures. She noted that UNECE's work in harmonizing and simplifying procedures to promote trade facilitation was not limited to generating regulatory frameworks. It acted as a policy dialogue platform between state bodies, NGOs and private sector. It produced substantial analytical work and provided important advisory services and technical assistance to its members. With a view to ensuring harmonization of border crossing and transportation related legal provisions and procedures, she emphasized the important role of UNECE conventions such as the 1975 TIR Convention, 1982 Convention on Harmonization of Frontier Controls of Goods, 1972 Customs Convention on Containers, and 1954 and 1956 Convention on Temporary Importation of Private and Commercial Road Vehicles. She noted that while the 1975 TIR convention contained important articles ensuring transport security, the work was ongoing to revise it and to include modern instruments to further enhance transportation security. In terms of the OSCE's role in facilitation of trade, she suggested that the OSCE should encourage participating States to accede to the UNECE Border Crossing Facilitation Conventions; support capacity building activities for proper implementation of UNECE Conventions as well as projects such as the Computerization of the TIR system, which would strengthen the stability and security in border crossings.

*Ms. Natasha Weisert, Senior Policy Officer, Division for Sustainability Standards, Federal Ministry for Economic Cooperation and Development, Germany* spoke about efforts to promote labour, social, and environmental standards in global supply chains. She noted that as almost 500 million people are engaged in global supply chains worldwide, it had a clear link with the UN SDG's for 2030, namely SDG 8, 10, 12, and 17. She stressed that putting global supply chains on top of the Agenda through "Action for Fair Production" was the priority of the German G7 2015-Presidency and would remain during Germany's G-20 Presidency in 2017. Ms. Weisert spoke about the multi-stakeholder approach and the importance and benefits of applying common standards across different actors of the global supply chain. She mentioned the German efforts, which were undertaken at national, European, global as well as partner-country level. She paid particular attention to the need to improve social and environmental conditions in the textile and garment industry supply chains. In this regard, she stressed the important work carried out within the Partnership for Sustainable Textiles initiative and efforts undertaken at the G7/G20, EU, OECD levels as well as jointly with the ILO. She noted that the Partnership for Sustainable Textiles Initiative, which united 180 entities and made up to 55% of the market, was a voluntary initiative. Yet, it imposed rigorous and rigid monitoring on its members with a possibility for sanctions in case of failures to meet their commitments. According to Ms. Weisert, the total volume of current projects, which were carried out together with the partners, including the ILO amount to 300 million Euros and covering 25 countries with a particular emphasis on South and South-East Asia. In terms of challenges, she identified the need to avoid duplication and contradictory initiatives. Concerning the role of the OSCE, Ms Weisert noted the importance of capacity building, maintaining the focus on competencies within its mandate with some potential entry points including fighting corruption, ensuring transparency, procurement, and sensitizing

and integrating OSCE traditional partners and stakeholders to engage in existing sustainable global supply chains initiatives.

*Ambassador Madina Jarbussynova, OSCE's Special Representative and Coordinator for Combating Trafficking in Human Beings* spoke about the prevention of trafficking in human beings (THB) in supply chains. She stressed that human trafficking represented a cross dimensional issue, which posed a transnational threat. She noted that the OSCE's Economic and Environmental Dimension could play an important role in preventing this scourge, the risks of which were very real. As factors to prevent THB, she underlined the importance of increasing economic competitiveness, fighting corruption, ensuring transparency and the creation of a level playing field for businesses. She briefly reviewed the magnitude of the problem of THB - with figures by ILO estimating that 21 million people being in forced labour, 68% from which are in labour exploitation. She noted that some OECD members have adopted legislation and undertaken initiatives, which obliged state institutions and business to combat trafficking in supply chains, especially through public procurement and transparency measures. She commended the initiative of Germany to bring the issue of THB in supply chains forward among its G20 presidency priorities. She stressed that governments must take proactive decisions and not to wait until a tragedy or a scandal occurs. Ambassador Jarbussynova underlined the importance of adhering to international labour and social standards as key to preventing THB. To this end, she called on the OSCE participating States to ratify the 2014 Protocol to the ILO convention 29 on forced labour. She also highlighted the 2011 UN Guiding Principles on Business and Human Rights, which contained state and corporate responsibility to protect human rights. While speaking about the leading role undertaken by the OSCE and her office in particular, she noted that the OSR/CTHB started to implement the project: "Preventing Trafficking in Human Beings in Supply Chains through Government Practices and Measures" with the financial support of Austria, Germany, Switzerland, and the Netherlands, and a valuable contribution of the OCEEA. The project aimed at providing the OSCE's participating States with practical tools to enact preventive measures and build up capacity to implement these measures. She stressed that her office will organize five workshops, the first already having been held in Berlin in September and the second to be held in the margins of the EXPO-2017 in Astana next year. She also highlighted the importance of the high level conference: "Prevention of trafficking in human beings for labour exploitation in supply chains" held in Berlin on September 7-8, in which 180 participants from 35 OSCE participating States as well as representatives of relevant international organizations took part. According to the Special Representative, fighting THB must be of a strategic nature and it could have great effects if companies will be correctly incentivized by the governments, as they are the largest consumers of public procurements. She stressed that no government should allow products to be produced through child slavery and abuse.

*Mr. Carlos Grau Tanner, Director General of Global Express Association (GEA)* spoke about public-private partnerships in promoting connectivity and trade facilitation. He briefed the participants on the Global Express Association, which united four express delivery carriers: DHL, FEDEX, TNT and UPS, providing its services to ensure an express delivery. He noted that the effective performance of border authorities was key to trade facilitation, as despite all the means that GEA deployed, borders did remain as bottlenecks. In this context, he spoke about the importance of improving the customs capability index by countries, which measured ten key performance indicators. He noted that out of 140 countries, most were in the range of 5-6, which showed that their performance required some improvement. He also noted that, according to last year's

study by a London based leading consultancy, an improvement of the index by factor 1, e.g. from 5.5 to 6.5, was estimated to increase the country's international trade in the medium term by 4.4 %, with a growth factor being linear to the improvement of the index. Mr. Tanner said that there was a historical chance to improve trade facilitation. In this context, he underscored the need for countries to ratify the WTO Trade Facilitation Agreement (TFA). 91 countries have currently ratified the WTO TFA and it required 110 ratifications to enter into force. He also stressed that the WTO TFA provided the possibility to seek technical assistance, for which there were so-called ABC commitments, with A-a country being ready and complying with articles of the WTO TFA; B-need more time to fulfil and C-need time as well as assistance, both technical and financial. He stressed that the donor community had available resources and was ready to improve trade facilitation, develop connectivity, and yield massive benefits associated with it. On the public-private partnerships, Mr. Tanner noted that the Treaty foresees the obligatory creation of a national committee to oversee the implementation of the TFA. In this process, it would be crucial to having an institutionalized national dialogue with the business sector. On the role of the OSCE, Mr. Tanner noted that the OSCE could contribute through capacity building, particularly in simplifying the border procedures.

The floor was opened for statements and questions by the Delegations.

*A representative of the East European Security Research Initiative* highlighted the importance of the Association Agreements between the EU and the Eastern Partnership countries, namely Ukraine. He stressed that Ukraine's implementation of the Association Agreement could be seen as a manifest example of the country's attempts to overcome serious economic and security challenges. He noted that Ukraine's experience could be useful for other affected countries, namely Georgia and Moldova, where the Association Agreement including the Deep and Comprehensive Free Trade Areas (DFCTA) with the EU had already entered into force. He stressed that there was a need to practical recommendations for Ukrainian small and medium-sized businesses on how to adapt to EU laws. In this regard, he noted the important role the OSCE field presence could play, namely the OSCE Project Co-ordinator in Ukraine, through allocating financial resources and providing capacity building. On the role of the OSCE, he underlined that the OSCE Economic and Environmental Dimension could serve as a platform to facilitate closer ties among the participating States grounded on shared commitments to security and stability.

*The representative of the United States of America* inquired whether and in what way the UNECE has been involved in working with the Office of Co-ordinator of Economic and Environmental Activities.

*The representative of the EU* asked the representatives of the WCO and the UNECE to elaborate on the results of the joint activities done with the OSCE. What could the OSCE further do to involve the private sector, e.g. in capacity building?

*The representative of Germany* referred to the Second Preparatory Meeting of the 24<sup>th</sup> EEF held in May in Berlin, where one of the concrete proposals suggested the close involvement of the private sector in the work of the OSCE field missions, while training customs officers in digitalization, and fragmented supply chains. The question was addressed to Mr. Tanner and Ambassador Jarbussynova.

*The representative of Switzerland* inquired on the role of trade facilitation to enhance regional co-operation in the OSCE, whether regional trade facilitation committees could be established similar to national committees. He also asked how WCO and OSCE could work closer together, e.g. if WCO's regional office on capacity building in Baku could work with the field missions or the OSCE Border Management and Staff College in Dushanbe.

*Ms. Asli Gurates* noted that UNECE and OSCE have done enormous work on border crossing facilitation, especially with a focus on border security after 11 September, 2001. She also mentioned that the two organizations have organized several activities on capacity building, especially for transition economies, with a view to the implementation of border crossing conventions. She noted that the UNECE has also contributed to the OSCE's work on enhancing security in supply chains as well as the OSCE handbook on border crossings. On measuring the results of joint activities, Ms. Gurates noted that no specific studies have been undertaken on these issues. With regard to the involvement of the private sector, Ms. Gurates noted that the situation has improved nowadays and the transportation sector was better organized. She highlighted that the OSCE could help to inform private companies about the latest transport facilitation agenda and could help to raise their demands in the national transport facilitation committees.

*Ms. Ana Hinojosa* reiterated that borders divide and customs connect. She reviewed the WCO's work on the digital customs maturity model, undertaken with international partners. She underlined the importance of the establishment of national committees on trade facilitation as envisaged by the WTO TFA as a means to bring all relevant stakeholders together and to resolve issues. On the question how the OSCE could contribute to better utilizing the private sector, she highlighted the crucially beneficial work that the body within the WCO, the Private Sector Consultative Group, has been doing.

*Mr. Carlos Tanner* clarified that the WTO TFA provided for the establishment of national trade facilitation committees. Governments were not prevented from establishing them on a regional level, too, which was the case with the Association of Southeast Asian Nations (ASEAN) where trade facilitation at a regional level was very high on the agenda. Mr. Tanner informed that the GEA was already co-operating with field missions. However, due to the limitations of resources, most of the efforts were channelled through the public-private-sector-initiative called 'Global Alliance on Trade Facilitation', where the GEA was contributing through trainings.

*The representative of Austria* noted that still a lot needed to be done in the field of customs management with regard to the waiting time at borders in the OSCE area, including Central Europe and Austria. He inquired on the main issue in customs administration: should be paid more attention to capacity building or good governance in customs?

*The representative of Armenia* noted that the main challenge of the OSCE remained how to turn trade and connectivity into confidence and co-operation and this way solve political issues in the OSCE area. He said that connectivity should ultimately unite people and create better regional environment to address political disputes. In this context he noted that ASEAN has managed to have good cooperation and address disputes. He also stressed that connectivity was not bypassing but uniting.

*The representative of Georgia* informed on the government's priority to create fair, simple and reliable business partnerships. Trade facilitation has been the basis for a transparent environment, eradication of corruption, reducing time for import and export procedures, provision of a single window service for business, etc. She noted that the Parliament of Georgia has ratified the protocol of amendment to insert the WTO TFA into Annex 1A of the WTO Agreement. Relevant notifications concerning A, B, C categories were provided to the WTO. Georgia had very good relations with the regional countries and expressed hope that trade facilitation on regional level will continue, especially considering the potential of revitalizing the old Silk Road route.

*Mr. Carlos Tanner*, in responding to the question of the representative of Austria, stressed that it was neither capacity building nor fighting corruption, but rather both, as capacity building and fighting corruption go hand in hand. Both were needed and important.

### ***Session V: Good environmental governance and its impact on economic development, stability and security***

**Moderator: Ms. Marta Szigeti Bonifert**, Executive Director, Regional Environmental Center for Central and Eastern Europe

**Rapporteur: Ms. Jenniver Sehring**, Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

#### **Speakers:**

**Mr. Marco Keiner**, Director, Environment Division, UNECE

**Ms. Lyazzat Ryssymbetova**, Representative of the Commissioner of the International Specialized Exhibition Astana EXPO-2017 "Future Energy", Kazakhstan

**Prof. Pavel Danihelka**, Head of the Laboratory of Risk Research and Management, Faculty of Safety Engineering, Technical University of Ostrava, Czech Republic

**Mr. Jan Lüneburg**, Head of Democratization Department, OSCE Mission to Serbia

**Ms. Olga Zakharova**, Manager, Aarhus Centre Minsk, Belarus

*Ms. Marta Bonifert*, Executive Director, Regional Environmental Center for Central and Eastern Europe, the moderator, introduced the session by stressing that good environmental governance was the gluing factor for green economy and sustainable development.

*Dr. Marco Keiner*, Director, Environment Division, UNECE, started his presentation by underlining that environmental sustainable development was the answer to meet the challenge of boosting growth, ensuring access to energy and food for all, and at the same time fight climate change and environmental degradation. But it needed a new economic paradigm. While economic growth has improved millions of lives, it has also led to the exploitation of resources at an unprecedented rate. He reminded that, today, we are consuming 150% of available resources per year and warned that climate change would cause an estimated 200,000 additional deaths per year between 2030 and 2050. In order to achieve sustainable development, moving to green economy was considered a promising avenue. The green economy transition directly relates to the 2030 Agenda. Mr. Keiner commended that the countries of the pan-European region have

taken concrete steps already. In order to boost it further, policies at national level need to be developed and implemented in a co-ordinated manner, which requires regional mechanisms. At the Eighth Environment for Europe Ministerial Conference held in Batumi, Georgia, in June 2016, Ministers and Heads of Delegations endorsed the voluntary Pan-European Strategic Framework for Greening the Economy and welcomed the Batumi Initiative on Green Economy (BIG-E). Mr. Keiner saw the primary role for regional organizations such as OSCE and UNECE in managing the transition to sustainable development patterns as a co-ordinating one. While it was up to citizens and states to determine priorities, regional institutions could negotiate joint actions and support implementation across boundaries. The key role of the OSCE related to the production of information, the negotiation of policy and regulatory measures, and supporting their implementation. Due to the transboundary nature of many environmental, social and economic challenges, international institutions could play a crucial role in connecting countries. The UNECE supported, with its capacity-building and knowledge sharing work, countries to achieve necessary behavioural changes, for example related to the UNECE Water, Espoo and Aarhus Conventions. With respect to the latter, the Aarhus Centres, supported by the OSCE, contributed to establish a culture of public participation. OSCE and UNECE should continue to working together for the benefit of the countries in the region, also in framework of ENVSEC.

*Ms. Lyazzat Ryssymbetova, Representative of the Commissioner of the International Specialized Exhibition Astana EXPO-2017 "Future Energy", Kazakhstan,* underlined the importance of sustainable development, green economy, energy efficiency and green research. Economic co-operation and a healthy environment would guarantee development without conflict, and the OSCE in this context could facilitate better compatibility of regional economic and environmental integration processes in order to create a common security space from Vancouver to Vladivostok. She further referred to the outcomes of the OSCE Summit in Astana 2010 on the indivisibility of security. Ms. Ryssymbetova presented Kazakhstan's efforts to develop a green economy, such as the Concept on Transition of the Republic of Kazakhstan to Green Economy, the Green Bridge Partnership Programme, and the Strategy of Sustainable Energy of Future Kazakhstan. Specific attention was given to the electric power sector. Ms. Ryssymbetova further presented the upcoming EXPO-2017 on "future energy" that would be held in Astana and was expected to give an impetus for promoting green economy and renewable energy. She informed that, together with the incoming Austrian Chairmanship, the Second Preparatory Meeting of the 25<sup>th</sup> Economic and Environmental Forum 2017 is planned to be held in the framework of the EXPO-2017. The EXPO-2017 would contribute to address the most pressing emerging challenges, including global warming and climate change, fair opportunities for economic development, energy security, distribution of resources, access to water, protection of biodiversity, and promotion of justice.

After the EXPO-2017, its infrastructure is planned to be used for the establishment of an international centre on green technology and investment projects under the auspices of the UN and the Astana International Financial Centre (AIFC).

*Prof. Pavel Danihelka, Head of the Laboratory of Risk Research and Management, Faculty of Safety Engineering, Technical University of Ostrava, Czech Republic,* presented the Czech key policies related to environmental security and sustainability. He first outlined that security was an inherent part of sustainability and its three pillars (economy, environment, society) and reminded of the different time and space horizons of crisis management (short-term, bottom-up) and sustainability (long-term, top-down) as two important aspects of security. These different



horizons and the different actors in both spheres were interconnected and had to be linked by policies and actions and sustained by a multi-disciplinary, complex and multi-stakeholder strategy for sustainable development. He introduced the Czech Republic's strategies to foster good environmental governance, including the Strategic Framework for Sustainable Development (2010), with half of its priorities related to security, and the Conception of Environmental Security (2015). He underlined that, in order to reach sustainable development and environmental security, good governance was needed, in particular co-operation among government resorts and involvement of other stakeholders. It also required the harmonization of legislation to be able to balance and avoid internal conflicts among different resorts. In the Czech Republic, the National Platform for Disaster Risk Reduction was created as a special body for supporting environmental security governance. The Platform included Ministries, academia and other institutions (e.g. the hydro-meteorological service; the fire rescue service) and aimed at supporting all actions related to the reduction of human, social and economic losses caused by natural disasters. In concluding, Prof. Danihelka referred to the international dimension of environmental governance, which was well seen by the OSCE and had a long tradition there, and the co-operation with UNECE in this respect.

*Mr. Jan Lüneburg, Head of Democratization Department, OSCE Mission to Serbia, gave an overview on the legal framework and strategic documents (e.g. National Strategy for Sustainable Development; Guidelines for Inclusion of CSOs) that regulate the relations between authorities and citizens and provide for the engagement of the public in sustainable economic development. These were backed by institutional mechanisms such as the Aarhus SDGs network, which was established with significant support from the OSCE Mission to Serbia. They helped to overcome hesitance by local governments to include civil society. As a result, local and national authorities have, for example created liaison staff for CSOs, the Municipal Green Councils, the Green Parliamentary Network and the "Green Seat" (for CSO representative) in the Environmental Parliamentary Committee. He also outlined ongoing activities related to promoting inclusive sustainable development policies, such as the re-instatement of a State Fund for financing environmental projects and the amendments of several environmental-related laws, providing new impetus for the development of green economy. These efforts were accompanied by new strategic documents related to circular economy and stakeholder engagement. By 2030, at least 50% of communal waste should be recycled. The OSCE Mission to Serbia supported the activities in the field of green economy, for example through an online training course and a public campaign to promote circular economy principles. For further enhancing green economy and environmental governance, it would need to improve the sustainability of projects after the project cycle ended. This also needed additional resources from participating States, to put the importance of the Second Dimension, as stressed by many Delegates, into action. For better implementation of laws, the full spectrum of existing mechanism should be used, e.g. the Green Councils. Finally, he stressed that inclusion of the public does not stop processes, but prevents problems from the beginning and, therefore, recommended to include the public as early as possible. He concluded by stressing that we should continue to work with those mechanisms that have proven successful, for example the Aarhus Centres, and make them sustainable.*

*Ms. Olga Zakharova, Manager, Aarhus Centre Minsk, Belarus, introduced the work of the Aarhus Centre Minsk, which was established in 2005 as a joint project of the Ministry of Natural Resources and Environmental Protection of Belarus (MNREP) and the OSCE Office in Minsk. It served as a platform for co-operation on environmental issues, including in the framework of the*

environmental impact assessment. It served as a mediator in the settlement of environmental disputes and supports to the MNREP in the preparation of legislation related to the environmental decision-making or to other provisions of the Aarhus Convention, and in the preparation of a national report on the implementation of the Aarhus Convention. Further, the Aarhus Centres promotes the adherence to the PRTR Protocol and Amendment on GMOs, participates in the activities of the governing bodies of the Aarhus Convention, the OSCE and other international organizations and takes part in the implementation of international technical assistance projects. She further presented the project "Strengthening the implementation of the Aarhus Convention in the Republic of Belarus", financially supported by Sweden, aimed at improving the implementation of the provisions of the Aarhus Convention in the Republic of Belarus. It included seminars and round tables in all parts of Belarus as well as creating a model public hearing. Practical recommendations would be developed for stakeholders aimed at minimizing tensions that may arise between the parties and preventing the occurrence of conflict in decision-making relating to the environment.

The floor was opened for discussion.

*A representative of an academic institution in Serbia* presented its activities related to chemical leasing, a new innovative circular business model, which was able to reduce consumption of toxic material and waste considerably. He stressed that circular economy could reduce negative impacts of industries on the environment and improve economy, human health and security.

*The representative of Kazakhstan* underlined the importance of green economy and the use of renewable sources of energy, and the active participation of civil society in Kazakhstan on these issues. He thanked the OSCE Programme Office in Astana for its support, in particular for training of more than 3000 women. He asked how the access and use of environmental information could be improved and asked for OSCE support to assess the available information and make them accessible in an understandable form in order to be used by the public and for decision-making.

*The representative of the United States of America* asked Mr. Lüneburg, if the experience in Serbia was emblematic for other field operations as well.

*Mr. Lüneburg* answered that the problems in terms of resources were voiced by colleagues from all field operations. The Second Dimension has been targeted by ACMF as an area for increased efficiency. Also the high turnover of international staff was a problem, which is partly related to the lack of attractiveness of the secondment package, and often leads to the loss of invaluable experience.

*Mr. Keiner* mentioned that today air pollution was a main factor of decreased quality of human health. One main outcome of the Batumi Conference was the Batumi Action for Cleaner Air, which included voluntary commitments and annual monitoring. With regard to access to information, he explained that for example for the EXPO-2017, implementation of the Aarhus Convention with support of the Aarhus Centres could be made by participatory planning, so that people could see how plans impacted their properties, health, lives, etc. The Aarhus Convention guaranteed the access to such information, also through access to justice.

*The representative of Armenia* stressed the importance of regional co-operation since environmental challenges did not respect national borders, like the floods in the Western Balkans have shown. He asked Mr. Lüneburg if the OMIS promoted the networks of Aarhus Centres in the Western Balkans at regional level, and Ms. Zakharova, if the Aarhus Centre Minsk limited its activities to Belarus or developed closer co-operation in Eastern Europe.

*The representative of Switzerland* emphasized the Swiss engagement in reinforcing sustainable environmental governance in the OSCE, e.g. through the MC Decision on Enhancing Disaster Risk Reduction in 2014 and financial support to projects of the OCEEA and field operations. He supported Mr. Lüneburg that verbal commitments to the Second Dimension need to be followed by actions and means, and need to be transformed by the participating States into sustainable policies. He asked Mr. Keiner how the co-ordinating role of organizations like UNECE and OSCE could be ensured in practice.

*The representative of Serbia* asked Mr. Lüneburg how they worked together with other field operations in South Eastern Europe in order to promote regional co-operation and how the OMIS could help to raise public awareness with regard to the Aarhus Convention.

*Mr. Lüneburg* replied that the five Aarhus Centres in Serbia were a good tool to promote the Aarhus Convention, for example by developing guidelines for municipalities on how to involve the public in decision-making. The OMIS supported regional co-operation, also with support of the OCEEA, e.g. through the Annual Aarhus Centres Meeting or within a current project on DRR that linked neighboring municipalities in transboundary basins.

*Mr. Keiner* explained that the co-ordinating role of regional organizations was to provide a platform for countries to come together in a systematic way, like the EEF does. This allowed talks and discussions about different approaches for the same responsibilities. Co-ordination was also important among international organizations, to avoid duplication and ensure efficient use of resources.

*Ms. Zakharova* explained that explaining the rights and duties under the Aarhus Convention was a permanent process as officials are often replaced. She underlined the importance to work with other countries and international organizations, also to learn from their experience, for example how other Aarhus Centres have set up their websites to spread information. The contact to the Aarhus Convention Secretariat was important for getting the right information.

*Prof. Danihelka* commended the principles of the Aarhus Convention, but pointed out that problems could arise in particular with regard to events such as chemical accidents, when certain laws could also contradict each other, e.g. the law on information and law on security.

*The representative of France* said that the OSCE could contribute to the achievement of the SDGs, notably through the field operations. The emphasis on connectivity was crucial. France would be in favor of green connectivity, enabling to create cleaner transport and energy networks with less greenhouse gas emissions. Only green connectivity was sustainable and compatible with the goals of the Paris Agreement on Climate Change. She called to encourage all stakeholders to promote good environmental governance in investment decisions and to eliminate inefficient subsidies to fossil fuels. She stressed that economic development and the

fight against climate change were compatible, and that the OSCE should encourage the potential for innovation.

*The representative of Georgia* referred to the Eighth Ministerial Conference Environment for Europe (EfE) in Batumi in June, with 600 Delegates from 50 countries and its important results, including the Pan-European Strategic Framework for Greening the Economy, the Batumi Initiative on Green Economy (BIG-E), and the Batumi Action for Cleaner Air. She informed that Georgia was in the process of joining the OECD Green Growth Declaration and has signed the Paris Climate Change Agreement.

*Ms. Bonifert* summarized the discussions by stating that (1) there was no plan B, only plan A, and these were the SDGs; (2) we should learn from good practices such as EXPO-2017, the Czech experience or the Aarhus Centres, and (3) efficiency should not go against effectiveness: it would be important to enable field operations and Aarhus Centres to implement their job on the ground, nobody else could do it better.

## ***Review of the implementation of the OSCE commitments relevant to the theme of the 24<sup>th</sup> Economic and Environmental Forum***

**Moderator: Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Rapporteur: Ms. Tatiana Varacheva**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Mr. Alexey Stukalo**, former Deputy Co-ordinator of the Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Mr. Patrick Taran**, President, Global Migration Policy Associates

**Prof. Stephen Stec**, Visiting Professor, Department of Environmental Science and Policy, Central European University, Hungary

*Dr. Halil Yurdakul Yiğitgüden*, Co-ordinator of OSCE Economic and Environmental Activities, opened the session by underlining that the review reports on the implementation of the OSCE commitments presented each year at the Concluding Meeting of the Economic and Environmental Forum in Prague serve as an important reference document for the decision-making process on how to advance policy objectives of OSCE participating States in the respective fields. He introduced the topics addressed in this year's report and outlined its structure.

*Mr. Alexey Stukalo* former Deputy Co-ordinator of the Office of the Co-ordinator of OSCE Economic and Environmental Activities, introduced the good economic governance chapter of the review report. He mentioned that in the OSCE context, the concept of good governance was introduced as a commitment in the 2003 Maastricht Strategy Document and then elaborated in the 2012 Dublin Ministerial Council Declaration on Good Governance. He informed that the report contained examples of measures taken by the participating States to simplify certain

procedures or reduce the time required for them, what made business regulation more efficient. The paper also outlined the “level of consultation” around new regulations and provided examples of improvement of investment regime transparency. As for the recommendations on possible further steps, the speaker drew attention to assisting disinvested regions, disadvantaged communities and vulnerable groups in attracting investment, business development and entrepreneurial training. Mr. Stukalo referred to the latest Ministerial Council Decision on the Prevention of Corruption adopted in Basel in 2014 and emphasized that prevention helped to eliminate or, at least, reduce probability of cases where one would have to suppress corruption. In reviewing the implementation of commitments related to combating corruption by the participating States the OSCE could rely on the documents of its partner organizations, such as the UNODC and the OECD. He stressed that the OCEEA has established good working relations with the EBRD and UNCITRAL on enhancing public procurement regulations. Mr. Stukalo emphasized that the OCEEA could strengthen its co-operation with the OECD, another important player in this field. The paper also suggested that a cross-dimensional approach and the concept of integrity should be further promoted. Integrity in public service implies more than the absence of corruption and refers to the application of generally accepted values and norms in daily practice. The area of AML/CFT was difficult for a review by the OSCE, since it was dominated by the FATF and the FATF-style regional bodies. In this sphere, the OSCE could build upon the OSCE Handbook on Data Collection in Support of Money-laundering and Terrorism Financing National Risk Assessments (NRAs) and continue to assist its participating States in conducting the NRAs.

*Mr. Patrick Taran, President, Global Migration Policy Associates*, emphasized the importance of the OSCE commitments in the area of migration governance that addressed all key elements of good governance on migration in line with the OSCE comprehensive approach to security. The commitments fully accorded with the themes of connectivity and co-operation of the OSCE 2016 German Chairmanship and the United Nations 2030 Sustainable Development Agenda and anticipate actions to implement the relevant Sustainable Development Goals (SDGs) and Targets. Mr. Taran recalled the relevant OSCE commitments on migration governance. The speaker stated that these commitments addressed four fundamental thematic areas of migration governance, in particular: 1) strengthening regulation and policy to optimize benefits; 2) protecting migrant workers and their families; 3) enhancing skills, participation and integration of migrants; and 4) promoting international dialogue and co-operation. He also outlined the main elements of these thematic areas. Mr. Taran presented some measures taken by the participating States to implement OSCE migration commitments, in particular with regard to adherence to international standards, improvement of national policy frameworks, and facilitating labour mobility. Mr. Taran outlined that the support provided by the OSCE/OCEEA to the participating States in implementation of the commitments was conducted in four main pillars, namely: building the knowledge base; providing practical guidance, capacity-building, trainings, and advisory support; supporting formulation and implementation of policies and initiatives; and facilitating dialogue and co-operation. The speaker emphasized that the OSCE should revitalize its activities in all four pillars. In particular, it could support good governance legislation and policy based on commitments, obtaining accurate, comprehensive and comparable data and analysis, addressing the needs and challenges facing by youth in migration. The emphasis needed to remain on gender-sensitive policy, practice and support. The OSCE could play a particularly valuable role in bridging gaps across different levels and actors of government, social partners and civil societies. It was crucial that the OSCE continued an inclusive, systematic, politically-sensitive and response-oriented dialogue on migration and mobility concerning the OSCE participating States.

Overcoming hostile narratives on migration was another area the OSCE/OCEEA could engage in. The report made a reference to the scope and need of a greater role of the field operations, strengthening planning and co-ordination with and among them and improving responsiveness.

*Mr. Stephen Stec, Visiting Professor, Department of Environmental Science and Policy, Central European University*, pointed out that good environmental governance increased security and laid the foundation for sustainable investments and enhanced competitiveness. He brought attention to the key documents that outlined the OSCE commitments in the field of good environmental governance, including the 2003 Maastricht Strategy Document, the 2007 Madrid Declaration on Environment and Security, and several other Ministerial Decisions. The speaker highlighted the existing global framework for good environmental governance that has been built at the global conferences culminating in the adoption of 2030 Agenda for Sustainable Development, the 2015 Paris Agreement on Climate Change and the Sendai Framework on Disaster Risk Reduction. The most relevant regional frameworks for environmental governance stem from a number of UNECE multilateral environmental agreements. The EU's environmental *acquis communautaire* guided environmental governance for members of the European Union or countries aiming at EU accession. Mr. Stec emphasized the high level of performance of OSCE participating States on the Environmental Democracy Index (EDI). The speaker informed about the high level of adherence to international commitments by the OSCE participating States and the measures taken at the national level to enhance environmental governance. These measures included the adoption of national sustainable development strategies and action plans, adaptation strategies and plans to address climate change, implementation of reporting and compliance mechanisms, introduction of amendments to the relevant legislation as well as building public-private partnerships. The speaker explained some OSCE projects related to environmental governance emphasizing the role of the Environment and Security Initiative (ENVSEC) and the network of Aarhus Centres. He highlighted that the level of implementation of good environmental governance in the mining, energy and waste sectors remained comparatively low. The international framework for corporate accountability relied primarily upon voluntary standards and private international law. He pointed out the challenges related to inspection powers and monitoring capacities. Public awareness about environmental challenges and public participation should be further enhanced. Finally, he listed a number of concrete recommendations for the OSCE that referred, *inter alia*, to promoting good environmental governance, enhancing public participation and transparency, reinforcing the capacities of the Aarhus Centres, making increased use of environmental co-operation in diminishing tensions as part of confidence-building and conflict prevention, supporting the implementation of multilateral environmental agreements and implementation of environment-related SDGs, addressing the challenges related to climate change, supporting the outcomes of the 2016 Environment for Europe Ministerial Conference in Batumi, engaging youth, promoting gender perspective in activities related to environmental governance, as well as continuing co-ordination and co-operation with partners, strengthening partnerships, and providing a platform for in-depth engagement with the private sector and multi-stakeholder dialogue.

The floor was opened for discussion.

*The representative of the OSCE 2016 German Chairmanship* inquired where the OSCE could do more in the area of public procurement and posed a question regarding further priority areas of the OSCE where it could add value.

*The representative of Belarus* informed about the national strategy on sustainable development for the period until 2030, adopted in Belarus in 2015. He asked about future prospects and possible steps that could be taken by the OSCE to attract investments in the disinvested regions.

*The representative of the incoming Austrian Chairmanship* was interested to hear examples of best practices from the field operations and the areas where more efforts and resources should be invested next year.

*The representative of Ukraine* recalled the OSCE Maastricht Strategy Document that acknowledged the crucial role of good governance for well-being, stability and security in the OSCE region and stipulated that ecological disasters resulting in particular from terrorist threats may pose serious risks to security and stability. She pointed out that addressing the issues of good governance, in particular good environmental governance, should include analysis of the risks and possible responses to the challenges in this area in the context of conflict, thus strengthening the link with the security mandate of the OSCE.

*Mr. Stukalo* noted the importance of public procurement with regard to combating corruption emphasizing that some recommendations on this matter were mentioned in the OSCE Handbook on Combating Corruption. He pointed at the limited role of the OSCE in the area of public procurement, which was a very technical issue. However, the OSCE should stimulate its work in this area to attract attention of governments to this sphere. He stressed that the OCEEA has been supporting the EBRD and UNCITRAL Initiative on Enhancing Public Procurement Regulation in the CIS Countries and Mongolia and invited the participating States to consider the support to and the partnership with this Initiative by the OSCE as the whole. One of the main aims of this initiative was the support to the UNCITRAL Model Law on Public Procurement and the OSCE could co-operate closer with the OECD in this area. Mr. Stukalo emphasized that the OSCE should not duplicate the work of other organizations when it comes to increasing investments and improving investment climate. However, the OSCE could provide assistance aimed at increasing investments to vulnerable areas. He commended the work done by the OSCE field presence in Armenia in providing support to the disinvested regions of the country.

*Mr. Taran* brought to attention the activities of the field operations in Central Asia in supporting participating States in developing migration governance. He stressed the current need for enhanced OSCE engagement to support coherency of the international work aimed at supporting participating States in improving migration governance. The Secretariat of the Eurasian Economic Union could benefit from discussions with the OSCE in developing a migration and labour mobility regime. Mr. Taran highlighted that the OSCE could play a particular role in this area based on its background, commitments and standing with the governments and within the region and relying on field operations, the OCEEA and other relevant OSCE executive structures and institutions.

*Mr. Stec* emphasized that the topics of the review report are interlinked, such as corruption and good environmental governance or climate change and migration. He pointed out that the OSCE could contribute by introducing the security perspective to the processes related to the implementation of SDGs, adaptation to climate change, and following up to the Batumi Conference. The speaker highlighted the relevance of the Aarhus Centres that could become a platform for reaching out these initiatives and discussions to the public and should be further supported.

*Dr. Yiğitgüden*, invited colleagues from field operations to present activities in the field of mining.

*A representative of the OSCE Centre in Bishkek* mentioned the activities of the Aarhus Centres in Kyrgyzstan in the field of radioactive waste and mining. She emphasized the expansion of the network of the Aarhus Centres in the country and highlighted the intention to widespread their activities in 2017.

*A representative of the OSCE Office in Yerevan* highlighted the development of a set of country-specific green growth indicators and methodology for measuring them in collaboration with the OECD and mentioned that, by the end of this year, the Office would complete a national report on green growth indicators' measurements in Armenia. He stressed that next year the OSCE Office in Yerevan was planning to support the government in introducing the Extractive Industries' Transparency Initiative (EITI).

*Dr. Yiğitgüden*, brought the attention to the Conference on Preventing Trafficking in Human Beings for Labour Exploitation in Supply Chains that he attended last week in Berlin. At the conference, he stressed the close link between issues related to human trafficking, corruption and public procurement and underlined the importance of the UNCITRAL Model Law on Public Procurement. He expressed the hope that more countries would be able to introduce provisions to their public procurement legislation that would allow to combat both corruption and human trafficking.

## ***Session VI (Panel Debate): Good migration governance and labour market integration***

**Moderator: Mr. Erik Tabery**, Chief Editor "Respekt", Czech Republic

**Rapporteur: Ms. Teresa Albano**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Prof. Rainer Münz**, Adviser on Migration and Demography to the European Political Strategy Centre, European Commission

**H.E Ms. Nilza de Sena**, Vice-Chair of the Committee for Economic Affairs, Science, Technology and Environment, OSCE Parliamentary Assembly

**Mr. Renald Grégoire**, Counsellor for Immigration, Embassy of Canada in Austria

**Dr. Martin Gleitsmann**, Head of Social Policy and Health Department, Federal Austrian Economic Chamber, Austria

*Mr. Erik Tabery*, Chief Editor "Respekt", introduced the discussion by highlighting that international migration governance represented currently a major challenge as the global competition for talents is accelerating in an increasingly interconnected world. He added that there was no one single policy, no one blue-print solution that could be replicated. Yet, there were inspirations that could be drawn from interesting experiences that the panel debate would try to distill and offer for a common reflection.



*Prof. Rainer Münz, Adviser on Migration and Demography to the European Political Strategy Centre, European Commission*, underlined that in his intervention he would express his own personal opinions and not the position of the European Union. He opened his reflection by underlining how the debate on migration had been recently overtaken by the debate on refugees' protection. However, in order to “*put things into perspective*”, by mentioning the current overall number of international migrants – 250 million – Prof. Münz highlighted that this number represents the 3% of the global population. The immediate consequence of this piece of information was that it implies that 97% of the current world population stays in the country of origin. Today 250 million individuals only, live outside the country in which they were born, including 16 million refugees. Prof. Münz summarized the main reasons for these individuals to move, as follows:

1. Economic: people want to improve. Migration is the quickest and the most effective way to achieve improvement, development and growth. This means also to strive for better working conditions, higher salaries, access to credit and entrepreneurial opportunities, including a more transparent and efficient business environment;
2. Education: the possibility to access quality education opportunities represents a huge driver of migration movements;
3. Family reunification: currently this reason represents the highest percentage of entries in the European Union and accounts for a significant driver of migration in the world;
4. Humanitarian: while armed conflicts and complex emergencies are growing – and the Syrian represents one of the many ongoing crises - the future will also see more people moving pushed by reasons linked to the degradation of the environment and the climate.

In taking the floor, *Mr. Renald Grégoire, Counsellor for Immigration, Embassy of Canada in Austria*, wondered if Canada could be considered as a success story. Indeed Canada's geographical isolation allowed a more effective planning of migration flows. Annually, the government established the ceiling for entries: in 2016 an overall number of 300,000 newcomers were allowed to enter the country, 65% for economic reasons, and the rest for family reunification and humanitarian reasons. However, this system proved to be inadequate vis-à-vis the increasing global competition for skills, the aging population – a growing concern in Canada too – and the consequent need for young and skilled workers to keep the level of prosperity for the whole Canadian population. Hence a point system - an express entry channel - was recently created in order to manage the intake of highly skilled professionals. The express entry was an online mechanism that allows the selection of future migrants according to their profile and offers advantages of greater rapidity – the overall procedure lasts approximately 6 months – and transparency.

According to *Dr. Martin Gleitsmann, Head of Social Policy and Health Department, Federal Austrian Economic Chamber, Austria*, labour markets were not only in need of highly skilled workers but also of lower skilled ones. Indeed, Mr. Gleitsmann underlined how the availability of work was a key factor for employers. In this regard, he mentioned that currently 42% of Austrian employers encounter difficulties in finding the profile of workers that they need. With regard to highly skilled workers, in order to attract new talents, the Austrian government has established the “Red Card” system, taking inspiration from the Canadian model. Similarly to the Canadian “express entry”, the Red Card system was a point mechanism that allowed highly-skilled workers from non-EU countries to enter, work, and get established in Austria with their family members.

To obtain the Red Card there was no need to prove the knowledge of the German language, although language skills allowed gaining more points. Yet, what Dr. Gleitsmann underlined, there was still a lack of vision in dealing with the overall migration phenomenon, including refugees. He then concluded by describing a recent positive experience: mentoring of migrants. Newcomers were mentored and accompanied in their integration process by long-term, experienced migrants. The project was producing very positive results and there was the intention to improve and expand this approach.

In taking the floor, *H.E Ms. Nilza de Sena, Vice-Chair of the Committee for Economic Affairs, Science, Technology and Environment, OSCE Parliamentary Assembly* underlined how policy responses to migration were often hostages of ungrounded myths, and first of all of the myth that migration was negative for the European Union. On the contrary, she claimed that it was widely proved that migration was a positive factor for economic growth, as it fostered the creation of new jobs and the transfer of knowledge and the flourishing of prosperity, including in the country of origin. Therefore, there was a strong need to understand the fears around migration and how to make integration an empowerment experience for the individuals and the societies involved. Ms. de Sena referred to the Portuguese experience with migrants, which was substantially different from the current migration scenario in Europe, considering the Portuguese history of immigration, being Portugal a country of destination of migration flows from the former colonies such as Brazil, Angola, and Mozambique.

Speaking about successful integration in the labour market, *Prof. Münz* underlined that two main factors had an impact on migration policies. The first factor related to the matching of the migrant's skills and the needs of the labour market and whether this matching happened before individuals enter the destination country. Prof. Münz stressed that one of the elements for the success or the failure of migration policies consisted of the pre-departure selection process. The second factor related to the management of expectations from the side of migrants. According to Mr. Münz, integration did not depend only on the willingness of the newcomer, and not only from the legislation in place in that country. Successful integration depended greatly from what Prof. Münz called "the body language" of the hosting society, the inner - and often hidden - feelings towards foreigners and the attitude towards change, more in general. Despite the formal recognition of rights, the integration process would fail if confronted with a hostile stance of the hosting society. On the other hand, a successful integration depended on the flexibility of individuals in adapting to a new language, new habits and customs. Therefore, it was important to consider different elements at different levels of action in order to promote successful migration and integration policies.

*Mr. Renald Grégoire* echoed Prof. Münz's considerations by confirming that the recent Canadian "Express Entry" system has indeed improved chances for successful integration. The system allows for the so-called "educational credentials' assessment" aimed at the recognition of individual's skills and certificates. He also confirmed that in the case of refugees, the integration challenges were different, due to the different entry mechanism. Major efforts needed to be directed towards the acquisition of necessary linguistic skills as well as technical knowledge for their labour inclusion.

In line with Mr. Gregoire's considerations, *Dr. Martin Gleitsmann* observed that Austria was currently experiencing the highest unemployment rate of unskilled workers in recent years. He

underlined that some of the key contributing factors rely in the lack of contacts and social skills. This is the reason behind the recent project “Mentoring from migrants”, still under implementation. Mentors and mentees were selected from the migrant community. Mentors guided and supported mentees in their labour inclusion process, be it an apprenticeship or a business enterprise. Mr. Gleitsmann underlined that one of the most delicate aspects was the matching of the right mentor with the right mentee. He then mentioned some results of this initiative: 1,500 mentoring partnerships; more than 50% mentees entered successfully the labour market. Indeed, one of the many possible ideas to better integrate migrant workers in the labour market.

The moderator solicited the panellists to elaborate on the role of the OSCE in the field of migration governance. *Ms. de Sena* was the first to take the floor and underlined that the OSCE PA had paid great attention to the topic this year, in particular at the last session of the OSCE PA in Tbilisi in July. An *ad hoc* committee chaired by the Swiss MP Lombardi was also established in view of promoting an in-depth reflection and dialogue on this matter beyond the current crisis, considering some key structural drivers of migration such as demographic shifts and low birth rates in many areas of the OSCE region. She stated the need to offer newcomers quality services at an early stage, including social and linguistic services - as well as proper orientation on the values and principles governing the hosting societies - as relevant factors for a successful integration process.

In reply to the moderator’s question related to the negative narrative that surrounded migration and the progressive resistance against migrants, *Prof. Münz* replied that indeed many countries showed a “split personality” when dealing with migration-related issues. Their attitude was positively proactive when addressing the issue of facilitating the mobility of their own nationals abroad, while they resisted the entry of third-country nationals. Such an approach failed to understand that these aspects were the two faces of the same coin. He underlined that usually migration policies were decided unilaterally. Rarely sending and receiving countries negotiate together such policies through common agreements. The added value of the OSCE would be its role derived to facilitate a dialogue on this topic; and on the other side, the OSCE’s participating States included countries of origin and destination, not exclusively gravitating around the EU. Therefore the OSCE represented a unique platform for dialogue on migration-related issues, which, so far, had not existed at international level. *Prof. Münz*, then, added, that this latter element might change as the UN General Assembly, for the first time, would address on 19 September 2016 the issue of large movements of people. The IOM would become a related, specialized agency of the UN system on migration-related issues. This would be a new element in the international diplomacy. In the future, this new setting would need to be tried out in a multilateral environment. The OSCE had a key role to play in this newly born sector of “migration diplomacy”, facilitating dialogue among countries that often may have diverging and conflicting interests and visions.

The panel was then opened to questions and inputs from the floor.

*The representative of the UK* asked the panellists from Canada and Austria about integration of migrants into hosting societies. Considering that integration was a two-way process, the UK delegate asked how countries of destination could better prepare their population to accept and integrate newcomers by communicating the positive contribution of migrants to the receiving societies. *Mr. Grégoire* replied mentioning two concepts: education and information. The

panellist underlined that the positive attitude of the hosting society also depended on the communication strategy about migration as well as how transparent and fair the immigration system was. In Canada, a positive image of migrants was constantly promoted among the public. This contributed enormously in shaping a welcoming environment for the approximately 20% of the Canadian population with a migrant background. In the Canadian society, the interaction with migrants happened on a daily basis. For those countries with a lower percentage of migrants, the panellist again underlined transparency, information and education as key factors to increase a positive attitude towards newcomers in the hosting society.

As for Austria, *Mr. Gleitsmann* added that the presence of migrants could foster the internationalisation of the Austrian enterprises. He underlined that the export of Austrian products could benefit greatly from the role of migrants as bridge-builders. On the other side, *Mr. Gleitsmann* acknowledged the contribution of the many low-skilled migrant workers particularly in the building of infrastructures. He indeed recognized that Austrian infrastructures would not function without migrant workers who accepted those jobs that Austrian nationals were no longer willing to do. *Mr. Gleitsmann* underlined the difficulty to communicate this positive contribution of migrant workers to the Austrian economy and society. He recognized that politicians were not always willing to communicate such positive impact of migrant labour force.

*The representative of Romania* then took the floor and asked what the OSCE could do more in this area of its mandate.

*Ms. de Sena* underlined that the OSCE could improve its unanimous resolutions in this field. She highlighted that all governments should be encouraged to include migrants and refugees in the national labour markets at the earliest possible stage. She underlined how the OSCE, including the OSCE PA, could contribute in the development of common policies, being this one a critical aspect. Indeed, *Ms. de Sena* explained that the current migration flow differed from the one in the 1990's and would require new policy tools to be addressed adequately.

*The representative of Turkey* took the floor to inform the audience about the initiatives of Turkey vis-à-vis the current crisis in the Middle East. The delegate underlined that Turkey has kept an open-door policy during the current Syrian conflict. Up to now a record number of 2.7 million persons have been received in the country, the highest number of refugees hosted in one country according to UNHCR. Up to 12 billion dollars were spent so far to provide for the needs of Syrian migrants. In January 2016, Turkey reformed its legislation and allowed Syrian migrants to access the national labour market, in line with the UN Convention on the rights of migrant workers and the members of their family of which Turkey is signatory. Since then, the Turkish Employment Services have been engaged in skills' mapping, matching labour market needs and vocational training.

In taking the floor, *the representative of Serbia* asked whether there was a *de facto* contradiction between the human rights' conventions, of which the Global North-West is signatory, and the attitude of Global Northern-Western receiving countries towards migrants. While *the representative of Armenia* asked whether the OSCE PA conducted field visits in sensitive borders and if the *ad hoc* Working Group on migration got involved with parliamentarians of the Mediterranean Partners for Cooperation.

In reply to the first question, the panellists indeed recognized that the current attitude of many receiving countries *de facto* contradicted the many human rights instruments that were produced particularly in the past century. The panellists also observed that there was an urgent need to think over social systems in order to address the new challenges related to a globalized labour market.

In his reply to the question posed by the representative of Armenia, Prof. Münz informed that the OSCE PA carried out field visits in Turkey, Lampedusa (Italy) and Calais (France). Yet, he underlined that these visits did not relate to the topic of economic migration but to the humanitarian aspect of the current Syrian crisis.

Regarding the use of the OSCE as a platform of dialogue, Prof. Münz concluded that the OSCE had a key role to play in the field of facilitating dialogue in the field of migration governance. He indeed highlighted that “listening” was what mainly had been missing so far. He added that dialogue meant to listen to the other side, to take into consideration what the other side wants and needs. And this was recognized as a critical area where the OSCE could play a significant role. Enhanced dialogue and diplomacy would be what the migration discourse would benefit greatly from and an area where the OSCE could meaningfully contribute to.

### ***Concluding Plenary Session – Follow-up to the 24<sup>th</sup> OSCE Economic and Environmental Forum***

**Moderator: Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship  
**Rapporteur: Ms. Alena Baur, Attachée**, Permanent Mission of Austria to the OSCE

#### **Speakers:**

**Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Ambassador Florian Raunig**, Head of the Task Force for the 2017 Austrian OSCE Chairmanship, Ministry of Foreign Affairs, Austria

*Ambassador Eberhard Pohl, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship, provided an overview of the discussions held during the Concluding Meeting on various aspects of good governance. With reference to the momentum created by the Chairmanship Business Conference on 18/19 May in Berlin, he stressed the importance of the strong involvement of the private sector in the discussions of the Economic and Environmental Forum and expressed his gratitude to the incoming Austrian Chairmanship for continuing the active participation of the business community and for building upon the priorities of the 24th Economic and Environmental Forum. With a view to the upcoming Ministerial Council in Hamburg, Ambassador Pohl concluded by calling upon participating States to proceed in the good spirit shown at the Ambassadorial Retreat in Krems, the Informal Foreign Ministers Meeting in Potsdam as well as at the session “The Way to Hamburg” during the Forum meeting and to constructively engage in the*

discussions towards a substantial Ministerial Council Decision in Hamburg that reflected the interlinkages between good governance, connectivity, economic exchange as well as stability and security.

*Dr. Halil Yurdakul Yiğitgüden, Co-ordinator of OSCE Economic and Environmental Activities,* highlighted that the Forum had revealed the importance of the concept of connectivity, with its good governance aspects, in promoting peace, strengthening co-operation and ultimately stimulating economic growth. Furthermore, the Forum had demonstrated that good governance required governments to be transparent and accountable vis-à-vis their citizens, which was, however, still not the case in many OSCE countries. As regards migration, he stressed the need for a coherent and long-term approach as well as for the political will to discuss common issues concerning migration management. According to Dr. Yiğitgüden, the challenges represented an opportunity to further enhance co-operation in the fields of labour migration, integration of migrants into host societies, improved protection as well as combating illegal migration and, in addition, to make good use of the many tools provided by the OSCE. Moreover, the Forum had clearly shown that good environmental governance was a key factor in the promotion of sustainable development. He then pointed to the upcoming EXPO-2017 on “future energy” in Astana and the Eight Environment for Europe Ministerial Conference that was held in Batumi in June 2016. In addition, Dr. Yiğitgüden continued, the Forum had reconfirmed the expertise and added value of the OSCE as shown in the case of the Aarhus Centres and the activities of field operations when it came to good environmental governance. In this context, Dr. Yiğitgüden elaborated on the annual Aarhus Centres Coordination Meeting on 21-23 November 2016 in Vienna which represented a link between the theme of the Chairmanship in Office and the theme of the incoming Chairmanship, which would focus on greening the economy. He concluded by calling for greater financial and human resources in the Second Dimension and by emphasising the great potential of the Second Dimension as regards the establishment of trust and confidence.

*Ambassador Florian Raunig* presented the 2017 Chairmanship priorities for the Economic and Environmental Dimension, declaring that Austria would like to build upon the achievements of the German Chairmanship with the overarching goal of further strengthening the Second Dimension. He, then, outlined the incoming Chairmanship’s main theme „Greening the Economy and Building Partnerships for Security“, including the following four sub-topics: reducing environmental risks, resource efficiency and renewable energy fostering energy security, business partnerships, and good governance for security as well as economic participation for strengthening security. As regards „Building Partnerships“, he explained that this aspect aimed at continuing and building upon the concept of „Connectivity“ as put forward by the German Chairmanship. He underlined the equal emphasis on economic and environmental aspects of security and their interconnection. While giving a short overview of the planned activities for 2017, Ambassador Raunig informed the participants that the incoming Chairmanship intended to co-organise a Business Conference together with the Austrian Chamber of Commerce, as being done by the current Chairmanship in office. He concluded by emphasising the need for more engagement by participating States as well as for strengthening the Secretariat and field missions by allocating additional financial and human resources. The floor was opened for discussion.

*The representative of Belarus* underlined that the discussions at the Forum had clearly accentuated the need for and relevance of the Second Dimension. After expressing Belarus' full support for the priorities chosen by the incoming Austrian Chairmanship, as they reflected continuity with respect to the efforts undertaken by the German Chairmanship, he concluded by stating that Belarus attached high importance to the concept of economic connectivity and would double up its efforts towards its further enhancement.

*The representative of Slovakia, on behalf of the European Union,* stressed that the Forum had shown the relevance and added value of the OSCE in the field of good governance as well as the merit of increased co-operation.

*The representative of Armenia* emphasized the fact that the lack of good governance could cause political tensions and conflicts. Moreover, he affirmed that the confidence-building potential of the Second Dimension was still untapped, and that good governance was crucial for protecting human rights. He underlined that the OSCE disposes over the mandate (e.g. the 2003 OSCE Maastricht Strategy, the 2012 Dublin Declaration on Good Governance, and the 2014 Basel Decision on Prevention of Corruption) and the tools (OSCE executive structures and their partners, such as networks of Aarhus centres and the ENVSEC) to promote cooperation at regional and local level in these fields. He concluded by saying that Armenia would support any initiative to further enhance connectivity.

*The representative of the United States of America* highlighted the importance of the Forum's theme and subscribed to the general remarks that stressed the profound effects of good governance on various aspects such as the business climate, sustainable economic development, environmental issues and energy as well as the fight against corruption, money-laundering and terrorism financing. Moreover, he underscored that the United States of America attached great importance to the concept of greater economic connectivity and referred to its efforts to strengthen connectivity in the Caucasus and Central Asia. He also underlined the need for sufficient political will for connectivity to play its part in rebuilding trust and restoring security. In this context, he addressed the argument put forward by different participating States during the Forum that economic sanctions would run counter to the concept of connectivity by noting that the question of economic sanctions should not be linked with the economic and environmental dimension and should be discussed in appropriate fora. In conclusion, the representative expressed his full support to the Chair and stated the United States of America's willingness to constructively engage in the discussions regarding the preparation of a substantial Ministerial Council decision.

*The representative of the Holy See* welcomed the synergies between good governance, a favourable business climate and sustainable economic development created during the Forum process. Highlighting the impacts of climate change and the need for a sustainable use of natural resources, he noted that social exclusion and environmental degradation represented two specific challenges in the Second Dimension. Furthermore, he called upon the participants to meet the challenges posed by the high influx of migrants and refugees with a sense of co-operation and solidarity while taking into account the principle of the common good. He concluded by emphasising the need to put an end to social and economic exclusions and by assuring the incoming Austrian Chairmanship of his full support in focusing on the sustainable use and sound management of natural resources.

Responding to the United States of America's remarks, *the representative of the Russian Federation* deemed it inappropriate to bring up the issue of economic sanctions in this session and put forward the Russian Federation's position with regard to the territory of Crimea.

*The representative of Ukraine* expressed Ukraine's full support to the position of the United States of America regarding the issue of sanctions whereupon she outlined Ukraine's position as regards the territory of Crimea.

*The representative of the Czech Republic* thanked all participating States, speakers and moderators for their interesting contributions and expressed his pleasure at having hosted another Economic and Environmental Forum in Prague.





Organization for Security and Co-operation in Europe  
The Secretariat

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

“Strengthening stability and security through co-operation on good governance”

### CONCLUDING MEETING

Prague, 14 – 16 September 2016

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

### ANNOTATED AGENDA

Wednesday, 14 September 2016

11:30 – 13:00 Welcome Buffet

13:00 – 14:30 Opening Plenary Session (*open to the press*)

**Welcoming remarks:**

- **Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship
- **H.E. Lubomír Zaorálek**, Minister of Foreign Affairs, Czech Republic
- **H.E. Lamberto Zannier**, Secretary General, OSCE

**Keynote speech:**

**Dr. Gernot Erler**, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag

**Moderator: Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 German OSCE Chairmanship

**Rapporteur: Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Statements by Delegations / Discussion**

14:30 – 15:00 Coffee/Tea break

**Presentation of the OSCE Handbook on Protecting Electricity Networks from Natural Hazards**  
(Gallery Hall)

15:00 – 16:00

**Session I (Panel Debate): Good governance, business climate and sustainable economic development**

**Selected topics:**

- Good governance and its impact on business climate, sustainable economic development, stability and security
- Fostering good governance and integrity in the public and private sector
- Triangular co-operation between public sector, private sector and civil society in strengthening good governance

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

**Rapporteur: Mr. Mery Mukazhan**, Second Secretary, Permanent Mission of the Republic of Kazakhstan to the International Organizations in Vienna

**Speakers:**

- **Mr. Štefan Füle**, Special Envoy for the OSCE and the Western Balkans, Ministry of Foreign Affairs, Czech Republic, former Commissioner for Enlargement and Neighbourhood Policy
- **Mr. Goran Svilanović**, Secretary General, Regional Cooperation Council
- **Mr. Jan Žurek**, Managing Partner, KPMG, Member of the Governmental Council for Sustainable Development, Czech Republic

**Discussion**

16:00 – 16:30

Coffee/Tea break

16:30 – 18:00

**Session II: The way to Hamburg**

**Moderator: Ambassador Vuk Žugić**, Permanent Representative of the Republic of Serbia to the OSCE, Chairperson of the OSCE Economic and Environmental Committee

**Rapporteur: Mr. Uroš Milanović**, Attaché, Permanent Mission of the Republic of Serbia to the OSCE

**Introduction:**

- **Dr. Gernot Erlner**, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag

18:30

**Reception hosted by the 2016 German OSCE Chairmanship**

at the Embassy of the Federal Republic of Germany, Vlašská 347/19, Praha 1.

**Thursday, 15 September 2016**

09:30 – 11:00

**Session III: The role of the private sector in fighting corruption, money-laundering and financing of terrorism for strengthening stability and security**

**Selected topics:**

- Promoting integrity in the private sector
- Best practices on public-private co-operation in promoting good governance and fighting corruption
- Engaging private financial institutions and the corporate sector in combating corruption, money-laundering and financing of terrorism

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

**Rapporteur: Ms. Zukhra Bektepova**, Economic Affairs Officer, Office of the Coordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Mr. Drago Kos**, Chair of the OECD Working Group on Bribery in International Business Transactions
- **Mr. Tseasuren Nyamdorj**, Deputy Director, Commissioner in charge, Independent Authority Against Corruption of Mongolia, (IAAC), Mongolia
- **Dr. Marcin Walecki**, Head, Democratization Department, Office for Democratic Institutions and Human Rights (ODIHR)
- **Mr. Michael Nagl**, Manager – Global Investigations, Western Union Payment Services Ireland Ltd., Austria
- **Mr. Nazar Kholodnytskyi**, Deputy Prosecutor General, Head of the Specialized Anti-Corruption Prosecutor’s Office, Ukraine

**Discussion**

**11:00 – 11:30**

Coffee/Tea break

**11:30 - 13:00**

**Session IV: Trade facilitation measures and good governance in supply chains**

**Selected topics:**

- Trade facilitation, border management and digital transformation
- Harmonizing and simplifying procedures in order to promote trade facilitation and strengthen good governance
- Regulatory frameworks in promoting labour, social and environmental standards in supply chains
- Public-private partnerships in promoting connectivity and trade facilitation

**Moderator: Mr. Walter Kemp**, Vice President and Chief Operations Officer, International Peace Institute

**Rapporteur: Mr. Tarash Papaskua**, Counsellor, Permanent Mission of Georgia to the OSCE

**Speakers:**

- **Ms. Ana Hinojosa**, Director of Compliance and Facilitation, World Customs Organization (WCO)
- **Ms. Asli Gurates**, Customs expert, Transport Facilitation and Economics Section Sustainable Transport Division, UNECE

- **Ms. Natascha Weisert**, Senior Policy Officer, Division for Sustainability Standards, Federal Ministry for Economic Cooperation and Development, Germany
- **Ambassador Madina Jarbussynova**, OSCE Special Representative and Co-ordinator to Combat Trafficking in Human Beings
- **Mr. Carlos Grau Tanner**, Director General, Global Express Association

## Discussion

**13:00 – 14:30** Lunch break

**14:30 – 16:00** **Session V: Good environmental governance and its impact on economic development, stability and security**

### Selected topics:

- Good environmental governance, sustainable development and green economy
- The role of national environmental regulatory frameworks for economic growth, stability and security
- Resource efficiency and innovation for sustainable economic development
- Enhancing transparency and stakeholder participation in environmental decision-making

**Moderator: Ms. Marta Szigeti Bonifert** Executive Director, Regional Environmental Center for Central and Eastern Europe

**Rapporteur: Ms. Jenniver Sehring**, Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### Speakers:

- **Mr. Marco Keiner**, Director, Environment Division, UNECE
- **Ms. Lyazzat Ryssymbetova**, Representative of the Commissioner of the International Specialized Exhibition Astana EXPO-2017 “Future Energy”, Kazakhstan
- **Prof. Pavel Danihelka**, Head of the Laboratory of Risk Research and Management, Faculty of Safety Engineering, Technical University of Ostrava, Czech Republic
- **Mr. Jan Lüneburg**, Head of Democratization Department, OSCE Mission to Serbia
- **Ms. Olga Zakharova**, Manager, Aarhus Centre Minsk, Belarus

## Discussion

**16:00 – 16:30** Coffee/Tea break

**16:30 – 17:30** **Review of the implementation of the OSCE commitments relevant to the theme of the 24<sup>th</sup> Economic and Environmental Forum**

**Selected topics:**

- Presentation of the Review Report
- Forward looking discussion on the Review Report's main findings and recommendations

**Moderator: Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Rapporteur: Ms. Tatiana Varacheva**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Mr. Alexey Stukalo**, former Deputy Co-ordinator of the Office of the Co-ordinator of OSCE Economic and Environmental Activities
- **Mr. Patrick Taran**, President, Global Migration Policy Associates
- **Prof. Stephen Stec**, Visiting Professor, Department of Environmental Science and Policy, Central European University, Hungary

**Discussion**

**18:00**

**Reception hosted by the Co-ordinator of OSCE Economic and Environmental Activities** in the Gardens of the Czernin Palace

**Friday, 16 September 2016**

**09:30 – 10:30**

**Session VI (Panel Debate): Good migration governance and labour market integration**

**Selected topics:**

- Demographic shifts, labour market needs and migrant workers' skills
- Effective labour migration policies and its contribution to economic growth, stability and security
- Global competition for talents and innovative migration policies
- The role of the private sector in good migration governance

**Moderator: Mr. Erik Tabery**, Chief Editor "Respekt", Czech Republic

**Rapporteur: Ms. Teresa Albano**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Prof. Rainer Münz**, Adviser on Migration and Demography to the European Political Strategy Centre, European Commission
- **H.E. Ms. Nilza de Sena**, Chair of the Committee for Economic Affairs, Science, Technology and Environment, OSCE Parliamentary Assembly
- **Mr. Renald Grégoire**, Counsellor for Immigration, Embassy of Canada in Austria

- **Dr. Martin Gleitsmann**, Head of Social Policy and Health Department, Federal Austrian Economic Chamber, Austria

## Discussion

**10:30 – 11:00** Coffee/Tea break

**11:00 – 12:00** **Concluding Plenary Session – Follow-up to the 24<sup>th</sup> OSCE Economic and Environmental Forum**

- General Discussion
- Closing statements

**Moderator: Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship

**Rapporteur: Ms. Alena Baur**, Attachée, Permanent Mission of Austria to the OSCE

## Speakers:

**Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Ambassador Florian Raunig**, Head of the Task Force for the 2017 Austrian OSCE Chairmanship, Ministry of Foreign Affairs, Austria



**24<sup>th</sup> OSCE Economic and Environmental Forum**  
**SECOND PREPARATORY MEETING**

**Berlin, 19-20 May 2016**





## EXECUTIVE SUMMARY

The Second Preparatory Meeting of the 24th OSCE Economic and Environmental Forum (EEF) on „Strengthening stability and security through co-operation on good governance“ took place in Berlin on 19-20 May 2016. During this two-day-meeting, the following six thematic areas were addressed:

- The impact of good governance on economic development and on the creation of a positive investment climate
- Trade facilitation measures as an important factor to strengthen good governance, foster economic development and stimulate business interaction
- Good governance as a basis for the fight against corruption, money-laundering and the financing of terrorism
- Good governance in logistics and supply chains as a means to strengthen economic development, stability and security
- Good migration governance and its contribution to economic growth, stability and security
- The contribution of migrant workers to economic development, stability and security through circular and return migration

More than 200 participants, including official representatives of OSCE participating States, field operations, institutions and Partners for Co-operation as well as experts from international, regional and non-governmental organizations, the business community and academia attended the Forum and engaged in the discussions about various aspects of good economic governance and good migration governance.

The discussions showed that good economic governance, e.g. trade facilitation measures, is a key element for enhancing co-operation and economic growth and contributes to strengthening stability and security in the OSCE area. In that regard, harmonization and standardization of customs and border crossing procedures can foster economic partnership and improve favorable investment climate. Predictable and clear regulatory frameworks are among key elements of good governance. Involvement of all actors and ensuring co-operation between government, private sector and civil society with the engagement of the international community was stressed as crucial for promoting good governance: this was an area where participants suggested that the OSCE could make a significant contribution.

The meeting also elaborated on logistics and supply chain management as well as the fight against corruption and money-laundering. Good governance in global supply chains is equally important to governments and companies as it creates planning security and ensures environmental, labour and social standards. It was stressed that private companies are important partners in achieving good governance. From a business perspective, pressure from international organizations and civil society, as well as the use of new technologies (e-government, digitalization, etc.) could contribute to more transparency and therefore help fighting corruption. Compliance systems in private companies are also an effective tool for combating corruption. Several participants highlighted the need to further enhance the co-operation and activities between the OSCE and the private sector.

It was pointed out that the main challenge in strengthening Euro-Asian transport links was rather the improvement of “soft infrastructure” that include customs administration, harmonizing standards and procedures than the construction of additional roads, railways or harbours.

Finally, participants discussed about labour migration and how migration governance should be considered a key factor to economic growth and a benefit for countries of origin and destination. International co-ordination of employment and migration policies is needed to make migration an orderly and secure process. Co-operation among countries at cross-dimensional level is considered essential to address challenges and reap the benefits of migration for countries of origin and destination, for local and host communities, economies, the private sector and the migrants themselves. Up-to-date and reliable statistical data, coordination of employment and migration policies, transparent and easy accessible systems of migrants’ skills recognition, and migration costs reduction were identified among the most pressing challenges of the current migration governance. Private sector’s involvement was mentioned as crucial in assessing the needs of labour markets while the role of civil society was highlighted as relevant in ensuring adequate employment standards for national and foreign labour force when implementing State’s migration policies.

## REPORTS OF THE RAPPORTEURS

### *Opening Session*

**Moderator: Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 German OSCE Chairmanship

**Rapporteur: Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

#### **Welcoming Remarks**

**Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

#### **Keynote speeches**

**Dr. Gernot Erler**, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag

**Prof. Peter Eigen**, Chairman of the Advisory Council, Transparency International

**Mr. Denis Simonneau**, Director of European and International Relations of ENGIE (former GDF Suez) and Chair of the ICC Commission on Corporate Responsibility and Anti-corruption, France

*Ambassador Pohl, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 German OSCE Chairmanship, welcomed all participants of the Second Preparatory Meeting of the 24<sup>th</sup> OSCE Economic and Environmental Forum. He stressed that good governance had an important impact on business climate and economic development, which was reflected in the high interest of the private sector in the Conference 'Connectivity for Commerce and Investment' organized by the Chairmanship and preceding the EEF.*

*Dr. Halil Yurdakul Yiğitgüden, Co-ordinator of OSCE Economic and Environmental Activities (CoEEA), expressed his gratitude to more than 200 participants for attending the Forum. He congratulated the German Chairmanship for organizing the Conference 'Connectivity for Commerce and Investment'. This showed the interest that participating States attached to a good business climate for the promotion of economic co-operation and good governance. The CoEEA stressed that in 2016 the OCEEA has given high priority to the concept of 'Connectivity', with its links to economic development and governance, including migration governance. He pointed-out that a positive investment climate is not possible without good governance and that also through an attractive business climate security and stability can be enhanced. He mentioned that the OCEEA has placed anti-corruption as a key priority to its work and public-private partnerships are needed to make progress on governance-related issues. He referred also to the contribution of migrant workers to economic development, stability and security through circular and return migration. He finally concluded by stressing the need to further enhance co-operation among participating States and other international actors in the field of good economic governance.*

*Dr. Gernot Erler, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag, welcomed the audience on behalf of the German OSCE Chairmanship. He recalled that 'Renewing dialogue, rebuilding trust, restoring security' were the priorities of the 2016 Chairmanship and that the 24<sup>th</sup> OSCE Economic and Environmental Forum on 'Stability and security through co-operation on good governance' reflected the direct contribution of the Economic and Environmental Dimension to these goals. He further elaborated on the OSCE's support in building trust through good governance. The work of the OSCE's field operations in promoting Good Governance was in that regard highlighted. Furthermore, Dr. Erler referred to the Chairmanship's conference on 'Connectivity for Commerce and Investment'. The participants of this event expressed the willingness to contribute in overcoming remaining barriers and avoiding dividing lines, in connecting markets and people, which enhances peace and stability. He gave the example that for businesses in global value chains, reducing existing barriers to trade and investment in the OSCE region is a key condition for stimulating economic growth and promoting sustainable development. This relies on a solid foundation of politics, laws and regulation, which needs predictability and impartiality, an area where the OSCE could play a significant role. Dr. Erler underlined that good governance is important as it improves economic relations, which could contribute to the prevention of conflicts between and within participating States and to security in the OSCE region. He also mentioned that the Economic and Environmental Dimension of the OSCE could be further strengthened by involving the private sector more closely.*

*Prof. Peter Eigen, Chairman of the Advisory Council, Transparency International, mentioned that the OSCE was among the first international inter-governmental organizations to efficiently work on combating corruption. He referred to the Helsinki Final Act and to the OSCE comprehensive approach to security. He stressed that there was a clear need to find new ways how to approach good governance, especially at national level. Indeed, failed governance at national level has led to 'failed governance' in the global economy, thus leading to even more global poverty. Prof. Eigen indicated that good governance at national level has to face three asymmetries. The first asymmetry is the geographical limitations of national governments. Even powerful nations have limited capacities to reach beyond their borders. The second asymmetry is the time horizon of national governments that lasts usually until the next elections. The third asymmetry refers to the fact that national governments have to take into account a huge diversity of constituencies. In that regard, he highlighted the importance of civil society in fighting corruption and promoting good governance at national and global level. New systems of co-operation between governments, civil society and the private sector – the "magic" triangle of cooperation - can be foreseen in order to address the problems within joint work programmes aimed at implementing and monitoring reforms. He reported that good results were achieved especially in the extractive industry. He mentioned the approach of Transparency International that brought together companies, investment funds, governments and NGOs in order to develop certain standards as building blocks of good governance.*

*Mr. Simonneau, Director of European and International Relations of ENGIE (former GDF Suez) and Chair of the ICC Commission on Corporate Responsibility and Anti-corruption, France, stressed that Europe is confronted by several geopolitical crises. The OSCE could help to settle these crises. He discussed the importance of co-operation between governments, international organizations, civil society, and companies, particularly private companies. He referred to the fact that companies tend to make their investment choices in those countries that have a low*

level of corruption. Moreover, he mentioned that the co-operation between the ICC (International Chambers of Commerce) and the OSCE could be enhanced. The ICC has adopted an anti-corruption policy, which applies to multinational companies and SMEs. Mr. Simonneau further referred to the positive results achieved by the UNFCCC COP21 meeting in Paris in November 2015 and commended the approach by the UN and by the countries in involving civil society and businesses into the whole decision making-process. This positive example could inspire the work in the field of combatting corruption since similar results could be achieved. He, further, referred to his work at ENGIE. The company has an integrity guidebook used by all managers as well as training measures in the field of anti-corruption. Investment decisions are determined by all aspects of good governance ('corporate social responsibility'). In conclusion, he stressed that both – private and public sector – had a joint responsibility in fighting corruption. Good governance is indeed becoming a key factor in investment decision-making for companies and countries, which are considering investments. Combined efforts are therefore needed to promote good governance as an essential element for stability and security.

The floor was opened for discussion.

*The Netherlands, on behalf of the European Union*<sup>1</sup>, expressed its support to the theme of the EEF. Good governance entails ensuring that governments are transparent, accountable, efficient, and responsive to the present and future need of their societies. Advancing good governance was indicated as a high priority for the EU, both within the European Union and internationally. Good governance is, indeed, at the core of the political dialogue and a central component of the European Union's development assistance, including to countries in the OSCE area.

*A representative of the US* underlined that strengthening security in the OSCE region through enhanced economic connectivity and good governance were important priorities in the Economic and Environmental Dimension as well as involving the private sector and business community more closely in the OSCE's Second Dimension work. Foreign investment would have economic benefits and could create jobs as well as stimulate growth, innovation and creativity. Participating States were encouraged to engage in issues e.g. related to legal systems, dispute resolution, corruption, and transparency. An open, non-discriminatory investment policy could improve the investment climate and increase the economic security. In addition, efforts to increase economic ties among OSCE participating States, particularly those in the Caucasus and Central Asia, could have a long-lasting positive impact on security and stability across the OSCE. Regional efforts designed to improve economic connections in the Caucasus and Central Asia, such as the New Silk Road initiative and the Central Asia Regional Economic Cooperation Programme, could be enhanced by OSCE activities in the region. Finally, the United States of America welcomed the formation of an OSCE informal working group by the countries of Azerbaijan, Georgia, Kazakhstan, Turkey, and Turkmenistan to explore how the Organization could further support regional co-operation.

*A representative of Armenia* underlined that, while assessing the framework of good governance, particular attention should be paid to areas, where the OSCE can contribute an added value. In an era of increasing interdependencies and connectivity, good governance requires inclusive

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<sup>1</sup> The Candidate Countries MONTENEGRO and SERBIA and the Country of the Stabilisation and Association Process and Potential Candidate BOSNIA and HERZEGOVINA, and the EFTA country LIECHTENSTEIN as well as UKRAINE, GEORGIA, ANDORRA and SAN MARINO align themselves with this statement.

international and regional co-operation. Further OSCE involvement should be well-grounded in the OSCE commitments, expertise and comparative advantages. In that regard, the OSCE's expertise in the conflict cycle can be used in assisting good governance projects in conflict areas, thus contributing towards confidence building.

*A representative of the Russian Federation* recalled that in Bonn, 26 years ago, OSCE participating States adopted a document, which formed the groundwork for the OSCE Second Dimension. Globalization of economic activity was resulting in interdependent production processes at a global level. Particular attention should be paid to strengthening trade and economic co-operation in order to create a good climate for business investments. International trade is an opportunity for every country to efficiently meet its needs. Strengthening economic ties must be seen in the context of regional integrational projects. At the same time, the representative of the RF mentioned that competition and economic fragmentation could lead to the emergence of new dividing lines. Thus, there is a need to build bridges and create synergies between these integration projects in the OSCE region. Moreover, the Russian Federation highlighted the importance of activities against corruption and money-laundering, recalling that discussions in this field should continue while avoiding duplication of work with other international organizations and international formats. Finally, RF said that the OSCE could be an excellent platform to discuss aspects of labour migration.

*A representative of Georgia* commended the active involvement of the private sector in the Forum-discussion and informed about the steps undertaken to facilitate economic development, the creation of a positive investment climate, harmonizing and simplifying border crossing procedures, and fighting corruption in Georgia.

*A representative of Switzerland* underlined that good governance was key to enhance transparency and accountability in all OSCE participating States in order to promote economic exchange and to re-build trust in a post-conflict situations. Connectivity could, thus, be understood as a tool to address both. The OSCE would, in this respect, be well equipped to facilitate the connectivity between states and actors in order to promote good governance by building partnerships between governments, civil society, and the business sector.

### ***Session I (Panel debate): The impact of good governance on economic development and on the creation of a positive investment climate***

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

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

**Speakers:**

**Mr. Nikoloz Gagua**, Deputy Minister of Economy and Sustainable Development, Georgia

**Mr. Gazmend Turdiu**, Deputy Secretary General, Regional Cooperation Council

**Dr. Valentin Alfaya**, Health & Safety, Environment and Quality Director, Ferrovial, President of the Spanish Green Growth Group, Spain

**Prof. Peter Eigen**, Chairman of the Advisory Council, Transparency International

*The moderator, Dr. Eric Frey, Managing Editor, Der Standard, Austria, introduced the topic of good governance as a prerequisite for sustainable economic growth and stability. He gave examples of how transparency, accountability and good governance could positively impact the investment climate, and how the private sector could be an indispensable partner in strengthening good governance. Dr. Frey opened the discussion by asking what matters most in achieving the goal of good governance.*

*Mr. Gazmend Turdiu, Deputy Secretary General, Regional Cooperation Council (RCC), briefed on the situation in the Western Balkans. The RCC developed the Balkans Barometer, which is a statistical study that enquires businesses about their opinion about corruption, business environment, legal and institutional difficulties, and policy frameworks. Through this tool businesses criticized the legal uncertainty throughout the region since the key prerequisite for private sector investment is the predictability of laws and regulations. The private sector also felt that governments tend not to be responsive to the needs of the business community. A lack of this predictability fuels corruption, and corruption is found where discretionary powers are vast. Mr. Turdiu emphasized that capacity building was the main tool to combat corruption and key to create a predictable and stable legal and regulatory framework. Moreover, he mentioned that the RCC has conducted Corruption Risk Assessments in Southeast Europe. One of the results of this assessment was a need for greater transparency and public awareness. The RCC has also conducted an assessment of legislation of protection of whistleblowers. The RCC works in partnership with civil society organizations and with the Council of Europe (CoE).*

*Prof. Peter Eigen, Chairman of the Advisory Council, Transparency International spoke about how to approach and promote good governance. Transparency International works under the premise that there are three primary tasks to fight corruption. Firstly, it is important to mobilize people against corruption because corruption undermines growth, democracy, and human rights. In that regard, Transparency International mobilizes civil society through creating national chapters. The rationale behind was to find local voices in the fight against corruption. The second task is to provide a holistic approach to the prevention and fight against corruption. The efforts should not be just focused on punishment and criminal sanctions, but also access to information, establishing procurement systems, and conflict of interest provisions. The third task is a cooperative approach among governments, civil society, and the private sector, in the framework of what Mr. Eigen called "magic triangle". Nevertheless, he remarked on existing lack of trust among governments, private sector and civil society and underlined the need for more engaged, string and independent civil society organizations. Prof. Peter Eigen finally referred to the United Nations Convention Against Corruption (UNCAC) and other tools of the World Bank as key instruments for preventing and fighting corruption at national level.*

*Mr. Nikoloz Gagua, Deputy Minister of Economy and Sustainable Development, Georgia, spoke about the experience of Georgia and the development of an effective system of good governance. He stated that corruption was widely spread in Georgia until 10 years ago. Since then, the country has achieved important results due to political will and the support of the people to create transparent systems, government accountability and punishment of perpetrators. The first results were very successful, and there has been a notable improvement in governmental services. He mentioned, nevertheless, that there would still be much to do, and Georgia would not rest at this stage with early successes. Mr. Gagua emphasized that Georgia was now looking at the next five years and how the country could even further improve. He*



stressed that this was not only an aim but rather task for the government. The society needs to support these efforts. Mr. Gagua underlined that Georgia is undertaking a good governance reform that focuses on efficiency of the public sector and combating corruption. Upon a question of whether Georgia needed the international community, *Mr. Gagua* stated that in young democracies the OSCE and other international organizations were more important than in more developed democracies. He also stressed that civil society organizations should play a critical role in combating corruption.

*Dr. Valentin Alfaya, Health & Safety, Environment and Quality Director, Ferrovial, President of the Spanish Green Growth Group, Spain* talked about his role as Director at Ferrovial. and as President of the Spanish Green Growth Group in Spain. He explained that Spanish Green Growth Group is a consortium that brings together 30 companies with a common understanding of striving for a greener and more sustainable economy, and to secure the environment for long-term investments. He emphasized that private-public partnerships are one of the main tools to accelerate development and highlighted that large corporations had a specific role to play in fighting corruption since the private sector has shared responsibility to deal with business risks. In that regard Dr. Alfaya referred to good transparent governance within businesses as of utmost importance since it aims at providing and implementing internal mechanisms to eliminate and respond to situations of possible corruption. Furthermore, Dr. Alfaya reminded that it was also necessary to ensure that standards were applied globally, no matter in what country and within which legal framework companies operate businesses. Finally, he recognized that corporations could do more in the promotion of good governance and fighting corruption as the partnership between governments and private sector could generate benefits in a long term.

The floor was opened for discussion.

*A representative of Germany* asked Mr. Alfaya to elaborate on what had changed in the last 20 years in terms of compliance. Mr. Alafaya responded that the necessity of implementing compliance rules was based on the Anglo-Saxon legal system. He stressed again the need for simplified regulations and noted that in Spain almost 100,000 regulations for businesses were still in place. Smart, precise regulations related to corruption and bribery had radically changed the corporate environment.

*Prof. Eigen* added that companies used long-term returns as an argument not to engage in bribery. But, he stated that in the sectors of oil, gas, minerals, bribes are used to censure investment security.

*A representative of Spain* asked Mr. Alfaya to elaborate how good governance of the green economy could help to create and foster business opportunities. He responded that one of the corner stones was the long-term stability and certainty of the economy. Most of the challenges, such as climate change, needed long term solutions, technological solutions, providing long term perspectives. He, finally, encouraged governments to make the legal framework and rules simpler, more transparent, clear, and stable in the long term.

*A representative of the U.S.* asked what could be done if there was no political will to strengthen good governance. Prof. Eigen responded that an entry point needs to be identified. He provided some examples of the countries where different private companies, international organizations

(e.g. World Bank Group), or civil society representatives (such as journalists) acted as a driving force for combating corruption.

*The OSCE Mission to Serbia* commented that it was difficult to provide incentives to national companies to have anti-corruption programmes due to the fact that there was no enforcement of anti-bribery laws in many countries and no economic incentives are offered unless a company operates internationally.

*A representative of Armenia* stated that new technologies could overcome human vices. E-governance and e-procurement are new ideas that could help. He asked if there was a correlation between digitalization and corruption.

*Mr. Gagua* stated that the main issues for the promotion of good governance for Georgia were long term reforms and having a coordinated approach with international organizations, civil society and companies.

*Prof. Eigen* stated that information technology made it much easier to promote integrity and for TI to do its work, though also corruption has become more sophisticated.

*Mr. Turdiu* concurred that that digital technology was very important and helped to increase transparency. In this regard he referred to the work of RCC on replicating e-services throughout South and Eastern Europe.

*Mr. Alfaya* concluded that the magic word was “certainty”. Certainty was necessary for long term investment and legal certainty implied simpler, smart and clearer regulations.

## ***Session II: Trade facilitation measures as an important factor to strengthen good governance, foster economic development and stimulate business interaction.***

**Moderator: Mr. Walter Kemp**, Vice President and Chief Operations Officer, International Peace Institute

**Rapporteur: Ms. Zukhra Bektepova**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Mr. Robert Teh**, Senior Research Economist, World Trade Organization

**Ms. Celine Kauffmann**, Deputy Head, Division for the Regulatory Policy Division, OECD

**Ms. Ivonne Julitta Bollow**, Head of Eastern Europe and International Affairs Corporate Public Policy, METRO Group, Germany

**Ms. Yulia Minaeva**, Senior Economic and Environmental Officer, OSCE Centre in Bishkek

**Mr. Mika Poutiainen**, Project Manager, Enforcement Department, International Affairs, Finnish Customs, Finland

*Mr. Walter Kemp, Vice President and Chief Operations Officer, International Peace Institute,* highlighted the importance of trade facilitation measures in strengthening good governance and fostering economic development between the OSCE's participating States. He noted four main types of connectivity: Europe and Asia; the relationship between Euro Atlantic and Eurasian Hubs of the OSCE area (EU and the Custom's Union); regional and cross-border co-operation; and extraterritorial digital connectivity. Mr. Kemp underlined that the trend of connectivity has been increased in recent years and it should be used as a moving power for economic development within the OSCE area.

*Mr. Robert Teh, Senior Research Economist of the World Trade Organization,* focused his presentation on the development implications of the WTO Trade Facilitation Agreement (TFA), which was the first multilateral agreement that the members States of WTO have been able to agree on since the WTO was established in 1995. The presentation was referred to the potential economic benefits of Trade Facilitation. The speaker underlined that an increase of countries' integration into global markets enhanced the development prospects and would foster economic partnership and expand regional supply chains. Mr. Teh underlined the role of the OSCE as a comprehensive platform for dialogue and proposed what OSCE's participating States could undertake in order to foster economic development: to ratify the TFA; to contribute financing and/or expertise to the Trade Facilitation Agreement facility; to tailor implementation of the TFA to their circumstances.

*Ms. Celine Kauffmann, Deputy Head, Division for the Regulatory Policy Division, OECD,* briefed how OECD supported good governance and economic development through international regulatory co-operation. She underlined that co-operation in any area caused more complex regulatory frameworks and that every country would need assistance to improve its regulatory mechanisms. She noted that the sources of regulation and standards were multiplying, involving both state and non-state actors. Addressing the 'stock' of regulations was equally important to anticipating new regulatory measures. The speaker emphasized such important areas of co-operation as regulatory harmonization through supra-national institutions, specific negotiated agreements and regulatory co-operation partnerships, recognition of international and foreign regulation and standards, adoption of good regulatory practice and exchange of information. She stated that the OSCE played a unique role in adopting common approaches related to economic co-operation and development and should continue its work in this area.

*Ms. Ivonne Julitta Bollow, Head of Eastern Europe and International Affairs Corporate Public Policy, METRO Group,* emphasized the role of trade facilitation for private companies such as METRO. She noted that standardization and harmonization of trade rules on boards were of vital importance for those who deal with the delivery of goods. Every challenge in trade procedures would find its reflection at the price, delivery time, quality and safety of goods, and will affect the product variety. She explained that METRO also had contracts with several leading hotels in Asia, and was responsible for goods delivery for these hotels. In this regard trade facilitation and good governance is one of the crucial issues for successful business. The speaker emphasized such challenges as knowledge deficit, problematic custom infrastructure, bureaucracy and lack of connection with local authorities. All these issues obstruct trade and economic relations.

*Ms. Yulia Minaeva, Senior Economic and Environmental Officer, OSCE Centre in Bishkek,* presented the experience of the OSCE field operation in strengthening regulatory governance in

Kyrgyzstan. She noted that these reforms were aimed at improving economic competitiveness of the country and enhancing business environment through reducing corruption areas by using effective methods of regulation, and reducing government regulation of business. Ms. Minaeva mentioned three main pillars of the reform: building a regulatory management system; improving the quality of existing regulations; and improving the quality of new regulations. She emphasized that the reform had an inclusive approach, which meant that business representatives, national authorities including the Regulatory Reform Council were involved in the discussion process. The speaker underlined that this reform would reduce regulatory compliance costs on businesses, improve regulatory framework for strategic sectors and attracting FDIs, foster cost-savings to the government through simplified administration, strengthen the rule of law and improving transparency, access to laws, and accountability across all ministries.

*Mr. Mika Poutiainen, Project Manager, Enforcement Department, International Affairs, Finnish Customs*, presented the experience of Finland in harmonizing and simplifying customs and border crossing procedures in order to strengthen good governance and stimulate business interaction. He mentioned the effectiveness of synergy between police, customs and boarder guard services, which promoted smooth trade of goods and ensured its correctness, collected taxes on goods, offered customer-oriented service and protected society, the environment, and citizens. He underlined that the main specific point of co-operation between these three national authorities was substitution, which meant that officers could share its functions if appropriate at the concrete border crossing point.

The floor was opened for discussion.

*The delegation of Georgia* stated that good governance in trade facilitation and in the regulatory sphere contributed to secure and stable societies. The representative briefly informed about the Georgian experience in trade facilitation, strengthening of customs regulations and improving relevant infrastructure. He noted the co-operation with Turkey in this area, which helped to avoid duplication in the work of customs service in both countries.

*The delegation of the Netherlands on behalf of the European Union* inquired about ways to improve trade facilitation to provide security and how to implement the Finnish experience in regions with increased risks.

*A representative of Switzerland* inquired about the OSCE's role in strengthening the implementation of the WTO Trade Facilitation Agreement. He also inquired about OSCE's participation in organizing relevant trainings for customs and business staff.

In response to the questions from the delegation of Netherlands, on behalf of the European Union, *Mr. Poutiainen* noted that the key aspect in trade facilitation and co-ordinated border management was confidence, based on political will and developed infrastructure.

*Mr. Teh* underlined that the OSCE could provide the platform for sharing best practices and urge participating States to ratify the TFA.

*Ms. Bollow* stated that the OSCE with its field operations in many countries could help the private sector to start a dialogue with local authorities and help to find solutions in the area of trade facilitation and standardization. The OSCE organizes many relevant trainings and seminars, which international companies could attend, and share its international experience and views, and rise main sensitive topics faced by the companies.

### ***Session III: Good governance as a basis for the fight against corruption, money laundering and the financing of terrorism***

**Moderator: Dr. Frank Evers**, Deputy Head, Centre for OSCE Research (CORE), University of Hamburg, Germany

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

#### **Speakers:**

**Dr. Elina Sidorenko**, Member of the Expert Council of the Presidential Administration on Combating Corruption, Russian Federation

**Mr. Roderick Macauley**, Criminal Law Advisor, International and Corporate Criminal Law, Ministry of Justice, United Kingdom

**Ms. Laura Sherman**, Anti-corruption Adviser, OSCE Mission to Serbia

**Mr. Francois Vincke**, Vice Chairman, Commission on Corporate Responsibility and Anti-Corruption, International Chamber of Commerce

*Dr. Frank Evers, Deputy Head, Centre for OSCE Research (CORE), University of Hamburg, Germany* noted that while the OSCE was neither a donor, nor a development organization, it has served as a platform for setting politically binding decisions such as the 2012 Dublin Declaration on Good Governance and the 2014 Basel Ministerial Council Decision on the Prevention of Corruption.

*Dr. Elina Sidorenko, Member of the Expert Council of the Presidential Administration on Combating Corruption, Russian Federation,* stated that anti-money-laundering and countering terrorism financing was an international issue. In her opinion, the FATF risk based approach has been effective. Moreover, international standards provided by the UN, FATF (Financial Action Task Force), OECD, OSCE, the Egmont Group, the Basel Institute, and the CoE remain of high importance in addressing anti-money-laundering. However, these standards, she argued, lead to a duplication and contradictions. She claimed that there was a need to come up with a single policy in order to compliment what these bodies do. She addressed the main risks and threats for the Russian Federation. She, also, stated that there were financial crime risks, money-laundering risks, financing of terrorism risks and the rise of terrorist ‘hot spots’ in Russia. When it came to procurement and government spending, Russian military industry, construction of roads and forestry were economic sectors most vulnerable to corruption. Dr. Sidorenko argued that anti-money-laundering and counter terrorist financing should be split. They are two different phenomena and should be handled differently. Academic studies conducted on trends and forecasts have shown that risks are highest in the banking sector and government funded institutions. Risks were fairly low when it came to gambling and electronic payments. Currently these industries were, nevertheless, not very developed in Russia. Since 2001, both the number

of sponsors and average of donations for terrorism financing have increased. She argued that there was a need to come up with a single mechanism for co-operation with the OSCE, EAG (the Eurasian Group on Combating Money-laundering and Financing of Terrorism), BRICs (Brazil, Russia, India, and China), and others. There was also a need, she stressed, for the involvement of the private sector to detect new criminal schemes, and monitoring new hi-tech challenges and a coordinated approach to regulate crypto currencies. This, she claimed, should be at the top of the OSCE's agenda since this was a major risk and the OSCE needed to spearhead this efforts in order to deal with security and stability.

*Mr. Roderick Macauley, Criminal Law Advisor, International and Corporate Criminal Law, Ministry of Justice, United Kingdom*, noted that private sector corruption was perceived in many different ways. Many did not consider deals done between actors of the private sector as corruption or as a crime. However, more private sector companies do public sector work. In some countries the private sector was viewed as a victim of the public sector, and in others the perpetrator or supplier of corruption. Good governance was related to connectivity between the public and private sector. One could not hope to succeed if the private sector, he argued, was not harnessed since. The IMF put out a report that 1.5 trillion USD are paid in bribes per year. He presented the incentive theory's basic idea that gains to be made from bribery do not exceed the impact of costs (sanctions) plus the positive measures put in place for businesses to work according to ethical procedures. Lucrative publically funded projects were tempting for bribery. Counterbalancing measures that ensured very large fines were crucial. Sanctions would only be persuasive if the laws were in place. Robust enforcement was necessary for good governance to work. For this, political will and resources are needed. Without a likelihood of prosecution there won't be any progress. Co-operation among governments was also necessary. At the recent UK Prime Minister's international conference on anti-corruption in London there was a proposal to create anti-corruption centres, which could be a good starting point. He also noted that legal measures should be both criminal and administrative. Corporate liability, even criminal liability, had to be in place. The best legal provision for this was a failure to prevent bribery by a corporate entity. This entailed the culpability of the company to prevent bribery from taking place. The U.S. and UK anti-bribery laws have been very successful. If a company investigated itself and presented a dossier to the authorities it could negotiate further steps. The U.S. has started with deferred prosecution, and the UK has adopted this but made it more transparent than the U.S. through open judicial hearings in order to overcome the perception of corporate lawyers striking deals behind closed doors. Individual liability was also very important. Supply side mechanisms and demand side impacts were the right approach. Any company subject to the FCPA and UK anti-bribery act wanted to work with companies that would not be a criminal liability to them. This could have economic effects in the countries they worked in. He noted the important impact of these mechanisms. The OSCE could see the potential of the application of corporate liability in some of the countries in which it worked.

*Mr. Francois Vincke, Vice Chairman, Commission on Corporate Responsibility and Anti-Corruption, International Chamber of Commerce*, stated that good corporate governance was the basis for fighting corruption. Companies needed to first look into what they needed to do inside. Corporate governance was often just the structure, such as the board of directors, presidents, and accountability mechanisms. OECD and the G20 have produced a guideline that stated the duty of the board to act in good faith with due diligence and care, and should apply high ethical standards. Good corporate governance is not only the structure of the company but implied the

behavior and standards the board should use. The board should review risk policy and risk profile. Boards should place an ethics and compliance function within the corporation. This entails an ethics and compliance code and program. In this way, the Board set the tone from the top. In South Korea there were legal provisions for ethics and compliance officers. This could be replicated in the OSCE area, he stated. Due diligence, “know your customer” in anti-money-laundering were also good models. Due diligence should also be considered for SMEs. All companies should take their own proportionate measures. He informed that the ICC has created an Anti-corruption Guide for SMEs on due diligence. He posed the question whether the public sector bidders for public procurement could be tested on ethics, compliance, and due diligence. He argued that a company could be excluded if they did not have a compliance programme in place. In the OSCE’s Handbook on Combating Corruption, conflicts of interest were further elaborated. The ICC dealt with conflicts of interest in the private sector. This was an example of the ICC and the OSCE were working together hand in hand.

*Ms. Laura Sherman, Anti-corruption Adviser, OSCE Mission to Serbia*, talked about reducing the opportunities for bribes in Serbia. She noted that within Economic and Environmental Dimension in the OSCE Mission to Serbia, the Office dealt with public procurement, transparency and accountability, amending the criminal code and law enforcement. She underlined that the TI Corruption Perception Indicator has shown that Serbia has been stagnant for a number of years in regard to the perception of the level of corruption. She gave the example of a best practice in the new law on inspectors, which focused on discretion and transparency. Upon adoption, 2,000 inspectors would be trained through “train the trainer” programmes. The increase in transparency requires publically available information. The checklist was publically available. The law also introduced consent by silence to eliminate the room for corruption.

The floor was opened for discussion.

*A representative of Ukraine* stated that the Government of Ukraine tried to make its economy attractive in order to mitigate the impact of the recession on citizens. All branches of government were committed to reforms, the anti-corruption and development strategy. Monitoring of reforms is being undertaken by the government. Facilitating trade policies and enhancing economic policies was also a priority. Keys to economic growth were to address existing and potential threats.

*The OSCE Office in Tajikistan (OiT)* stated that in a politically sensitive country the mission worked with various government stakeholders and could also help NGOs and businesses. She presented an initiative promoted by the OSCE OiT aimed at assessing anti-corruption through the screening and analyzing of laws.

*A representative of the U.S.* asked Ms. Sherman if she could talk about how political will was created to pass the legislation she mentioned in her presentation. The delegate also asked Mr. Vincke about the importance of whistleblowers, the difficulty in protecting them and a question of rewards.

*Ms. Sherman* underlined the importance of pressure by the private sector. It was clear to everyone that inspectors were a serious problem for corruption. USAID offered to help Serbia to deal with it. This reform was also in line with the National Anti-corruption strategy.

*Mr. Vincke* replied that whistleblowing legislation was very difficult to adopt. This had the least traction of any of ICC's work, he admitted. A number of EU Member States had no protection measures, he noted. The ICC believed that whistleblowing was essential to good governance and anti-corruption.

*Mr. Macauley* said that the UK has considered the US approach towards rewarding whistleblowers. The UK had whistleblower protection mechanisms. They have found the difficulty with whistleblowers in the role as a witness and, at the same time, a potential defendant, which made it difficult to work with.

*Dr. Sidorenko* advised that compensation for whistleblowers should be 10 percent of what the government received through the investigation. The issue remained whether this was decided when the case was initiated or filed or after the judge issued a decision. Anti-corruption strategies in developed countries were monitoring what the private sector was doing, while in subsidized countries the focus was set on bribery.

*A representative of Armenia* asked *Mr. Vincke* with reference to conflict of interest in the Middle East in corporate governance, whether nepotism was the worst case of corruption. Though it is not very efficient for corporate governance, there were cases where nepotism formed good structures and successful businesses.

*Mr. Vincke* replied that this was precisely what the ICC would like to analyze. What was going to be interesting was formulating best practices in a worldwide context in this area.

## ***Session IV: Good governance in logistics and supply chains as a means to strengthen economic development, stability and security***

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

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

### **Speakers:**

**Mr. Helmut Fischer**, Head of Division for Sustainable Standards, Federal Ministry for Economic Cooperation and Development, Germany

**Dr. Vytautas Naudužas**, Ambassador of the Republic of Lithuania to the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Tajikistan, Lithuania

**Ms. Alejandra Cruz Ross**, Technical Officer, Transport Sector, Sectoral Activities Department, International Labour Organisation

**Mr. Steven Pope**, Head, European Customs and Regulatory Affairs, DHL Express

**Dr. Christoph Feldmann**, Chief Executive Officer, Association for Supply Chain Management, Purchasing and Logistics (BME), Germany

**Ms. Eva Molnar**, Director, Sustainable Transport Division, UNECE

*Mr. Helmut Fischer*, Head of Division for Sustainable Standards, Federal Ministry for Economic Cooperation and Development, addressed the question of economic sustainable development along global supply chains by providing detailed information on global supply chains and their



political relevance. Mr. Fischer noted that today more than 453 million people were involved in global supply chains. Intermediate products made up approx. 70% of goods traded worldwide. He underlined that promotion of the use of sustainability standards and multi-stakeholder initiatives would positively impact the transformation of the global value chain, and a combination of common efforts could increase supply and demand. Good governance would also promote economic growth, labour rights, trade unions rights along global supply chains. He also identified a number of global supply challenges such as non-existing or non-enforced labour and environmental laws, the use of hazardous chemicals and other inputs, destruction of natural habitats and biodiversity, unsafe working conditions, forced labour, child labour, insufficient wages, and corruption.

*Dr. Vytautas Naudužas, Ambassador of the Republic of Lithuania to the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Tajikistan, stressed the importance of transport development for economic stability and security. He underlined the significance of implementing relevant international agreements and conventions and maintaining a balance between the creation of conducive legal and regulatory environment and adopting new technologies and infrastructure developments. Around 60 transport related agreements and conventions were regulating different types of transport activities. The speaker noted that well-coordinated transport systems and harmonized border crossing procedures, based on international legislation and standards, would foster economic growth and regional integration, which would be important for landlocked developing countries. The Ambassador stated that the New Silk Road in Central Asia faced many challenges but did provide an alternative trade route from and to China also in the interest of countries in Central Asia. Ambassador Naudužas emphasized that the New Silk Road would provide increased economic connectivity between China, Central Asia and Europe.*

*Ms. Alejandra Cruz Ross, Technical Officer, Transport Sector, Sectoral Activities Department of the International Labour Organisation (ILO), focused her presentation on road haulage, working conditions of road and rail workers, existing challenges and initiatives. She briefed the audience on the ILO and its modus operandi. She underlined that truck drivers were very important factors in improving security and safety of transport operations. Ms. Ross informed about the current working conditions and challenges in the international road haulage sector including segmentation, fragmentation and increased supply chain pressures. She emphasized that a change of industry composition and increased fragmentation resulted in higher numbers of transport owners, operators and small enterprises. This has led workers to become the final (weakest) link in a long chain of sub-contracting which implied they were exposed to a disproportionate number of risks and costs such as for instance vehicle ownership, vehicle operation costs, and maintenance. When not managed properly, this development could impact on road safety and security.*

*Mr. Steven Pope, Head of the European Customs and Regulatory Affairs Unit at DHL Express, spoke about the role of the private sector in strengthening good governance in logistics and supply chains. He noted that his company, which operated in many countries across the globe, directly depended on good governance in transport and logistics, at border crossings, and in customs. Good governance reduces risk to the supply chain, increases certainty, helps support a risk based approach to regulatory controls, speeds processes up, reduces costs, and generates economic growth. Mr. Pope highlighted the responsibility of the private sector having robust compliance processes in place in line with Global Standard Operating Procedures. He mentioned*

that in the case of DHL, these standards apply to subcontractors/suppliers as well and that risk categories, selectivity and profiling are based on information received from Customs. He pointed out that public-private sector co-operation in global supply chain management was always a 'win-win' scenario. Moreover Mr. Pope informed about DHL's achievements in piloting trade facilitation processes at the border; co-operating with international bodies on research projects; and in-house measuring of border performance and compliance performance. He concluded by stressing the need for both compliance programmes and facilitation.

*Ms. Eva Molnar, Director of the UNECE Sustainable Transport Division*, informed participants about the latest initiatives on infrastructure development and border crossing facilitation between Europe and Asia, and highlighted examples of successful co-operation with the OSCE. She underlined that trade co-operation between Europe and Asia was growing fast and that it was thus important to have good transport and logistics connections between these two regions. In this regard Ms. Molnar mentioned main UNECE initiatives in the transport field such as Phase III of the on-going Euro-Asian Transport Links (EATL) Project where the OSCE is fully engaged. The speaker underlined that the various Euro-Asian transport corridors and initiatives such as TRACECA, ADB CAREC, and NELTI etc. were not duplicative but complement each other and add to the overall transport connectivity of the region. Ms. Molnar noted that border crossing facilitation could not work well if the basic regulatory framework was missing. She underlined the importance of a global unified system for contractual relations between shippers and transport operators and made reference to the unified railway law and the TIR Convention which both were instruments that help to reduce costs and uncertainties and save time. She concluded by emphasising the need for increased political will.

*Dr. Christoph Feldmann, Chief Executive Officer, Association for Supply Chain Management, Purchasing and Logistics (BME)*, spoke about supply partnerships as a powerful tool to connect companies, countries and regions. He noted that the external share of value creation was continuously increasing. He underlined that co-operation in the framework of supply chains helped to improve and foster economic co-operation, especially in high-tech industry, where the value creation is particularly high and the innovation period very short. Dr. Feldman underlined that procurement promoted economic collaboration and that supply chains helped to expand trade markets on the trans-regional level. Here he also mentioned the role of trade agreements, harmonized border controls, aspects related to digitalization (including IT and electronic solutions) and the need to continuously invest in education and qualification.

The floor was opened for discussion.

*Mr. Roderick Macauley* raised the issue of threats posed by corruption to supply chains and wondered who was enforcing agreed standards and introducing codes of conduct among supply chain participants. He also asked the panellists how they envisaged regulatory schemes to develop in the future and how it could be prevented that larger companies impose high standards on SMEs that did not have the resources to meet them in the first place. Finally Mr. Macauley asked the panellists to clarify which approach would be best in order to regulate transport and logistics systems, under a criminal law or an administrative law approach.

*A representative of Germany* asked the panel to elaborate on how to best create a balance between profitability of companies and compliance with social standards and also asked about the OSCE's role in supporting the implementation such standards.

*The OSCE Mission to Serbia* enquired more details about DHL's anti-corruption compliance programme and wanted to know how it applied to sub-contractors.

*A representative of Italy* highlighted the international character of transport and the important role of good governance, particularly in the areas of transport inter-operability, inter-modality, infrastructure development, safety and security standards, border crossing facilitation and co-operation among countries. She highlighted that transport infrastructure should be constructed in line with environmental and safety standards as well as transparent public procurement standards. Harmonization of border crossing procedures and transparency attract investment and promote connectivity among all stakeholders. It was noted that new funding resources would need to be identified. At the same time it was recognized that investing in soft measures did not necessarily require lots of funding. The OSCE could contribute by providing expertise. The representative also mentioned that four out of nine major European transport corridors passed through Italy and announced a multi-stakeholder initiative that had recently been launched entitled "FORUM 2030". This initiative plans to implement a number of projects in the Western Balkans aimed at identifying key remaining barriers and measures that could help to overcome them. The initiative would not only consist of countries from the EU but also from the Western Balkans and the Mediterranean region and would be aimed at boosting regional economic development.

*A representative of Bosnia and Herzegovina* asked how geographically small countries could be more closely involved in existing transport and supply chain systems.

*A representative of the United States of America* recognized the positive role of DHL and other freight forwarding companies in facilitating trade and in driving innovations in particular in the customs field. The delegate asked how trade facilitation in Central Asia could be further promoted and what could be the role of governments in this regard.

In response to the questions raised, *Mr. Pope* mentioned that DHL had special compulsory training programmes in place for all employees, which included references to customs clearance processes, codes of customs conduct, security, and facilitation of payments. He emphasised the importance of capacity building and of introducing electronic payment systems and computerization, reducing the human intervention and thus ultimately limiting the opportunities for corruption. He concluded by encouraging the audience to consider joining or contributing to the "Global Alliance for Trade Facilitation", an initiative supported by the US, Canada, Germany, the UK, and Australia.

*Mr. Fischer* emphasized the need to differentiate between various types of standards and stressed that companies should be able to trust the standards. Thus, a verification process should be put in place. He explained that transparency and communication were key and that standards should not become barriers to trade.

*Ms. Cruz Ross* explained that ILO always used a tri-partite approach (involving governments, workers, and companies) and thereby tried to maintain a balance among the various interests at stake, including those related to compliance and profitability. She mentioned a forthcoming International Labour Conference on global supply chains and concluded by emphasizing that standards always need to be feasible and manageable.

*Mr. Feldmann* mentioned that any sustainable, modern company had a robust compliance system in place. He explained that national regulations may no longer work and should, - because of the transnational character of supply chains - become increasingly global. He stated that internal compliance standards and requirements should always be tailored according to the size of the companies.

*Ms. Molnar* referred to the AETR<sup>2</sup> as one of the most enforced conventions globally, partially because it was entirely digitally implemented (measuring truck drivers' driving times through a digital tacograph). She also referred to the ATP<sup>3</sup> agreement related to transport of foodstuffs and perishables, which had a lot of potential, particularly in Central Asia. It was also stressed that efficiency, profitability, environmental and social sustainability were part of one package and that the level of transport competitiveness of countries were a determining factor for their capacity to integrate in the global supply chain. She encouraged governments to accelerate negotiations in the UN related to building a new, robust regulatory and institutional regime and to expand the UNECE's Inland Transport Committee outreach to ECOSOC enabling these standards to become visible beyond the current ECE contracting parties. Finally, governments were invited to consider funding UN projects in this field.

## ***Session V (Panel debate): Good migration governance and its contribution to the economic growth, stability and security***

**Moderator: Dr. Ursula Weidenfeld**, Freelance Journalist, former Deputy Editor-In-Chief at "Der Tagesspiegel"

**Rapporteur: Ms. Daniela Ortner**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Dr. Demetrios Papademetriou**, President of Migration Policy Institute (MPI) Europe, President Emeritus of MPI, United States of America

**Ms. Natalia Popova**, Senior Labour Economist, International Labour Organization

**Dr. Volker Treier**, Deputy Chief Executive Office, Association of German Chambers of Commerce and Industry (DIHK), Germany

*Dr. Ursula Weidenfeld*, Freelance Journalist, former Deputy Editor-In-Chief at "Der Tagesspiegel", introduced the topic of this Session and welcomed the speakers. She asked if there were positive

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<sup>2</sup> European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport (Accord Européen sur les Transports Routiers, AETR)

<sup>3</sup> Agreement on the International Carriage of Perishable Foodstuffs, ATP

stories on labor migration in the context of growing restrictive migration policies and hesitant attitudes towards labor migrants.

*Ms. Natalia Popova, Senior Labour Economist, International Labour Organization*, remarked that a positive story depended on bilateral and multilateral collaboration on labour migration. This collaboration should be based on international norms and conventions related to the protection of migrants' rights. She focused on the context of labor migration, mentioning the recent ILO global estimates on migrant workers. Ms. Popova highlighted that one of the challenges faced by policy makers were the need for up-to-date and reliable statistical data on labor migration. ILO accounts 150 million of migrant workers worldwide, of which 46% are men and 44% women, who migrated in search for decent employment. Moreover, 112 million of migrant workers (75% of the total number of estimated migrants), work in high income countries and in specific economic sectors: 71% of migrant workers are employed in the services sector, 11% work in agriculture and 18% in industry. Ms. Popova emphasized that information, such as the profile of migrants, their level of qualification, and the direction of migration flows, was paramount for good labour migration governance. Another policy challenge, mentioned by Ms. Popova, was the lack of coherence between employment and migration policies. She noted that labour migration policies systematically ignored short term and long term labour market needed at all skills levels. Further, in the context of policy challenges, Ms. Popova underlined the necessity for transparent and easy accessible systems that recognize migrants' skills. Moreover, she referred to the cost of labour migration, as another key policy challenge that should be tackled. Evidence suggested that in the process of migration, labour migrants bear high costs related to recruitment fees, unpaid wages, costs of underpayment, or even lack of compensation for work related injuries or sickness. According to ILO research, low skilled workers hope to earn 5 to 10 times more than they used to earn in their home country. However, a third of their income cover labour migration costs. As a result, migrants save and send fewer remittances, contributing less to the development of their home country; they also have less disposable income to spend in the country of destination.

*Dr. Ursula Weidenfeld* mentioned the research on low skilled migration, carried out by Dr. Demetrios Papademetriou, and asked to describe the most important conditions that need to be met in order to make migration a success for countries of origin and destination.

*Dr. Demetrios Papademetriou, President of Migration Policy Institute (MPI) Europe, President Emeritus of MPI, United States of America*, emphasized that migration was a key ingredient to human progress. He underlined that the best ways for spreading new ideas and creating opportunities, that became engine of growth, involved migration elements. He added that currently everybody 'played' in the migration 'game', as the international migration system of the 21<sup>st</sup> century was a global system. The total number of people who are migrants, including internal migrants, is between 1.1 and 1.2 billion, which is approximate 18% of the global population. About 240 million are international migrants and fit the restrictive definition of the UN, meaning they are outside of their country of birth and residing abroad, at least, for a year. He then noted that a lot of temporary migrants, seasonal workers, as well as people outside the legal frameworks were not counted. These people should be of concern for policy makers. He further mentioned that the issue of good governance was critical and in order to have real measurable advantages for all actors involved, six conditions had to be met: (1) migration has to be orderly; (2) migration has to respond to labour market circumstances on the ground; (3)

migration has to be safe, when travelling from one country to another; (4) migration has to respect human rights; (5) migration has to be humane regardless of the legal status of migrants; (6) protection of refugees and IDPs should become a priority for all governments and civil society around the world.

*Dr. Ursula Weidenfeld* asked to what extent the enumerated conditions were met at the moment.

*Dr. Demetrios Papademetriou* pointed out that most of migration occurred outside of legal channels, thus putting people in danger. Principles on human rights were not fully implemented and that the working conditions of migrants were inhumane in some sectors. Referring to the protection of refugees and IDPs, Dr. Demetrios Papademetriou remarked that the situation in reality was better than often described.

*Dr. Ursula Weidenfeld* inquired how the industry in developed countries, especially in Germany, attracted migrant workers, referring to training them and offering legal employment.

*Dr. Volker Treier, Deputy Chief Executive Office, Association of German Chambers of Commerce and Industry (DIHK)*, replied that companies in Germany, but also German companies abroad, were active investors. Therefore, they need skilled workers, as well as an established framework to qualify these workers in their home country. He underlined that the German Chambers of Commerce and Industry promoted good governance in the area of migration policies in Germany, and in Europe.

*Dr. Ursula Weidenfeld* asked if there was a market of vocational training that could be exported from Central Europe to other countries and if this was also in the interest of the industry.

*Dr. Volker Treier* noted immense demand for qualified workers. There was a significant interest for creating companies, such as start-ups and 4.0 industry ventures, in Germany and abroad. A recent survey of the German Chambers of Commerce and Industry revealed that one of the major obstacles for current business was the lack of skilled workers. He added that the German Chambers of Commerce and Industry established in some countries a framework for vocational education, in order to replicate German practices and structures to other countries.

*Dr. Ursula Weidenfeld* mentioned the costs of migration and asked Ms. Popova if destination countries maintained these costs to discourage migration.

*Ms. Natalia Popova* replied that the issue of migration costs should be addressed in order to have 'win-win' scenarios for origin and destination countries. Because of these costs, migrants contribute less to the development of the country of origin and have fewer resources for integration in the country of destination. ILO estimated that each year, due to migration costs, 2.5 to 5 billion US dollars were lost. She concluded that co-operation among governments, employers and workers' organizations was essential for efficiently tackling this problem.

*Dr. Ursula Weidenfeld* reiterated the importance of key stakeholders in addressing migration issues and inquired if they all had the same understanding of and interests regarding migration.

*Dr. Demetrios Papademetriou* noted that governments, employers and workers' organizations had different views on migration; however, they agreed on certain issues, such as legality, proper working conditions and the lack of exploitation. He further mentioned that in comparison to these actors, civil society was the most influential and would remain so in the future, forcing governments to act efficiently, balancing the differences among workers' organizations from various states and pressuring the employers to operate correctly. He underlined that migration was of enormous benefit, when stakeholders abide to agreed rules, so that negative consequences were reduced and more value was created.

*Dr. Ursula Weidenfeld* asked if successful migration meant integration.

*Dr. Demetrios Papademetriou* stressed the importance of the question and declared that governments tried to understand what they needed to offer, but their offer depended on how migration flows were viewed. If governments saw migration as permanent immigration, then successful integration would become an essential element of the migration system. He added that temporary, circular and contract based migration patterns were predominant, therefore governments needed to adapt their integration efforts and policies to offer vocational training instead of civic education.

*Dr. Ursula Weidenfeld* noted that in developed countries, the first generation of migrants, usually employed in low skilled jobs that local population does not want to consider was a generation of sacrifice. Only the second generation obtained better education and work. She inquired if a distinction should be made between integration and education policies for the first and second generation of migrants.

*Ms. Natalia Popova* stressed that the situation was more complex. She reiterated the importance of policy objectives in the area of labour migration and added that protection of migrants' rights was important regardless of the duration of stay. Labour migration policies did not exist in a vacuum, therefore migrants' integration depended on the functioning of labour markets, as well as on employment, fiscal, and social policies. She concluded that successful integration depended not only on migration policies, but on the entire spectrum of policies.

*Dr. Volker Treier* referred to the distinction between education and integration policies and mentioned that integration was a precondition for qualification. He added that migrants needed to be integrated, so that companies would be motivated to invest in their qualifications. He stressed that vocational training was an investment for companies, therefore collaboration with home countries and circulation should be encouraged.

*Dr. Ursula Weidenfeld* asked the speakers to describe the most urgent issues to be addressed in order to have good migration governance.

*Dr. Demetrios Papademetriou* reiterated that the most urgent issue was orderliness, underlining that migrants need to be employed legally in jobs that existed and were properly remunerated. He stressed that migrants should not compete unfairly with local workers through various types of remittances, such as financial, social, and political remittances, which were essential for achieving migration gains.

*Dr. Ursula Weidenfeld* inquired if orderliness could be applied when states were not able to control those who entered the country.

*Dr. Demetrios Papademetriou* replied that if a country could not control the flows, it fueled certain tendencies, such as xenophobia, competition, and wage depression. When referring to control, Dr. Demetrios Papademetriou underlined that the government, workers' organizations and employers should recognize that there would always be mismatches and gaps in the labour market, even when unemployment stood at 4%. There were two types of gaps: (1) jobs that local population would not accept, because they are associated with foreign work, low paid and of low standards; (2) most European countries have labour market shortages, meaning that fewer people were coming through the legal channels than before. He concluded that these gaps should be filled with smart migration policies.

*Ms. Natalia Popova* stressed the need for bilateral and multilateral collaboration on creating labour migration schemes that protected migrants. These schemes should be based on labour market needs and skills at all levels. She, then, added that migration was a result of economic hardships, therefore assisting the countries of origins in their development process was important. The creation of decent employment in the country of origin was essential, because migration should be a choice and not a forced decision.

*Dr. Volker Treier* stated there should be a common understanding about migration benefits for both countries of origin and destination. He insisted that the fulfilment of ILO standards was paramount.

The floor was opened for discussion.

*A representative of Switzerland* informed about the forthcoming thematic meeting of the OSCE informal working group on migration and refugee flows. He added that the working group was established by the German Chairmanship, being chaired by Switzerland. A special Permanent Council of the OSCE session on migration would take place on 20 July 2016, based on informal reports of the working group's sessions. He mentioned that the topics of the working group were: (1) protection along the migration routes, (2) combating crime, and (3) border management. The forth session's topic would be successful integration and the final session would focus on solidarity and partnership. He reiterated the need for a holistic approach to migration and then posed a question regarding the link between migration and security.

*A representative of UK* agreed with the speakers on the need to address the failures of development in the countries of origin. He added that failed systems, rampant kleptocracy and corruption posed serious issues to security, favouring organized crime. He inquired about ways to reconcile the best interest of migrants and security threats, referring in particular to trafficking in human beings.

*A representative of Germany* raised a question regarding skills recognition and inquired what steps should be taken further, considering the OSCE's role in exchanging best practices, offering policy development support and collecting data.

*Ms. Natalia Popova* emphasized that the ILO had been working on the issue of skills recognition by collaborating with countries of origin and destination, elaborating methodologies and



conducting surveys on skills needs, developing national identification systems, occupational standards and profiles, and linking labour demand with labour supply. She added that this exercise helped states to upgrade education and training systems for their own labour markets. She stressed that building capacities and promoting collaboration among the Ministry of Education, the Ministry of Labour and Social Partners was necessary.

*Dr. Volker Treier* remarked that the Association of German Chambers of Commerce and Industry had good experience in the field of circular migration, mentioning a project, financed by the German Federal Foreign Office that aimed at identifying young skilled people from Iraq and Iran and offering them jobs in Germany for a limited period of time. He underlined that circular migration programmes might contribute to reducing the contradiction between migration and security issues. He added that the Association of German Chambers of Commerce and Industry had good experience in the area of skills recognition by establishing an institution of skills recognition.

*Dr. Demetrios Papademetriou* noted that the ILO work was important. Many countries today face large numbers of migrants that need to be integrated in national labour markets. This required governments to adapt their policies, by assessing skills and developing multiple schemes of integration.

## ***Session VI: The contribution of migrant workers to economic development, stability and security through circular and return migration.***

**Moderator: Ms. Natasha Walker**, Communications Consultant, Germany

**Rapporteur: Ms. Teresa Albano**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Ms. Geertrui Lanneau**, Senior Regional Specialist on Labour Mobility and Human Development Regional Office for the EU, Norway and Switzerland, International Organization for Migration

**Mr. Göran Hultin**, Founder and CEO, Caden Corporation, Switzerland - Member, Global Agenda Council on Migration, World Economic Forum

**Ms. Jana Costachi**, Migration Expert, former Coordinator of ILO Projects in Moldova and Central Asia, former Deputy Minister of Social Protection and Labour, Moldova

**Ms. Necla Uz**, Labour Expert, General Directorate of Labour, Ministry of Labour and Social Security, Turkey

**Prof. Ermelinda Meksi**, Deputy Coordinator/Head of Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

*Ms. Natasha Walker, Communications Consultant*, introduced the topic by underlining the timely need for the discussion about migration governance.

*Ms. Geertrui Lanneau, Senior Regional Specialist on Labour Mobility and Human Development of the International Organization for Migration regional Office for the EEA, EU, and NATO*, offered a definition of circular migration as elaborated in the framework of the World Forum on Migration

& Development as “the fluid movement of people between countries, including temporary or more permanent movement which, when it occurs voluntarily and is linked to the labour needs of countries of origin and destination, can be beneficial to all involved”. She, therefore, underlined how *de facto* circularity in migration flows had always existed, particularly in the absence of rigid entry/stay control for foreigners, due to the seasonal nature of the movement, or in current integrated regional systems, like the European Union and the Eurasian Economic Union. Yet, today there is a tendency to use circular migration as a way to make migration more precarious while, when effectively managed, circular migration could represent a response to flexible labour markets, to the need to reduce the brain drain and foster the link between migration and development. To avoid detrimental effects, circular migration schemes should be rights-based, envisage a flexible residence permit/visa regime, enable the acquisition and transfer of skills and knowledge, ensure the portability of social benefits and be linked to investments in the country of origin. Ms. Lanneau explained that so far bilateral agreements have represented the main tool to develop effective circular migration schemes. In this regard she provided the example of a circular migration programme between Spain and Morocco developed for the strawberry harvesting season. Due to its success – the programme involved women from Morocco who could earn a living during the season and return home – the programme was replicated in Senegal. Yet, the scheme did not work in that country for a number of reasons, including the inaccurate selection of workers who were not interested to work in the agricultural sector and, therefore, not interested in working during the season and returning in the origin country at the end of it. Ms. Lanneau offered this example to reflect on how good practices sometimes may not be replicable unless a careful analysis and adaptation of the success factors is carried out.

*Mr. Göran Hultin, Founder and CEO of the Caden Corporation in Switzerland and Member of the World Economic Forum Global Agenda Council on Migration*, offered the perspective of the private sector when dealing with migration governance. In addressing the issue of meeting the human capital’s needs of the private sector, Mr. Hultin underlined how challenging the recruitment phase could be, *inter alia* for the following reasons: the recruitment takes place in another country; the needs of the different labour market segments are difficult to be assessed thoroughly. In this latter respect, Mr. Hultin highlighted that there was always a percentage of employers who were unable to fill specific jobs because of lack of the proper talent, including those cases when employers were ready to pay for those skills beyond a certain level. He, then, illustrated the case of Vietnam as an example of a positive experience due to a strong attention on pre-departure orientation and training of migrant workers and a post-return mechanism to recognize the skills acquired abroad by giving value to that experience through the creation of micro, small and medium enterprises. Mr. Hultin concluded with an overview of the three phases that usually require special attention in order to develop successful circular migration experiences: 1. pre-departure: - proper assessment of labour market request/need; selection and profiling of workers; pre-employment training and orientation; 2. over-seas assignment: ensuring decent working conditions and protecting migrant workers’ rights; developing skills and improve employability of migrant workers; 3. post-migration: skill and experience recognition; entrepreneurship assessment; job placement. But most of all, Mr. Hultin underlined the need for political commitment between countries of origin and destination in which the private sector should participate and be involved.

*Ms. Jana Costachi, Migration Expert, former Coordinator of ILO Projects in Moldova and Central Asia, former Deputy Minister of Social Protection and Labour, presented the example of the bilateral agreement between Italy and Moldova for the recruitment and job placement of Moldovan migrant workers. She underlined how labour migration was a critical factor for the Moldovan economy considering that 1/3 of the State's GDP derives from migrants remittances. On the other hand, Moldovans represent today the 7<sup>th</sup> largest diaspora community in Italy and they contribute significantly to the annual GDP of Italy. In 2003, the agreement that included labour migration provisions between the two countries was signed. Ms. Costachi praised the agreement as a good example of political commitment between countries of origin and destination of migration flows. Such agreement envisaged the creation of a database of job seekers, with proper profiling of workers. The agreement also included pre-departure and pre-employment training for those selected by employers. Language acquisition courses were part of the pre-departure orientation programme. Yet, although signed in 2003, the implementation protocol was developed only in 2011 when, due to the financial crisis, the migration-related framework of co-operation between the two countries was suspended. Ms. Costachi underlined that this setback in the bilateral co-operation did not impede the continuation of migration flows between the two countries through irregular channels, with detrimental effects on the labour treatment and living conditions of irregular Moldovan workers in Italy. She reminded that purely restrictive migration policies did not offer suitable responses to migration-related challenges considering the limits of States in governing migration flows.*

*Ms. Necla Uz, Labour Expert, General Directorate of Labour, Ministry of Labour and Social Security, Turkey, outlined the evolution of Turkey's migration policy to respond to a changing migration scenario. No longer solely an origin and transit country, Turkey has turned progressively into a destination country since 2004. In 2013, a substantial reform of the migration-related legal framework took place. Temporary residence permits were envisaged for both migrant workers and people fleeing conflict and persecution. This latter category still cannot enjoy the full recognition of the refugee status as Turkey has not ratified the 1967 Protocol to the 1951 Refugee Convention. The lack of the ratification of this Protocol implies that only European citizens can claim asylum and can be recognized as refugees, as it was in the aftermath of the World War II when the Refugee Convention was elaborated. Syrians and non-European asylum seekers are eligible to a temporary protection regime that allows for the recognition of some rights, for example the right to health care. Yet, access to labour market and work permit is still limited, including the right to family reunification. On the other hand, migrant workers are recognised the same rights as national workers as Turkey is a signatory of the *UN Convention on the Rights of Migrant Workers and the Members of their Families*. In May 2016 the *Foreigner Employment Law* was issued, fostering the co-operation among governmental authorities, international organizations and the civil society in the field of labour inclusion of migrant workers. According to the most recent data, 65,549 work permits were issued in 2015 to 165 different nationalities. Top five nationalities are: Georgia, Ukraine, Kyrgyzstan, Syria and Russia. Turkey is also increasingly engaged in supporting Turks' migration abroad, particularly of highly-skilled people and students, in order to make migration a tool for enhanced education and development for Turkey. The Turkish government is also increasingly active at international level. Examples of this engagement are the final meeting of the Humanitarian Summit in Istanbul, the G20 talks, the 2015 Chairmanship of the Global Forum on Migration and Development, in addition to the participation to sub-regional processes, like the Budapest, the Prague and the Almaty Processes, the Mediterranean Transit Migration Dialogue, and others. Ms. Uz concluded*

by underlining the need for an enhanced role of the OSCE in the following areas: developing effective labour migration policies; improving the collection of comparable data; combatting irregular migration and trafficking; enhancing institutional capacity of the government in the field of good migration governance.

*Prof. Ermelinda Meksi, Deputy Coordinator/Head of Economic Activities, Office of the Coordinator of OSCE Economic and Environmental Activities*, outlined the often counterproductive effects of restrictive migration policies, which limit circularity, increase long-term settlement, foster irregular flows and exploitation practices often connected with social dumping effects. She therefore underlined that, contrary to conventional wisdom, more mobility was part of the solution and contributed to unlocking the economic potential of migration whose rough estimate was reflected in the 583 billion dollars a year in remittances – three times the Overseas Development Aid. This helped explaining why, since the Helsinki Final Act, the management of migration flows has been considered an integral part of good economic governance. Prof. Meksi underlined the willingness of the OSCE/OCEEA to renew its impetus in assisting participating States in identifying suitable and tailored responses to their migration-related challenges. She announced an Expert meeting to take place in Vienna on 17 June that would discuss priority areas of action for the OSCE/OCEEA and new tools to enhance support by the Office. She then concluded by inviting participating States and other relevant stakeholders, the private sector, local authorities and communities, civil society and migrants themselves, to join efforts in making migration a resource for all, underlining that ‘sharing responsibilities’ was the right approach to achieve good migration governance.

The floor was opened for discussion.

*A representative of the OSCE PA* took the floor to inform that the OSCE PA attached great relevance to the topic of migration and has created an ad hoc Committee chaired by the Swiss MP Filippo Lombardi. The Committee has carried out a visit to Calais, France, where irregular migrants and asylum seekers wait for an opportunity to trespass illegally the channel towards the UK. The OSCE PA representative underlined that States have demonstrated short-sighted visions in managing migration and sketched some of the undeniable positive effects of migration: migration revitalizes stagnant economies; it counterbalances demographic shifts; it supports welfare systems through taxes, as migrants usually give more to the public systems than they receive. In underlining how this migration crisis was offering the opportunity to re-think tools and promote effective labour migration policies, she highlighted that the OSCE PA is willing to be involved.

*A representative of the Russian Federation* underlined that according to national data, the crime level in Russia has increased by 25% among Central Asian migrant communities. This phenomenon has resulted in an increased allocation of resources to the Russian Ministry of Interior to check and control migrant workers.

*A representative of Romania* underlined the need to accompany migration-related programmes with accurate information dissemination strategies in order to avoid uncontrolled reactions as it was in the case of a voluntary return programme targeting the Romanian diaspora. The inaccurate information that the Romanian government would have invested one dollar for each dollar of resources mobilized by the programme’s beneficiaries, created widespread expectations that were unfortunately unmet. He concluded that disinformation should be avoided as far as

possible as it undermines the credibility of States' authorities in dealing with migration-related programmes.

*A representative from Germany* commented that a holistic approach to migration governance should be pursued as far as possible. He also asked the Turkish representative to elaborate how Turkey was coping with the current refugee crisis with regard to labour inclusion.

*Ms. Uz* replied that Turkey's employment services were putting a lot of efforts in the following activities: skills' mapping; matching labour market needs; vocational training. She underlined that despite the difficulties she had an optimistic view, based on the demographic reality of Turkey, the increasing need of labour force and the positive feedback from employers.

*A representative of Georgia* took the floor for a concluding remark in the aftermath of the launch of the visa-free travel regime between Georgia and the EU. He noticed that such regimes have the potential to foster irregularity of migrants who may tend to stay in the country of destination beyond the expiration of the entry visa (so called "overstaying"). The representative underlined that increasing awareness and information through pre-departure orientation services is a key measure to prevent and avoid such phenomena. Individuals need to understand that being illegal in the destination country would deprive them of a decent life and decent working conditions, notwithstanding the risks of being expelled and banned from re-entry for 10 years, as the EU regulations envisage.

### *Concluding Session/Panel discussion*

**Moderator: Ambassador Antje Leendertse**, Head of the Task Force for the 2016 German OSCE Chairmanship, Federal Foreign Office, Germany

**Rapporteur: Ms. Tatiana Varacheva**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

#### **Speakers:**

**Dr. Eric Frey**, Moderator of Session I and IV

**Dr. Ursula Weidenfeld**, Moderator of Session V

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Ambassador Antje Leendertse**, Head of the Task Force for the 2016 German OSCE Chairmanship, Federal Foreign Office, Germany

*Dr. Eric Frey, Moderator of Session I and IV*, elaborated on approaches to achieve good governance. The speaker mentioned that unclear, complex, and unpredictable regulations opened the road for corruption. Dr. Frey summarized the previous discussions mentioning various mechanisms and examples of good practices that were a result of international co-operation and national reforms. In particular, he highlighted the WTO Trade Facilitation Agreement, the need for international regulatory co-operation, as well as the importance of compliance systems and due diligence in private companies. He stressed that private companies were potentially important partners in achieving good governance. He also emphasized the

importance of supply chain management for achieving good governance both from the perspectives of physical infrastructure and good procedures on the ground. Dr. Frey stated that a unified railway law was needed. He highlighted that good governance should take interests of labour and environment policies into account. He concluded by stating that detailed work on the ground on various levels together with partnerships between governments, private sector, and international organizations was important.

*Dr. Ursula Weidenfeld, Moderator of Session V*, summarized the discussions of the panel on labour migration highlighting that labour migration should bring benefits both to countries of origin and destination. In particular, she stressed that labour migration should be a choice and not an enforced decision. Dr. Weidenfeld underscored the importance of information about migrants and good practices that demonstrated how labour migration could be managed and dealt with in an orderly way. She highlighted the need for more coherence between employment and migration policies that should be a co-ordinated process between countries. Importance of providing and proving skills of labour migrants was underscored. She concluded by stating that making migration an orderly process, with regards to security issues, could make countries of origin and destination benefit from labour migration and stressed the importance of international co-ordination.

*Dr. Halil Yurdakul Yiğitgüden Co-ordinator of OSCE Economic and Environmental Activities*, , underlined that connectivity with its good economic and migration governance aspects was key for promoting peace, strengthening co-operation and ultimately stimulating inclusive economic growth. He highlighted that the ideas that had been put forward represented useful food-for-thought for the deliberations in view of the Concluding Meeting of the EEF in Prague and of the Ministerial Council in Hamburg. He stressed that the prevention of conflicts and the promotion of stability and security could be only achieved through strong and active involvement of all actors including state, the business community, and the civil society. The Co-ordinator informed on a number of OCEEA's planned activities that could be adapted for better involvement of the private sector and civil society. He stressed a strong need to work together to make migration a key factor for economic development and growth and mentioned that an Expert meeting in Vienna on 17 June 2016 would explore areas for an enhanced role for the OSCE in this field.

*Ambassador Antje Leendertse, Head of the Task Force for the 2016 German OSCE Chairmanship, Federal Foreign Office, Germany*, mentioned that the EEF process contributed to the formulation of guidelines and recommendations in the Second Dimension and created space for engaging with other organizations and institutions, the private sector as well as non-governmental actors. The Chairmanship's business conference "Connectivity for commerce and investment", that was held back-to-back with the 2<sup>nd</sup> Preparatory Meeting also contributed to this process. She emphasized that the Second Dimension played an important role among the tools for dialogue and confidence building the OSCE had to offer. The discussions at this meeting should contribute to enabling more economic exchange in the OSCE region that should be used to enhance the co-operation in the region. She mentioned that good governance was pivotal for commerce and investment climate with legal certainty, institutional strength, and transparency as the main elements of good governance. The need of a co-ordinated approach and partnerships between governments, private sector and civil society to fight corruption was stressed. Amb. Leendertse also underscored that trade facilitation, logistics and supply chains, as well as good migration governance played a crucial role in enhancing economic development and strengthening good

governance. She gave an outlook of the future work, including the Concluding Meeting in Prague, the EEDIM, and the Ministerial Council in Hamburg, highlighting the importance of dialogue.

*The representative of the Netherlands on behalf of the European Union* stated that the OSCE could be a useful forum for dialogue and experience-sharing and underlined the importance of implementation of international standards and enhanced international co-operation in addressing weak governance. She stressed that recommendations and ideas derived from the discussions should be taken forward to the Concluding Meeting in Prague to identify concrete areas for enhanced co-operation in the OSCE area, while taking into account the work of other organizations in this field.

*The representative of the U.S.* expressed the support to increasing economic ties among OSCE participating States. He looked forward to more discussions on the model provided by the European Union as a highly successful and relevant example of strengthening security, stability, and peace through closer connectivity and integration. It was emphasized that the rule of law was important for connectivity and that opportunities for greater economic connectivity could be quickly destroyed through conflicts. Fighting corruption was one of the main challenges, in which principles of good governance must be applied. He informed that the U.S. supported an initiative called “Global Enterprise Registration” that was an effective tool for reducing corruption, improving worker-protection, increasing tax revenues, and enhancing infrastructure development.

*The representative of Austria* stated that connectivity in all facets needed to be discussed and worked upon. He mentioned that all issues were rightly addressed during the Chairmanship’s business conference “Connectivity for Commerce and Investment” and the Second Preparatory Meeting.



Organization for Security and Co-operation in Europe  
The Secretariat

Vienna, 13 May 2016

**24<sup>th</sup> OSCE Economic and Environmental Forum**  
**“Strengthening stability and security through co-operation on good governance”**

**SECOND PREPARATORY MEETING**

**Berlin, 19 - 20 May 2016**

Federal Foreign Office/Auswärtiges Amt, Unterwasserstrasse 10, 10117 Berlin, Germany

**ANNOTATED AGENDA**

**Thursday, 19 May 2016**

**09:00 – 10:30                      Opening Session**

**Welcoming remarks:**

**Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 German OSCE Chairmanship

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Keynote speeches:**

**Dr. Gernot Erler**, Special Representative of the Federal Government of Germany for the 2016 OSCE Chairmanship, Member of the German Bundestag

**Prof. Peter Eigen**, Chairman of the Advisory Council, Transparency International

**Mr. Denis Simonneau**, Director of European and International Relations of ENGIE (former GDF Suez) and Chair of the ICC Commission on Corporate Responsibility and Anti-corruption, France

**Moderator: Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 German OSCE Chairmanship

**Rapporteur: Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Statements by Delegations / Discussion**



10:30 – 11:00 Coffee/Tea break

11:00 – 13:00	Participation in the Concluding Panel of the OSCE Chairmanship Business Conference “Connectivity – for Trade and Investment”
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13:00 – 13:30 Lunch hosted by the 2016 OSCE German Chairmanship

13:30 – 14:30 **Session I (Panel debate): The impact of good governance on economic development and on the creation of a positive investment climate**

**Selected topics:**

- Good governance as a prerequisite for sustainable economic development, stability and security
- Impact of transparency, accountability and good governance on investment climate and competitiveness
- The role of the private sector in strengthening good governance

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

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

**Speakers:**

**Mr. Nikoloz Gagua**, Deputy Minister of Economy and Sustainable Development, Georgia

**Mr. Gazmend Turdiu**, Deputy Secretary General, Regional Cooperation Council

**Dr. Valentin Alfaya**, Health & Safety, Environment and Quality Director, Ferrovial; President of the Spanish Green Growth Group, Spain

**Prof. Peter Eigen**, Chairman of the Advisory Council, Transparency International

14:30 – 15:00 Coffee/Tea break

15:00 – 16:30 **Session II: Trade facilitation measures as an important factor to strengthen good governance, foster economic development and stimulate business interaction**

**Selected topics:**

- Inter-linkages between trade facilitation and economic development
- Reducing the administrative burden for trade and investment as a catalyst for economic development
- Harmonizing and simplifying customs and border crossing procedures in order to strengthen good governance and stimulate business interaction

**Moderator: Mr. Walter Kemp**, Vice President and Chief Operations Officer, International Peace Institute

**Rapporteur: Ms. Zuhra Bektepova**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Affairs

**Speakers:**

**Mr. Robert Teh**, Senior Research Economist, World Trade Organization

**Ms. Celine Kauffmann**, Deputy Head, Division for the Regulatory Policy Division, OECD

**Ms. Ivonne Julitta Bollow**, Head of Eastern Europe and International Affairs Corporate Public Policy, METRO Group, Germany

**Ms. Yulia Minaeva**, Senior Economic and Environmental Officer, OSCE Centre in Bishkek

**Mr. Mika Poutiainen**, Project Manager, Enforcement Department, International Affairs, Finnish Customs, Finland

**16:30 – 17:00** Coffee/Tea break

**17:00 – 18:30** **Session III: Good governance as a basis for the fight against corruption, money-laundering and the financing of terrorism**

**Selected topics:**

- Compliance with international standards on anti-money-laundering and countering the financing of terrorism as a basis for creating an attractive business and investment climate
- Tackling bribery risks through the establishment of adequate regulatory systems
- Creating transparent and predictable procedures as a way to eliminate opportunities for corruption and to strengthen stability and security
- The role of the private sector in promoting good governance and fighting corruption

**Moderator: Dr. Frank Evers**, Deputy Head, Centre for OSCE Research (CORE), University of Hamburg, Germany

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

**Speakers:**

**Dr. Elina Sidorenko**, Member of the Expert Council of the Presidential Administration on Combating Corruption, Russian Federation

**Mr. Roderick Macauley**, Criminal Law Advisor, International and Corporate Criminal Law, Ministry of Justice, United Kingdom

**Ms. Laura Sherman**, Anti-corruption Adviser, OSCE Mission to Serbia

**Mr. Francois Vincke**, Vice Chairman, Commission on Corporate Responsibility and Anti-Corruption, International Chamber of Commerce

**18:30** **Reception hosted by the 2016 OSCE German Chairmanship**

**Friday, 20 May 2016**

**09:30 – 11:00**

**Session IV: Good governance in logistics and supply chains as a means to strengthen economic development, stability and security**

**Selected topics:**

- Fostering economic connectivity through promoting good governance in logistics and supply chains
- Labour, social and environmental standards in supply chains
- The role of the private sector in strengthening good governance in logistics and supply chains
- Best practices on improving Euro-Asian transport and logistics

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard, Austria

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

**Speakers:**

**Mr. Helmut Fischer**, Head of Division for Sustainable Standards, Federal Ministry for Economic Cooperation and Development, Germany

**Dr. Vytautas Naudužas**, Ambassador of the Republic of Lithuania to the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Tajikistan, Lithuania

**Ms. Alejandra Cruz Ross**, Technical Officer, Transport Sector, Sectoral Activities Department, International Labour Organisation

**Mr. Steven Pope**, Head, European Customs and Regulatory Affairs, DHL Express

**Dr. Christoph Feldmann**, Chief Executive Officer, Association for Supply Chain Management, Purchasing and Logistics (BME), Germany

**Ms. Eva Molnar**, Director, Sustainable Transport Division, UNECE

**11:00 – 11:30**

Coffee/Tea break

**11:30 – 12:30**

**Session V (Panel debate): Good migration governance and its contribution to economic growth, stability and security**

**Selected topics:**

- Good migration governance, human mobility and economic productivity
- Economic globalization and labor migration
- The cost of ineffective labor migration policies
- Best practices on matching migrant workers' skills with labor market needs

**Moderator: Dr. Ursula Weidenfeld**, Freelance Journalist, former Deputy Editor-In-Chief at "Der Tagesspiegel", Germany

**Rapporteur: Ms. Daniela Ortner**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

**Dr. Demetrios Papademetriou**, President of Migration Policy Institute (MPI) Europe, President Emeritus of MPI, United States of America

**Ms. Natalia Popova**, Senior Labour Economist, International Labour Organization

**Dr. Volker Treier**, Deputy Chief Executive Office, Association of German Chambers of Commerce and Industry (DIHK), Germany

**12:30 – 14:00** Lunch break

**14:00 – 15:30** **Session VI: The contribution of migrant workers to economic development, stability and security through circular and return migration**

**Selected topics:**

- The economics of circular and return migration
- Implementation of effective labor migration policies from recruitment, to job placement, to return
- Best practices on managing circular and return migration in countries of origin, transit and destination
- Challenges and opportunities in addressing effective circular and return migration

**Moderator: Ms. Natasha Walker**, Communications Consultant, Germany

**Rapporteur: Ms. Teresa Albano**, Economic Affairs Officer, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

**Ms. Geertrui Lanneau**, Senior Regional Specialist on Labour Mobility and Human Development Regional Office for the EU, Norway and Switzerland, International Organization for Migration

**Mr. Göran Hultin**, Founder and CEO, Caden Corporation, Switzerland - Member, Global Agenda Council on Migration, World Economic Forum

**Ms. Jana Costachi**, Migration Expert, former Coordinator of ILO Projects in Moldova and Central Asia, former Deputy Minister of Social Protection and Labour, Moldova

**Ms. Necla Uz**, Labour Expert, General Directorate of Labour, Ministry of Labour and Social Security, Turkey

**Prof. Ermelinda Meksi**, Deputy Coordinator/Head of Economic Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**15:30 – 16:00** Coffee/Tea break

16:00 – 17:00

## Concluding Session/ Panel discussion

### Selected topics:

- Wrap-up of the discussions: lessons learned and priority areas for future discussion and increased co-operation
- Outlook to the Concluding Meeting in Prague

### Speakers:

**Dr. Eric Frey**, Moderator of Session I and IV

**Dr. Ursula Weidenfeld**, Moderator of Session V

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Ambassador Antje Leendertse**, Head of the Task Force for the 2016 German OSCE Chairmanship, Federal Foreign Office, Germany

**Moderator: Ambassador Antje Leendertse**, Head of the Task Force for the 2016 German OSCE Chairmanship, Federal Foreign Office, Germany

**Rapporteur: Ms. Tatiana Varacheva**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

## Closing Statements by Delegations

**24<sup>th</sup> OSCE Economic and Environmental Forum  
FIRST PREPARATORY MEETING**

**Vienna, 25-26 January 2016**



## EXECUTIVE SUMMARY

The First Preparatory Meeting of the 24th OSCE Economic and Environmental Forum (EEF) on „Strengthening stability and security through co-operation on good governance“ took place in Vienna on 25-26 January 2016. Six thematic areas were addressed during the two-day-meeting:

- Good environmental governance, economic development and competitiveness
- Environmental legislation and its impact on business and investment
- Transparency, access to information, and stakeholder participation
- Good environmental governance in the raw materials sector
- Resource efficiency and green technologies as instruments for sustainable development
- Sound waste management frameworks in the context of good environmental governance

More than 220 participants, including official representatives of OSCE participating States, field operations, Institutions and Partners for Co-operation as well as experts from international, regional and non-governmental organizations, the business community and academia attended the Forum and engaged in the discussions about various aspects of good environmental governance, including the link between environmental legislation, sustainable economic growth, and good governance.

The discussions showed that good environmental governance generates a more secure environment and contributes to a sustainable investment climate and competitiveness. This requires a stable regulatory framework, appropriate institutional architecture, new economic instruments, public-private partnerships and reinforced co-ordination and co-operation among countries - areas where the OSCE can make a significant contribution. Good governance, the rule of law and multilateral approaches are important elements in the context of enabling a favourable investment climate and business environment. It was also stressed that involving the public in environmental decision-making is a win-win situation for both the public as well as the decision-makers. In the raw materials sector in particular, stakeholder awareness, participation and partnership are crucial for ensuring good environmental governance. Participants suggested that the OSCE could enhance its activities on community awareness and participation and expand national best practices on mining issues to regional approaches, based on international standards. The meeting also elaborated on resource efficiency and green technologies as instruments for sustainable development: They not only contribute to sustainable development but also bring significant benefits for business and society. Beyond its environmental benefits, resource efficiency also decreases costs and risks for companies and thus makes them more competitive. Finally, participants discussed the security implications of hazardous waste and chemicals for the OSCE participating States at local, national, and transboundary levels and stressed that environmentally sound management of waste and hazardous chemicals has multiple benefits for government, business, civil society, and communities.

Furthermore, they discussed how to deepen the OSCE's political commitments and engagement in supporting environmental good governance through an exchange of best practices in different business sectors, by enhancing a healthy investment climate, and active public participation.



A number of concrete recommendations on the responses to challenges regarding good environmental governance in the OSCE area were made. They can be found at the end of each session's report of this Consolidated Summary.

## REPORTS OF THE RAPPORTEURS

### *Opening Session:*

#### **Welcoming Remarks**

**Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship

**Ambassador Lamberto Zannier**, OSCE Secretary General

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

#### **Keynote speeches**

**Prof. Dr. Dr. Klaus Töpfer**, former Executive Director of the UN Environment Programme (UNEP), former German Federal Minister for the Environment, Nature Conservation and Nuclear Safety

**Dr. Helge Wendenburg**, Director General, Water Management and Resource Conservation, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany

**Rapporteur: Ms. Jenniver Sehring**, Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

*Ambassador Eberhard Pohl, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship, welcomed all participants. He stressed the critical role good governance plays both for economic growth and for stability and security in the OSCE region, and its transboundary impacts. Promoting good governance was the right response to the global challenge of ensuring sound framework conditions for sustainable economic development and the OSCE, with its comprehensive approach to security, could contribute to these endeavours and serve as a valuable platform for dialogue. He explained that the First Preparatory Meeting will focus on good environmental governance as a means of enabling sustainable economic development, while the Second Preparatory Meeting will discuss the importance of good governance for business interaction, better investment conditions and the fight against corruption as well as economic aspects of migration. Ambassador Pohl further stressed that, due to the limited natural resources available and the globalized, interconnected world, we need to co-operate on using natural resources efficiently and tackling environmental challenges. Improving environmental governance, both nationally and internationally, is of crucial importance to make our economies more efficient, more resilient and more sustainable. The OSCE and its Second Dimension can contribute substantially to this important task. He further underlined that the Economic and Environmental Dimension of the OSCE has an important role to play when it comes to renewing dialogue and rebuilding trust among participating States, and this potential should be used to a higher degree. He underlined the intention of the German Chairmanship to strengthen the Second Dimension by increasing the involvement of the private sector. He concluded by expressing the conviction that enhancing connectivity and promoting greater economic interaction can contribute substantially to renewing dialogue and rebuilding trust among the OSCE participating States.*

*Ambassador Lamberto Zannier, OSCE Secretary General*, noted the references to good environmental governance in previous Forum processes, such as during the discussions of water governance in 2015, and of disaster risk reduction in 2014. Building on the 2003 Maastricht Strategy and the 2007 Madrid Ministerial Declaration on Environment and Security, creating and sustaining an enabling environment for a vocal civil society, an informed and responsive public, and efficient institutions for sound management of the environment and natural resources have been a priority in the OSCE. Referring to the UN 2030 Agenda for Sustainable Development, Ambassador Zannier stressed that sustainable development, which depends on a careful balance among social, economic and environmental factors, is the best guarantee for ensuring peace and prosperity. He called on participating States to consider how the OSCE can best contribute to fostering sustainable development within this framework. Ambassador Zannier underlined that environmental good governance and sustainable development are central elements of the economic and environmental dimension of the OSCE's comprehensive approach to security. The OSCE has been supporting its participating States in this field through numerous projects, including in the framework of the Environment and Security Initiative – ENVSEC, of which the OSCE holds the Chairmanship this year. He welcomed the German intention to enhance OSCE's interaction with the private sector and underlined that environmental considerations do not need to be seen as an obstacle to development, but can be a catalyst for innovation, entrepreneurship, productivity, and job creation. This contributes to prosperity and thus helps to achieve stable and peaceful societies. He also referred to advanced instruments to assess the negative impact that economic activities might have on the environment and on communities, which can help to address the concerns and interests of all stakeholders and prevent tensions and conflicts. The OSCE is actively supporting its participating States in this field, above all through the network of 60 Aarhus Centres in 14 participating States, which promote and facilitate public participation, access to information, and access to justice in environmental matters.

*Dr. Halil Yurdakul Yiğitgüden, Co-ordinator of OSCE Economic and Environmental Activities*, referred to the OSCE's role as a platform for dialogue designed to embrace a variety of actors and perspectives, and underlined the plentiful opportunities for business activities to contribute to sustainable development. He stressed that there is a growing recognition that many of the environmental challenges we face today are linked to governance aspects. Within the OSCE's Economic and Environmental Dimension, a strong record of projects supporting participating States in strengthening good environmental governance has been built up. He particularly emphasized the activities undertaken by 60 Aarhus Centres in 14 countries as well as at regional level. The Aarhus Centres serve as a platform for dialogue among civil society, government and business and promote principles of good environmental governance, for example in the field of water governance, disaster risk reduction and climate change adaptation. In many cases, these activities also involve co-operation at regional level. Last year, the Aarhus Centres of South-Eastern Europe signed a Joint Declaration for Co-operation that will bring their relationship to a new level. Another area where the OSCE has for many years contributed to strengthening governance aspects is water governance. Together with UNECE, the OSCE has been involved in strengthening the capacity of participating States in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia to govern water resources well in a transboundary context. A lot of work to help strengthening water governance at national and local level has also been accomplished by the OSCE field operations. Two other areas where the OSCE has contributed to achieving good environmental governance are disaster risk reduction, including wildfire

management and reduction of flood risks, as well as waste management. He underlined that most of these activities are taking place in the framework of the Environment and Security Initiative (ENVSEC), which the OSCE is chairing this year. Dr. Yiğitgüden finally gave an overview of the agenda for the next two days and the topics to be addressed.

*Prof. Dr. Klaus Töpfer, former Executive Director of the UN Environment Programme (UNEP), former German Federal Minister for the Environment, Nature Conservation and Nuclear Safety,* outlined the, sometimes, difficult relationship between economy and environment, referring to 1972, when the first United Nations Conference on the Human Environment took place. He outlined the initial discussions, when environmental action was perceived as preventing economic development. The perceived contradictions between both sides were overcome with the concept of sustainable development, which balances economic, environmental and social concerns and interests. Prof. Töpfer warned about the risks of externalizing costs of economic development on the environment and the social sphere, and urged that we must find new and better ways to counter the externalization of costs that stem from the exploitation of natural resources, within societies as well as among world regions. Shifting the burden of resource exploitation on others has always been a source of tensions and conflict, and we should aim to prevent this. This is also the case for climate change, where some have the benefits and others the costs, which is reason for tensions as nobody wants to pay costs for other people's wellbeing. He stressed that international conventions are the right tool to handle it, but there is meanwhile also a conventional fatigue, as conventions need a lot of time for development and often there are no instruments to enforce compliance. Referring to the quote "development is the new name for peace" by Willy Brandt as chair of the North-South Commission, he stated that today "sustainable development is the new name for peace". He outlined the transition from the Millennium Development Goals from 2000, which did not question the development model of the North, to the more integrative Sustainable Development Goals and also referred to the Paris Climate Change Agreement, which with the Intended Nationally Determined Contributions (INDCs) was based on a bottom up instead of a top down approach. After touching on several thematic issues - such as waste, hazardous waste, water management, and energy - that require co-operation, he pointed to plastic waste in oceans and deep-sea mining as important upcoming challenges that were also discussed at the last G7 meeting in Elmau/Germany, thus becoming part of the global security agenda. He concluded that the OSCE and its participating States are in a strong position to demonstrate that the recently adopted Sustainable Development Goals and the Paris Agreement on Climate Change are reflected in real action and in an environmentally friendly economy.

*Dr. Helge Wendenburg, Director General, Directorate Water Management and resource Conservation, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany,* warned about the impacts of exploitation of natural resources and climate change, leading to food shortages and causing more frequent and intense natural disasters. He questioned the fairness of about 20% of humanity using around 80% of the raw materials that are extracted, while the environmental damage disproportionately affects 80% of humanity that is hardly involved in the use of these raw materials. These developments require countermeasures, and a breakthrough was achieved with the adoption of the Sustainable Development Goals last year. He called on countries to work together towards an ambitious implementation of these goals. This included standing up for good governance. Only then can the population share adequately the proceeds from the resource wealth of their country and

environmental legislation and standards will be correctly implemented. He informed that Germany declared its candidacy for the Extractive Industries Transparency Initiative (EITI) at the end of 2015, and encouraged the OSCE participating States who are not yet members to also take this path. The speaker called for an increase in resource efficiency, which is not just an environmental issue but also a question of competitiveness. This is why the G7, under the German Presidency in 2015, agreed to initiate ambitious resource efficiency measures and founded the G7 Alliance for Resource Efficiency. Every gram of raw material that can be saved through resource efficiency and recycling helps to reduce CO<sub>2</sub> emissions and protect the climate. Referring to the Paris Climate Agreement adopted in December 2015, he stated that a security organization like the OSCE should address the risks of climate change. In this respect, he reminded about the many refugees currently coming to Europe, fleeing from violent conflicts and from the impacts of climate change and environmental destruction. If we do not succeed in halting climate change, refugee flows will continue to grow. Finally, Dr. Wendenburg called for more awareness-raising, information, education and participation in order to educate people and get them involved in the decision-making at an early stage.

The floor was opened for statements from the delegations.

*The Netherlands on behalf of the European Union* (aligned by the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Albania, Bosnia and Herzegovina, Ukraine, Georgia, Armenia, Andorra, and San Marino) stated that good governance in the environmental sphere contributes to secure and stable societies. The EU recognized the close linkages between good governance, including in the environmental sphere, and economic development and competitiveness and pointed to the Circular Economy Package adopted by the European Commission in December 2015 aiming to boost global competitiveness, foster sustainable economic growth, and generate new jobs through transition to a more sustainable use of resources. The EU welcomed that this meeting brings together different aspects of good environmental governance, including economic development and competitiveness, legislation and its impact on business and investment, transparency and access to information, good governance in the raw materials sector, resource efficiency and green economies, and sound waste management. It stressed that the OSCE, as a regional security organization, is well placed to facilitate and enhance dialogue and cooperation on good governance in the environmental sphere, taking into account the link to security.

*A representative of Uzbekistan* stressed Uzbekistan's support for sustainable development and its efforts and measures in this respect, despite the enormous financial investment it requires. He informed that Uzbekistan has become a sustainable and fast growing economy contributing to the prosperity of its population, also through democratic renewal. The use of resources has been oriented towards environmental protection. Uzbekistan has created a solid legislation to protect the environment, has improved the management of natural resources, also by including civil society participation, and invested in new technologies, which also increased competitiveness. He also underlined Uzbekistan's engagement and investments in alternative energies, in particular solar energy, and its co-operation with international partners like the OSCE. Referring to the crisis of the Aral Sea, he noted the efforts of Uzbekistan in mitigating the situation and underlined that Uzbekistan attaches great importance to cooperation on transboundary water resources and follows international conventions. He called for increased relations with donor countries to address issues in the Aral Sea Basin, develop agricultural systems, introduce

environmental labelling, and ensure fair and rational use of transboundary water resources in line with international law and recognition of all interests involved.

*A representative of Turkey* stressed that environmental regulation is central to good environmental governance. Justly enforced regulations enable business to compete on equal terms and create a climate that is more attractive for investment. He also stressed that business can benefit greatly by compliance with such laws and regulations because legislation can deliver cost savings and help companies develop more attractive products. He highlighted the importance of good management of natural resources, energy efficiency, green technologies, and sustainable waste management for sustainable development. He underlined further that cooperation among stakeholders will play a key role in efficient and sustainable utilization of natural resources by taking into account all the economic and social needs of the people as well as the related environmental factors and that the OSCE Economic and Environmental Forum is a significant platform for sharing best practices and different approaches. Finally, he concluded that raising awareness among people and different stakeholders is crucial for effective environmental management.

*A representative of the United States of America* welcomed the focus of this meeting on good environmental governance. He also commended the previous Serbian and Swiss Chairs for their leadership and commitment and called to remedy the missed opportunity to adopt a decision on water governance. He praised the German Chairmanship's commitment to strengthen the OSCE's work in the Second Dimension, as tangible progress on economic and environmental issues could renew dialogue, rebuild trust, and restore security across the OSCE. He further referred to the US Clean Air Act of 1970, which helped to cut air pollution in the United States by 70 percent, while the economy has tripled, demonstrating that a healthy environment and a strong economy reinforce each other. Sustainable, innovative approaches that are grounded in science are instrumental to solving today's environmental challenges. Today's environmental problems require not only traditional regulatory approaches but also cross-cutting programs and new tools that promote innovation, incentives, and partnerships. He also stressed that we must provide greater access to environmental data, enhanced community engagement, environmental education, new measurement tools, and increased analysis. He expressed the United States' strong support for the German Chairmanship's effort to increase the involvement of the private sector in the OSCE's Second Dimension work, which can play a significant role in developing innovative solutions.

*A representative of Switzerland* welcomed the continued discussions on the intrinsic relationship between the protection of the environment and the provision of security. He outlined that, first, a safe environment is the key to strengthening domestic development, stability and security. Second, cooperation between states is needed to regulate transboundary environmental challenges. Third, good governance is both a key component of the protection of our environment and an element that eases cooperation by increasing mutual trust. He also stressed that good environmental governance provides the clarity and longterm assurance for a stable regulatory environment, which is key for private sector engagement. Good governance on both sides of any border means that government entities can trust each other, and that the private sector will find equally predictable and fair business conditions across boundaries. Good governance also means that the public at large finds its concerns reflected, including through its access to information on the environment and on the environmental impact of the economic

actors. He commended the work of the OSCE-supported Aarhus Centres in providing fair and equitable access to environmental information. He also highlighted the OSCE's co-operation with UNECE and encouraged further promotion of the implementation of the UNECE multilateral environmental conventions. He concluded that Conventions in the political sphere are necessary but a culture of responsibility in the corporate sphere is as important.

*A representative of the Russian Federation* stated that good governance of environmental protection and the promotion of environmentally-friendly business have become increasingly important for every OSCE participating State and OSCE Partners for Co-operation. He outlined that environmental protection is drawing more attention in the Russian Federation. Currently, reforms to harmonize environmental law with the standards of the OECD are conducted, geared towards establishing a new system that incentivizes investment in the environment. Crucial instruments have been the 2014 Best Available Technology Act, which obligates companies to introduce economically viable technologies to minimize the creation of waste and emissions, and the 2014 Waste Act, designed to usher in a new industry for recycling. He underlined that the environmental reform is one of the most important issues on the agenda for the country's development, aiming to overcome the shortcomings of the previous economic model and paving the way for a new one, which can guarantee sustainable economic growth and reduce the reliance on external factors, including geopolitical ones. The representative stressed that the protection of the environment affects everyone today and future generations. That is why close co-operation between the state, civil society, the business sector, and scientific circles is essential.

*A representative of Azerbaijan* welcomed that the topic of good governance with its cross-cutting nature remained high on the OSCE agenda and referred to the existing commitments in the 2012 Dublin Declaration. He commended the Chairmanship's initiative to actively engage the business community in the work of the Second Dimension and underlined that public-private partnerships and economic connectivity within the OSCE region could be instrumental in utilizing the untapped potential of the Second Dimension for enhancing security and stability.

*A representative of the Regional Environmental Center (REC)* acknowledged the relevance of the topic in the context of the Sustainable Development Goals and the 2030 Agenda and applauded the efforts of the German OSCE Chairmanship to promote connectivity and good environmental governance, and increasingly involve the business community in the Second Dimension of the OSCE. She underlined that the launching of the Sustainable Development Goals and the recent UNFCCC COP 21 in Paris showed that the global community is ready to take big steps together. Those commitments come to fruition only with consistent and consolidated practices of good governance, independent and robust institutions exerting democratic control, an active civil society, engagement of all stakeholders, and regional and international co-operation. She concluded that the REC has been a long-term partner of the OSCE in catalyzing sustainable solutions in the region of Central and Eastern Europe and facilitating local and participatory governance in all contexts, and looks forward to continue this co-operation.

**The following conclusions and recommendations can be drawn from the discussion:**

- Good environmental governance plays a critical role both for economic growth and for stability and security in the OSCE region. The OSCE, with its comprehensive approach to

security, contributes to promoting good environmental governance and serves as a valuable platform for dialogue;

- Sustainable development, which depends on a careful balance among social, economic and environmental factors, is the best guarantee for ensuring peace and prosperity;
- It is important to find new and better ways to counter the externalization of costs that stem from the exploitation of natural resources, within societies but also among world regions, in order to prevent tensions and conflict;
- The OSCE and its participating States are in a strong and responsible position to affirm that the recently adopted Sustainable Development Goals and the Paris Agreement on Climate Change are reflected in real action.

## ***Session I: Good environmental governance, economic development and competitiveness***

**Moderator: Mr. Johannes Kaup**, Journalist, Radio Ö1, ORF, Austria

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

### **Speakers:**

**Ambassador Felipe de la Morena Casado**, Ambassador at Large for International Environmental Affairs, Ministry of Foreign Affairs and Co-operation, Spain

**Ms. Nilza de Sena, MP**, Vice-Chair of the OSCE Parliamentary Assembly's Committee for Economic Affairs, Science, Technology and Environment

**Dr. Alistair Clark**, Managing Director for Environment and Sustainability, EBRD

**Dr. Clemens Grabher**, Managing Director, 11er Nahrungsmittel GmbH, Austria

*Mr. Johannes Kaup, Journalist, Radio Ö1, ORF*, introduced the session by stressing the contribution of the integration of environmental issues in the context of economic development.

*Ambassador Felipe de la Morena Casado, Ambassador at Large for International Environmental Affairs, Ministry of Foreign Affairs and Co-operation, Spain*, noted environment as one of the core components of the OSCE starting from the Helsinki Final Act and its vast potential for the future. Referring to the evolution of environmental issues on the political agenda, he stressed that economy and environment are both necessary to achieve a dignified quality of life for the human being. He pointed to good environmental governance, including clear accountability and active public participation, as an essential element in addressing the fragmentation of regulations related to the environment as well as in overcoming a threat to security posed by environmental degradation and climate change. He noted the role of the universally agreed Paris Agreement and the 2030 Agenda for Sustainable Development in more effectively addressing such security threats. In this regard, he suggested that the OSCE community could work on these issues, for example, by gathering and exchanging information on environmental issues and enhancing early warning systems that could deal with environmental vulnerabilities. He summarized a few examples of Spain's engagement in dealing with such vulnerabilities. Speaking about the connection between good environmental governance and competitiveness, Ambassador de la Morena Casado identified environmental governance as a prerequisite for a



new development model based on a low carbon economy and resilience to climate change. He outlined a number of factors necessary for achieving good environmental governance, a positive investment climate and competitiveness. Such factors include stable regulatory framework, proper institutional architecture, new economic instruments and public-private initiatives. He suggested that the OSCE could reinforce co-operation among countries and share information about the most effective and efficient policies to achieve sustainable development and the available data on their results. He concluded by stressing that good environmental governance generates a more secure environment for all and contributes to a more stable and positive investment climate.

*Ms. Nilza de Sena MP, Vice-Chair of the OSCE Parliamentary Assembly's Committee for Economic Affairs, Science, Technology and Environment* noted the OSCE's understanding of the key role of sustainable environmental policies in the context of strengthening local and regional security and stability. She referred to the Aarhus Convention's contribution to promoting sustainable development, including the creation of Aarhus Centres supported by the OSCE. Good environmental governance is critical for the achievement of a sustainable future, where economic development and environmental protection reinforce each other. Ms. de Sena MP called on the OSCE to support participating States in the co-operation on developing adaptation strategies and measures in shared river basins, including those of the Chu-Talas, Dniester and Neman. Speaking about requirements for achieving good environmental governance, she stressed the involvement of a wide range of stakeholders, including civil society and business, in a transparent and responsible way. Adequate protection of the environment is essential in the context of enjoyment of basic human rights as environmental challenges tend to affect the most vulnerable members of society. She noted the responsibility of governments to work with other stakeholders to enhance effective national governance systems and enabling conditions for sustainability to contribute to competitiveness and economic development. Ms. de Sena MP encouraged the other OSCE Institutions and participating States to recognize the central importance of efforts in the field of environment in the context of the broader security agenda of the OSCE.

*Dr. Alistair Clark, Managing Director for Environment and Sustainability, EBRD*, spoke about the impact of good environmental governance on the investment climate and competitiveness with a focus on the EBRD's activities. Dr. Clark noted a significant shift in the EBRD's investment portfolio with 30 per cent of investment currently going to climate related projects and further increase to invest in green economy. Referring to the concept of environmental governance, he highlighted the importance of system management in the context of the OSCE region. Dr. Clark identified five major issues for environmental governance, including evidence-based data, policy and legislation, public consultation, access to justice, and civil society. He emphasized the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) and the Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention) as particularly important in EBRD's projects. Dr. Clark elaborated on the importance of public consultations as a key component of EBRD's investment activities and the role of civil society as a "check and balance" mechanism. Civil society organizations are important stakeholders that can promote local ownership of the transition process towards well-governed, sustainable and inclusive economies. He underlined the need for particular attention to vulnerable groups, cultural appropriateness and follow-up with stakeholders for effective public consultations. The requirement for public

consultations allows early resolution of issues. Dr. Clark concluded by identifying some of the security and stability issues in the OSCE region, including the water-energy nexus in Central Asia, South Caucasus and South Eastern Europe as well as energy security.

*Mr. Clemens Grabher, Managing Director, 11er Nahrungsmittel GmbH, Austria*, focused his presentation on best practices of environmental performance with a focus on energy efficiency and carbon neutral production in his company. 11er Nahrungsmittel GmbH is a leading producer of frozen potato specialties in Austria, which is an energy intensive business. Mr. Grabher noted that their work, to make the company carbon neutral and energy efficient is motivated by the conviction that ecological responsibility is a reality that companies must embrace. Mr. Grabher stressed the application of a sustainable environmental management system as an essential mechanism in this context. In particular, since 2005 his company has been certified by an ecological project for the integration of environmental protection (ECOPROFIT), which is a cooperative arrangement between authorities and companies to reduce costs for waste, raw materials, water, and energy. The company has also continued cooperation with research institutes and NGOs and is a member of the UN Global Compact. Some of the specific on-site measures and recent projects, including a new biofuel plant powered by biogas from potato peels, were outlined as contributors to the continuous reduction of energy consumption over the past 12 years. The company's endeavors go beyond energy saving and also include membership in the Climate Neutrality Alliance 2025 and further measures to reduce carbon dioxide emissions at all levels, including awareness raising among employees and life-cycle analysis for assessing its entire carbon footprint, as well as compensation of the entire carbon dioxide footprint through supporting renewable energy and forest protection projects abroad. Mr. Grabher emphasized that it is important to realize that achieving success may take long time as end-consumers should be persuaded to demand environmentally friendly products and processes. This will also incentivize retailers to sell more of such environmentally friendly products. As regards authorities, they can support through guidelines (e.g. UN Global Compact), financial aid towards implementation of measures and competitive rewards.

The floor was opened for discussion.

*A representative of UNEP* emphasized the importance of good governance beyond the national level, namely governance at transboundary, regional, and international level. He referred to the joint work undertaken within the framework of the Environment and Security Initiative (ENVSEC) with a focus on linking transboundary environmental issues with security.

*A representative of the United States of America* inquired about the importance of the Paris Agreement under the United Nations Framework Convention on Climate Change and the Sustainable Development Goals in the context of EBRD's work. He also asked about the financial return of the investments undertaken by 11er Nahrungsmittel GmbH and its work to market efforts to reduce energy intensity and carbon footprint.

*A representative of Serbia* inquired about the benefits of compensation of the CO<sub>2</sub> footprint through projects in developing countries as opposed to potential measures in developed countries.

*A representative of France* made a point of order regarding the linguistic regime applicable to the preparatory meetings, reiterating that such meetings should be held in six official OSCE languages or without interpretation at all. She expressed an expectation that appropriate consultations could take place swiftly before the 2nd Preparatory Meeting of the 24th Economic and Environmental Forum.

*A representative of Spain* supported the point of order raised by the representative of France and noted the willingness to engage in the consultations to find an agreeable solution on the linguistic regime.

*A representative of the Regional Environmental Centre for Central and Eastern Europe (REC)* inquired about the paradigm shift in viewing the environment as a business and policy driver, rather than a cost.

*A representative of Austria* inquired about EBRD's overall financial basis for the current projects and multiplying effects of their investments. He also inquired about specific achievements that could be anticipated this year in the context of the OSCE field operations' activities.

*The Moderator* inquired about additional suggestions Ambassador de la Morena Casado might have for the OSCE concerning good governance.

In response to the questions from the U.S., *Mr. Grabher* noted that the financial return has yet to materialize. Marketing of carbon-neutral products is done in several ways, including cartoon spots such as demonstrated in his presentation, web-pages and on YouTube. Efforts are also made to convince retailers to use carbon-neutral products. In response to the question from Serbia, he emphasized the global nature of CO<sub>2</sub> emissions and the advantages of investing in developing countries while developed countries are providing the funding for carbon-neutral products.

In response to the question from the U.S., *Dr. Clark* noted the high importance of the Paris Agreement and Sustainable Development Goals both in EBRD's work and beyond. He underlined that the Paris Agreement is a universal international agreement on climate, which is a success on its own. The level of finance needed for both climate finance and Sustainable Development Goals requires involvement of the private sector, including multilateral banks. States realize this. In response to the question from the REC, he underlined the changes in the incentives structure for their clients as the main reason, noting the requirement to develop climate change investment opportunities. There is a lot of room for improving energy efficiency in the OSCE region, which gives additional opportunities. In response to Austria, Mr. Clark indicated the amount of 30 billion EUR as the current capital base for EBRD. EBRD investment has a large leveraging effect. For every Euro that EBRD lends, the private sector adds 3-4 Euros to the investment.

*Ms. de Sena MP* expressed satisfaction with the commitments adopted at the COP21. She underlined the impact of refugees inside the OSCE region as one of the most important themes. She noted the varying degrees and policies across the OSCE participating States and the importance of efforts in the field of transboundary cooperation.

In response to the question from the moderator, *Ambassador de la Morena Casado* mentioned the importance for the OSCE participating States to actively continue working on the environmental agenda with a focus on soft law at international level to contribute to achieving good environmental governance. Early warning systems on environmental issues, to avoid processes of degradation, could be one of such areas. Both climate change and water merit further attention, in particular in a transboundary context. He also noted the importance of involvement of the private sector and of corporate social responsibility. The OSCE can do a lot in raising awareness about environmental issues in the OSCE region.

**The following conclusions and recommendations can be drawn from the discussion:**

- Environmental good governance, including clear accountability and active public participation, has an important role to play in fostering sustainable development and overcoming threats to security posed by environmental degradation and climate change;
- Good environmental governance generates a more secure environment for all and contributes to a more stable and positive investment climate;
- Civil society organizations are important stakeholders that can promote local ownership of the transition process towards well-governed, sustainable and inclusive economies;
- The Aarhus Convention, including its Aarhus Centres supported by the OSCE, contribute to promoting sustainable development in the OSCE region;
- The private sector's efforts to ensure energy efficient and carbon neutral businesses can be supported through guidelines (e.g. UN Global Compact), financial aid towards implementation of measures and competitive rewards;
- Similar to its work in the Dniester river basin, the OSCE could support participating States in the co-operation on developing adaptation strategies and measures in other shared river basins, including those of the Chu-Talas and Neman. Other areas for the OSCE's involvement could include the soft law to address environmental challenges in the OSCE area and achieve good environmental governance, early warning systems to prevent environmental degradation;
- The OSCE could reinforce coordination among countries and support sharing information about the most effective and efficient policies to achieve sustainable development and data on their results.

## ***Session II: Environmental legislation and its impact on business and investment***

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard

**Rapporteur: Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Coordinator of OSCE Economic and Environmental Activities

**Speakers:**

**Mr. Ethan Shenkman**, Deputy General Counsel, Office of General Counsel, United States Environmental Protection Agency, United States of America

**Mr. Nikolai Shvets**, Deputy Chairman, Federal Grid Company of Unified Energy Systems, Russian Federation

**Dr. Dirk Buschle**, Deputy Director/Head of Legal Unit, Energy Community Secretariat

**Mr. Nicholas Bonvoisin**, Acting Chief, Transboundary Cooperation Section, Environment Division, UNECE

**Dr. Thomas Hruschka**, Director of Sustainable Development, Environmental Protection, City of Vienna, Austria

Session II provided a comprehensive overview of environmental legislation and the impact on business and investment while examining different business sectors. In his introduction the moderator, *Dr. Eric Frey*, described the challenges between fulfilling environmental goals and sustainable business activities. The question was raised how to enhance business investment activities without suppressing them through environmental regulations.

*Mr. Ethan Shenkman*, Deputy General Counsel, United States Environmental Protection Agency, presented the core activities of the Environmental Protection Agency (EPA) in the United States, dealing with pollution control on federal level. EPA is co-operating with other countries and international organizations to define core elements of international cooperation on environmental governance. The speaker briefed on the Lead Paint Alliance, a voluntary multilateral initiative by UNEP and WHO to help countries implementing legislation to limit lead paint. EPA has recognised that strong environmental governance is key to realising environmental goals as well as to a strong and healthy economy. Mr. Shenkman gave the example of the 1970s – as a period of severe environmental problems (e.g. air pollution in big cities), which was tackled by new environmental legislation. Since 1970 the major air emissions in the United States were reduced by 70%. At the same time, the U.S. economy tripled. Strong environmental governance is an important ingredient to a healthy economic growth. Reduction of pollution and economic growth can go hand in hand. The speaker explained that climate change has a security dimension, which is vital to the work of the OSCE. There are also good solutions for an energy transition available. Mr. Shenkman concluded that rather than subsidising the past, it is better to invest in the future. It is important to accelerate the transition. Moreover he presented the Clean Power Plan, a set of regulations to reduce carbon emissions, especially in the power sector. There has been an unprecedented level of public participation during this political adoption process. More than 4 million comments from the public were received. In conclusion, the final regulation has positively benefited by the stakeholder's input.

*Mr. Nikolai Shvets*, Deputy Chairman, Federal Grid Company of Unified Energy Systems, Russian Federation, noted that increasing the level of security in the energy structure, including environmental security, is one of the key strategic priorities of the Federal Grid Company. The OSCE plays an important role to improve mechanism for international co-operation and to ensure safety and security for such infrastructure. Developing dialogue among all key stakeholders is vital. He applauded the platform provided by the EEF for an exchange of experience. Russia has adopted a consistent policy to ensure environmental security and the sound use of natural resources and industrial activity as well as to safeguard the prevention of accidents with potential negative environmental consequences. Over the last decade the Russian government has carried out a wide scale of projects to strengthen the monitoring of environmental security at all levels. Environmental activities are also regulated by international agreements. Mr. Shvets emphasised the necessity to protect the environment, namely biodiversity and natural resources, in order to meet the needs of current and future generations for a healthy environment. He also added that one of the goals of the governmental policy in this area is to solve socio-economic issues to ensure environmentally oriented economic growth. In

June 2012 the Presidential Commission for Strategic Development of the Fuel and Energy Sector and Environmental Safety was created. The goal of the Commission is to co-ordinate the activities of federal bodies and executive authorities as well as local self-government bodies to develop an environmentally sensitive policy. The Federal Grid Company was founded in 2002 with regards to the reform of the electricity system. The company managed to decrease waste and emissions as well as to improve energy saving and energy efficiency equivalent to 96 Million kWh or 50,000 tons of CO<sub>2</sub> emissions. The speaker emphasised that the Federal Grid Company takes further environmental actions such as meeting international environmental standards by the International Organization for Standardization (ISO). Given the current economic situation it is necessary to take a sound compromise between the economic competitiveness of the company and the need to ensure environmental protection. This leads to the need of streamlining the use of technology. It is necessary to study international practice and to co-ordinate such practice in the public and private sector. The increasing co-operation will allow to reduce costs and to introduce new technologies. Mr. Shvets praised the active co-operation of the OSCE participating States, the private sector, and academia to decrease negative effects on the environment – in the interest of current and future generations.

*Dr. Dirk Buschle, Deputy Director, Energy Community Secretariat*, presented the Energy Community, an international organisation based on a treaty signed in 2005. He explained the impact of environmental legislation, especially on the energy sector governance. The speaker emphasised the complexity of implementing environmental rules in the energy sector as well as the importance of commitments towards combating climate change. He gave the example of the European Union's Directive on Renewable Energy Sources (2009/28/EC), which contains legally binding and ambitious targets for renewables to be achieved by 2020 by the parties representing the Energy Community. Dr. Buschle illustrated his work referring to the obligation to adopt renewable energy action plans, which had to be enforced since some countries did not adopt this tool. The speaker summarised the main challenges. Transposition of legal commitments is not enough. Independent institutions are needed to implement legislation, e.g. well-working permitting authorities or the guarantee for protecting investors. National institutions are, therefore, of key importance. Due to the effects of the economic and financial crisis some countries could not provide state guarantees anymore, which could be a risk to investments in the energy sector. Some of the energy-related infrastructure might be outdated, not well-connected or cannot accommodate renewable energy sources. This has been tackled under the so-called Berlin Process. One important challenge, on the question of price regulation, refers to energy as a social commodity. If the protection of vulnerable customers is not targeted and all customers are treated the same way in offering low-cost energy prices, the price of energy could be too low to provide incentives to invest into energy efficiency. If coal is phased out, due to environmental commitments, there could be a risk of security of supply. In conclusion, there are opportunities and risks related to green investments. The support of the rule of law is very important in the whole process.

*Mr. Nicholas Bonvoisin, Acting Chief, Transboundary Cooperation Section, Environment Division, UNECE*, expressed his gratitude for the excellent co-operation between the OSCE and the UNECE over many years. He presented the different perspectives of actors related to investment climate and business environment. A government may seek transparency and accountability to increase business efficiency, to favour competitiveness as well as to foster public support. A business seeks opportunities and needs a degree of predictability to manage risks. A company wants to

avoid conflicts over e.g. natural resources on which it depends. People want a healthy environment, adequate jobs, affordable goods and services, access to utilities, proper use of natural resources as well as transparency and accountability. The UNECE's multilateral environmental agreements can help to achieve many of these goals, and, at the same time, to shape the business environment in order to fit better into the framework of sustainable development. The agreements have several issues in common: more transparent, participatory and better informed decision-making. The implementation of consistent, legal standards across the UNECE region is key to a sustainable business environment. The UNECE Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters is a unique tool to ensure that decision-making is aiming for sustainability and good governance. Mr. Bonvoisin stated that, in many countries, public participation in decisions effecting the environment is not an every-day exercise. The OSCE and the Aarhus Centres are longstanding partners addressing challenges such as capacity building and awareness-raising. The speaker referred to a second related area: the UNECE Espoo Convention on Environmental Impact Assessment in a Transboundary Context and its Protocol. This instrument, essential for good governance, established clear and transparent procedures for integrating environmental considerations into national development plans and investment projects. Mr. Bonvoisin provided the example of co-operation of six Parties to the Espoo Convention around the Baltic Sea together with the Russian Federation (which is not yet a Party to the Convention) as essential for permitting Nord Stream, the longest undersea pipeline in the world. The UNECE Conventions all share a multi-sectoral scope and can function as a platform for dialogue. Mr. Bonvoisin highlighted the Convention on the Transboundary Effects of Industrial Accidents, which provides governments in the OSCE region with a legal instrument to promote industrial safety standards to prevent accidents. These treaties mostly have a transboundary component and can strengthen international co-operation. They also promote regional economic integration and bring peace and security while reinforcing international law, increasing geopolitical stability and strengthening diplomatic relations.

*Dr. Thomas Hruschka, Director of Sustainable Development, Environmental Protection, City of Vienna*, presented best-practice examples how environmental protection is organised in the city of Vienna. Vienna is considered as a city with a high quality of life. The legislative context has an important impact. Dr. Hruschka gave the example of the Vienna Waste Management Act on the use of multi-cycle systems for events in the public sphere. He presented activities in the field of energy: the energy efficiency and the climate protection programme. The outcomes of these two programmes were four different projects involving sustainable public life and sustainable public administration:

- Eco Buy - a green purchasing programme;
- Puma – green management for city-owned buildings;
- Eco Business Plan, which is targeting private business;
- Eco Counselling - a free consultancy programme for inhabitants of Vienna.

The Eco Business Plan is a public-private partnership since 1998 with an advisory board of different stakeholders such as the City of Vienna, trade unions and the Chamber of Commerce. The project offers a consulting programme with advice to private companies how to save energy. 1,200 companies were already part of the programme. These companies have saved CO<sub>2</sub> emissions equivalent to the filling of 60,000 hot-air balloons (half of the Viennese households

could have been supplied with these savings). From a business point of view these companies saved an important part of their operational costs. This experience was shared in pilot-projects in Albania, Slovakia, Ireland, Hungary and Serbia.

*Dr. Frey* thanked all speakers for the excellent insight they provided into the topics. He concluded that the same goal, namely environmental protection, can be pursued with different instruments on local, national and international level.

The floor was opened for discussion.

*A representative of Belarus* shared the positive Belarusian experience in environmental protection. There are more than ten strategies and environmental programmes to ensure comprehensive and sustainable management of natural resources and ecosystems. The programmes are currently being reviewed and streamlined. A national Aarhus Centre and the first local Aarhus Centre were also set up in the country. Furthermore a network of 'green schools' has been developed across the country. Belarus emphasized the interest in receiving recommendations from international experts to consolidate the country's progression towards green economy principles (such as smart city planning) and to further develop international co-operation.

*A representative of Russia* briefed on the current large-scale reform of environmental legislation in Russia, which established new standards for co-operation on environmental protection. This includes e.g. the law on best-available technologies, which was adopted in 2013, including the creation of a waste-recycling industry.

*A representative of the U.S.* asked Mr. Shvets how the risks of threats through cyber-attacks on electrically grid- and water-infrastructure are addressed in the Russian Federation and which role the OSCE could play in this respect.

*Mr. Shvets* replied that the Russian Federation takes measures to forecast potential risks in the area of energy supply. The OSCE offers a number of recommendations and joint documents, which commit participating States to protect energy provision, water, and transport infrastructure. The Russian Federation has adopted sufficient measures to face such risks.

*A representative of Poland* enquired about the role of natural gas and the implementation of standards to the EPA.

*Mr. Shenkman* replied that the EPA is addressing natural gas in two ways: the share of natural gas in the electricity production vis-à-vis coal-fired plants. There has been an increase of electricity production through gas-fired plants. The Clean Power Plan supports this trend. The EPA has created standards for carbon emissions from newly-built gas-fired power plants. The Agency is also focusing on emissions from methane, which is a more polluting greenhouse gas than carbon, and has developed both, mandatory and industry-voluntary standard schemes, to reduce these emissions.

*Dr. Frey* addressed a question to *Dr. Buschle* on what business expects from regulators when it comes to the environment.



*Dr. Buschle* noted the importance of establishing markets to attract investments. He described the tool of ESCOS (energy service companies) to implement energy efficiency legislation. The energetic performance of a house is assessed and energy saving measures are put in place. The ESCOS will receive a percentage of the savings. This is a market-based tool to make energy efficiency more attractive. However, this tool will only work if the prices are not too low. *Dr. Buschle* stressed that the energy sector is highly complex. Strong and supportive procedures and institutions are needed. It needs a good balance between protecting investors and providing them an incentive on one side and not to close the markets on the other side.

*Dr. Hruschka* added his view from the perspective of Vienna. Environmental policies have to be predictable for companies. Opportunities have to be offered in a holistic way.

*Mr. Shenkman* noted that predictability and an efficient time horizon, to make the transitions possible, is of utmost importance to the energy sector. Flexibility is also a key factor at state level and to the business sector. Fair and even enforcement of legal regulations are issues, which are relevant to the energy sector.

*Mr. Shvets*, with reference to predictability as a prerequisite for good environmental legislation, stated that the business community together with the society have successfully adapted to a new situation in a period of economic transition in Russia. The safety and security of energy supplies depend on the programmes implemented. There is a high potential for energy supply-capacities in the near future. There were also some changes on regulatory level, which were not foreseen.

*Dr. Frey* further asked about the role of the public - if the public is sufficiently involved in these processes.

*Dr. Buschle* shared his experience from the energy sector. NGOs can be seen as an antenna to transmit to the authorities and policy-makers the concerns of the population.

*Mr. Shenkman* emphasised that public involvement is needed to gain legitimacy. It is important to have access to reliable information. The EPA is also involved in regulating the quality of information that is disclosed and to increase the capacity of NGOs.

*A representative of the OSCE German Chairmanship* posed a question to *Mr. Shenkman* how the two levels, national and state regulators on environmental legislation, fit into each other's role as well as how to promote competition with the view to best practice and best regulations. *Mr. Shenkman* replied that the Environmental Protection Agency has a vigilant oversight role. At the federal level, the EPA or other federal agencies set minimum standards. It is up to each state to individually decide how to best meet these goals.

**The following conclusions and recommendations can be drawn from the discussion:**

- Good governance, the rule of law in the field of environmental legislation and multilateral approaches are important elements in the context of enabling a favourable investment climate and business environment;

- Environmental protection does not constitute a threat to economic growth. Environmental protection should be seen as a business opportunity as it can also help companies to reduce their operational costs;
- There is a necessity to protect the environment in order to meet the needs of current and future generations for a healthy environment.
- There is a need to extend international environmental co-operation, including business activities in the area of addressing waste-related challenges and exchange of best practices in using green technologies.
- The OSCE could play an important role to improve mechanisms for international co-operation and to ensure safety and security of energy infrastructure.

### *Session III: Transparency, access to information, and stakeholder participation*

**Moderator: Ms. Marta Bonifert**, Executive Director, Regional Environmental Center for Central and Eastern Europe

**Rapporteur: Ms. Dana Bogdan**, Project Assistant, Office of the Co-ordinator of OSCE Economic and Environmental Activities

#### **Speakers:**

**Ms. Nino Tandilashvili**, Head of Division of Relations with the Parliament and Legal Drafting, Department of Legal Affairs, Ministry of Environment, Georgia

**Ms. Adriana Gheorghe**, Project Manager – Cooperation EU Neighbours and Central Asia, European Environment Agency

**Ms. Maria Brückner**, Project Manager, Zebralog, Germany

**Mr. Dimitry Prudtskikh**, Manager, Khujand Aarhus Centre, Tajikistan

*Ms. Marta Bonifert, Executive Director of the Regional Environmental Center for Central and Eastern Europe (REC), expressed her appreciation for the good collaboration REC has with the partner organisations - OSCE, UNECE, UNEP, UNDP - under the umbrella of the Environment and Security (ENVSEC) Initiative. She mentioned the importance of the adoption of the Sustainable Development Goals (SDGs) in 2015 and of the work of the ENVSEC Initiative in engaging national and regional stakeholders in implementing the SDGs at local level.*

*Ms. Adriana Gheorghe, Project Manager - Cooperation EU Neighbours and Central Asia, European Environment Agency (EEA), introduced the work of the EEA, underlining its role in improving the free access to information and knowledge, by supplying reliable, relevant and transparent information for both policy makers and the public at large. The speaker mentioned that the work and geographic areas covered by the OSCE and the EEA provide the common ground for enhancing collaboration. She gave several examples of the reports published by the EEA and referred to the data policy published on the EEA web-site. She noted that it is an innovative approach in the pan-European region, adding that the EEA works jointly with UNEP in replicating this approach at the global level. Ms. Gheorghe presented the new initiative launched at the EU level to strengthen transparency and accessibility of information - the Shared Environment Information System (SEIS) - and touched upon the core principles governing this initiative, which include free and open information, accessibility and reliability of information.*

Noting how the public sector could be guided on obtaining and understanding the available information presented, she mentioned the environmental indicators updated by the EEA with the purpose to support the policy areas. She then presented the Indicator Management System and the European Environment State and Outlook 2015 and briefed the participants on the importance of easy navigation and accessibility through modern tools including subscription channels, social media channels, as well as dedicated Youtube pages. The speaker invited the participants to follow the upcoming international and regional events, including the United Nations Environmental Assembly (May 2016 in Nairobi/Kenya) with a focus on the implementation of the Sustainable Development Goals, and the 8th Environment for Europe Ministerial Conference (8-10 June in Batumi, Georgia), with a focus on green economy and air quality. Further in 2017, the Sixth Ministerial Conference on Environment and Health will take place. In concluding, Ms. Gheorghe outlined some potential areas for future work the OSCE could contribute to. These are included under the conclusions and recommendations at the end of this session's summary.

*Ms. Nino Tandilashvili, Head of Division of Relations with the Parliament and Legal Drafting, Department of Legal Affairs, Ministry of Environment, Georgia*, underlined the importance of involving all stakeholders in the decision-making process. Referring to Georgia, she emphasized the importance of engaging citizens in large programmes and projects as they contribute by sharing information, presenting the views of the community and taking ownership, which constitutes valuable support for decision makers. She also noted that the public should be involved at an early stage in the decision-making process when all options are still open and accessible for discussion. Furthermore, the speaker mentioned the importance of identifying the respective stakeholders that should be notified and the need to include in the final decision the feedback received during the consultative process. Ms. Tandilashvili touched upon the support offered by the authorities in ensuring a transparent path for access to information and public participation in the decision-making process. In the case of Georgia, this is ensured through structural units, such as the Centre of Environmental Education and Information (the former Aarhus Centre) under the Ministry of Environment, which constantly updates environmental information as well as draft laws related to the environment on its webpage. This provides an opportunity for all interested stakeholders to present their views and participate in the respective processes. She noted that the Georgian government, in collaboration with the OSCE, involved the local governmental bodies and the public in discussion on the Draft Waste Management Law before its adoption. In this context, she underlined the need to involve the public in the decision-making process. By ensuring the implementation of these principles, Georgia also fulfils its commitments for the implementation of international conventions such as the Aarhus Convention. Ms. Tandilashvili highlighted the need for an effective legislative framework and made a specific reference to the Environmental Impact Assessment (EIA) and the Strategic Environmental Assessment (SEA) regulations. Referring to the EU Association Agreement, the speaker noted Georgia's work on making the legislative framework more comprehensive and harmonizing the national legislation and mentioned the development of a new draft on SEA procedures. Furthermore, she noted the country's efforts to introduce the obligation to involve the public in the decision – making for large scale projects and programmes. Referring to the main challenges for the implementation of the legislation, Ms. Tandilashvili highlighted the institutional challenges, the lack of financial resources, the need for capacity–building as well as the lack of experienced professionals in the field of SEA, EIA, statistical information, etc. She mentioned the support for addressing some of the challenges that was

provided by international organizations, including a number of OSCE projects and programmes. The work conducted through the OSCE-supported Environmental Information and Education Centre was specifically emphasized. In concluding, Ms. Tandilashvili underlined the importance of continued work on raising public awareness on environmental issues, supporting a culture conducive to the involvement of the public in decision-making processes, as well as the exchange of best practices in this area among different countries.

*Ms. Maria Brückner, Project Manager, ZebraLog, Germany,* presented the example of a consultative process designed and organised on behalf of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety. As mentioned by the speaker, the goal of the consultation meeting was the participation of citizens in updating the German Resource Efficiency Programme (ProgRes) and collecting the public's view on resource efficiency in general. The target group was regular citizens from different communities. Ms. Brückner presented the structure of the public hearings and associated activities. These included community workshops, an online dialogue platform for collecting comments and suggestions from the public. A closing session ('citizens advice') was organised to discuss final results and develop recommendations shared with the Ministry. As a follow up to the consultative process, the Ministry will issue an official position reflecting the outcome of the recommendations provided. Ms. Brückner mentioned that each workshop was attended by 40 -50 participants (in total, over 200 persons) and a brief overview on resource efficiency was presented by an expert at the beginning of each workshop. In terms of the concrete recommendations, the speaker mentioned the need to create further awareness on the topic, support innovations and improve resource saving materials and products. In concluding, Ms. Brückner underlined once again the importance of the right timing and planning of action, the need for transparency, provision and visualization of information as well as the need for political support.

*Mr. Dmitry Prudtskikh, Khujand Aarhus Centre, Tajikistan,* presented the experience of the Aarhus Centre in promoting green economy mechanisms in the micro finance sector. He mentioned that the first collaboration of the Centre with the micro finance institutions started in 2013 with the Poverty and Environment Initiative (PEI), a joint UNEP and UNDP initiative through which green credits were introduced into the Sughd region of Tajikistan. Mr. Prudtskikh noted that the Aarhus Centres have an important role to play in enabling the collaboration between clients of the micro-finance organizations and business representatives in the agricultural sector. He mentioned specific examples of the Aarhus Centre's training activities targeting staff of micro finance organizations to facilitate integration of poverty and environment related issues in their work. Additionally, he outlined procedures and terms for granting of "green credits" and organization of field visits with a focus on environmentally friendly technologies in agriculture. Furthermore, the Aarhus Centre staff organized open public consultations for the clients of the micro finance organizations as well as relevant outreach activities. He noted the Aarhus Centres' support in the development of environmental policy documents for micro finance organizations in Tajikistan. Presenting the achieved results, Mr. Prudtskikh noted that nine business plans were developed and financed in loans worth of USD 100,000 (funds provided by PEI). Mr. Prudtskikh spoke about the future perspectives of the Aarhus Centres identifying several areas for action. The Aarhus Centres can continue to demonstrate the benefits of an active civil society engagement in decision-making to all stakeholders (government, business and industry, international financial institutions). They can also provide consultations, trainings on integration of green economy mechanisms in the private sector, involving International Financial Institutions

as well as attracting more media attention to promote green economy. In concluding, the speaker noted that the OSCE could support the publishing of the guideline / manual “Using Aarhus Centres to promote Green Economy tools”. It could organize capacity building activities for the Aarhus Centres staff on Green Economy issues, and can establish facilitation mechanisms between Aarhus Centres and international financial institutions.

The floor was opened for discussion.

*A representative of a civil society organisation from Tajikistan* referred to the presentation delivered by Ms. Tandilashvili, and inquired about the current stage of the legislative reform process in Georgia and the EU requirements in this respect. He asked for further information on the situation of the business sector in respect to the harmonization of the national legislation. He also asked whether environmental assessments are conducted, or whether the country currently passes an intermediary phase in implementing and harmonising the national legislation.

*A representative of Switzerland* referred to the presentation delivered by Mr. Prudtskikh, thanking him for identifying future avenues for OSCE involvement and inquiring whether there are other Centres in the Aarhus Centres Network that are active in this field. Furthermore, he inquired whether it is advisable to encourage people to get involved into International Climate Credits Associations, and, thus, encouraging further private companies to invest in similar projects.

*A representative of the Regional Environmental Centre for Central and Eastern Europe (REC)* stressed the importance of ensuring sustainable governance through inclusive participation of the citizens in discussions and environmental decision-making as well as of overcoming the challenge of bringing the stakeholders to a level of understanding of the policy agendas at local and national levels. Raising awareness and strengthening the capacities of stakeholders are equally important for ensuring a successful public participation process. Additionally, the procedures should be brought down to the level of the interested participant, in the attempt to provide a common understanding for all participants. In concluding, the representative inquired whether other participants in the meeting faced similar challenges.

*Ms. Tandilashvili* replied to the question from the civil society representative of Tajikistan and mentioned that legislation is well in place, including on the Environmental Impact Assessment. However, after the EU Association Agreement was signed, the legislation needs to be more comprehensive and parts of the legislation need to be revised. She mentioned that public hearings with local authorities, the public sector, academia, and the general public are already being conducted. Full legislation needs to be enforced and the respective mechanisms should be created. On the question related to the transition period of the country for implementing the EIA procedures according to the EU standards, she mentioned that the process is already ongoing and that there is no such period granted.

On the question raised by *REC*, the speaker underlined the importance of making the information available to the public as well as presenting it in an understandable, clear and less technical format.

*Mr. Prudtskikh* replied to the question raised by Switzerland and mentioned that in Central Asia most of the Aarhus Centres work closely with the private sector (in Kyrgyzstan there is a strong collaboration with private companies active in the mining sector). He underlined that the Aarhus Centres are working on a roadmap that was developed by the OSCE in an attempt to identify entry points and activities by the Aarhus Centres to support the relevant components of the Aarhus Convention Strategic Plan, and which clearly encourages the collaboration with the private sector. Furthermore, the Aarhus Centres should continue to make use of the tools provided by the Aarhus Convention in accessing microfinance. Related to the second question, Mr. Prudtskikh mentioned that co-operation with international finance mechanisms is relatively new and in this respect more attention should be devoted to these aspects.

**The following conclusions and recommendations could be drawn from the discussion:**

- Access to information, public participation in decision-making as well as access to justice in environmental matters are the key rights that make a major contribution in strengthening principles of good environmental governance. Transparency, accountability and accessibility of information for the public play an important role in providing the necessary framework for their implementation;
- Increasing the public awareness of environmental challenges and of the means for public involvement in finding solutions to the identified challenges is a process that requires long-term efforts. A culture conducive to the involvement of the public along with relevant authorities in decision-making should be cultivated and strengthened;
- The process of involving the public in environmental decision-making is a win-win situation for both the public and the authorities: on the one hand, democracy is ensured and citizens are empowered and, on the other hand, the participation of the public enriches political decision-making;
- Authorities should support public consultations, including by participating in public hearings that are organized. This increases trust and accountability of the information provided and enhances the public's trust in participating in the public consultations;
- Through their work, the Aarhus Centres continue to demonstrate the benefits of active civil society engagement in decision-making to all stakeholders. They organize consultations and trainings on the integration of green economy mechanisms in the private sector, and involve International Financial Institutions in their work. The OSCE can help organizing capacity building activities for the Aarhus Centres staff on various topics, including green economy, fundraising opportunities, etc.;
- The OSCE could enhance its partnership with other key players and donors and provide its contributions to cross-cutting assessments and current international debates;
- The OSCE could assist in the implementation of existing international commitments and obligations of the participating States and promote the Shared Environment Information System (SEIS) principles beyond environmental networks and governmental structures for better use and sharing of available information and knowledge.

## *Session IV: Good Environmental Governance in the raw materials sector*

**Moderator: Ms. Désirée Schweitzer**, Deputy Co-ordinator/Head of Environmental Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Rapporteur: Ms. Olga Skorokhodova**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Ambassador Artur Lorkowski**, Ambassador of Poland to Austria, former Deputy Director of the EU Economic Department, Ministry of Foreign Affairs, Poland

**Mr. Eero Yrjö-Koskinen**, Chairman of the Finnish Network for Sustainable Mining

**Mr. Howard Mann**, Senior Adviser to the Secretariat, Intergovernmental Forum on Mining Minerals and Metals

**Mr. Dorjdari Namkhajantsan**, Manager, National Resource Governance Institute, Mongolia

**Mr. Kanybek Isabaev**, Director, Aarhus Centre, Osh, Kyrgyzstan

*Ms. Désirée Schweitzer, Deputy Co-ordinator/Head of Environmental Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities, opened the session underlining the importance of responsible management in the raw materials sector for sustainable development as well as for the enhancement of security within and beyond the OSCE region.*

*H.E. Ambassador Artur Lorkowski, Ambassador of Poland to Austria, former Deputy Director of the EU Economic Department, Ministry of Foreign Affairs, Poland, presented the recently published report “Poland’s Policy on Raw Materials: What is Missing Although Much Needed”. Referring to the debates over the methods of mining raised by a number of experts in the context of ongoing discussions on shale gas and oil production, he informed the audience that the Polish government tasked the Ministry of Environment to carry out a comprehensive overview of the Polish raw materials management system. The Polish Geological Survey, a new entity to be established, would play the key role in it. Full use of the resources and information collected systematically for more than 100 years by another entity, the Polish Geological Institute, will allow determining existing and potential conflicts between exploration of natural resources and environment, which need to be taken into consideration in the administrative decision-making process. This approach also provided an opportunity for Poland to participate in the collaborative project “Resourcing Future Generations” led by the International Union of the Geological Scientists. Given that the resource potential of Poland is well explored, the main challenge is to protect already identified or inferred mineral deposits for future generations. It can be done through elimination of risks of overbuilding terrain above those deposits. Moreover, it can also be done through distribution of relevant information and land maps at different levels of administration, including the local one. Ambassador Lorkowsky concluded that the ongoing critical review of the existing system of granting genealogical concessions should allow reconciling the needs of the state, communities and environment in order to ensure sustainable exploitation of mineral resources in the coming years.*

*Mr. Eero Yrjö-Koskinen, Chairman of the Finnish Network for Sustainable Mining, provided an introduction to the activities of the Finnish Network for Sustainable Mining. Underlining the crucial importance of the mining sector for the national economy, with around 20 operating*

companies and 4,500 people directly employed in the industry, he drew attention to the increasing pressure on the companies to acquire social licences for their activities as well as to the rising amount of conflicts in land use. Despite the fact that in 2011 the new mining legislation was introduced in Finland with the aim to restrain public fears and concerns, the true turning point for the Finnish mining policy was the major accident at the Talvivaara mine in October 2012, when contaminated water leaked into the fresh water. Followed by a public consultation, a six month roundtable process was established by the joint efforts of the Ministry of Employment and Economy and the Ministry of Environment in order to devise a national plan for sustainable mining. As a result, in May 2014 the Finnish Network for Sustainable Mining was set up. It involves the main mining companies and other stakeholders, including environmental NGOs, WWF Finland, The Finnish Metal Workers' Union, Regional Council of Lapland, etc. The Finnish Innovation Fund took the lead in building the network on the basis of voluntary mechanism, open dialogue, constructive co-operation and with the ultimate goal to increase sustainability, improve self-regulation and reduce social conflicts in the mining sector. Since then a number of practical instruments, such as a toolbox for local actions were created. This is a checklist, which should be consulted by the companies while entering new markets. He also referred to samples of corporate social responsibility reports and new sustainability standard for mining operations. The speaker proceeded with outlining the main structure of the network, consisting of a board, an executive committee and five working groups. With reference to the recently adopted Finnish standard for sustainable mining, it was emphasized that the standard is based on the "Canadian Towards Sustainable Mining Initiative" (TSM). It covers a broad range of topics, such as biodiversity, safety and health, tailings management, stakeholder's involvement, energy use and GHG emissions, crisis management, closure of operations, and water management. The standard consists of eight protocols, each of them having 3-5 evaluation criteria, according to which companies are being classified in terms of their performance. External auditing is envisaged every three years. He also noted that, at the moment, the network is preparing a joint proposal for "Horizon 2020", the EU's Framework Programme for Research and Innovation, in order to expand similar practices to the other 15 EU regions and countries. Mr. Yrjö-Koskinen proposed for the OSCE to consider how the Finnish experience could be shared among participating States in order to reduce social conflicts and improve trust in mining activities in the OSCE area and beyond.

*Mr. Howard Mann, Senior Adviser to the Secretariat, Intergovernmental Forum on Mining Minerals and Metals (IGF),* focused his presentation on the inter-linkages between sustainable mining, social and economic development, and peace and security. He stressed that a three pillar approach, incorporating environmental, economic, and social and human rights perspectives, should be adopted in order to better address issues of sustainable mining. It was underlined that mining needs to be seen as a collaborative process between government, companies and communities. To avoid disruptions in mining activities, it is of fundamental importance to work with the communities during the pre-mining period and during the pre-exploration phase. A number of stalled mining projects in the OSCE area demonstrated clearly that the social licence is as important as all the other licences and permits. It takes as much time and efforts to get it as all the others. Equal risks are also hidden in the post-mining cycle because inappropriate closure of mines often results in economic and social crises, dislocations of workers, and political instability. The speaker emphasized that mining, which is not connected to sustainable development, not supportive to equal and inclusive economic development, increasingly fails and that adverse effect of non-sustainable mining is extremely visible at a local level. Inability of companies and



communities to work together not only has major impacts on the economic viability of mines, especially in low commodity price periods, but also entails major repercussions for the political stability and ultimately for peace and security, although non-sustainable mining alone could hardly cause a major conflict. For these reasons, Intergovernmental Forum on Mining Minerals and Metals sees sustainable development as its main goal, with 53 member states involved. A multi-stakeholder perspective with special emphasis on development of regional approaches is at the core of its activities. IGF Mining Policy Framework was referred to as a primary basis for operation. It includes six main pillars such as environmental management, social and economic benefit optimization, financial benefit optimization, legal and policy framework, post-mining transition, and Small-Scale Mining. The climate change aspect will be added to the Framework as part of the review process to take place in 2-3 years. In conclusion, Mr. Mann listed a number of recommendations regarding the OSCE's possible role in ensuring mining for sustainable development.

*Mr. Dorjdari Namkhajantsan, Manager, National Resource Governance Institute, Mongolia,* stated that it is statistically proven that resource wealth, very often, does not benefit to the prosperity of the Resource Rich Countries (RRC). More than 1.5 billion people live in poverty in 50 RRC. Nevertheless, the so-called resource curse is not pre-determined. The key issue to be addressed in this regard is the deficit of governance of natural resources as well as a lack of transparency, effective control of corruption and accountability. It was indicated that transforming oil, gas, and mineral wealth into sustainable development requires effective work throughout a complete chain of economic decisions. In this regard, international regulations, international organizations and multinational companies have a major role to play in forming and solidifying an international foundation for good resource governance. The speaker stressed that, although good policies are important, institutions are also vital for the implementation of those policies. He further noted that there are some problems to be tackled in this area since government bodies are often underskilled and understaffed and therefore unable to ensure successful enforcement of rules and regulations. In Mongolia, which is the least densely populated country in the world, implementation of good policies is impossible without engaging communities and civil society. The Extractive Industry Transparency Initiative (EITI), which Mongolia joined in 2006, was described as an example of good resource governance. The quality-checking mechanism, institutional set up that enables civil society to take an active and substantial part in the decision-making process, and obligatory principle of the majority of the EITI's requirements were highlighted. In conclusion, Mr. Namkhajantsan encouraged the OSCE to promote EITI among its participating States. He also suggested that the OSCE could facilitate co-ordination between different players, donors and experts, operating together in the mining sector, to ensure sustainable mining for the benefits of local communities.

*Mr. Kanybek Isabaev, Director, Aarhus Centre, Osh, Kyrgyzstan,* stated that the development of the mining industry, based on rational use of resources, corporate social responsibility as well as compliance with regulatory frameworks, is crucial for the social and economic development of Kyrgyzstan. He gave an overview of the main causes of conflicts between the population and mining companies, such as a lack of transparency and insufficient information regarding the number of jobs created in the sector, non-compliance with standards resulting in contamination of the environment, lack of education of the population, and location of mining industries in remote areas where very often there are no any other industries operating. Therefore, the Aarhus Centre in Osh gives a special priority to the dissemination of information on the activities

of mining companies and relevant changes in the regulatory frameworks. The speaker briefly described workshops, trainings, and public hearings, which had been carried out by the Aarhus Centre, partly in co-operation with the Eastern Finland University. The recently adopted Law on Subsurface Use and issues of public participation were in the focus of discussion. It was noted that during one of the hearings a proposal was voiced to carry out a bidding procedure to determine the areas to be exploited for extractive industries. In addition, the Aarhus Centre organized a number of events for public officials to provide them with detailed information on the existing clear-cut procedures to hand out licenses to mining companies as well as on a number of mechanisms to avoid conflicts that might emerge in the mining sector. Turning to the results achieved, Mr. Isabaev stressed that in 2014 the Ministry of Geology and Environment ran the first auction on exploiting the gold reserves in line with the new legislation and with active participation of the civil society. He also listed a number of activities implemented by the mining companies in rural and mountain districts for the development of local communities. In conclusion, the speaker identified main challenges to be tackled, emphasizing that inability of the population to understand information regarding the subsoil use in terms of technologies and their rights is one of the main issues. He also outlined the main successes achieved with support of the OSCE, mainly in raising awareness and strengthening capacities of local population and authorities.

The floor was opened for discussion.

*A representative of Yerevan State University, Armenia*, reflected on the Armenian experience in raising public participation in the environmental decision-making process. He emphasized that in the triangle relationship between civil society, political society and economic society, all three elements have to act transparently, and that the issue of granting direct and unhindered access to environmental information to the civil society needs to be specifically addressed. He suggested that an exchange of best practices, information sharing and undertaking joint activities between the Aarhus Centres and other civil society organizations at the national and international level can be beneficial. He also underlined that those organizations should act as both information centres and centres of expertise.

*Ms. Désirée Schweitzer* noted that the Aarhus Centres Annual Meeting provides a good opportunity for such an exchange of best practices and information sharing.

*A representative of the OSCE German Chairmanship* thanked the speakers for the comprehensive presentations and inquired on the incentives for Finnish companies to participate in the Finnish Network for Sustainable Mining. He also asked to elaborate further on the possibility to expand the geographical footprint of the initiatives undertaken by Finland in the mining sector to regional and trans-boundary level.

*A representative of the Kazakhstan Committee of Geologists* was interested if the Intergovernmental Forum on Mining Minerals and Metals co-operates with Kazakhstan and other CIS countries.

*Mr. Yrjö-Koskinen* emphasized that compliance with the new Finnish standard for sustainable mining requires time, human and financial resources, and therefore companies must be convinced that it would have added value for their work. The most important added value to

start applying this standard is that it, indeed, enables companies to avoid costly social and environmental conflicts.

*Mr. Mann* noted that one of the main incentives for companies to join IGF is that it helps them to meet their domestic requirements for sustainable development and that in case of an accident or incident it becomes part of their self-defence policy. IGF works with individual governments, as well as at the regional and sub-regional levels, in order to review existing laws and procedures against IFG's Mining Policy Framework and identify possible gaps, while ensuring that offered solutions are tailored for the specific needs and capacities.

*A representative of the Secretariat of the Basel, Rotterdam, and Stockholm Convention* asked *Mr. Yrjö-Koskinen* on the source of funding of the Finnish Network for Sustainable Mining.

*Mr. Yrjö-Koskinen* noted that the Finnish Network for Sustainable Mining is operating under the auspices of the Finnish Mining Association that, despite some initial concerns, turned out to become a guarantor of having all the mining companies operating in Finland on board. He explained that the Finnish Innovation Fund has provided and will provide funding for the Finnish Network for Sustainable Mining for three more years to come, with increasing contributions from the mining companies.

*Mr. Dorjdari Namkhajantsan* expressed the opinion that, given dire financial needs of developing countries, only an international bidding mechanism could make countries abide by an international ban on mining forbidden minerals.

*Mr. Yrjö-Koskinen* indicated that the EU countries produce only 20% of minerals which they consume. There is a direct interest to increase the share of production, including urban mining (recycling).

*Ms. Désirée Schweitzer* summed up that the discussion underlined that mining should be seen as a collaborative approach among business, government and community and that it is of crucial importance to involve civil society and other stakeholders in the decision-making processes.

**The following conclusions and recommendations were made:**

- To ensure sustainable mining, a three pillar approach, which incorporates economic, environmental, as well as social and human rights perspectives, is needed;
- In order to prevent conflicts related to mining activities, the work with local communities on the pre-mining phase is of crucial importance;
- Public-private partnerships are necessary to adjust to low commodity prices. A lack of them could increase the development of major social, economic and, therefore, political and security risks;
- The OSCE could help to expand regional approaches to mining issues and good governance, based on existing international standards;
- A deficit in governance is the main challenge for resource rich countries and the main cause of the so-called "resource curse";
- The OSCE as a platform for dialogue has a key role to play in facilitating the exchange of experience and the use of new technologies;

- The OSCE could facilitate dissemination of information on the rights of the population and, therefore, increase the ability and capacity of civil society and local communities to participate substantially in the environmental decision-making process, through co-operation with the Aarhus Centres.

## *Session V: Resource efficiency and green technologies as instruments for sustainable development*

**Moderator: Mr. Jan Dusík**, Director, UNEP Regional Office for Europe

**Rapporteur: Ms. Jenniver Sehring**, Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

### **Speakers:**

**Ms. Birgit Schwenk**, Head of Division, European and International Affairs of Resource Efficiency, Raw Materials Policy, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany

**Mr. Christiaan Prins**, Head of European External Affairs, Unilever, Belgium

**Dr. Bakhyt Yessekina**, Climate Change Adviser to the Minister of Energy, Director of the “Green Academy” Scientific Research and Education Centre, Kazakhstan

**Mr. Krzysztof Michalak**, Senior Programme Manager, Environmental Directorate, OECD

**Mr. Raffi V. Balian**, Director, US Regional Environmental, Science & Technology, and Health Hub for Central and Eastern Europe

**Mr. Gökhan Yetkin**, CEO of Gonen Gubre Inc., Turkey

*Mr. Jan Dusík, Director, UNEP Regional Office for Europe, introduced the session by outlining that many risks are related to the use of natural resources. Hence, reducing the dependence on natural resources through higher efficiency will decrease security risks. Although resource efficiency and green economy is a win-win approach, there is still resistance and political and legal barriers. He informed about the upcoming “Environment for Europe” Ministerial Conference in June 2016 in Batumi, Georgia, where a green economy strategic framework for the region is expected to be adopted.*

*Ms. Birgit Schwenk, Head of Division, European and International Affairs of Resource Efficiency, Raw Materials Policy, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany, gave an overview on the German experience in promoting resource efficiency on national and international level. She reiterated that resource efficiency is a win-win solution for business and society. She stressed that we have to decouple growth and prosperity from the use of natural resources. The environmental, social and human rights concerns of resource extraction, as well as the highly volatile costs make resource efficiency a business strategy, in particular for a country like Germany with strong dependence on raw materials imports. She outlined the German Resource Efficiency Programme (ProgRes), which set the national target to double raw materials productivity by 2020 against 1994. Measures are addressing the whole production chain and specific challenges of different types of companies. For small and medium-sized enterprises (SMEs), for example, policy measures included state sponsored consultancy services and the establishment of a resource efficiency competence*

centre. With regard to the international level, she pointed out that several sub-targets of the Sustainable Development Goals refer to resource efficiency. The German G7 presidency in 2015 put resource efficiency on the G7 agenda, a work that will be continued by the Japanese G7 presidency. Ms. Schwenk summarized the main lessons learnt in Germany: resource efficiency is a process, which needs the close involvement of stakeholders beyond the government. It needs long-term orientation for business through an exchange of best practices, awareness raising, and strong political underpinning.

*Mr. Christiaan Prins, Head of European External Affairs, Unilever, Belgium*, introduced Unilever as one of the world's leading suppliers in food, home and personal care products in over 190 countries. In 2010, Unilever published its Sustainable Living Plan with the aim of decoupling growth from environmental impact. Due to its engagement, Unilever was ranked number one in its sector in the 2015 Dow Jones Sustainability Index. He underlined the exacerbating impacts of climate change, such as rising demand, price volatility, and supply chain shocks, which cause direct business impact. Resource efficiency replaced the linear business models with a circular model. Unilever's Sustainable Living Plan (USLP) consists of three goals with clear benchmarks, which should be achieved by 2020. The progress is assessed each year and published. He underlined that the core reason for the USLP is driving growth; it is a business strategy and not corporate social responsibility. The aims are cutting costs, managing risks, and inspiring innovation. He further informed that 60% of the environmental impact of Unilever's products occurs not in the production, but in the usage; therefore, the consumer level has to be addressed as well. This is indeed one of the biggest challenges. Other important aspects are the transformation of markets, new technology, and stimulating recycling. He stressed the essential need for partnerships - with industries, private foundations as well as with local municipalities. Governmental policies can help to upscale what companies are doing at micro level.

*Dr. Bakhyt Yessekina, Climate Change Adviser to the Minister of Energy, Director of the "Green Academy" Scientific Research and Education Centre, Kazakhstan*, gave an overview of Kazakhstan's efforts towards greening the economy. She stressed that the global economic and financial crisis emphasized the need for green economy, which is the basis for sustainable development. She outlined the basic principles of green economy, which are: increasing of efficient use of natural resources; conservation of biodiversity; pollution reduction; low-carbon development; poverty reduction and development of human capital. Kazakhstan started to promote Green Economy in 1997 with the "Kazakhstan 2030" Strategy and since then adopted many documents, policies, and tools, such as the "Green Bridge" Partnership Programme, the Concept of Transition to Green Economy and the adoption of the National Action Plan for 2013 – 2020, the EXPO-2017 on the topic "Future Energy" in Astana, the reduction of GHG emissions, and introduction of green indicators. Dr. Yessekina thanked the OSCE Centre in Astana for its support in this field. She identified the following activities as a way forward to a green economy development in Kazakhstan:

- Improvement of the national statistical system based on "green" indicators (OECD, World Bank, Eurostat, etc.);
- Modernization of the planning and taxation system with considering the "green" principles (EBRD, OECD, etc.);
- Creation of the Green Bridge Institute - 2016 (OSCE+);

- Establishment of an International Centre of Green Technologies on the EXPO-2017 basis (OSCE+);
- Development of capacity building programmes for decision-makers, business and NGOs (OSCE, EU, UNDP, GCF, etc.).

*Mr. Krzysztof Michalak, Senior Programme Manager, Environmental Directorate, OECD*, focussed his presentation on ways to promote technological innovation to address climate change. He outlined that the OECD in 2011 embarked on promoting green growth across all directorates. While innovation has always been an important engine of growth, it often had negative impacts on the environment. A good example of green innovation is the advances in lighter plastic bottles that reduce waste, energy use, GHG emissions, and transportation costs. Mr. Michalak stated that the world is about to enter the 4<sup>th</sup> industrial revolution of automatization that might achieve to limit GHG emissions without compromising economic growth. He further stressed the importance of the Paris Climate Agreement, but reminded that even its full implementation will not be enough to achieve the required level of GHG emission reduction. Therefore, green technology is important to close this emission gap. This was also reflected in the agreement and with the launch of the “Mission Innovation” at COP 21, in which 20 countries committed to doubling investments in research and development of green technologies in the next five years. Mr. Michalak stressed the need for green innovation not only in particular sectors but system-wide, and outlined three key strategies for such a transition: (1) framework policies must be adapted to support the entry and growth of young, innovative firms; (2) reverse the decline in public funding of basic research and remove barriers to private R&D investment in green technology; and (3) governments to create “lead markets” for greener transport, sustainable buildings, energy, etc. In concluding, Mr Michalak put forward some key messages, including:

- Put a price on GHG emissions in order to provide incentives across all stages of the innovation cycle;
- Provide predictable and long-term policy signals in order to create confidence for investments;
- Use flexible, appropriate and adequately sequenced policy measures;
- Balance the benefits of technology-neutral policies with the need to direct technological change toward climate-saving trajectories;
- Support research and development in a broad portfolio of complementary fields;
- Ensure that international policy efforts maximise the potential for sharing of knowledge and technologies of mutual benefit;
- Support international technology-oriented agreements.

*Mr. Raffi V. Balian, Director, US Regional Environmental, Science & Technology, and Health Hub (HEST) for Central and Eastern Europe*, explained that the HEST focuses on transboundary issues in order to support co-operation among the countries in the region, on issues such as flooding, forest fires, and health pandemics. One project partner is the International Sava Commission. He commended the launch of the Sava Water Council as an advisory stakeholder council of the Sava Commission next month, which is the first formal stakeholder body of a river basin commission in Central and Eastern Europe. As another example of HEST’s activities he mentioned a joint project with the Regional Environmental Center for Central and Eastern Europe (REC) on local environmental and energy action planning in different parts of Ukraine, which promotes civic participation in setting priorities and implementation projects at municipal level. Mr. Balian

underlined the critical importance of sustainable development for security and safety of all countries. The Paris Climate Agreement was an historic and important achievement, but it is only the beginning of the real work. Many countries have already started to transform their economies and will be the future leaders of the 21<sup>st</sup> century. He further gave an overview on the investments and policies of the U.S. government and U.S. states on energy efficiency and renewable energy and their benefits for consumers as to cost savings. For example, since 2009, wind energy production in the US has tripled and solar energy has increased twentyfold, and solar industry added jobs ten times faster than the rest of the US economy. This showed the importance of investing in green technologies to support job creation and growth. He underlined the role of the government for funding research and the academic system, and the need to engage non-state actors. The OSCE could support (1) rationalizing pricing and government support for energy (subsidies), (2) neutral support for different types of technology in order to allow for innovation, (3) green procurement guidelines and good practices, (4) universal education on sustainability as promoted by the Aarhus Convention.

*Mr. Gökhan Yetkin, CEO of Gonen Gubre Inc., Turkey*, presented the example how the Turkish Independent Industrialists' and Businessmen' Association (MUSIAD) supports the role of green technologies for sustainable development, employment and environmental protection. Green technologies, in general, need local resources, create environmental friendly products, reduce or eliminate net carbon emissions, require high technology to be efficient and cost effective, spread well educated workforce all around the countries, encourage the education system to supply high calibre technical people, produce clean energy and prevent environmental pollution. Mr. Yetkin referred to the experience of the Turkish wood industry, which during the last 10 years developed a new harvest plan, and increased wood cutting, but at the same time created new plantations. The results are more wood production, more forest area, more jobs, income increase, and incentives for people to stay in rural areas. He also gave examples of investments in renewable energy by companies to cover their own energy needs and reduce waste, which is supported by the government and implemented in cooperation with academia, and led to innovations. Finally, he underlined that organic waste and biomass has a huge potential for green technologies and could be key for sustainable development, but using its potential needs better incentives and legislation.

The floor was opened for discussion.

*A representative of Slovenia* thanked Mr. Balian for mentioning the Sava Water Council and expressed his appreciation of its work.

*A representative of Kazakhstan* asked Dr. Yessekina about effective reporting of environmental parameters and how Kazakhstan will be involved in it.

*A representative of the OSCE German Chairmanship* asked about the potential to work closer with OSCE field operations.

*A representative of Tajikistan* asked Mr. Prins about the difference between the concept of circular economy that he presented and the Chinese approach.

*Dr. Yessekina* answered that Kazakhstan is currently co-operating with Eurostat and the OECD on improving statistical data in areas such as sustainable development and green indicators.

*Mr. Balian* welcomed the fruitful discussion he had with OSCE field operations; a possible area of co-operation could be the support for environmental education at local level. He also said that the OSCE would need to think about mandates of field operations, as some are outdated to face new challenges and address the needs of people.

*Mr. Prins* said, despite not being familiar with the Chinese approach, the concept of a circular economy is quite simple – reuse and recycle to create a closed loop.

**The following conclusions and recommendations can be drawn from the discussion:**

- Resource efficiency is a process that needs the close involvement of stakeholders beyond the government, long-term orientation for business through an exchange of best practices, awareness raising, and strong political underpinning;
- Technological innovation to address climate change needs to be supported by a range of policy measures in order to be effective;
- Partnerships among industries, private foundations as well as with local municipalities are essential to make green economy beneficial for all; governmental policies can help to upscale what companies are doing at micro level;
- The OSCE could support participating States in rationalizing pricing and government support for energy (subsidies), offering neutral support for different types of technology in order to allow for innovation, promoting green procurement guidelines and good practices, and strengthen universal education on sustainability as promoted by the Aarhus Convention.

## ***Session VI: Sound waste management frameworks in the context of good environmental governance***

**Moderator: Ms. Désirée Schweitzer**, Deputy Co-ordinator/Head of Environmental Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

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

**Speakers:**

**Ms. Olijana Ifti**, Deputy Minister of Environment, Albania

**Dr. Andreas Jaron**, Head of Division, General, Principal and International Matters of Circular Economy, Transboundary Movement of Waste, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany

**Ms. Tatiana Terekhova**, Programme Officer, Secretariat of the Basel, Rotterdam, and Stockholm Conventions

**Mr. Georg Ketzler**, Member of the Executive Board and CFO, Saubermacher Dienstleistungs AG, Austria

**Mr. Dmytro Skrylnikov**, Head of the NGO Bureau of Environmental Investigations, Ukraine



*Ms. Désirée Schweitzer, Deputy Co-ordinator/Head of Environmental Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities, introduced the session by underlining the security, safety and environmental implications of hazardous waste in the context of the OSCE region and noting the role of waste management in the OSCE framework. She emphasized that waste is increasingly managed at multiple levels and by various actors, including with the involvement of the private sector, civil society and the public. Moreover, sound waste management is an important element in the context of sustainable development and good environmental governance and has clear economic benefits. She pointed to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal as key international legal framework related to the transboundary movement of waste.*

*Ms. Olijana Ifti, Deputy Minister of Environment, Albania, presented the vision, priorities, policies and goals of the Albanian Government in the area of waste management. Urban waste and its management in line with approved environmental standards is considered one of the most pressing challenges in Albania. Addressing this issue embraces several areas ranging from the promotion of schemes for collection and separation of waste at source to public education and tariffs to the endeavors targeted at landfills and the promotion of public-private partnerships in the area of waste management. Ms. Ifti elaborated on the current legal framework, noting the most significant progress being achieved in the area of waste legislation which currently reflects the requirements of relevant EU Directives and the Basel Convention. Local governments and businesses are important stakeholders in the on-going waste management transformation. She underlined that the on-going development of a sustainable waste management system involves awareness raising and participation of the public and civil society.*

*Dr. Andreas Jaron, Head of Division, General, Principal and International Matters of Circular Economy, Transboundary Movement of Waste, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany shared his country's experience in the area of sound waste management in the context of circular economy. Dr. Jaron outlined the evolution of the legal and policy frameworks since the 19th century, noting that the current waste management system relies on both efficient use of resources and circular economy when resources are brought back to the economy with less impact on the environment. Banning of direct landfilling since 2005 and higher costs and prices for disposing of residual wastes were identified as important incentives towards the creation of sustainable waste management. Dr. Jaron underlined that waste management in his country is an economic sector generating part of the GDP and employing around 200,000 people. He noted that 20 per cent of the Kyoto targets for reducing greenhouse gas emissions are reached through the country's waste management. The robust capacities for hazardous waste management make it possible for other countries to import it to Germany for safe disposal. He concluded by briefly outlining some of the avenues for bilateral and multilateral cooperation in this area.*

*Ms. Tatiana Terekhova, Programme Officer, Secretariat of the Basel, Rotterdam and Stockholm Conventions spoke about preventing illegal transboundary movements of hazardous and other wastes with a focus on the mandate of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. She noted that the three conventions (Basel, Rotterdam and Stockholm Conventions) jointly cover the life-cycle of hazardous chemicals. Ms. Terekhova identified electronic and electric waste as a grave challenge including in the OSCE area as this type of waste is the waste growing. Referring to the progress in the*

implementation of the Basel Convention and global trends, she pointed out that the vast majority of hazardous waste is currently treated in the producing countries, and stays within the region where it is produced. She highlighted that the Basel Convention is well equipped in terms of enforcement as it requires the parties to the Convention to adopt national legislation for prohibiting and punishing illegal trafficking in hazardous and other waste. Ms. Terekhova spoke about the establishment of the Environmental Network for Optimizing Regulatory Compliance on Illegal Traffic (ENFORCE) to promote parties' compliance with the provisions of the Basel Convention and to improve cooperation and coordination between relevant entities, and identified their involvement with ENFORCE as one of the possible areas for co-operation with the OSCE, along with the OSCE's continued involvement in joint training and capacity-building activities undertaken by the Secretariat of the Basel Convention.

*Mr. Georg Ketzler, Member of the Executive Board and CFO, Saubermacher Dienstleistungs AG, Austria* started his presentation by identifying the most significant challenges that international waste management faces, including the increasing differences in environmental standards across countries, illegal trafficking of waste, urgent need for CO<sub>2</sub> reduction, growing demand for resources and disproportionate rise in global waste production. Many waste streams seem to be disappearing while they are essentially being illegally trafficked to countries with less stringent environmental standards (e.g. used cars and electronic and electric wastes). He identified as one of the highest priorities stopping the illegal trafficking of waste together with increasing environmental standards in the less developed areas. Mr. Ketzler shared a number of lessons learnt from his company's experience in successfully establishing sustainable waste management. These include the need for local authorities to be aware of the importance of environmental protection and their commitment to sound waste management principles, a step-by-step approach, environmental education and know-how transfer. Mr. Ketzler made a number of recommendations for the OSCE's involvement in the area of waste management. The OSCE could provide support in raising awareness about the importance of sound waste management. It could contribute to the creation of homogeneous regulations and standards on waste management as well as give support to monitoring the compliance of waste management regulations. The OSCE could assist in helping end illegal waste export.

*Mr. Dmytro Skrylnikov, Head of the NGO Bureau of Environmental Investigation, Ukraine* spoke about addressing waste related challenges in Ukraine. He outlined several concrete examples of the waste challenges inherited from the past, the current state of affairs and emerging issues such as electronic and electric waste and counterfeit pesticides. Trafficking of hazardous waste is one of the most important challenges in the area of waste management for Ukraine. Given the importance of waste management issues in the context of conflict, he noted the OSCE's possible support in helping address such challenges. Mr. Skrylnikov pointed out that the waste challenges are addressed at different levels, including policy and legislation, including those related to Ukraine's implementation of the commitments in the EU Association Agreement, as well as activities at national and local levels and projects supported by international organizations, including the OSCE. He elaborated on the OSCE's projects related to the prevention of the illegal trafficking in hazardous waste in Eastern Europe that include training activities, an electronic course for relevant authorities and the development and publication of a methodology on counteraction to contraband and counterfeit pesticides.

The floor was opened for discussion.

*A representative of Austria* inquired about cooperation modalities of the OSCE projects on prevention of illegal trafficking in hazardous waste in Eastern Europe.

*A representative of the U.S.* commended the endeavours on waste management undertaken in Albania. He inquired whether the private sector is involved in any work on technology to decrease the need for economy of scale and find creative and effective solutions. He also noted OSCE training activities to prevent the trafficking in hazardous waste as a promising area for continued further involvement.

In response to the question from Austria, *Mr. Skrylnikov* noted it was a joint endeavour involving the OCEEA and the Project Co-ordinator in Ukraine.

In response to the question from the U.S., *Mr. Ketzler* commented that it is very important to start with waste collection as a first step and ensure effective landfilling before a fully-fledged waste management system can be created.

**The following conclusions and recommendations can be drawn from the discussion:**

- Development of sustainable waste management systems involves awareness raising and participation of the public, civil society and the private sector;
- The waste management sector as an economic sector contributing to the GDP, can provide qualified employment opportunities and help reduce greenhouse gas emissions;
- Electronic and electric waste as well as counterfeit pesticides are among the emerging and pressing waste challenges in the OSCE region;
- The OSCE can provide support in raising awareness about the importance of sound waste management;
- The OSCE could assist in developing homogeneous regulations and standards on waste management by providing an exchange of best practices as well as give support with monitoring the compliance of waste management regulations;
- The OSCE's work in the area of prevention of the illegal trafficking in hazardous waste (and the developed training material) can support efforts to prevent the illegal waste export and is a promising area for further involvement;
- The OSCE has been invited by the Secretariat of the Basel Convention to consider joining the Environmental Network for Optimizing Regulatory Compliance on Illegal Traffic (ENFORCE) managed by the Secretariat of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

**Concluding Session:**

**Speakers:**

**Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Ms. Christine Weil**, Deputy Permanent Representative, Permanent Mission of Germany to the OSCE

**Rapporteur: Mr. Bernhard Romstorfer**, Desk Officer, Permanent Mission of Germany to the OSCE

*Dr. Halil Yurdakul Yiğitgüden, the Co-ordinator of OSCE Economic and Environmental Activities,* emphasized that this First Preparatory Meeting showed the virtue of the OSCE as a unique platform to bring different stakeholders together and connecting them in an active dialogue. He stated that the theme of this year's Forum would prove to meet the joint interest of all 57 participating States of the Organization, by connecting foreign and security communities with the business community and international and non-governmental actors in the joint endeavor for sustainable development.

*Ms. Christine Weil, Deputy Head of the Permanent Mission of the Federal Republic of Germany to the OSCE,* stressed that the Forum offered valuable insights into different aspects of good governance that are of common interest to all participating States. Also, the meeting has highlighted the essential role that the OSCE plays as a platform for dialogue and exchange of best practices in this field. She gave an outlook on the Second Preparatory Meeting, which will take place on 19 and 20 May in Berlin and will focus on "Good governance as a basis for business interaction and good investment climate as well as for the fight against corruption, money-laundering and the financing of terrorism" and "Good migration governance to support stable economic development in countries of origin, transit and destination". Back-to-back with the Second Preparatory Meeting there will be a Chairmanship Conference on Economic Connectivity in the OSCE area. This business conference, which will take place on 18 and 19 May 2016, will gather business leaders and high-level representatives from all participating States for a meaningful dialogue on framework conditions for business interaction in the OSCE area. Cross-cutting issues such as infrastructure, logistics, customs and border administration, and trade facilitation will be discussed.

*The Netherlands on behalf of the European Union* (aligned by the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Albania, the Country of the Stabilization and Association Process and Potential Candidate Bosnia and Herzegovina, as well as Ukraine, Georgia, Andorra and San Marino) looked forward to continue the discussions on good governance in relation to good investment climate and business interaction in May in Berlin and in September in Prague to identify further areas for future OSCE's engagement.

*The representative of France* stated that this First Preparatory Meeting has underlined the significant importance of good environmental governance and the fight against climate change that OSCE's role should be further looked at with regards to addressing risks stemming from climate change. She expressed her hope that the Chairmanship business conference in Berlin in May would also allow to address the topic of climate change.

*The representative of Switzerland* appreciation to the German's approach of involving the business sector in OSCE meetings as it provided fresh perspectives and a practical dimension to the discussions. The discussions have highlighted three important areas where the OSCE could strengthen good environmental governance: 1) the OSCE could promote ratification and reinforce the impact of multilateral conventions and international standards by strengthening its partnerships with the major global organizations competent in the field of environmental governance; 2) the issue of good environmental governance showed the importance of the OSCE's comprehensive understanding of security. Active public participation would be key to

gain legitimacy for large-scale projects and even for environmental governance, in general, to succeed; 3) the OSCE with its field presences and the Aarhus Centres could make a crucial contribution to the implementation of multilateral conventions and international standards and raising public awareness. He concluded by stating that the idea of improving the mandates of the OSCE field missions would merit close attention as they should include economic and environmental activities.

*The representative of the U.S.* emphasized the importance of the rule of law and good governance. He referred to the presentation of Mr. Shenkman, Deputy Counsel of the U.S. Environmental Protection Agency, who shared details about the U.S. participation in the Global Lead Paint Initiative. The implementation of this initiative, which would have the potential to dramatically reduce harmful levels of lead in paint by the year 2020, could be an opportunity for the Aarhus Centres and OSCE field missions by working with host countries to adopt national legislation and raise public awareness also in this area.

*The representative of Canada* highlighted the role of the OSCE as a platform for dialogue.

*The representative of Serbia* commended the topics chosen for this conference as they help to strengthen the Economic and Environmental Dimension of the OSCE.

*The representative of Austria* underlined the importance of strengthening good environmental governance. He echoed the call for the OSCE to contribute more vigorously and at all levels in order to implement the goals of the Paris Agreement under the United Nations Framework Convention on Climate Change. He underlined the need for strengthening the Economic and Environmental Dimension, in general, and the OSCE field operations, in particular, including the co-operation with Aarhus Centres and within the framework of the ENVSEC Initiative.

**The following conclusions and recommendations can be drawn from the discussion:**

- Good environmental governance generates a more secure environment for all and contributes to a sustainable investment climate and competitiveness. This requires stable regulatory frameworks, appropriate institutional architecture, new economic instruments, public-private partnerships and reinforced co-ordination and co-operation among the countries - an area where the OSCE could make a significant contribution;
- Good governance, the rule of law and multilateral approaches are important elements in the context of enabling a favourable investment climate and business environment;
- Involving the public in environmental decision-making is a win-win situation for both the public as well as the decision-makers: on the one hand, democracy is ensured and citizens are empowered. On the other hand, the participation of the public in the political decision-making increases ownership and eases implementation;
- Stakeholder awareness, participation and partnership are crucial for ensuring good environmental governance in the raw materials sector. The OSCE could help to enhance its activities on community awareness and participation and expand national best practices on mining issues to regional approaches, based on international standards;
- Resource efficiency and green technologies are instruments for sustainable development. They not only contribute to sustainable development but also bring significant benefits for business and society. Resource efficiency is not only an environmental goal, but rather a

process that decreases economic costs and risks for companies and thus makes them more competitive;

- Hazardous waste and chemicals have serious safety and security implications for the OSCE participating States at local, national, and transboundary levels. Environmentally sound management of waste and hazardous chemicals has multiple benefits for government, business, civil society, and communities.



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

**Vienna, 21 January 2016**

**24<sup>th</sup> OSCE Economic and Environmental Forum  
“Strengthening stability and security through co-operation  
on good governance”**

**FIRST PREPARATORY MEETING**

**Vienna, 25 - 26 January 2016**

OSCE Congress Centre, Hofburg, Heldenplatz, 1010 Vienna

**ANNOTATED AGENDA**

**Monday, 25 January 2016**

**09:30 – 11:00                      Opening Session**

**Welcoming remarks**

- **Ambassador Eberhard Pohl**, Chairperson of the OSCE Permanent Council, Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship
- **Ambassador Lamberto Zannier**, OSCE Secretary General
- **Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities

**Keynote speeches**

- **Prof. Dr. Dr. Klaus Töpfer**, former Executive Director of the UN Environment Programme (UNEP), former German Federal Minister for the Environment, Nature Conservation and Nuclear Safety
- **Dr. Helge Wendenburg**, Director General, Water Management and Resource Conservation, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany

**Rapporteur: Ms. Jenniver Sehring**, Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Statements by Delegations**

**11:00 – 11:30                      Coffee Break**

11:30 – 13:00

**Session I: Good environmental governance, economic development and competitiveness**

**Selected topics:**

- Good environmental governance as a prerequisite for sustainable development and enhanced stability and security
- Impact of good environmental governance on investment climate and competitiveness
- Good environmental governance in supply chain management
- Exchange of best practices on environmental performance in the business sector

**Moderator: Mr. Johannes Kaup**, Journalist, Radio Ö1, ORF

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

**Speakers:**

- **Ambassador Felipe de la Morena Casado**, Ambassador at Large for International Environmental Affairs, Ministry of Foreign Affairs and Co-operation, Spain
- **Ms. Nilza de Sena, MP**, Vice-Chair of the OSCE Parliamentary Assembly's Committee for Economic Affairs, Science, Technology and Environment
- **Dr. Alistair Clark**, Managing Director for Environment and Sustainability, EBRD
- **Dr. Clemens Grabher**, Managing Director, 11er Nahrungsmittel GmbH, Austria

13:00 – 14:30

Lunch hosted by the Co-ordinator of OSCE Economic and Environmental Activities

14:30 – 16:00

**Session II: Environmental legislation and its impact on business and investment**

**Selected topics:**

- The role of the national environmental regulatory framework for investment climate and competitiveness
- Multilateral environmental agreements as catalyst for an enabling business environment
- Exchange of best practices on environmental compliance

**Moderator: Dr. Eric Frey**, Managing Editor, Der Standard

**Rapporteur: Ms. Brigitte Krech**, Economic and Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities



**Speakers:**

- **Mr. Ethan Shenkman**, Deputy General Counsel, Office of General Counsel, United States Environmental Protection Agency, United States of America
- **Mr. Nikolai Shvets**, Deputy Chairman, Federal Grid Company of Unified Energy Systems, Russian Federation
- **Dr. Dirk Buschle**, Deputy Director/Head of Legal Unit, Energy Community Secretariat
- **Mr. Nicholas Bonvoisin**, Acting Chief, Transboundary Cooperation Section, Environment Division, UNECE
- **Dr. Thomas Hruschka**, Director of Sustainable Development, Environmental Protection, City of Vienna, Austria

**16:00 – 16:30** Coffee Break

**16:30 – 18:00** **Session III: Transparency, access to information, and stakeholder participation**

**Selected topics:**

- Effective stakeholder participation mechanisms for environmentally sound investment and development projects and programmes
- Enhancing transparency in environmental decision-making at all levels
- Consultative processes in promoting resource efficiency and sustainable development
- Bridging local communities, local authorities and the private sector

**Moderator: Ms. Marta Bonifert**, Executive Director, Regional Environmental Center for Central and Eastern Europe

**Rapporteur: Ms. Dana Bogdan**, Project Assistant, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Ms. Nino Tandilashvili**, Head of Division of Relations with the Parliament and Legal Drafting, Department of Legal Affairs, Ministry of Environment, Georgia
- **Ms. Adriana Gheorghe**, Project Manager - Cooperation EU Neighbours and Central Asia, European Environment Agency
- **Ms. Maria Brückner**, Project Manager, Zebralog, Germany
- **Mr. Dmitry Prudtskikh**, Khujand Aarhus Centre, Tajikistan

**18:30** **Reception hosted by the 2016 OSCE German Chairmanship (Café Palmenhaus, Burggarten 1, 1010 Vienna)**

**Tuesday, 26 January 2016**

**09:30 – 11:00**

**Session IV: Good environmental governance in the raw materials sector**

**Selected topics:**

- Management of mineral resources for sustainable development
- Initiatives for promoting transparency and good governance
- Best practices of local community and private sector interaction

**Moderator: Ms. Désirée Schweitzer**, Deputy Co-ordinator/Head of Environmental Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Rapporteur: Ms. Olga Skorokhodova**, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Ambassador Artur Lorkowski**, Ambassador of Poland to Austria, former Deputy Director of the EU Economic Department, Ministry of Foreign Affairs, Poland
- **Mr. Eero Yrjö-Koskinen**, Chairman of the Finnish Network for Sustainable Mining
- **Mr. Howard Mann**, Senior Advisor to the Secretariat, Intergovernmental Forum on Mining Minerals and Metals
- **Mr. Dorjdari Namkhajantsan**, Manager, National Resource Governance Institute, Mongolia
- **Mr. Kanybek Isabaev**, Director, Aarhus Centre, Osh, Kyrgyzstan

**11:00 – 11:30**

Coffee Break

**11:30 – 13:00**

**Session V: Resource efficiency and green technologies as instruments for sustainable development**

**Selected topics:**

- Resource efficiency as a win-win strategy for business and society
- Greening the economy in the context of strengthening security and stability, and prosperity
- Importance of green technologies, innovations and resource efficiency for addressing climate change challenges
- Benefits of green economy for investment climate and development

**Moderator: Mr. Jan Dusík**, Director, UNEP Regional Office for Europe

**Rapporteur: Ms. Jenniver Sehring**, Environmental Affairs Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities

**Speakers:**

- **Ms. Birgit Schwenk**, Head of Division, European and International Affairs of Resource Efficiency, Raw Materials Policy, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany
- **Mr. Christiaan Prins**, Head of European External Affairs, Unilever, Belgium
- **Dr. Bakhyt Yessekina**, Climate Change Adviser to the Minister of Energy, Director of the “Green Academy” Scientific Research and Education Centre, Kazakhstan
- **Mr. Krzysztof Michalak**, Senior Programme Manager, Environmental Directorate, OECD
- **Mr. Raffi V. Balian**, Director, US Regional Environmental, Science & Technology, and Health Hub for Central and Eastern Europe
- **Mr. Gökhan Yetkin**, CEO of Gonen Gubre Inc., Turkey

**13:00 – 14:30**

Lunch hosted by the Co-ordinator of OSCE Economic and Environmental Activities

**14:30 – 16:00**

**Session VI: Sound waste management frameworks in the context of good environmental governance**

**Selected topics:**

- Promoting environmentally sound management of waste at all levels
- Preventing illegal transboundary movement of waste
- Best practices in addressing waste-related challenges

**Moderator: Ms. Désirée Schweitzer**, Deputy Co-ordinator/Head of Environmental Activities, Office of the Co-ordinator of OSCE Economic and Environmental Activities

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

**Speakers:**

- **Ms. Olijana Ifti**, Deputy Minister of Environment, Albania
- **Dr. Andreas Jaron**, Head of Division, General, Principal and International Matters of Circular Economy, Transboundary Movement of Waste, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, Germany
- **Ms. Tatiana Terekhova**, Programme Officer, Secretariat of the Basel, Rotterdam, and Stockholm Conventions
- **Mr. Georg Ketzler**, Member of the Executive Board and CFO, Saubermacher Dienstleistungs AG, Austria
- **Mr. Dmytro Skrylnikov**, Head of the NGO Bureau of Environmental Investigation, Ukraine

**16:00 – 16:30**

Coffee break

## 16:30 – 17:15 Concluding Session

### Selected topics:

- Wrap-up of the discussions: lessons learned and priority areas for future discussion and increased co-operation
- Outlook to the 2<sup>nd</sup> Preparatory Meeting in Berlin

### Speakers:

- **Dr. Halil Yurdakul Yiğitgüden**, Co-ordinator of OSCE Economic and Environmental Activities
- **Ms. Christine Weil**, Deputy Head of Mission, Permanent Mission of Germany to the OSCE

**Rapporteur: Mr. Bernhard Romstorfer**, Desk Officer, Permanent Mission of Germany to the OSCE

## Closing statements by Delegations



## ANNEXES



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

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**1012<sup>th</sup> Plenary Meeting**

PC Journal No. 1012, Agenda item 4

DECISION No. 1176  
THEME, AGENDA AND MODALITIES FOR THE  
24<sup>th</sup> 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; Permanent Council Decision No. 958 of 11 November 2010; and Permanent Council Decision No. 1011 of 7 December 2011,

Relying on the OSCE Strategy Document for the Economic and Environmental Dimension (MC(11).JOUR/2) and relevant Ministerial Council decisions,

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 24<sup>th</sup> Economic and Environmental Forum will be: “Strengthening stability and security through co-operation on good governance”;
2. The 24<sup>th</sup> 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 14 to 16 September 2016 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 2016, will organize the above-mentioned meetings;
3. The agenda of the Forum will focus on the impact of the following topics on the comprehensive security of the OSCE area:
  - Good governance as a basis for business interaction and good investment climate as well as for the fight against corruption, money-laundering and the financing of terrorism;

- Good migration governance to support stable economic development in countries of origin, transit and destination;
- Good environmental governance to enable sustainable economic development;

4. The agendas of the Forum meetings, including timetables and themes of the working sessions, will be proposed and determined by the OSCE Chairmanship for 2016, 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 24th Economic and Environmental Forum;

6. The discussions at 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 2016, and from 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. 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 encourage open discussions;

10. The following international organizations, international organs, regional groupings and conferences of States are invited to participate in the 24th Economic and Environmental Forum: Asian Development Bank; Asian Infrastructure Investment Bank; Barents Euro-Arctic Council; Organization of the Black Sea Economic Cooperation; 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; Energy Community; Eurasian Economic Commission; Eurasian Economic Community; Eurasian Economic Union; European Bank for Reconstruction and Development; European Environment Agency; European Investment Bank; Food and Agriculture Organization of the United Nations; Financial Action Task Force – FATF; Green Cross International; International Anti-Corruption Academy; International Atomic Energy Agency; International Energy Agency; International Institute for Applied Systems Analysis (IIASA); International Fund for Saving the Aral Sea; International



Maritime Organization; International Monetary Fund; International Red Cross and Red Crescent Movement; International Committee of the Red Cross; North Atlantic Treaty Organization; Organization of the Petroleum Exporting Countries (OPEC); OPEC Fund for International Development (OFID); Organisation for Economic Co-operation and Development; OECD Anti-Corruption Network of Eastern Europe and Central Asia; Organization for Democracy and Economic Development – GUAM; Organisation of Islamic Cooperation; Regional Cooperation Council; Secretariat of the United Nations Convention to Combat Desertification; Southeast European Cooperative Initiative; Secretariat of the United Nations Framework Convention on Climate Change; Shanghai Cooperation Organisation; United Nations Committee of Experts on Public Administration (CEPA); United Nations Development Programme; United Nations Economic Commission for Europe; United Nations Economic and Social Commission for Asia and the Pacific; United Nations Commission on Sustainable Development; United Nations Environment Programme; United Nations Human Settlements Programme; United Nations Industrial Development Organization; United Nations Office for the Coordination of Humanitarian Affairs; United Nations Office for Disaster Risk Reduction; United Nations Office of the High Commissioner for Refugees; UN Women; United Nations Special Programme for the Economies of Central Asia; World Bank Group; World Health Organization; World Meteorological Organization; World Trade Organization; Advisory Group on Environmental Emergencies; Joint UNEP/OCHA Environment Unit; International Strategy for Disaster Reduction; United Nations Children’s Fund; Capacity for Disaster Reduction Initiative (CADRI); United Nations Disaster Assessment and Coordination; International Civil Defence Organization; World Food Programme; Global Facility for Disaster Reduction and Recovery; Inter-Parliamentary Union; Regional Environmental Centre for Central and Eastern Europe (REC); Regional Environmental Centre for Central Asia (CAREC); and other relevant organizations;

11. The OSCE Partners for Co-operation are invited to participate in the 24th 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 24th 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 24th Economic and Environmental Forum;

14. In line with the practices established over past years with regard to meetings of the Economic and Environmental Forum, the outcomes of the preparatory meetings will be reviewed at the concluding meeting of the 24th Economic and Environmental Forum. The Economic and Environmental Committee will further include the conclusions and policy recommendations of the 24th Economic and Environmental Forum 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.

## ***OPENING and CLOSING REMARKS***

## CONCLUDING MEETING OF THE 24<sup>th</sup> ECONOMIC AND ENVIRONMENTAL FORUM

### *Welcoming remarks*

**by H.E. Lubomír Zaorálek**  
**Minister of Foreign Affairs of the Czech Republic**

Mr. Chairman,  
Mr. Secretary General,  
Excellencies, distinguished Guests, Ladies and Gentlemen,

It is a great pleasure to have all of you here in Prague on the occasion of the 24th OSCE Economic and Environmental Forum. I would like to welcome most sincerely the OSCE Chairperson-in-Office Minister Frank-Walter Steinmeier of Germany, the OSCE Secretary General Lamberto Zannier, the Representatives of the 57 participating States of the OSCE, members of the OSCE Secretariat, as well as the representatives of Partners for Co-operation and of international organizations in this meeting.

The 24th Forum is dedicated to “Strengthening stability and security through co-operation on good governance”. This topic is extremely important and timely for a great number of reasons, and I salute the German Chairmanship for its wise choice, and efforts made during the First and the Second Preparatory Meetings to ensure that this year’s Forum is a success.

Impartiality, accountability, transparency, efficiency, competence, integrity and equality. These are key principles that constitute good governance at all levels. For these principles to be put into practice, active participation of the general public and engagement of the civil society in matters related to public administration are vital. Where people can actively and without discrimination help shape the development and future of their communities, public service is likely to enjoy popular support, leading to stability and sustainability.

Good governance is a foundation that stability, security and prosperity rest upon. It gives us strength to deal with the challenges that arise in our complex and interconnected world. Enhancing it nationally – and sharing good practices internationally – makes good sense to me.

At global level, the United Nations recognized this by dedicating a number of Targets that fall under one of the Sustainable Development Goals – SDG 16 – to good governance. Let me highlight two of them: Target 16.6 and Target 16a. Target 16.6 reads as follows “Develop effective, accountable and transparent institutions at all levels”, and Target 16a as follows “Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime”. The commitment could hardly be any clearer.

For its own part, the Czech Republic is resolved to contribute to the global good governance effort through its membership of the Bureau of the UN Economic and Social Council.

If we take over the ECOSOC Presidency in July 2017, we intend to focus on aspects of good governance in choosing the annual ECOSOC topic.

Acting at global level is necessary but it is not sufficient. A lot can and must be done at regional level as well. And the OSCE, as a regional arrangement in accordance with Chapter Eight of the UN Charter, and its Economic and Environmental Forum can set a good example.

Over the next three days, we will discuss various aspects of good governance in the OSCE region, including its role in the enhancement of security and stability, economic and social prosperity, and environmental sustainability. It is my view that in the course of these discussions, we should also touch upon the contribution that the OSCE can make to the implementation of the groundbreaking 2030 Agenda through the strengthening of the resilience of its Members.

And just like the 2030 Agenda is aimed at balancing the three dimensions of sustainable development, this Forum could set us on the right path towards finding a balance among the three dimensions of the OSCE. Only by doing so will the OSCE be able to better understand and deal with threats in a horizontal manner.

Ladies and Gentlemen,

In conclusion, let me take this opportunity to thank the German Chairmanship for its efforts to achieve progress in all three dimensions in a year when Europe faces serious security problems. Against the backdrop of the crisis in and around Ukraine, the most serious security crisis in European security in decades, let me express my wish that we will be able to restore mutual respect and adherence to the fundamental OSCE principles and commitments. I also wish every success to the incoming Austrian Chairmanship.

Hoping that the 24<sup>th</sup> Economic and Environmental Forum will give rise to a productive and enriching debate, I wish you a pleasant stay in Prague.

Thank you for your attention.

## *Welcoming remarks*

**by Ambassador Lamberto Zannier  
OSCE Secretary General**

Minister Zaoralek,  
Special Representative Erler,  
Ambassador Pohl,  
Excellencies,  
Ladies and Gentlemen,

Last year, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development. This landmark document recognizes not only that peace and security are prerequisites for achieving sustainable development, but that sustainable development provides the pathway to peaceful societies. This new peace-centered agenda is inclusive and ambitious and could usher in a new spirit of global solidarity.

Because poor economic opportunities, a lack of future prospects and low confidence in state authorities are powerful drivers of insecurity and destabilization, good governance is crucial to the success of sustainable development. This is underscored by Sustainable Development Goal 16, which promotes peaceful and inclusive societies, access to justice for all, and the creation of effective and accountable institutions at all levels.

In my address to the UN Sustainable Development Summit last September, I highlighted the role that regional organizations can and should be encouraged to play in promoting and implementing the 2030 Agenda. Not only do we need to build broad, flexible and strategic partnerships that increase co-operation among international and regional organizations, but we also need to learn to engage in new ways, moving beyond purely inter-governmental dynamics and creating inclusive coalitions that engage civil society, business, women and young people, media, academia and philanthropy.

Good governance in particular requires this kind of participatory approach to foster trust among citizens and to build social consensus against tolerance for corruption. So the OSCE Economic and Environmental Forum's inclusive process offers an ideal platform for addressing this critical issue. Good governance requires governments to be transparent and accountable towards their citizens, adopting comprehensive, long-term development strategies, effective economic policies, transparent budget and procurement processes, and streamlined international trade and customs regulations to create an environment in which business can thrive and investor confidence can grow.

The OSCE already provides targeted support for preventing and combating corruption to some of our participating States. But there is more that we could do, both through the Secretariat and our Field Operations, to carry out anti-corruption activities that produce tangible, measurable and sustainable results. We are also exploring how the OSCE could strengthen public-private partnerships to help combat money-laundering, terrorist financing and corruption to enhance security and economic stability throughout the OSCE region.

And let me add that, as migration is becoming a game changer in European and international politics, the Forum process should continue examining ways to improve good governance in labour migration.

Migration does not need to be a 'risk'; it can offer opportunities, provided that states agree to step up their efforts to introduce more comprehensive migration governance and to enhance policy cohesion between migration management, economic development and environmental policies.

Ladies and Gentlemen,

Environmental considerations need not be an obstacle to sustainable development, but instead can be a catalyst for innovation, increased productivity and jobs creation. Good environmental governance not only contributes to a sound investment climate, but also helps to address the concerns and interests of all stakeholders, which can help prevent tensions and conflicts. Stable regulatory frameworks, an appropriate institutional architecture and effective implementation of environmental legislation, including multilateral environmental agreements, are the keys to good environmental governance.

The OSCE strives to transform environmental security risks into opportunities for co-operation that can enhance security and stability and contribute to sustainable development. The OSCE supports our participating States in their efforts to strengthen environmental good governance through awareness-raising and the exchange of best practices, capacity-building, and numerous projects in the field of environment and security. We have many tools and partnerships we can leverage, including the Environment and Security Initiative. This year the OSCE leads this successful collaboration, and I am happy to see that many of our ENVSEC partners are represented here today.

The OSCE also actively supports efforts by participating States to enhance transparency and increase stakeholder participation in environmental decision-making, above all through a network of 60 Aarhus Centres in 14 countries that facilitate public participation, access to information, and access to justice in environmental matters. The Centres are particularly active in the fields of water governance, disaster risk reduction and climate change adaptation. By engaging citizens, government and business in a dialogue on environmental challenges, the Aarhus Centres promote principles of good environmental governance, helping to build trust and confidence in public processes and reducing social and political tensions.

Ladies and Gentlemen,

I am convinced that the Second Dimension offers great potential for building confidence and trust, which in today's tense security situation we need more than ever. As we look toward Hamburg, we should seek ways to devote greater political attention and operational efforts to strengthening good governance in both the economic and environmental sectors.

Closer co-ordination and co-operation between national and local governments, but also between international and regional organizations, civil society, the business community and other key stakeholders is essential to building good governance and achieving sustainable

development. Only by working together will we succeed in bringing peace and prosperity to people in every corner of our planet.

Thank you, and I wish you fruitful discussions.

## *Keynote Address*

**by Dr. Gernot Erler**  
**Special Representative of the Federal Government of Germany**  
**for the 2016 German OSCE Chairmanship, Member of the German Bundestag**

Foreign Minister Zaorálek,  
Colleagues,  
Lamberto Zannier,  
Dr Yiğitgüden, Excellencies,  
Ladies and gentlemen,

Let me welcome you all to this OSCE Economic and Environmental Forum 2016 in Prague and extend my sincere thanks to the Foreign Ministry of the Czech Republic for its hospitality.

Allow me also to express the best wishes of the OSCE Chairperson-in-Office Foreign Minister Frank-Walter Steinmeier who unfortunately can't be here today but is in Kyiv with the French Foreign Minister Jean-Marc Ayrault to continue with our joint efforts to bring a peaceful solution to the crisis in and around Ukraine. Despite considerable fragility particularly in the last few days, the mediation efforts by the OSCE to reaffirm the ceasefire with effect from 1 September have succeeded in bringing some calm. This makes it all the more important that further steps are taken quickly now to help stabilise the situation.

Also here in Prague, ladies and gentlemen, we cannot talk about economic and environmental issues without taking due account of the conflicts that have broken out or flared up again in the OSCE area recently.

That is in part why we met two weeks ago in Potsdam – some of you were there – for an informal meeting of OSCE Foreign Ministers to talk about how we in the OSCE can together tackle the wide range of new challenges that we all face.

The talks in Potsdam of course also focused on the role of the economy.

For some, the current centrifugal forces and conflicts within the OSCE area are in part a consequence of the rivalry between various areas vying for economic influence.

For others, economic integration is not the cause but in fact a potential tool to help resolve these conflicts.

But there is broad agreement that we should again lend greater weight to economic questions in the OSCE to use concrete proposals for cooperation to build trust and create momentum for political solutions.

Many participating States also emphasised the need to strengthen existing rules of the international order, particularly in the economic sphere.

Avoiding conflict through shared and accepted rules and increased cooperation based on these rules to mutual benefit – this is a method that dates back to the CSCE.

And the OSCE has also committed to this vision of a shared area of security, freedom and democracy as well as economic prosperity, particularly in the Charter of Paris.



We should keep hold of this vision.

We should also keep hold of our awareness that the so-called “invisible hand” is not going to make this vision a reality but in fact that the abolition of borders and reduction of obstacles can also create new conflicts and challenges, meaning the process must be addressed politically.

When borders disappear, it can of course also result in losses initially, real or perceived. In 1950, customs and tariffs accounted for 40% of the purchasing price of industrial goods – today only 5% of the cost of international trade is due to customs and tariffs.

When borders disappear, foreign companies can of course become rivals on domestic markets and home-grown companies can head abroad in search of what are seen as better conditions.

When borders disappear, people can of course also come to us in search of protection and better opportunities and livelihoods. And of course taking them in means our society has to be ready to be open and shoulder certain burdens.

Currently we are seeing in many places how great the temptation is to react to these challenges by going back to shutting ourselves off and demarcating borders.

And my impression is that it is above all these attempts to pull up the drawbridge, to go back to thinking inside the box and zero-sum games of winners and losers that can lead to new conflicts but also to considerable drops in prosperity and loss of opportunity. Borders do not create prosperity but in the long term prevent and reduce it.

Given these tensions, ladies and gentlemen, we need to engage more also in the economic dimension of the OSCE in steps which should be just as clear in the other dimensions:

Firstly, building trust in the mutual benefit of cooperation and reaching out to others.

And secondly: stepping up exchange on experience and options as to how we can reach out and use rules to steer such a process.

That is why we, as this year’s OSCE Chairmanship, took up the topic of connectivity, a topic that plays an important role in other international fora such as the Asia-European Meeting, ASEAN, the G20 or the Western Balkans summits, and staged a Chairmanship conference in Berlin in May entitled “Connectivity for Commerce and Investment”.

In doing so, it was particularly important to us that the private sector have a big say. And we achieved this – more than half of the 900 participants came from the private sector, which has a major interest in greater connectivity in the OSCE area in order to reduce the costs of transnational trade in their products and services.

We should continue this exchange as new input for the OSCE and also actively include business people in the annual Economic and Environmental Forum in the future, as we are doing in Prague this year. That is why I am pleased to see so many people at this Forum who deal with connectivity every day, although they may not use this term. Examples include Western Union

and the Global Express Association, the international trade association of the express delivery industry. Your participation will certainly enrich our discussions here in Prague.

The Western Balkans Summit, which last took place in Vienna in 2015 and in Paris earlier this year, is another example of how connectivity can be of benefit to all sides and foster mutual trust in the political sphere. We also addressed practical issues involving connectivity at these summits. Examples include the agreement on regional core transport network corridors signed by the six Western Balkan countries in Brussels in April 2015 and the consensus on joint investment projects involving -power networks and electricity transmission systems.

In these examples, connectivity becomes a scenario that has winners on both sides, a scenario that can help to reduce political tensions when we put the focus on common interests.

Ladies and gentlemen,

In order to achieve greater connectivity and to be able to benefit from the opportunities it affords, however, we also need to create the prerequisites for it in our countries.

To this end, we, the 57 OSCE participating States, decided to focus on the topic of strengthening stability and security through cooperation on good governance in the OSCE's economic and environmental cycle in 2016. Two events have already addressed the topic of good governance in the environmental sector and its key role in promoting a positive investment and business climate, in fighting against corruption, the financing of terrorism and money-laundering, and in improving the parameters for labour migration.

How good governance is put into practice by the OSCE can also be seen in the OSCE Secretariat's Handbook of Best Practices at Border Crossings, which was co-published by the OSCE and UNECE – the United Nations Economic Commission for Europe – in 2012. This handbook provides guidance for governments, customs authorities and companies, with the aim of speeding up and simplifying processes at border crossings.

The handbook gives very practical examples of how improved connectivity can have a concrete impact – even minor improvements in processing procedures at borders could save truck drivers and the goods they are transporting half an hour on average. Anyone here who have ever waited at a border will appreciate this. And there is certainly plenty of room for improvement!

Predictability and mutual trust are vital to the success of good governance. We need to be able to rely on the rules that have been agreed and these rules need to be kept. Only in this way does trust develop between the participating States and between government and business. Only in this way do people develop trust in their governments.

This is why we want to make use of an ambassadors meeting after this event here in Prague to discuss a decision on good governance and connectivity at the Ministerial Council meeting in Hamburg on the basis of a paper that has been distributed in advance by the German Chairmanship.

And let there be no doubt that this is not about abstract matters, but rather about very concrete areas where the OSCE can add value.

Most transaction costs arise from the fact that there are different standards and procedures. Simplifying and harmonising procedures brings benefits both to transnational private-sector trade and to society and generates economic growth. And this also helps the fight against corruption as a part of good governance.

We thus believe this is reason enough for an OSCE Ministerial Council decision on topics such as improved transparency, enhancing the business climate, better transport connections and trade facilitation, maintaining standards in the fields of social, environmental and labour affairs, and greater cooperation with the private sector in the fight against corruption, money-laundering and the financing of terrorism.

I hope there will be useful talks on this topic in particular today and in the next two days at this forum, and that these talks will be underpinned by a willingness to reach consensus. Strengthening the Second Dimension overall and promoting good governance and connectivity were and are our priorities for the OSCE's Second Dimension.

For 2017, Austria has already announced – and I am very grateful for this decision – that it wants to keep connectivity and good governance as priorities on the agenda as Second Dimension topics. The 57 OSCE participating States have already agreed to this. We particularly welcome the fact that Austria has already started exploring the topic of connectivity in greater detail in various regions during workshops this year and that it will explore this topic further.

The aim is that these topics will continue to have an impact after the German Chairmanship and that they will strengthen dialogue, trust and security. Achieving this in the OSCE should remain our common goal. Thank you very much.

## *Concluding Statement*

**by Ambassador Eberhard Pohl  
Chairperson of the Permanent Council,  
Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship**

Excellencies,  
Distinguished Delegates,  
Ladies and Gentlemen,

Over the last three days we have seen and heard a broad range of informative presentations on different ways to strengthen good governance. We have discussed several highly relevant aspects of this topic, including

- the impact of good governance on business climate and economic development,
- better cooperation between public and private sector in the fight against corruption, and
- the harmonization of customs and border procedures.

Various speakers highlighted that good governance is essential for economic exchange and regional cooperation, thus contributing to mutual trust, stability and security in the OSCE area.

Not only here in Prague, but also at the First Preparatory Meeting in Vienna and the Second Preparatory Meeting in Berlin, we have gained valuable insights into the importance of governance-related topics and the essential role that the OSCE plays as a platform for dialogue and exchange of best practices in this field.

The strong involvement of the private sector in this year's Economic and Environmental Forum was important in order to have a meaningful and relevant dialogue with those who deal with governance aspects – including the consequences of weak governance with a high level of corruption – on a daily basis.

In this regard, let me also recall the Chairmanship business conference “Connectivity for Commerce and Investment” on 18/19 May in Berlin which proved to be another valuable platform for dialogue between public and business sector. It gathered over 900 participants, both business leaders and high-level representatives from all participating States, for an in-depth exchange of views on framework conditions for business interaction in the OSCE area. We are grateful that the incoming Austrian Chairmanship has decided to follow-up on these priorities and to continue the active involvement of the private sector in our discussions on economic and environmental topics.

Ladies and gentlemen,

Let me now look ahead and give you an outline of the next steps.

Two days ago, at the session “The Way to Hamburg”, we had a very constructive exchange of views on possible elements for a Ministerial Council Decision in Hamburg, focusing on good governance and connectivity. We are grateful for the support we have received so far, also at the

Ambassadorial Retreat in May in Krems and at the Informal Foreign Ministers Meeting in Potsdam two weeks ago.

Let us continue in this good spirit of compromise shown in Potsdam and focus our work in the coming months on concrete areas where consensus among all 57 participating States is possible.

I am convinced that a substantial Ministerial Council Decision that reflects the interlinkages between good governance, connectivity, economic exchange, and stability and security will increase the relevance of OSCE's work. Most importantly, it will also contribute to strengthening regional cooperation and thus to renewing and rebuilding trust between participating States.

Ladies and gentlemen,

The last three days have shown broad support for our intention to strengthen and revitalize the Economic and Environmental Dimension of the OSCE. Furthermore, our discussions here in Prague provided a good basis for the upcoming negotiations for the Ministerial Council in Hamburg. I look forward to continuing our discussions at the Economic and Environmental Dimension Implementation Meeting on 17/18 October in Vienna.

I would like to thank all delegations for their active involvement in this year's Economic and Environmental Forum. The German Chairmanship is looking forward to working with you towards a successful Ministerial Council in Hamburg and is counting on your continued support.

Thank you for your attention.

## *Concluding Remarks*

### **Dr. Halil Yurdakul Yiğitgüden Co-ordinator of OSCE Economic and Environmental Activities**

Ambassador Pohl,  
Excellencies,  
Ladies and Gentlemen,

Thank you for the opportunity to address this concluding session and let me express to you and to the Czech authorities my Office's appreciation for this very interesting and stimulating Concluding Meeting of the 24 OSCE Economic and Environmental Forum process.

Dedicating this year's Forum to the theme of good governance has allowed us to address some of the more pressing issues that our region faces, namely, preventing corruption, labor migration and the contribution of good environmental governance to sustainable development. The EEF process has also reminded us that we are nowadays living in an increasingly interconnected world, where prosperity is a key factor to ensure security and where lack of future perspectives and lack of confidence in State authorities are powerful drivers for insecurity and destabilization. A clear message can be taken from this year's Forum process: connectivity, with its good governance aspects, is key for promoting peace, strengthening cooperation and ultimately stimulating inclusive economic growth.

Mr. Chairman,

As many of our distinguished speakers have highlighted good governance shows an excellent way to keeping up with current challenges ahead of us.

Counteracting threats and challenges caused by economic factors can make a crucial contribution to security, stability, democracy and sustainable development in the OSCE region.

Deepening economic disparities, lack of rule of law, weak governance, and corruption are among the factors that contribute to global threats such as terrorism, violent extremism, transnational organized crime, as well as to illegal economic activities, including money-laundering, trafficking of all kinds, and illegal migration.

Good governance, and, in particular, the fight against corruption is the goal towards which many countries continue to strive.

As the Secretary General mentioned in his introductory remarks, good governance needs a participatory approach among governments, civil society, the business community, and academia in order to foster citizens' trust and social consensus on non-tolerance of corruption and the promotion of good governance.

It requires the state adoption of comprehensive and long-term strategies aimed at creating national frameworks of economic policies, institutions and legislation, including transparency of

budget making procedures and transparent and fair public procurement systems, in which business can thrive and the confidence of investors can grow.

In two words, it requires governments to be transparent and accountable towards their citizens.

Unfortunately, in many OSCE countries, corruption is reportedly progressing on an exponential curve. What used to be a traditional bribe and abuse of power and influence before, takes now forms of multibillion money-laundering schemes these days, theft of budgetary and aid funds. Transnational corruption fueled cartels that finance terror, traffic humans and sell drugs. Many governments, indeed, require further support in identifying ways in which civil society, the private sector and the public may contribute to their anti-corruption policy measures.

The OCEEA is ready to step-up its efforts in supporting participating States in preventing and combating corruption, though I strongly believe that our efforts can be effective only by matching resources, human and financial with the political will as an imperative to successfully eradicate corruption and educate corruption-free generations.

As Session III shown, promoting good economic governance across the OSCE region is not just about the fight against corruption and money-laundering, it also requires more transparency and predictability. It requires more effective economic policies, better governed and regulated supply and value chains as well as an attractive business and investment climate. All these are important factors to enhance economic connectivity and development across the OSCE area.

Moreover, enhancing economic connectivity involves the creation of more transparent and accountable government regulations and the reduction of procedural impediments and bureaucracy at border crossings and in trade and customs process. In the absence of such efforts international trade and foreign investment are seriously hampered and trade transactions and cross-border movement of cargo become needlessly expensive resulting in a lot of “untapped economic potential” for our region. Session IV was instrumental in that regards.

Mr. Chairman,

Let me turn now to yet another key component of this year’s Forum process that has been just addressed in the previous Session VI: migration. One of the main issues that we are currently addressing within different fora of the OSCE is migration and the need for a coherent and long-term response by the international community besides the current refugees flow. Indeed, though there is high urgency in identifying best ways to deal with the current flows of persons, there is a need to elaborate longer-term strategies.

In the current climate there is need for us to come together and to discuss common issues concerning migration management and to find solutions that are mutually beneficial, fair and equitable as well as sustainable. Short- and long-term strategies are the two faces of the same coin.

For this we need political will and open dialogue. This includes stepping-up efforts to: improving policy cohesion between migration management, economic development and environmental policies; encouraging legal migration and combating illegal migration by balancing facilitation and prevention measures; understanding the demand and supply of labour markets; creating

conditions for improved economic development and co-operation; facilitating integration of migrants in host societies and their reintegration on return; and improving their protection.

This is not an easy task and without the necessary political support, it becomes a mission impossible. And this is why I believe that today's migration challenges are offering a great opportunity to apply and implement the many diverse tools that have been developed in the years to maximize the benefits of properly managed migration as well as the presence of refugees. Today we have the opportunity to reinforce our co-operation to this end. Indeed, co-operation is not only possible but it makes the difference.

Mr. Chairman,

Discussions in session V on good environmental governance highlighted that sustainable development is key for boosting inclusive growth and ensuring energy and food for all, while combating climate change and natural resources depletion. As was stressed very vividly: There is no plan B, there is only plan A, and these are the Sustainable Development Goals. Security is an inherent part of sustainability and its three pillars – environment, economy, and society. In this respect, good environmental governance is a gluing factor for green economy and sustainable development.

Several speakers referred to the Eighth Environment for Europe Ministerial Conference that was held in Batumi, Georgia in June 2016 and welcomed the voluntary Pan-European Strategic Framework for Greening the Economy and the Batumi Initiative on Green Economy (BIG-E). Also the upcoming EXPO-2017 on "future energy" in Astana was highlighted as an opportunity to give an impetus for further promoting green economy.

The session also showcased the activities of the field operations at the example of Serbia. Aarhus Centres are a best practice example as they triggered a number of concrete improvements with regard to good environmental governance. The case of the Aarhus Centre Minsk underlined its added value in several areas of environmental governance, including in terms of testing current legislation on public participation and creating a model public hearing.

Ambassador Raunig will in a few minutes introduce the topic of the 25th Economic and Environmental Forum next year, which focusses on greening the economy. I do not want to forestall his introduction, but let me nevertheless mention that we have one upcoming event still this year, which links the topics of this year's and next year's Forums. This is our annual Aarhus Centres Co-ordination Meeting. This year's annual meeting of the 60 Centres will have a thematic focus on green economy and resource efficiency. The meeting will include a targeted training session as well as the discussion of a roadmap for future activities. The meeting will take place on 21-23 November in Vienna, and as in the previous years, we hope to welcome many delegations there.

Finally, I would like to stress how, throughout the last three days, it was emphasized that the OSCE could focus on enhancing co-operation and co-ordination in the context of transition to sustainable development, in both the economic and environmental areas, through its convening power and facilitating joint actions. It was also mentioned that the OSCE could facilitate the better compatibility of regional economic and environmental integration processes. While the



importance of the Second Dimension was stressed repeatedly, I would like to emphasize what also several speakers underlined, namely the need to back up the political support with greater financial and human resources' support and make sure that efforts to improve efficiency do not go against effectiveness.

Let me conclude by emphasizing that connectivity and good governance are more and more areas where we need to invest political attention and operational efforts. I am encouraged by the discussions held yesterday during Session II "The Way to Hamburg" and, as mentioned by the Secretary General, we should all bear in mind that in a progressively interconnected world the OSCE Second Dimension can help re-building trust and confidence among participating States through. Let me also express my Office's full support to the incoming Austrian Chairmanship: we look forward to cooperating closing with you throughout 2017.

Finally, let me thank our speakers and moderators for their contribution during the last three days. I would also like to thank the Czech Ministry of Foreign Affairs for its traditional warm hospitality, the German Chairmanship, the conference service staff and interpreters, and especially the staff of my Office and of the Prague Office for their great efforts to organize this event.

Thank you.

## *Concluding Remarks*

**by Ambassador Florian Raunig  
Head of the Task Force for the 2017 Austrian OSCE Chairmanship,  
Ministry of Foreign Affairs**

First, allow me to thank the Czech Republic for hosting this meeting here in Prague and the German Chairmanship as well as the OCEEA for its organization

As the incoming Chairmanship, we would like to express our gratitude to the German Chairmanship for its efforts in strengthening the Economic and Environmental Dimension. We intend to continue and build upon the achievements of our German partners, with the overarching objective of both enhancing and deepening the Second Dimension in order to utilize its full potential with regard to conflict prevention and resolution. Consequently, the main theme of our chairmanship next year will carry the title “Greening the Economy and Building Partnerships for Security”.

On the one hand, the 25th Economic and Environmental Process will offer an opportunity to discuss environmental cooperation with a view to „Greening the Economy. Common challenges linked to the use of natural resources can bring people to work together towards a common goal; thus, we are convinced that environmental cooperation can act as a powerful tool for preventing conflicts and promoting peace between communities and societies. „Building partnerships“, on the other hand, aims to continue and build upon the concept of „Connectivity“ as put forward by the German Chairmanship.

As the title suggests, we would like to put equal emphasis on both economic and environmental security, while taking into account that the two topics, greening the economy and building partnerships, are also interconnected. Furthermore, we are committed to promoting the economic empowerment of women throughout all our economic and environmental activities.

To be more specific, we chose 4 sub-topics which were agreed to by the participating states:

- 1) Reducing environmental risks;
- 2) Resource efficiency & renewable energy fostering energy security;
- 3) Business partnerships and good governance for security;
- 4) Economic participation for strengthening security.

Allow me briefly to outline the main components of these 4 sub-topics. In the context of reducing environmental risks, we would like to discuss the potential to increase and deepen the role of the OSCE, our secretariat and our field missions to assist PS in their mitigation efforts.

Capacity building measures should include technological innovation, resource efficiency as well as sound legal and institutional frameworks. Sustainable public procurement, that is to say green and socially responsible purchasing by public authorities, as well as sustainable usage of shared natural resources and ecosystem services are crucial for us all. Moreover, we would like to deal with issues such as climate change and green transport. It is important to note that the effectiveness of these measures depends on strong political ownership and active engagement of

all stakeholders including the government agencies as well as business and civil society. Partnerships among private, governmental and non-governmental actors are essential to make the green economy beneficial for all. As we have heard again yesterday, the Aarhus Centres, as well as the ENVSEC initiative, have greatly contributed over the years to environmental good governance and capacity building. Consequently we should all refocus on their achievements and double our efforts to support their indispensable work!

As regards the second sub-topic, resource efficiency & renewable energy fostering energy security, we strongly believe that resource efficiency, alternative energy solutions and green technologies have significant economic and environmental benefits, thereby contributing to energy security as a whole. As defined at the 2003 Maastricht Meeting of the Ministerial Council, energy security „requires a predictable, economically sound and environmentally friendly energy supply which can be achieved by means of long-term contracts in appropriate cases“. As national and international legal frameworks are essential for improving the investment climate in this area, we would like to discuss incentive schemes and legal frameworks that increase the share of renewables in the energy mix. Clean (carbon-neutral) and resource-efficient production processes, the shift to clean technologies through technology transfer and innovation as well as challenges of integrating renewables into national and regional energy systems need to be addressed as well. What is more, the emergence of energy regions with different regulatory regimes is widening the scope for potential energy conflicts, which is why we also intend to reflect on the role of energy connectivity through trading and infrastructure.

With sub-topic No. 3, business partnerships and good governance for sustainable growth, we aim, on the one hand, at continuing the German concept of Connectivity in the areas of trade facilitation as well as transport and border management and the digital economy. On the other hand, it is our belief that the Second Dimension and, in particular, the connectivity concept should be utilized more efficiently to overcome and prevent conflict. In this context, as was mentioned by the Chairmanship, thanks to the Swiss Ministry for Foreign Affairs, we already organized a workshop together with the Vienna Institute for International Economic Studies which focused on “Economic Connectivity in Conflict Regions“.

In cooperation with this renowned research institution, we plan to hold another workshop on 16 December, this time dealing with „Connectivity in Central Asia“, as well as a bigger conference on 6 and 7 March with the title „Common Economic Space between Vancouver and Wladiwostok: Trade Facilitation, Connectivity and Integrations“. We hope to follow up on these academic exchanges with an OSCE expert workshop on the same topic later in the second half of 2017, however well before the Ministerial Council in Vienna to create some input for a possible economic document.

As for the good governance part of this sub-topic, there can be no doubt that enhancing corporate governance based on business integrity and responsibility is essential in promoting a sound investment climate and sustainable growth. Here, the private and the public sector must join forces to prevent misconduct, tackle the various forms of corruption and exploitation of the labour force, including in supply chains, as well as to establish and preserve a culture of integrity and trust in doing business.

The last sub-topic, economic participation for strengthening security, includes one of the main focuses of the incoming Austrian Chairmanship, the prevention of radicalization. In our opinion,

the Second Dimension can play a pivotal role in this regard as unemployment and a lack of economic prospects represent two of the root causes of radicalization.

We all know that education and investment strategies as well as good governance are the main supporting factors for business development and job creation. Therefore, it will be our goal to find ways to support new businesses, including start-ups as well as small and medium-sized enterprises and to promote partnerships for trade.

In addition, it goes without saying that the economic participation of women and youth is crucial.

Overall, we should address how OSCE participating States can support innovative businesses and entrepreneurship to foster job creation and growth, also against the backdrop of old and new barriers created by conflicts which need to be overcome by „Building Partnerships“.

After this brief summary of our planned activities and substantial priorities, I would like to conclude by giving a short overview of the dates and topics of the EEF Process. We plan to hold our First Preparatory Meeting of the 25th Economic and Environmental Forum in Vienna from 23-24 January 2017. It will focus on „Business partnerships, good governance and economic participation“.

Like the German chairmanship, we will most likely add another day on 25 January with a Business Forum, co-organized with the Austrian Trade Chamber and the Ministry of Economics. We hope that high ranking representatives of businesses and their interest groups from many PS will join us, to tell us about their perspectives and expectations to the OSCE to overcome barriers, foster connectivity and create new and lasting business partnerships.

Next, the Republic of Kazakhstan has invited the incoming CiO and PS to hold the Second Preparatory Meeting, which will deal with “Reducing Environmental Risks, increasing resource efficiency, renewable energy“, in Astana in June in order to create synergies with Kazakhstan’s World Expo on „Future Energy“.

Finally, the Concluding Meeting of the EEF will take place in Prague on 13-15 September 2017

As declared by ambassador Koja, our head of delegation, at the opening session it will be our ambition to reenergize the Second Dimension,

- to reinvigorate established roles
- and to also create new answers for new pressing challenges

For this we will need more engagement of PS and also a stronger role for the secretariat and the field missions

This clearly means also more financial and personnel resources!

After all: it will be for the benefit of our common security.

Thank you for your attention.

## SECOND PREPARATORY MEETING OF THE 24<sup>th</sup> ECONOMIC AND ENVIRONMENTAL FORUM

### *Opening Remarks*

**by Dr. Halil Yurdakul Yiğitgüden**

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

Chairperson,  
Excellences,  
Ladies and Gentlemen,

It is my pleasure to welcome you all to the 2nd Preparatory Meeting of the 24th Economic and Environmental Forum in Berlin. I am delighted to see more than 200 representatives from the 57 participating States and the Partners for Co-operation, from governments, business and international organizations and civil society have joined us here in Berlin to discuss the very important topics of the agenda over the next two days.

Allow me also to express my special thanks to our keynote speakers as well as to the other distinguished panellists and moderators who have accepted our invitation to be part of this meeting.

Let me also welcome our OSCE colleagues working within the Second Dimension who have come from our field operations.

Moreover I would like to congratulate the German OSCE Chairmanship for the very successful business conference which gathered different actors across the OSCE area under the umbrella of “connectivity for commerce and investment”. It shows the great interest that participating States attach to a good business climate for the promotion of economic co-operation and good governance.

We, in the OCEEA, place high importance to the priority of “Connectivity” given by the German Chairmanship with its links to economic development and governance, including migration governance. We are delighted to contribute and offer our experience and expertise in this regard.

Mr. Chairperson,

The Economic and Environmental Forum is the main meeting within the Economic and Environmental Dimension of the OSCE. Its objectives are to raise awareness and to stimulate the political will of the 57 OSCE participating States in dealing with economic, environmental and security related challenges, to share best practices, as well as to provide the dialogue with representatives of international organizations, the business and academic communities and the civil society.

In this respect, this 2nd Preparatory Meeting is an important gathering since it will address economic security issues that require mutually beneficial solutions for the OSCE, while, at the same time, managing interdependency between participating States.

The topics of the next two days sessions are of high significance.

A positive investment climate and economic development are impossible to achieve without good governance. Lack of an independent regulatory and institutional framework and competent public administration lead to economic loss and inefficiency, abuse of available resources and potentially to political instability and civil unrest. Procedural impediments and bureaucracy at border crossings and in trade and customs process all too often hamper international trade and foreign investment, creating high costs for trade transactions and delays in the cross-border movement of goods.

Governments need to further enhance their efforts to make sure regulations and requirements are as accessible, transparent and accountable as possible thereby eliminating loopholes for corruption and the use of discretionary powers by officials. These are some of the key conditions that need to be in place in order for countries to create an attractive business and investment climate and ultimately enhance the economic development of our region. This will be the focus of Session II.

Session three will look at corruption as one of the current greatest threats to security and stability in our region. Indeed, corruption undermines democracy, erodes the confidence of citizens in governmental institutions and impedes social and economic development. The OSCE has rightfully placed preventing and combating corruption, together with money-laundering and the financing of terrorism, as a key priority of its work. Impartial and efficient judicial and regulatory systems that minimize opportunities for giving and taking bribes, offer effective mechanisms for reporting corruption, and prosecute offenders from both the public and private sectors create the conditions for an attractive business and investment climate. Transparent and predictable procedures in such areas as setting up a business, acquiring licenses, and bidding for procurement contracts, encourage investment and competition which lead to economic growth, greater employment opportunities and more efficient spending of resources. Public private partnerships are needed for banks and other financial services to report suspicious activities pertaining to money-laundering and terrorist financing, and for companies to implement business integrity systems.

Dear Colleagues,

Tomorrow we will address “Good governance in logistics and supply chains and in Labour Migration”.

Mobility of goods, talents and skills are integral aspects of the overall concept of “connectivity of this Forum.

Indeed, today’s globalized economy is characterized by complex supply chains of goods and services, with both materials and labour sourced from all around the world. It is important to keep in mind that supply chains being “the sequence of processes involved in the production and

distribution of commodities” are not just abstract processes but require robust production, transport and logistics infrastructure; streamlined trade, transit and business procedures; as well as a well-trained protected and efficient labour force. These three components are the main topics for discussion of what promises to become a very interesting and rich thematic discussion before devoting attention to good migration governance.

Examining the contribution of migrant workers to economic development, stability and security through circular and return migration will be the focus of Session V and VI. Indeed, building fair societies, grounded on decent work, transparency, equal access to opportunities should represent our vision when thinking of the future of inter-connected economies.

In a world where one out of seven persons is a migrant, we should work together in order to make migration a key factor for economic development and growth for countries of origin, destination, the private sector and the migrants themselves. There is a strong need to address dysfunctional labour migration policies that do not allow the most suitable allocation of human resources and skills where they are needed. The smooth and safe circulation of goods, services and financial assets should be matched with the safe circulation of individuals, talents and skills.

Dear Colleagues,

I believe that there is a constant need to further enhance co-operation among participating States and other international actors active in the area of good economic governance.

In this respect, I would like to underline our willingness to better assist the participating States in addressing the multiple challenges we are facing in the OSCE area, and that we will discuss in the coming days.

Henry Ford said that ‘Coming together is a beginning. Keeping together is progress. Working together is success’.

Connectivity in a long-term perspective can only be achieved together. We are very much looking forward to the next two days to continue our positive exchanges. We will continue our close collaboration with you and our partners.

Dear Chairperson, Dear Ladies and Gentlemen,

Let me conclude by wishing you a very productive meeting and in thanking the German Chairmanship for its warm and wonderful hospitality.

Thank you for your attention.

## Keynote Address

**by Mr. Gernot Erler**  
**Special Representative of the Federal Government of Germany**  
**for the 2016 German OSCE Chairmanship, Member of the German Bundestag**

Excellencies,  
Dear Colleagues,  
Coordinator Yigitgüden,  
Dear Professor Eigen and Mr Simmoneau,  
Ladies and Gentlemen,

It is my pleasure to welcome you, on behalf of the German OSCE Chairmanship, to this second meeting in preparation of the OSCE's 24th Economic and Environmental Forum in Prague this September.

*'Renewing dialogue, rebuilding trust, restoring security'* – this triad contains the priorities of the German OSCE Chairmanship this year.

And when we discuss today and tomorrow at this EEF meeting how to strengthen “stability and security through co-operation on good governance” this is a direct contribution to these goals.

The concept of “good governance” covers many different aspects, but for me they are all connected by one common denominator, which is central for the OSCE's work in general – trust. We need new commitment to the principles of security and cooperation we all agreed on in Helsinki and Paris and confirmed them in Astana and at several other occasions.

And we need measures to rebuild trust through dialogue, transparency and concrete cooperation in fields of common interest. Good Governance is maybe the most important measure for states to build trust with their citizens, with domestic and foreign business, but also with their respective neighbouring states.

The OSCE is supporting the building of trust through Good Governance in many different areas and the work of the OSCE's field missions in assisting the promotion of Good Governance practices is of crucial importance here.

The field missions provide expertise and advice to government agencies of all levels via international expert seminars, visits to other Participating States or the joint development of strategies and action plans.

The topics addressed here reach from anti-corruption via combatting money-laundering to training in professional police work in accordance with the rule of law.

And when members of financial intelligence units from Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia meet this year upon initiative of the OSCE to exchange experiences and best practices regarding counter terrorism financing – to name just one example – this is not only necessary cooperation to tackle one of the major security challenges of our time. It is a major contribution to rebuilding trust via cooperation to overcome the divisions of longtime conflict as well.

Today and tomorrow we want to concentrate on economic Good Governance and, as mandated by the Permanent Council, on labour migration governance.



During the last day, during the Chairmanship's conference on "Connectivity for Commerce and Investment", we could hear first-hand from industry and the business community, what their expectations are in relation to commercial exchange, to investment, to infrastructure and to many more conditions for flourishing businesses throughout the OSCE-area.

We could hear from participants that they are willing to contribute their share in overcoming remaining barriers and avoiding dividing lines, in connecting markets and people and thus fostering peace and stability on our continent.

For businesses in global value chains, reducing existing barriers to trade and investment in the OSCE region is not just a political slogan. It is a hard condition for stimulating economic growth and promoting sustainable development in a globalised world.

But such a common, interconnected and integrated economic space cannot exist in a void. It needs to rely on a solid foundation of politics, laws and regulation, it needs predictability, efficiency and impartiality – in other words, it needs trust in the respective government and its institutions. And I am happy that the topic of Good Governance is one that enjoys consensus in the OSCE because it is in the interest of all our countries.

Here is where today's topic comes into play. Good Governance is a key, maybe *the* key, to improved economic relations in our common space.

And economic cooperation is not only a goal in itself, but also an essential contribution to the prevention of conflicts between and within Participating States and thereby to security and stability in the whole OSCE area.

Dear Colleagues,

Ladies and Gentlemen,

economic cooperation is part of the OSCE's comprehensive concept of security since the Helsinki Final Act and the mandate of the OSCE to serve as a regional forum for dialogue about economic issues has been confirmed by the Participating States at many occasions. Previous chairmanships have done invaluable work here on which we can build.

One of the ways how we believe we can strengthen the Economic Dimension of the OSCE further according to these decisions is to make its formats more interactive and to involve the private sector more closely.

Our Business Conference with more than 700 participants from 70 countries seems to confirm this approach from which also our EEF meetings can benefit.

Dear Colleagues,

Ladies and Gentlemen,

the strong interest of the Participating States in strengthening the Second Dimension of the OSCE in general and promoting Good Governance in particular is reflected in the various thematic proposals we received and we reflected the wishes of your delegations in the agenda of this year's EEF.

We have dealt with one aspect of Good Governance – environmental governance – already in January.

Now we want to take a more detailed look at various aspects of economic Good Governance in the OSCE region, as well as at the very topical issues of labour migration governance.

Also trade facilitation and supply chain issues are essential topics high on the international agenda for further improving the conditions for economic exchange.

Work against corruption and money-laundering is a central element of an agenda on Good Governance as well, perhaps the aspect of Good Governance where the OSCE has done the most work in the past years. Building up on these efforts we are planning a joint session of the EEC and the OSCE's Security Committee on „Countering the financing of terrorism” in July this year.

Dear Colleagues,  
Ladies and Gentlemen,

Ideally with the EEF meeting in Prague in September we will have an idea as to which policy fields exactly we can move forward by consensus at the Ministerial Council meeting in Hamburg in December.

But we do the work here not only with a view to preparing new mandates from the next Ministerial Council. We believe that the exchange during the next two days here will also feed in ideas for the work of policy-makers in your capitals, and for the project work of the OSCE field missions.

Therefore I am particularly pleased to have so many renowned speakers on the agenda and I want to use this opportunity to welcome Prof. Dr. Peter Eigen, founder of Transparency International – whom I do not need to introduce further to anyone in this room I think, since he can be called “Mr Anti-Corruption” and “Mr Good Governance”.

And

Mr Denis Simmoneau, Director of European and International Relations of a leading French Energy Company, ENGIE, and Chair of the ICC [International Chamber of Commerce] Commission on Corporate Responsibility and Anti-corruption.

Dear Colleagues,  
Ladies and Gentlemen,

let me conclude by thanking you and also those who have taken part in the connectivity conference in the new format the previous days for your commitment and your openness to elaborate together how we can best use the economic and environmental dimension of the OSCE for fostering Good Governance and thereby rebuilding trust – domestically and internationally – as an essential contribution to the OSCE's comprehensive concept of security.

I wish you all an inspiring and open exchange today and tomorrow.

Thank you very much.

## Keynote Address

**Mr. Denis Simonneau**  
**Director of European and International Relations of ENGIE (former GDF Suez)**  
**and Chair of the ICC Commission on Corporate Responsibility**  
**and Anti-corruption, France**

A Berlin, le 19 mai 2016,

[Seul le prononcé fait foi.]

*Sehr geehrte Damen und Herren,  
Guten Tag.*

*Vielen Dank für Ihre Einladung zu diesem 24. Wirtschafts- und Umweltforum der OSZE. Ich möchte mich erstmals bei der deutschen Präsidentschaft für die Organisation dieses Treffens bedanken.*

*Es freut mich mit Ihnen heute hier zu sein und dass wir alle zusammen debattieren können. Die Organisation für Sicherheit und Zusammenarbeit in Europa (OSZE) ist heutzutage ganz wesentlich, insbesondere weil Europa mit zahlreichen geopolitischen und wirtschaftlichen Krisen konfrontiert ist. In diesen Krisen hat die OSZE eine wichtige Rolle zu spielen und kann helfen, sie zu lösen.*

*Da die OSZE eine internationale Organisation mit sechs offiziellen Sprachen ist, werde ich jetzt mein Gespräch auf Französisch weiterführen und es auch auf Englisch abschließen.*

*Danke schön.*

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C'est en tant que Président de la Commission *Anti-corruption et RSE* de la Chambre de Commerce Internationale (CCI) que je m'exprime aujourd'hui afin de partager quelques réflexions avec vous.

La COP21 qui s'est tenue à Paris en novembre dernier a été un succès parce qu'elle s'est appuyée sur les trois piliers que sont les gouvernements, les organisations internationales et la société civile. Dans le cadre de la lutte contre la corruption, l'enjeu est d'obtenir les mêmes résultats avec la même méthode. D'abord, au niveau des gouvernements, des impulsions concrètes ont été données : aux Etats-Unis, où le « Foreign Corrupt Practices Act » de 1977 sert de guide dans la lutte contre la corruption internationale, même s'il apparaît parfois comme une contrainte ; en Allemagne avec la loi anti-corruption de 1997, au Royaume-Uni avec l'organisation du sommet anti-corruption à Londres le 12 mai dernier ou encore, en France, avec le projet de loi sur la transparence et la modernisation de la vie économique porté actuellement par Michel Sapin. Ensuite, au niveau des organisations internationales, une mobilisation forte contre la corruption a été engagée. L'OCDE, forte de sa convention « Anti-corruption » de 1997, a formulé, en 2011, dans ses « lignes directrices », les recommandations des gouvernements aux multinationales destinées à assurer l'alignement des actions de ces dernières sur les politiques gouvernementales. Le World Economic Forum a développé l'« Initiative Ensemble Contre la Corruption » de 2004. Le G20 a inscrit l'anti-corruption à l'ordre du jour de ses discussions. Enfin, l'OSCE, lors du Conseil ministériel réuni à Bâle en décembre 2014 dédié à la prévention de la corruption, a encouragé les Etats participants à continuer de développer et d'appliquer la législation de prévention de la corruption tant dans les secteurs privé que public. Au niveau des

entreprises, des actions concrètes se mettent en place : au sein d'ENGIE, par exemple, nous avons élaboré un programme anti-corruption qui consiste en l'adoption d'une charte éthique, d'une clause éthique intégrée dans les contrats avec les fournisseurs et sous-traitants du Groupe et d'un référentiel intégrité destiné à encadrer les politiques relatives au mécénat, au sponsoring et aux rémunérations des prestataires externes.

La bonne gouvernance occupe une place cardinale dans les choix d'investissement tant du point de vue des pays que des entreprises. S'agissant des entreprises, la bonne gouvernance est un critère déterminant pour le choix des pays destinés à accueillir les investissements. Il ne faut pas perdre de vue que le monde est vaste. Le nombre de pays susceptibles d'accueillir des investissements est considérable. Au-delà de la rentabilité, d'autres critères déterminants, qui touchent à la bonne gouvernance, entrent en considération, tels le respect de l'Etat de droit, le niveau de régulation, la protection de la propriété intellectuelle, le contexte juridique et fiscal, ou encore l'existence d'institutions dédiées au règlement des éventuels différends. Du point de vue des pays, la bonne gouvernance est également un critère déterminant pour le choix des entreprises partenaires. Si l'expertise de l'entreprise est certes recherchée par les donneurs d'ordre, sa capacité à répondre aux enjeux de la bonne gouvernance mesurée à l'aune de ses programmes concrets relatifs à l'éthique et la conformité, l'anti-corruption ou la responsabilité sociale des entreprises (RSE) entre de plus en plus en ligne de compte. Plus qu'un critère, il s'agit, dans certains cas, d'exigence dans le choix des entreprises partenaires. C'est le cas, en Birmanie, par exemple, où Aung San Suu Kyi, insiste explicitement pour retenir les entreprises les plus impliquées dans des politiques d'inclusion et d'éducation.

Dès

lors, m'exprimant au nom du secteur privé, quels sont les leviers d'actions, dont disposent les entreprises, afin de satisfaire à ce défi de compétitivité hors prix qu'est la bonne gouvernance? Quelle que soit leur place dans la chaîne de valeur de leur secteur, les entreprises disposent de plusieurs moyens. Ainsi peuvent-elles intégrer une clause éthique, responsabilité environnementale et sociétale dans les contrats avec les fournisseurs et sous-traitants. Quant à la responsabilisation relative à la transition énergétique, qui revêt une acuité particulière depuis la COP21, il revient aux entreprises d'opérer en convergence avec la préservation de l'environnement et de la biodiversité. La diffusion de formations et de systèmes d'apprentissage peuvent également venir aider les employés à identifier les comportements à adopter selon les situations par rapport à un référentiel éthique interne. A cet égard, l'ICC Academy offre de nombreuses possibilités aux entreprises désireuses de former leurs collaborateurs à la détection des comportements contrevenant à la déontologie.

Dans le cadre de cette lutte contre la corruption, la triple mobilisation des organisations internationales, des gouvernements et des entreprises peut s'appuyer sur la pierre angulaire qu'est la Commission *Anti-Corruption et RSE* de la CCI. Forte d'un positionnement favorable tant auprès des multinationales qu'auprès des PME avec des correspondants sur tous les continents, elle délivre des conseils de bonne gouvernance, d'éthique, d'intégrité et de RSE adaptés à chacune de ces structures. Ainsi la Commission a-t-elle publié, en 2015, ses « ICC Third Party Due Diligence Guidelines for SMEs » pour permettre aux PME d'améliorer le contrôle éthique des comportements de leurs intermédiaires et de leurs sous-traitants. Par ailleurs, la Commission adopte une démarche de coopération tant avec les organisations internationales qu'avec les gouvernements. C'est dans cette logique que la Commission s'est très tôt impliquée dans l'établissement des « UN Guiding Principles on Business and Human Rights », ou, plus récemment, dans le forum anti-corruption du B20 qui s'est déroulé en avril dernier à Pékin, tout comme dans le sommet mondial sur l'anti-corruption tenu à Londres le 12 mai dernier. Au-delà

de notre rôle de coopération, la Commission *Anti-corruption et RSE* adopte également une approche proactive, comme en témoignent : notre promotion des « lignes directrices » des Nations unies relatives à l'anti-corruption, notre entité de formation éthique *ICC Academy* destinée à diffuser les bonnes pratiques de prévention des comportements contrevenant à la déontologie ainsi que notre engagement dans la prévention des conflits d'intérêt, porté notamment par François Vincke, Vice-Président de la Commission *Anti-Corruption et RSE* de la CCI, sujet sur lequel nous pourrions travailler étroitement avec l'OSCE.

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*Witness the COP21 in Paris last December, the mobilization of the International Organizations, the governments and the companies is key to the success of the fight against corruption, aiming at establishing good governance all around the world in the private sector as well as in the public sector.*

*To that purpose, I want to emphasize that both the private sector and the public sector have a joint responsibility in the struggle against corruption practices. The private sector cannot be described as the one and only "bad guy", hence the need for a joint mobilization of the private and the public sector – as it was the case with the successful "French method" during the COP21. The ICC could help with that matter.*

*The criteria of good governance turns out to be a key factor in the investment decision process not only for the companies but also for the countries willing to attract investments, which leaves room for optimism.*

*Last but not least, let's not be biased by thinking that only developing countries are concerned by corruption practices. Let's be humble, realistic and pragmatic because we need to face facts especially in some countries of the EU – and I can assure you that at ENGIE, I have coped with specific situations in specific countries that I have in mind. Thus, even if the path towards making corruption history is still long even within our own borders, we should combine our efforts because good governance is essential to prevent stability and security.*

*Thank you./.*

## *Closing Remarks*

**by Dr. Halil Yurdakul Yiğitgüden**  
**Co-ordinator of OSCE Economic and Environmental Activities**

Madame Chair,  
Ambassadors,  
Dear Participants,  
Ladies and Gentlemen,

We have come to the conclusion of the Second Preparatory Meeting of the 24<sup>th</sup> OSCE Economic and Environmental Forum and I would like to take this opportunity to express my gratitude for the interesting, stimulating and thought provoking two days we have had. We would like to thank the Chairmanship, all speakers and moderators and of course delegations.

A clear message can be taken from this meeting: connectivity with its good economic and migration governance aspects is key for promoting peace, strengthening cooperation and ultimately stimulating inclusive economic growth.

Mr. Frey and Ms. Weidenfeld have just summarized the main messages from the economic and migration governance sessions. I will not go into the details of the ideas that have been put forward. These ideas represent useful food-for-thought for our deliberations in the coming months, in view of the Concluding Meeting of the EEF in Prague and of the Ministerial Council in Hamburg.

As Mr. Erler stated, and I quote “good governance is a key, maybe the key, to improved economic relations in our common space. And economic cooperation is not only a goal in itself, but also an essential contribution to the prevention of conflicts between and within participating States and thereby to security and stability in the whole OSCE area”. Transport and trade have an important role to play as key contributing factors to economic growth, in integrating markets, and as mentioned today, in building bridges among markets, nations and peoples worldwide.

But, the prevention of conflicts and the promotion of stability and security, for which the OSCE has been mandated since its beginning, can only be achieved with a strong and active involvement of all actors. Actors that should genuinely promote and actively be part of more transparent inclusive, and fair societies. This is what Prof. Eigen called the “magic triangle” which includes the State, the business community, and the civil society. It is with the “magic triangle” that we, OCEEA, want to strengthen our cooperation towards a more stable, secure, and prosperous OSCE area.

This is not an easy task. Strengthening this “triangular cooperation” implies also strengthening mutual understanding, overcoming mental barriers and looking for areas of common interest where synergies and partnerships can be built for a better global governance. In this regard, the efforts put by the German Chairmanship in actively involving representatives of civil society and the business sector should be praised. It represents a clear guiding principle for my Office in the implementation of our activities aimed at supporting participating States in complying with their good governance commitments. I am happy to note that this pattern will also be followed next year by the incoming Austrian Chairmanship.

Madame Chairperson,

The OCEEA has a number of activities we have planned, together with our partner organizations, that can be adapted and reshaped in order to better involve the private sector and civil society.

I am specifically thinking about the support that we will provide to participating States in implementing their anti-corruption commitments, in particular those related to the UN Convention against Corruption (UNCAC). A 2-year project on *"Fostering a participatory approach towards preventing corruption in Central Asia"* is ready to receive the necessary funds and start its implementation.

We have recently published a Handbook on Combating Corruption and we will use this publication at training and capacity building events, where the business community and civil society could also be involved. In this regard, we will be happy to explore ways to improve our cooperation with the International Chamber of Commerce on conflict of interests in the private and public sectors.

As mentioned by Mr. Simonneau, the costs of corruption are enormous and good governance is fundamental in the investment choices. But, as highlighted yesterday in Session III, good governance policies are "just words on papers". What is needed is "enforcement" and "enforcement" is done by "people". Ultimately promoting "good governance" means promoting "ethical standards" and "due diligence", including avoiding "conflicts of interest". These are all areas where both the private and public sectors have a clear role to play and a clear responsibility to bear. The OCEEA has in this regard started a project on Money in Politics together with ODIHR and field operations in Southeast Europe. This fall we will organize a regional workshop in Vienna with the aim to identify trends and share best practices in combatting political corruption in the areas of political party financing, public officials' assets and income disclosure, abuse of state resources, public procurement, and money-laundering in order to share regional best practices and explore how the OSCE can better support participating States.

Finally, let me mention that, as clearly demonstrated by today's last two sessions, there is a strong need to work together to make migration a key factor for economic development and growth. There is, in particular, a strong need to address dysfunctional labour migration policies that do not allow the most suitable allocation of human resources and skills where they are needed. My Office will continue to support the dialogue on good migration governance, and as a follow-up to the Security Days in Rome in March, we will organize an Expert meeting in Vienna on 17 June to explore areas for an enhanced role the OSCE can play in this important policy field. In particular, the meeting aims at promoting a peer-review process, collecting inputs from think tanks, practitioners and experts as well as international organizations mandated to work on migration-related issues. We will greatly value the participation of delegations of participating States and Partners for Cooperation, including experts from Capitals.

Finally, allow me to mention that my Office, in cooperation with the Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings is implementing an extra-budgetary project on "Prevention of Trafficking in Human Beings in Supply Chains through Government Practices and Measures" aiming at contributing to the promotion of labour and social standards in supply chains, the overall fight against corruption and the introduction of sound financial management and economic governance.

Madame Chair,

In conclusion, I would like to thank the German Chairmanship, the moderators, the speakers and the rapporteurs, the interpreters, the conference service staff, as well as the colleagues from my Office for their joint contribution to the success of this event. I also want to thank all participants for their active contribution, and to wish you a safe trip back home



## *Closing Statement*

**by Ambassador Antje Leendertse  
Head of the Task Force for the 2016 German OSCE Chairmanship  
Federal Foreign Office, Germany**

The Economic and Environmental Forum is the main regular event of the Second Dimension and thus the main linkage to channel and connect all activity different areas of activity.

The EEF targets major issues of concern and contributes to the formulation of guidelines and recommendations with regard to the Second Dimension.

To this end, it creates space for engaging with other organizations and institutions as well as non-governmental actors to build and draw on their expertise.

As the mandate of the Forum states (1992), the role of the EEF is to “give political stimulus to the dialogue on the transition to and development of the free market economies as an essential contribution to the building of democracy, and to suggest practical efforts for the development of free-market systems and economic co-operation”.

This is done in the interest of all participating States and reflected by the agendas that take into consideration the wishes expressed by all delegations.

The Second Dimension certainly plays an important part among the tools for dialogue and confidence-building the OSCE has to offer.

Firstly, our discussions should contribute to enabling more economic exchange across borders in the OSCE region and to support economic development and good governance.

We believe that in the current times of global technological changes, it is critical to use this potential of the economic exchange in the OSCE area and to enhance economic co-operation in the region. This can translate into strengthening of stability and security in our common OSCE space. I hope that our Business Conference also contributed to this vision.

Secondly, our discussions should add to political confidence-building in more general terms. I think we made clear from the early preparatory stages of the Chairmanship onwards that one of our aims this year is to strengthen the Economic and Environmental Dimension as a tool for dialogue, cooperation and confidence building.

You know our motto which is reflective of that: “renewing dialogue, rebuilding trust and restoring security”.

The decision of the Permanent Council from July 23rd 2015 mandated us to hold this year’s Economic and Environmental Forum (EEF) under the title “Strengthening Stability and Security through Co-operation on Good Governance”.

The mandate extends to three important areas of good governance:

- 1) Good governance as a basis for business interaction and good investment climate as well as for the fight against corruption, money-laundering and the financing of terrorism;
- 2) Good migration governance to support stable economic development in countries of origin, transit and destination; and
- 3) Good environmental governance to enable sustainable economic development.

Good governance of the public and private sectors, together with strong democratic institutions, are essential for economic growth. The OSCE participating States recognized that in the 2003 Ministerial Council in Maastricht, and emphasized that “good governance” on the international, national and local levels plays a crucial role for well-being, stability and security in the OSCE region.

Ineffective institutions, corruption, weak civil society, and lack of transparency and accountability can, as it was stated in the Maastricht document: “deprive participating States of the capacity to ensure sustainable economic, social and environmental development”.

After focusing on the environmental issues in January, I am pleased that we managed to discuss such a big number of issues during this 2nd preparatory meeting, including: business interaction and investment climate, trade facilitation, fight against corruption, money-laundering and the financing of terrorism.

We’ve also devoted two sessions to the increasingly important topic of labour migration – a multifaceted and very complex issue, whose effective management requires a comprehensive approach and effective engagement of many players.

Several points brought up during our two-day discussions are worth noting here. Firstly, good governance is pivotal for commerce and investment climate and investment decisions. Legal certainty, institutional strength, and transparency – are all important elements of good governance that attract private investment. Secondly, corruption significantly hampers development. The level of corruption is seriously taken into consideration by making investment decisions. So, we need to fight it hard in order to enhance economic development and economic cooperation among our countries. To do it, we need a coordinated approach. We can successfully fight global corruption only when we have a successful partnership between government, private sector and civil society. Thirdly, trade facilitation counts as important factor to strengthen good governance and enhance economic development. Barriers to trade should be lowered in order to foster economic development. Implementation of the WTO Trade Facilitation Agreement is among others, a right step in this direction. Fourthly, logistics and supply chains play crucial role in strengthening economic development in today’s modern and interconnected world. It is of high importance to provide security and stability of the transport systems. Full implementation of international agreements should also take place. Last but not least: the topic of labour migration. Migration is key ingredient to human progress, as it was noted today. And good migration governance is the only way to bring tangible benefits to the migrant and the receiving community. As it was underlined earlier today by Ambassador Papademetriou, six conditions must be fulfilled in order to ensure good migration governance. Migration has to be:

1) legal, 2) orderly, 3) safe, 4) respective of human rights, 5) humane - regardless of the legal status, and 6) protection must be provided to the displaced people.

We've heard a lot over the last two days on how particular OSCE participating States have been dealing with these challenges and about their work towards improving the legal and institutional framework. We've also heard from international institutions, which support us in implementing the laws, and we've heard the voice of the private sector, which deals with these challenges on the ground. It also significantly contributed to our discussions.

Good governance enjoys a broad consensus in the OSCE and continues to be among top priority issues for the EEF. The subject was also the main focus of the 2012 Forum during the Irish Chairmanship.

We commend the work done since then. We will continue this work now in the committee in Vienna as well as in Prague in September.

In Prague we hope to be able to identify and possibly already discuss some elements for a Draft Ministerial Declaration in the Second Dimension which, we hope, can reflect some of the many issues that were discussed here over the last three days, including of course issues of Good Governance.

Saying that however, I don't mean to say that Ministerial Council decisions or declarations are the only measure of our continuous work.

The many forms of dialogue that are taking place in the Second Dimension, the new ideas that policymakers are taking home from them to their capitals, the involvement of those who are responsible for project work of the OSCE field missions and in the future hopefully the deeper involvement of the business community— they are all that important parts of our work for stability and security.

In that sense it is of high value that we have further meetings this year: after Prague we will also meet for the Economic and Environmental Dimension Implementation Meeting (EEDIM) in October – for which a draft agenda is being consulted these days in Vienna.

And we will, of course, have the Ministerial Council in Hamburg in December.

Our team in Vienna will be happy to receive your views over the coming months, as to which parts of our agenda in the Second Dimension are particularly worthwhile to pursue for a Ministerial Decision.

Let me now invite the delegations to provide their closing statements.

Thank you very much. With that we conclude the meeting. See you all in Prague.

## FIRST PREPARATORY MEETING OF THE 24<sup>th</sup> ECONOMIC AND ENVIRONMENTAL FORUM

### *Opening Remarks*

**by Ambassador Eberhard Pohl**  
**Chairperson of the OSCE Permanent Council,**  
**Permanent Representative of Germany to the OSCE, 2016 OSCE German Chairmanship**

Excellencies,  
Distinguished delegates,  
Ladies and gentlemen,

On behalf of the German Chairmanship it is my great pleasure to welcome you all to the First Preparatory Meeting of the 24<sup>th</sup> OSCE Economic and Environmental Forum, dedicated to the topic of “strengthening stability and security through co-operation on good governance”. I warmly welcome the Secretary General, Mr Lamberto Zannier, and the Co-ordinator of OSCE Economic and Environmental Activities, Dr. Halil Yurdakul Yigitgüden. I would especially like to thank Dr. Yigitgüden and his able team for organizing this event.

We are also very grateful to our keynote speakers for today: Prof. Klaus Töpfer, who has held several high-level positions in international environmental policy, including Executive Director of the United Nations Environment Programme, and Dr Helge Wendenburg, who currently serves as Director General for Water Management and Resource Conservation at Germany’s Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety. Thank you both for coming here today and for setting the scene for our discussions in the next two days.

Finally, I would like to warmly welcome all participants – representatives of the OSCE participating States and the Partners for Co-operation, officials from ministries and agencies, representatives of international, regional and non-governmental organizations, members of academia and the business sector, and last but not least the economic and environmental officers from the OSCE field operations.

Ladies and gentlemen,

Why did we choose “Good Governance” as our overall theme for the Economic and Environmental Forum cycle?

The answer is that good governance plays a critical role both for economic growth and for stability and security in the OSCE region, and it has major transboundary impacts. In a globalized world, in a globalized economy, there is a pressing need for joint answers to global challenges. Promoting good governance in all its manifestations – including by ensuring the rule of law, strengthening the accountability of the public sector and improving the quality of environmental legislation – is the right response to the global challenge of ensuring sound framework conditions

for sustainable economic development. The OSCE, with its comprehensive approach to security, can contribute to these endeavours and serve as a valuable platform for dialogue.

In this year's Economic and Environmental Forum, we want to build on already existing OSCE commitments on good governance – such as the 2003 Maastricht Strategy and the 2012 Dublin Declaration – and foster cooperation in this field. This First Preparatory Meeting will focus on good environmental governance as a means of enabling sustainable economic development. Today and tomorrow we will address various topics of environmental governance such as resource efficiency, environmental legislation, transparency and stakeholder participation. During the Second Preparatory Meeting, which will take place in Berlin on the 19<sup>th</sup> and 20<sup>th</sup> of May, we will discuss the importance of good governance for business interaction, better investment conditions and the fight against corruption as well as economic aspects of migration.

Ladies and gentlemen,

As we all know, we have only limited natural resources on our planet. In a globalized, interconnected world, we depend on each other in sharing these resources. Hence, we need to cooperate on using natural resources efficiently and tackling environmental challenges. Improving environmental governance, both nationally and internationally, is of crucial importance to making our economies more efficient, more resilient and more sustainable. The OSCE and its Second Dimension can contribute substantially to this important task.

Ladies and gentlemen,

The Economic and Environmental Dimension of the OSCE has an important role to play when it comes to renewing dialogue and rebuilding trust among participating States. We can – and we should – draw on its potential to a higher degree. Therefore, it is the intention of the German Chairmanship to strengthen the Second Dimension, and to make it more relevant. One important way to achieve this is by involving the private sector and by inviting more companies and business associations to the Economic and Environmental Forum and to our monthly sessions of the Economic and Environmental Committee.

The Business Conference on Economic Connectivity in the OSCE area, which the German Chairmanship is holding in Berlin on the 18<sup>th</sup> and 19<sup>th</sup> of May, is also aimed at the increased involvement of the private sector. The main objective of this business conference is to initiate a meaningful dialogue about framework conditions for economic activity in the OSCE area. We are convinced that enhancing connectivity and promoting greater economic interaction can contribute substantially to renewing dialogue and rebuilding trust among participating States.

In concluding, I would like to thank all of you in advance for actively participating in this year's Forum cycle and for sharing your views and best practices. I look forward to a lively discussion and to the active involvement of all delegations.

Thank you very much for your attention.

## *Welcoming Remarks*

**by Ambassador Lamberto Zannier  
OSCE Secretary General**

Excellencies,  
Ladies and Gentlemen,

I warmly welcome you to this First Preparatory Meeting of the 24th OSCE Economic and Environmental Forum. Throughout the Forum process this year, we will discuss different aspects of good governance. This first meeting is dedicated to environmental governance – and there are good reasons for this.

We have already touched on this topic in previous Forum processes. For example, last year saw extensive discussion of water governance, and in 2014 we focused on disaster risk reduction. In both cases, sustainable management of natural resources and environmental governance were key considerations in identifying and applying structured responses and durable solutions.

We have come a long way since the 2003 Maastricht Strategy, which reaffirmed the OSCE's commitment to sustainable development and the 2007 Madrid Ministerial Declaration on Environment and Security. Environmental governance has gained in prominence over time and clearly deserves more attention. Creating and sustaining an enabling environment for a vocal civil society, an informed and responsive public, and efficient institutions for sound management of the environment and natural resources will continue to be our priority in the OSCE.

Environmental good governance is an integral part of the 2030 Agenda for Sustainable Development adopted at the United Nations Sustainable Development Summit last September. We need to consider how the OSCE can best contribute to fostering sustainable development within this framework. Discussions today and tomorrow should help us to identify opportunities for further action. After all, sustainable development, which depends on a careful balance among social, economic and environmental factors, is the best guarantee for ensuring peace and prosperity. To quote from the 2030 Agenda: "There can be no sustainable development without peace and no peace without sustainable development".

Environmental good governance and sustainable development are central elements of the economic and environmental dimension of the OSCE's comprehensive approach to security. The OSCE has been increasingly active in supporting its participating States in their efforts to strengthen environmental good governance through awareness-raising and the exchange of best practices, capacity-building and numerous projects in the field of environment and security.

Many of our activities take place in the framework of the Environment and Security Initiative – ENVSEC. I mention this not just because we are proud to be part of this longstanding and successful international partnership, but also because the OSCE holds the Chairmanship of this initiative this year. We will make every effort to demonstrate and reinforce the role of environmental co-operation in promoting sustainable development in our region. I am happy to see that most of our ENVSEC partners have joined us for this meeting.

Excellencies,  
Ladies and Gentlemen,

The OSCE is an inclusive platform for dialogue with four decades of experience in bringing very different stakeholders together around one table. However, our links to the business community are not as strong or as close as they could and should be. [As we have heard from Ambassador Pohl] the German Chairmanship is setting out to change this through various initiatives to enhance OSCE interaction with the private sector. I fully support this approach, and I hope that it will lead to an increase in public-private partnerships to address issues on the OSCE agenda, particularly in the economic and environmental dimension. So I very pleased to a number of representatives of the private sector at this first preparatory meeting, which will highlight the importance of good environmental governance for a healthy business climate and sustainable development.

Over the course of this year the OSCE will seek to enhance our relationship with business and the private sector. The next preparatory meeting in Berlin will offer another good opportunity to do this.

Returning to the 2030 Agenda, one particular goal – no. 16 – speaks of peaceful and inclusive societies that feature effective, accountable and transparent institutions; responsive, participatory, and representative decision-making; the rule of law; and access to justice for all. Such societies are more likely to create a favourable environment for business to excel and to attract more and higher-quality investment, generating sustainable growth.

Environmental considerations need not be an obstacle to development. On the contrary, they can be a catalyst for innovation, entrepreneurship, productivity and job creation. This contributes to prosperity and thus helps us to achieve stable and peaceful societies. Certainly we cannot ignore the fact that some investments and business activities have a negative environmental impact. However, we have advanced instruments to help us assess the negative impact that economic activities might have on the environment and on communities, and to help us determine how to mitigate them. If existing frameworks and tools are appropriately applied, they can help to address the concerns and interests of all stakeholders, which in turn can help prevent tensions and conflicts.

The OSCE is actively supporting its participating States in this way, above all through our network of Aarhus Centres, which promote and facilitate public participation, access to information, and access to justice in environmental matters. Sixty Aarhus Centres in 14 OSCE participating States are playing an important role in strengthening civil society and its links with state authorities and the private sector at various levels.

So let's now concentrate on today's agenda, with an operational focus. I would like to thank our featured speakers and all participants for joining us here in Vienna. Your insights and practical suggestions will help us to advance our thinking on the role that the OSCE can realistically play to foster good environmental governance as a decisive factor in securing a sustainable, more peaceful future.

Thank you.

## Opening Remarks

by Dr. Halil Yurdakul Yiğitgüden  
Co-ordinator of OSCE Economic and Environmental Activities

Excellencies,  
Distinguished participants,

It is an honour to address this opening session of the First Preparatory Meeting of the 24th OSCE Economic and Environmental Forum. The theme of this year's Forum is closely linked to sustainable development and is therefore of importance in the context of strengthening security and stability.

I am very delighted to welcome so many out-standing experts who joined us to share their in-depth knowledge and practical experience on different aspects of good environmental governance. Today, we have with us many government officials from the OSCE participating States and Partners for Co-operation, representatives of international organizations, NGOs, academia and the private sector.

In this context, let me underline that this meeting as well as the remaining meetings in this year's Forum process place a special emphasis on the broad involvement of business in the active discussion. I find it very promising that already in this First Preparatory Meeting we have the private sector well represented amongst other stakeholders. As you can see from the agenda, every session has at least one speaker representing the private sector.

The OSCE provides a platform for dialogue designed to embrace a variety of actors and perspectives. Fully appreciating the German Chairmanship's endeavour to further strengthen the OSCE engagement with the private sector, I see **countless opportunities for business to contribute** to sustainable development through commitment to seeking shared value and through commitments to environmental compliance and innovation. I also see a lot of **benefits for business and investors** in operating in a peaceful and stable environment. Let me extend a particularly warm welcome to you.

There is a growing recognition that many of the environmental challenges we face today are linked to governance aspects. Improving environmental actions and outcomes not only depends on legal frameworks and the capacities of the environmental authorities and sector ministries, but also largely on external factors that provide the enabling environment.

Within the Economic and Environmental Dimension, **environmental governance** has an important role. Over the years, we have built a **strong record of projects** supporting participating States in addressing different environmental challenges at national level as well as in a transboundary context. The vast majority of these projects also contribute to strengthening good environmental governance in one way or another. I would like to use this opportunity to briefly refer to some of the examples of our work in this area.



My Office has been closely co-operating with the OSCE field operations to step up efforts to facilitate good environmental governance. In this regard, I want to specifically emphasize the activities undertaken by **60 Aarhus Centres in 14 countries** as well as at regional level. The Aarhus Centres serve as a platform for dialogue between civil society, government and business and promote principles of good environmental governance. They have been active in several areas, especially in the field of water governance, disaster risk reduction and climate change adaptation. In many cases, these activities also involve co-operation at regional level. For example, last year the Aarhus Centres of South-Eastern Europe signed a Joint Declaration for Co-operation that will bring their relationship to a new level.

Another area where the OSCE has for many years contributed to strengthening governance aspects is **water governance**. Water knows no borders and its quality and quantity depends on the interaction and co-ordination among different sectors. Together with UNECE, the OSCE has been involved in supporting the capacity of participating States in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia to govern water resources well in a transboundary context. A lot of work to help strengthen water governance at national and local level has also been accomplished by our field operations or in co-operation with them.

Two other areas where we have also contributed to achieving good environmental governance are **disaster risk reduction**, including wildfire management and reduction of flood risks, as well as **waste management**.

Let me underline that most of these activities are taking place in the framework of the **Environment and Security Initiative** which the OSCE is chairing again this year. For over a decade now, ENVSEC has been a unique mechanism to create synergies among its partners and jointly address environmental challenges, inter alia, by supporting different aspects of environmental governance.

Excellencies,

Our agenda for the next two days will provide an opportunity for a comprehensive discussion of good environmental governance in different contexts, including its linkages to sustainable development and security. Allow me to add a few words on the **specific sessions** of this meeting:

Governing natural resources and the environment well is of fundamental importance for sustainable development and can effectively contribute to fostering stability and security. In the **first session**, we will discuss good environmental governance, economic development and competitiveness. We will look at it in the context of sustainable development and enhancing stability and security, and discuss its impact on the investment climate and competitiveness. This session will also share some examples of the best practices on environmental performance in the business sector.

Environmental legislation has an important role to play in creating an enabling environment for business. Better implementation not only helps to achieve the objectives for a cleaner and healthier environment but also to ensure a more level playing field and incentives for sustainable growth. At the same time, implementation of environmental legislation, including multilateral environmental agreements, can pose a challenge in many countries in the OSCE region. The **second session** today will be dedicated to environmental legislation and its impact on business

and investment. At this session we will also have an opportunity to discuss some of the best practices on environmental compliance.

Measures that strengthen such crucial governance aspects as transparency, access to information and public participation may be equally or even more important than specific environmental policies or projects in order to address environmental challenges effectively. The **third session** will give a chance to discuss these aspects of governance more in-depth.

Raw materials have enormous potential to create and support sustainable development in many of the countries. However, their poor management can have unfavourable social, environmental and public health impacts and may be a cause for corruption. In the **fourth session**, we will focus on this sector and look at how good environmental governance can be applicable in the context of the raw materials sector, including best practices of local community and private sector interaction.

Using limited natural resources in a sustainable manner while minimising impacts on the environment, makes it possible to create more with less and to deliver greater value with less input. Green technologies and innovation have an important role to play in this process. The **fifth session** will look at resource efficiency and green technologies as instruments for sustainable development. Some of the aspects of green economy and its relevance from both economic and security perspectives will also be elaborated.

Managing increasing waste streams is currently one of the biggest challenges for growing urban areas both in the OSCE region and beyond. Waste management is also an issue of global concern since the decay of organic material in solid waste contributes to global greenhouse gas emissions. The **sixth session** will enable a discussion of the role of sound waste management frameworks in the context of good environmental governance. It will be particularly enlightening to hear about best practices in addressing waste-related challenges from different parts of the OSCE region.

In concluding, I would like to welcome you all once again and I strongly encourage you to actively participate and contribute to our Forum's deliberations. I am looking forward to fruitful discussions.

Thank you for your attention.

*Keynote Address*

**by Prof. Dr. Dr. Klaus Töpfer**  
**former Executive Director of the UN Environment Programme (UNEP),**  
**former German Federal Minister for the Environment, Nature Conservation and**  
**Nuclear Safety**

**Economic and Environmental Forum**

Strengthening stability and security  
through co-operation on good  
governance

Prof. Dr. Klaus Töpfer

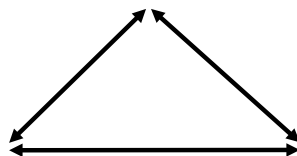
**The magic triangular**

Sustainable Development

Economic development

Environmental Integrity

Social Stability



*Welfare, based on the destruction of the environment is by no means real welfare.  
It is at its best a short term alleviation of the tragedy.  
There will be no peace but there will be more poverty if the assault of nature continues.*

*“Wohlstand, aufgebaut auf der Zerstörung der Umwelt, ist kein wirklicher Wohlstand,  
bestenfalls eine kurzfristige Milderung der Tragödie.  
Es wird kaum Frieden, wohl aber noch mehr Armut geben,  
falls dieser Angriff auf die Natur anhält.”*

Kofi Annan.

#### Externalizing of costs

- Burdening future generations
- Burdening other people in other regions
- Burdening nature

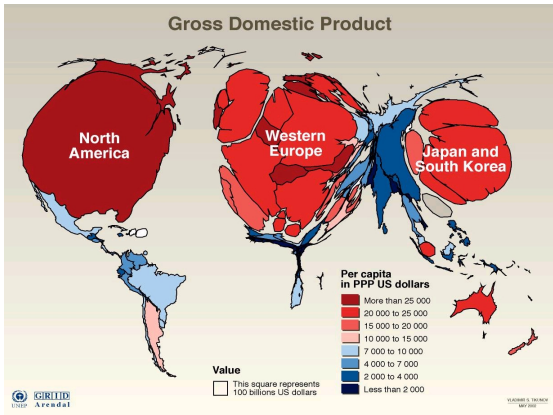
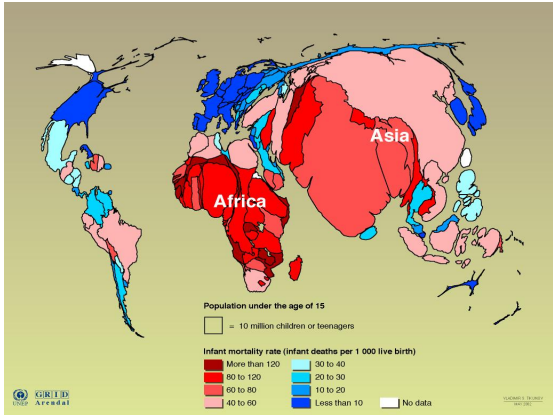
„Beggars my neighbour“

*Development is the new name for peace*

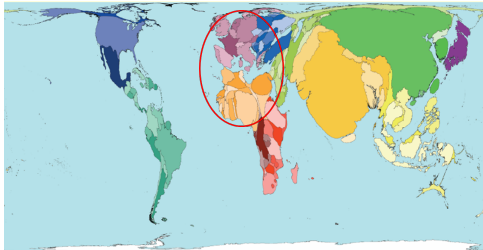
Willy Brandt  
North-South Commission

The example of water:  
Integrated water resources management

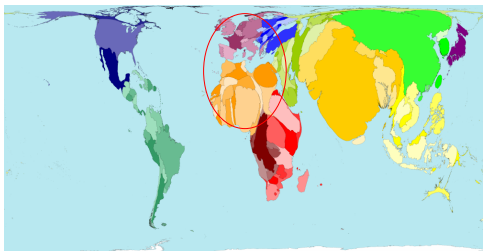
The example of energy:  
Decarbonization of the economy



Population (2000)

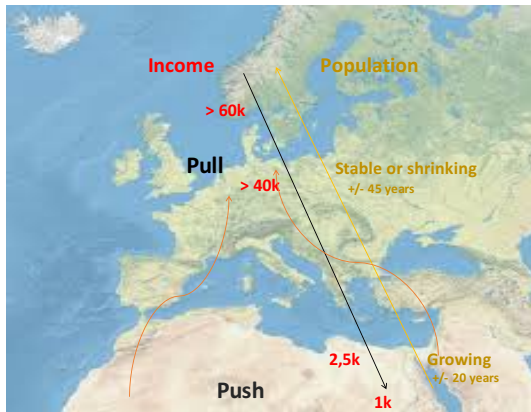
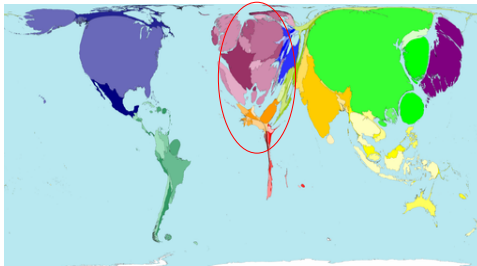


Population (2050)



## Wealth in 2015

(GDP in US\$; here still as a *projection*)





## *Keynote Address*

**by Dr. Helge Wendenburg**

**Director General, Directorate Water Management and resource Conservation, Federal  
Ministry for the Environment, Nature Conservation, Building and Nuclear Safety,  
Germany**

Ambassador Pohl,  
Ambassador Zannier,  
Dr. Yiğitgüden,  
Prof. Töpfer,  
Ladies and Gentlemen,

In times like these, is there anything we all want more than to live in prosperity and security? People from developing and emerging countries also do not want just adequate food and the satisfaction of their basic material needs. They want the lifestyle that many people in the developed world have long taken for granted.

But what does this lifestyle mean for our earth, for our children, grandchildren and great grandchildren?

Only a few decades ago the thoughtless exploitation of natural resources was a matter of course. Prosperity and a high standard of living, which is legitimately pursued by all people around the world, were only possible through the use of natural resources. Meanwhile, however, we also see the flipside of the coin: Our lifestyle puts far too heavy a burden on the great opportunities offered to us by our earth.

Natural resources are not infinite. Fossil and mineral resources do not renew themselves within time periods that are on a human scale.

Our interventions in nature threaten biodiversity and decimate species to an unprecedented extent. Clean water, on which our lives are directly dependent, is becoming ever scarcer around the world. Progressive climate change will exacerbate these trends, leading to food shortages and causing more frequent and intense natural disasters.

And today about 20% of humanity uses around 80% of the raw materials that are extracted. Is that our idea of fairness? The environmental damage on the other hand disproportionately affects that 80% of humanity that is hardly involved in the use of these raw materials and thus the benefits they bring. These developments require us to take countermeasures. That is what Germany's Federal Government is working to bring about, and I am counting on you, the OSCE and its participating countries, too.

In the past year, we have achieved breakthroughs in global sustainability policy that give cause for hope:

In September at the UN summit in New York, the international community adopted the transformation agenda for sustainable development ("Transforming our World"). The Sustainable Development Goals it contains provide us with a strong tailwind for the overdue change of

course towards better and fairer living conditions and truly climate-friendly and environmentally sustainable development worldwide.

But this will not happen on its own: We must work together towards an ambitious implementation of these sustainability goals, both in industrialised countries and in developing countries, so that the fundamental shift towards sustainable lifestyles and economic practices is successful, and we do not put an ecological burden on the earth that it cannot bear.

As a global community, we need to have made a big change in direction in key areas by 2030: We have to end extreme poverty; we have to fight inequality and injustice. We must achieve sustainable modes of production and lifestyles and successfully combat climate change. The industrialised countries, and by that I mean Germany as well, cannot continue to just import raw materials, but must take responsibility for the consequences of the consumption of raw materials in the countries of origin. This includes, for example, supporting resource-rich developing countries in establishing and maintaining larger parts of the value chain in their country. This creates local jobs and thus the prospects that people need so urgently for their lives.

It is very important that we act together against corruption wherever we encounter it. Let us stand up for good governance. Only in this way can the population share adequately in the proceeds from the resource wealth of their country and promote sustainable development domestically. Only then is there a chance that environmental legislation and standards will be correctly implemented.

Germany declared its candidacy for the Extractive Industries Transparency Initiative (EITI) at end of last year. Some of the countries participating here are already members and are therefore role models. I would like to encourage others to take this path, even if it is not easy. Where transparency is created jointly, trust is formed. This is true for civil society as well for government and the economy.

Ladies and gentlemen,

Above all, we must ensure that there are enough raw materials and other natural resources in the future for all mankind - and that will be more than 9 billion people by mid-century! - And we must still preserve our environment.

We cannot look on idly while the mistakes we industrialised countries made are repeated elsewhere, mistakes which could be avoided given our present knowledge, discoveries and innovative technologies. What we need now is resource efficiency, doing more with less. For every step in the use of raw materials - from mining through preparation, processing and consumption to disposal - is linked to specific kinds of environmental pollution: pollutants in soil, water and air, the degradation of ecosystems and the reduction of biodiversity.

But resource efficiency is not just an environmental issue: a key driver of increased resource efficiency is competition. Rising and volatile commodity prices, often exacerbated by speculation on the commodity markets, lead to rising costs for businesses and make planning for the future difficult. Using raw materials more efficiently means saving expensive resources, or in other words costs, and becoming more competitive.

This is why the G7 under the German presidency last year agreed to initiate ambitious resource efficiency measures and founded the G7 Alliance for Resource Efficiency at the summit in June. The G7 Alliance is intended to facilitate an exchange of experience, know-how and best practices in the area of resource efficiency. In the few months that have passed since the summit, several workshops on specific resource efficiency topics have been held, and three more are scheduled for the first half of 2016 alone. The great interest in these workshops is proof of the fact that we are moving in the right direction, not just nationally, but internationally as well.

And there is another reason why we should strive for more resource efficiency: the enormous amount of energy needed for raw material extraction and processing. According to the International Energy Agency, between 7 and 8 percent of global energy consumption is used for metal production and processing. The largest share of this is caused by extraction and refining, processing steps that are expected to gain in importance in future as ores with a lower metal content will have to be increasingly used to meet the high demand. But further processing is extremely energy-intensive as well. Around 50 percent of industrial CO<sub>2</sub> emissions can be attributed to the production and processing of just five basic materials: steel, cement, paper, plastic and aluminium. Two tonnes of CO<sub>2</sub> are emitted into the atmosphere for every tonne of steel produced.

Recycling, on the other hand, requires 55 to 98 percent less energy than production from ores, depending on the metal. So it is very obvious where we need to go. We must use recycled metals wherever possible and further step up recycling rates. Every possible material should be reused or recycled, not just metal. Every gram of primary raw material that we can save through resource efficiency and recycling helps us reduce our CO<sub>2</sub> emissions and protect our climate!

This leads me to what was probably the most important environmental policy event of the past year: The Paris Climate Agreement that we adopted in December is a milestone in international climate policy and a beacon of hope for people around the world.

It charts our course for the future: We must become greenhouse gas-neutral. This is an epochal project. It will require a comprehensive modernisation of our industry and society. To achieve this, we need measures that take effect quickly, but also long-term strategies. The policies we pursue in the next few years will determine our success or failure in the decades to come. Resource efficiency must be a part of the overall effort.

Ladies and Gentlemen,

The current situation shows us that we cannot just wait and see what happens.

A security organisation like the OSCE should also address the risks of climate change. The many refugees coming to Europe are currently very much on our minds.

These people are desperate. They are leaving their home countries to seek a better life elsewhere. To them, it does not make a difference whether they are fleeing from violent conflicts or from the impacts of climate change and environmental destruction. Their fate is the same. In both cases, they are deprived of any prospect of a decent life in their native countries. If we do not succeed in halting climate change, refugee flows will continue to grow, both internal migration from rural areas to the cities and transboundary migration towards the industrialised countries. Many countries are likely to be overwhelmed and unable to handle these developments.

This is why we need to work harder to improve the living conditions in the countries concerned, also in the context of adaptation to climate change. Measures include ensuring a sustainable water supply and agriculture and stepping up disaster response and coastal protection - this is the only way to tackle the roots of migration. For example, the German government has been supporting transboundary cooperation in the water sector in Asia for many years.

Ladies and Gentlemen,

We must do even more. We need to change our consumption patterns, making them more resource efficient and more sustainable overall. We need to get people on board and convince them, each and every one of them. The keys to this are awareness-raising, information, education and participation.

In Germany, a national resource efficiency programme, ProgRess, has been in place since 2012 and is being updated every four years. We will shortly present ProgRess II. A comprehensive public participation process was organised to draw up ProgRess II, and we were very impressed with people's motivation and the excellent ideas they had.

Public participation processes offer a good opportunity to educate people and get them involved at an early stage. It is important to make it clear where and how people can have a say in the decision. This improves acceptance and helps people identify with the results achieved.

Ladies and Gentlemen,

It is up to us to lay the foundations that will allow all people, both those alive today and also the generations to come, to live the way we ourselves want to live: in peace, prosperity and security. Let's get to work!

## Closing Remarks

by Dr. Halil Yurdakul Yiğitgüden  
Co-ordinator of OSCE Economic and Environmental Activities

Dear Ambassadors,  
Dear Participants,  
Ladies and Gentlemen,

In concluding the First Preparatory Meeting of the 24<sup>th</sup> OSCE Economic and Environmental Forum on “Strengthening stability and security through co-operation on good governance”, please allow me to express my gratitude for all the outstanding presentations, the vivid examples, the constructive discussions, and all the ideas put forward over the last two days. This meeting once again showed the virtue of the OSCE as a unique platform to bring very different stakeholders together and connecting them in an active dialogue.

The theme of this year’s Forum proves to meet the joint interest of all 57 participating States of the Organization, by connecting foreign and security communities with the business community and international and non-governmental actors in our joint endeavor for sustainable development. This first meeting focused in particular on environmental good governance and its importance for sustainable development, a healthy investment climate and stability and peace.

Let me come back to the very beginning of our event and the thought-provoking keynote speech of Prof. Klaus Töpfer. He took us on a journey through the sometimes difficult relationship of economy and environment, starting in 1972. The perceived contradictions between both were overcome with the concept of sustainable development, which balances economic, environmental and social concerns and interests. I would like to recall two main messages that I consider particularly relevant for us:

First, Prof. Töpfer urged that we must find new and better ways to counter the externalization of costs that stem from the exploitation of natural resources, within societies but also among world regions. Shifting the burden of resource exploitation on others has always been a source of tensions and conflict, and we should aim to prevent this.

Second, he concluded that sustainable development is the new name for peace – a statement that fully reflects the OSCE approach as laid down in the Maastricht Strategy Document.

In this respect, he saw the OSCE and its participating States in a strong and responsible position to signal that the recently adopted Sustainable Development Goals are reflected in real action.

Similar thoughts were raised by Mr. Wendenburg in his keynote statement, who pointed in particular to the risks of climate change and the crucial role of resource efficiency for a sustainable economy.

Let me now briefly summarize some insights from the individual sessions.

In the **first session**, we discussed the linkages between good environmental governance, economic development and competitiveness, and security. Speakers stressed that good environmental governance generates a more secure environment for all and contributes to a sustainable investment climate and competitiveness. It was also pointed out that achieving good environmental governance, investment and competitiveness requires stable regulatory framework, appropriate institutional architecture, new economic instruments, public-private partnerships and reinforced co-ordination and co-operation among the countries - an area where

the OSCE could make a significant contribution. Another issue addressed was the involvement of the wide range of stakeholders, including civil society and businesses. Civil Society Organizations are important stakeholders that can promote local ownership of the transition process towards well-governed, sustainable and inclusive economies.

The **second session** focused on environmental legislation and its impact on business and investment. Good governance, the rule of law and multilateral approaches are important elements in the context of enabling a favourable investment climate and business environment. The presentations showed that environmental protection does not necessarily mean a threat to economic growth, but is indeed a business opportunity. We heard that there is a need to extend international environmental co-operation, including business activities in the area of addressing waste-related challenges and exchange of best practices in using green technologies.

In the **third session**, we heard various examples how transparency, access to information, and stakeholder participation can be successfully enhanced. The presentations showed that involving the public in environmental decision-making is a win-win situation for both the public as well as the decision-makers: on the one hand, democracy is ensured and citizens are empowered. On the other hand, the participation of the public in the political decision-making increases ownership and eases implementation. However, there is a need to promote and explain the benefit of participation also to the citizens and plan the overall participation process carefully. We also heard a practical example of the work of the Aarhus Centres in bringing different stakeholders together for the promotion of green economy which could be replicated. Among the suggestions to the OSCE were to contribute to key pan-European processes and to the implementation of existing international legislation.

This morning, we started with **session four** on good environmental governance in the raw materials sector. The speakers presented several good practices on sound, transparent and environmentally friendly management of mineral resources, which showed how it can contribute to prevent tensions and ensure benefit for the whole society. It became also clear that stakeholder awareness, participation and partnership are crucial for ensuring good environmental governance in the raw materials sector. Speakers proposed that the OSCE could help to expand national best practices on mining issues to regional approaches, based on international standards. Based on its current work, the OSCE could also enhance its activities on community awareness and participation.

**Session five** focused on resource efficiency and green technologies as instruments for sustainable development. The presentations showed that they not only contribute to sustainable development but also bring significant benefits for business and society; they can be considered a win-win approach. Resource efficiency is not only an environmental goal, but rather a process that decreases economic costs and risks for companies and thus makes them more competitive. The speakers also pointed out that green technologies, innovations and resource efficiency are crucial for addressing climate change challenges and implementing the commitments under the Paris Agreement.

Finally, our **last session** was devoted to sound waste management frameworks in the context of good environmental governance. It reminded us that hazardous waste and chemicals have

serious safety and security implications for the OSCE participating States at local, national and transboundary levels.

Environmentally sound management of waste and hazardous chemicals has multiple benefits of for government, business, civil society and communities. We heard several good examples in this session. The OSCE has accumulated experience in supporting its participating States in this field, particularly through the ENVSEC Initiative. Such activities have the potential for expansion and replication.

Ladies and Gentlemen,

This brief overview included just the main suggestions and recommendations from the experts and the participants about the possible areas where the OSCE could provide its support and where it could increase its engagement in good environmental governance. It is our responsibility to closely consider all recommendations raised during the last two days and integrate them in the further discussions throughout the Forum process.

Moreover, my Office, with the support of the participating States and the field operations, will build upon these suggestions to continue to promote environmental good governance through concrete project activities. We will in particular increase our efforts to strengthen the connections of Aarhus Centres with the private sector and their involvement in green economy, as was suggested by several speakers.

At the political level, as laid down in several Ministerial Council decisions, we will continue our efforts to promote dialogue and co-operation both among the participating States, as well as among non-governmental organizations, civil society, and the private sector on issues related to environmental good governance and its impacts on stability and security. The discussions at this first preparatory meeting in itself have been a step forward in contributing to the implementation of the Sustainable Development Goals by the OSCE States.

Thanks to the *rapporteurs*, a Consolidated Summary including the main key suggestions and recommendations made by participants during the deliberations will be compiled by my Office and made available to all of you within the next weeks.

Before passing the floor to Ms. Weil for the Chairmanship's concluding remarks and outlook to the second preparatory meeting, I would like to thank the German Chairmanship, the Moderators, Speakers and Rapporteurs, the interpreters, the conference service staff, as well as the colleagues from my Office for their joint contribution to the success of this event.

I also want to thank all of you, dear participants, for your active contribution, and to wish you a safe trip back home.

## *Closing Remarks*

**by Ms. Christine Weil**  
**Deputy Head of Mission, Permanent Mission of Germany to the OSCE**

Dr Yigitgüden,  
Excellencies,  
Ladies and gentlemen,

Let me start by thanking all those who have contributed to the success of the First Preparatory Meeting. I would especially like to thank the Co-ordinator for OSCE Economic and Environmental Activities, Dr Yigitgüden, and his able staff for convening and organizing the meeting.

Ladies and gentlemen,

During the past two days, we have seen and heard a broad range of informative presentations on different ways to strengthen good environmental governance. We have discussed highly relevant issues such as resource efficiency, environmental legislation, transparency and stakeholder participation, sustainability, and sound waste management. Through the in-depth discussions in all six thematic sessions, we have gained valuable insights into different aspects of good governance that are of common interest to all participating States. The last two days we have also highlighted the essential role that the OSCE plays as a platform for dialogue and exchange of best practices in this field.

But please allow me to now look ahead and give you an outline of the next steps. As you know, the decision of the Permanent Council from July 23<sup>rd</sup> 2015 mandates us to address three issues within this year's Economic and Environmental Forum. The first one – “Good environmental governance to enable sustainable development” – is the topic which we have discussed over the last two days.

The next important event within the Forum cycle is the Second Preparatory Meeting which will take place on 19 and 20 May in Berlin. During this meeting, we want to focus on the other two subtopics, namely

- “Good governance as a basis for business interaction and good investment climate as well as for the fight against corruption, money-laundering and the financing of terrorism” and
- “Good migration governance to support stable economic development in countries of origin, transit and destination”.

The Second Preparatory Meeting in Berlin will be held back-to-back with a Chairmanship Conference on Economic Connectivity in the OSCE area. This business conference which will take place on 18 and 19 May will gather business leaders and high-level representatives from all participating States for a meaningful dialogue on framework conditions for business interaction in the OSCE area. The conference will be opened by the Chairperson-in Office, Federal Minister for Foreign Affairs Frank-Walter Steinmeier, and has already attracted the interest of several CEOs of large companies active throughout the OSCE area.



The German Chairmanship is convinced that connectivity-related topics are highly relevant for all participating States. We want to talk about cross-cutting issues such as infrastructure, logistics, customs and border administration, and trade facilitation – issues that are of common interest and important drivers for deepening economic cooperation across borders. The Maastricht Strategy – our basic document for the Second Dimension – gives us a clear mandate for intensifying economic cooperation and developing a business-friendly environment. We want to build on these commitments and promote greater economic interaction, thus contributing to renewing dialogue and rebuilding trust.

The two events are intended to overlap, in order to allow participants of the Second Preparatory Meeting also to attend the main parts of the Business Conference. Reciprocally, we also want to involve the business representatives who participate in the Chairmanship Conference in our forum meetings. We think that this innovative approach can provide added value both for the Economic and Environmental Dimension of the OSCE and for the business sector. We are therefore counting on your support and look forward to high-level participation both from your capitals and from the Permanent Missions in Vienna. We do not intend to hold a Permanent Council in the week starting 16 May, so we hope that all OSCE Ambassadors will take this opportunity to come to Berlin and participate in both events.

Ladies and gentlemen,

The last two days have been an excellent starting point for pursuing our intention to strengthen and revitalize the Economic and Environmental Dimension of the OSCE. I would like to thank all delegations for their active involvement. The German Chairmanship is looking forward to working with you on the events to come and is counting on your continued support.

Thank you for your attention.