

Bullet points for Marin Mrčela, GRECO President, for the 2nd Preparatory Meeting of the 8th OSCE Economic and Environmental Forum, 15 June 2020

Session I: “Advancing stability through innovative anti-corruption policies that improve business and investment climate, good governance, promotion of economic participation and transparency”

Selected Topics:

- *Establishment and sharing of best practices for legal and policy structures to promote good governance and combat corruption;*
- *Importance of anti-corruption action plans, legal accountability and compliance programmes for advancing economic development and enhancing the investment climate;*
- *New technologies and innovative solutions as means to preventing corruption, improving the business climate and promoting stability;*
- *Benefits of digitalization for public procurement and contracting processes for both the public and private sector;*
- *Effective policies on promoting economic participation in the digital era.*

- Ambassadors, Fellow Speakers, Ladies and Gentlemen,
- I would like to thank the Albanian chairmanship of the OSCE for the invitation to speak here today. I am glad to see so many of you here virtually for this session on advancing stability through good governance.
- Good governance and anti-corruption go hand in hand. By improving governance – and with that I mean all aspects of how a country is governed, its economic policies, regulatory framework and adherence to the rule of law – opportunities for corruption are being reduced and opportunities for economic development are enhanced.
- I am often asked what should be done to counter corruption: What innovative solutions I, as the President of GRECO, can offer. My first message to you is that you cannot fight corruption by only fighting corruption. Anti-corruption efforts require fundamental and systemic governance reforms. Stand-alone

initiatives to fight corruption have little chance of success if not embedded in a larger reform. We have seen many of these over the years: new anti-corruption laws, anti-corruption commissions, anti-corruption campaigns and so forth. Often such initiatives are undertaken to show that “something is being done”, to tick a box, to offer a “quick fix”. They however do not address the need for more systemic reforms.

- To give an example from my own experience: GRECO has received strong criticism by some of its members regarding its approach to the prevention of corruption in respect of judges in its Fourth Evaluation Round. I was told repeatedly that with its recommendations GRECO should stick to conflicts of interest, codes of conduct, asset declarations, training on integrity and so forth. However, if we make such recommendations without linking this to the larger issue of judicial independence, we close our eyes for the many other ways undue influence can be exerted over judges. This is why I say that the fight against corruption cannot be seen separately from other reforms.
- On a side note, I must admit, the judiciary is not the easiest sector to reform. Stakes are high, especially when ruling powers jealously guard their political control over key appointments in the judiciary. In some cases, justice reforms may in the short term even lead to increased polarisation and political instability. This in turn has negative effects for the business and investment climate and can even offset the benefits of reduced corruption. In the long term, however, the establishment of a well-functioning, independent and efficient justice system — where decisions are taken within a reasonable time, are independent, impartial, predictable and effectively enforced — is key for economic development. It improves the business climate, fosters innovation, attracts foreign investment, secures tax revenues and supports economic growth. And I am not just saying that because I am a judge... ☺
- The second point I would like to make is that fighting corruption does not necessarily require innovative solutions. An effective fight against corruption

starts and stops with political will. There is nothing innovative about that. We can have many politicians giving us lofty promises about addressing corruption, but when the critical time comes for action we also see that short term political gains and benefits defeat the long-term ambitions of the population. GRECO's recommendations are a case in point: they provide a solid road map for the prevention of and fight against corruption. Last week I presented GRECO's General Activity Report for 2019. It is a comprehensive fact-based report on the situation of corruption in Europe and the US. You can find it on GRECO's website. As this report shows, compliance needs to be improved. So, when I am asked what should be done to counter corruption, my reply is quite simple: implement fully all GRECO recommendations. We have countries that do that 100%, such as Finland or Norway. And the reason why they do so is because they have the necessary political will. The results are there.

- But what to do when there is no real political will? What to do when reforms face drawn-out resistance from powerful groups? Reform efforts have the most success if they are home-grown, but incentives for such reforms can clearly come from the outside. I am therefore glad to see that international financial institutions recognise that respect for the rule of law, including anti-corruption standards, is key for sound budget management and economic growth. Against this background, I welcome that GRECO's reports are now being used in certain countries as a basis for funding conditionalities by, for instance, the IMF or the EU.
- Coming back to innovative solutions, and this is my third point and final point: if there is a political will and anti-corruption measures are being properly embedded, new technologies can offer hugely important tools in sustaining the anti-corruption drive in different sectors over time. Of course, I am not blind to the vulnerabilities of digitalisation, the risks of "tech-corruption" or the potential for hacking and manipulation of digital data at a large scale. That being said, GRECO member states offer a large variety of good practices in this respect, such as the digital public services *** (*such as the land registry, court*

processes, taxation or health records) *** pioneered by Estonia as part of a large-scale public sector reform, or the (pre-)blockchain technology for land registries in Georgia. The Network of Corruption Prevention Authorities, the so-called Šibenik Network, under the leadership of France and Italy, is currently working on this topic. I look forward to the outcome of their work - we'll continue to accompany and support this.

- Finally, if you allow me, I would like to say a few quick words about the reason why we are having this meeting on-line: the current health crisis. You may know that GRECO recently issued Guidance on managing corruption risks in the context of Covid-19. The Guidance provides a clear indication of where these risk points are and what to do about them. With this Guidance, it is our intention to raise the flag that this tragic situation for all countries has an additional dark side which may last well after the pandemic has been defeated. This dark side is the risk of corruption infiltrating at various points, as millions of Euros or dollars are poured into the economy of our countries and fast action is required to address the crisis.
- Early signs suggest that we were not mistaken in raising the flag. As I look around Europe and beyond, I see procurement procedures with little to no guarantees, transparency portals shut down, millions of Euros worth of contracts awarded through direct payments, rules about conflicts of interest ignored, lobbying regulations put aside.
- Acting fast is needed but doing so lawfully is at least as necessary. The key words are transparency, oversight and accountability. This applies not only to GRECO's member States, but to all OSCE countries as well. I encourage you to read this guidance and share it widely. This crisis requires us all to be vigilant.
- Thank you for your attention. I am available to answers questions.