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Economic and Environmental Security Should Remain Key Components of the OSCE's Core Mandate¹

“Unless we tackle global poverty, long-term security will remain elusive. A strategy for development is by far the best form of conflict prevention.”²

The most important worry a farmer in Central Asia is likely to have is how to feed his family, closely followed by how to obtain clean drinking water. These are two of the most basic human needs, both of which – among many others – are addressed by the economic and environmental activities of the Organization for Security and Co-operation in Europe, also known by its acronym OSCE. In Central Asia, as in many other countries of the post-Soviet area, the Organization has field operations in every state, allowing it to play an important role on the ground, close to both the population and national governments. Although the Organization is mostly active in the post-Soviet space, its 56 participating States include all countries in Europe and the former Soviet Union, as well as the United States and Canada, making the OSCE the world's largest regional security organization. In 2005, the Organization celebrated the 30th anniversary of the creation of its predecessor, the Conference on Security and Co-operation in Europe, or CSCE, at the signing of the Helsinki Final Act in 1975,³ one of the most important security documents in Europe's post-War history.

Although the Organization contributed crucially to the end of the Cold War and the break-up of the communist system, it has seen rising criticism in recent years, including voices⁴ questioning its right to exist alongside such heavyweights as the European Union, NATO and the Council of Europe. The debate over the OSCE's future led to the creation, under the Slovenian OSCE Chairmanship in 2005, of a so-called Panel of Eminent Persons, composed of

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2 *Speech by Federal President Horst Köhler on the occasion of the 41st Munich Conference on Security Policy “Economic Development and Security”*, Munich, 11 February 2005, available online at: <http://www.bundespraesident.de/en/Speeches-,11165.622319/Speech-by-Federal-President-Ho.htm>

3 Final Act of the Conference on Security and Co-operation in Europe, Helsinki, 1 August 1975, in: Arie Bloed (ed.), *The Conference on Security and Co-operation in Europe. Analysis and Basic Documents, 1972-1993*, Dordrecht 1993, pp. 141-217, available online at: http://www.osce.org/documents/mcs/1975/08/4044_en.pdf.

4 Cf. A bowl of thin alphabet soup, in: *The Economist*, 7 August 2008.

senior statesmen and intellectuals from six OSCE participating States.⁵ The Panel submitted a report entitled “Common Purpose – Towards a More Effective OSCE”⁶ to the Organization’s Permanent Council in September 2005, outlining their recommendations for reform. In its second chapter, the report looks at the OSCE’s three dimensions, i.e. the politico-military dimension, the economic and environmental dimension and the human dimension. This breakdown of the OSCE’s activities goes back to the Helsinki Final Act, which referred to three “baskets” of security, the second of which was then named “Co-operation in the Field of Economics, of Science and Technology and of the Environment”.

The OSCE’s Second Dimension

The OSCE’s second basket, currently referred to as the economic and environmental dimension, was then – as now – the least known of the OSCE’s three areas of activity. From 1992 to 1997, it existed only in the form of the Annual Economic Forum, which resulted from the transformation of the former Senior Council and aimed at regularly reviewing the economic and environmental commitments of OSCE participating States. It was established by the 1990 Bonn Document following a meeting on economic co-operation in the then German capital.⁷ In 1997, the position of Co-ordinator of Economic and Environmental Activities was created within the OSCE Secretariat in Vienna.⁸ Since then, the activities of the second dimension have not stopped expanding, underscoring the growing relevance of economic and environmental issues to the Organization’s 56 participating States, but especially to those states situated “East of Vienna”, where the majority of activities are implemented.

The course the Organization takes is set by the OSCE foreign ministers at their annual Ministerial Council Meeting. The meeting in Maastricht in December 2003 stands out in particular, due to the adoption of the “Strategy

5 Wilhelm Höyneck of Germany, Kuanysh Sultanov of Kazakhstan, Miomir Žužul of Croatia, Nikolay Afanasievsky/Vladimir Shustov of Russia, Knut Vollebæk of Norway, Hans van den Broek from the Netherlands and Richard Williamson from the US.

6 Common Purpose – Towards a More Effective OSCE. Final Report and Recommendations of the Panel of Eminent Persons On Strengthening the OSCE, 27 June 2005, reprinted in: Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (ed.), *OSCE Yearbook 2005*, Baden-Baden 2006, pp. 359-379.

7 Cf. Document of the Bonn Conference on Economic Co-operation in Europe Convened in Accordance with the Relevant Provisions of the Concluding Document of the Vienna Meeting of the Conference on Security and Co-operation in Europe, in: Bloed (ed.), cited above (Note 3), pp. 426-438, available online at: http://www.osce.org/documents/eea/1990/04/13751_en.pdf.

8 The mandate of the Co-ordinator of OSCE Economic and Environmental Activities can be found at: <http://www.osce.org/eea/13050.html>.

Document for the Economic and Environmental Dimension”.⁹ The Strategy Document and the growing number of second-dimension activities underline the extent to which economic processes and environmental concerns lie at the heart of security and co-operation in South-eastern and Eastern Europe, the Southern Caucasus and Central Asia, i.e. the areas in which the OSCE is active with 18 field operations.¹⁰ At the same time, the nature of economic and environmental threats has undergone important changes in recent years, a fact that was outlined in the “OSCE Strategy to Address Threats to Security and Stability in the Twenty-First Century”,¹¹ also adopted in Maastricht in 2003.

Addressing Economic Development and Environmental Security

Economic processes are at the heart of creating democratic, prosperous nations, as underlined by the success of the European Economic Community – now the European Union – since its foundation in 1957. Yet given the high levels of corruption¹² and weak institutions in many of the transition countries resulting from the collapse of the Warsaw Pact and the Soviet Union, a lot remains to be done to create market-oriented, prosperous states. At the same time, without a stable economy, the interest of states in democratic processes often remains low,¹³ which, in combination with frozen conflicts, ethnic tension or organized crime, leads to considerable security risks.

These economic security risks, as well as environmental threats such as pollution, radioactive contamination and deforestation, are addressed by the activities of the OSCE’s second dimension. The key fields of activity are in the areas of good governance, environmental security, migration management and economic development.¹⁴

While the approach to activities was somewhat haphazard in earlier years, project development has taken on an increasingly programmatic char-

9 OSCE Strategy Document for the Economic and Environmental Dimension, in: Organization for Security and Co-operation in Europe, *Eleventh Meeting of the Ministerial Council*, 1 and 2 December 2003, Maastricht 2003, MC.DOC/1/03, 2 December 2003, pp. 13-25, available online at: http://www.osce.org/documents/sg/2004/01/1865_en.pdf.

10 The OSCE has field operations in Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Georgia, Kazakhstan, Kosovo, Kyrgyzstan, Moldova, Montenegro, Serbia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

11 OSCE Strategy to Address Threats to Security and Stability in the Twenty-First Century, in: *Eleventh Meeting of the Ministerial Council*, cited above (Note 9), pp. 1-10, available online at: http://www.osce.org/documents/mcs/2003/12/17499_en.pdf.

12 Cf. Transparency International’s corruption perceptions index 2008, at: <http://www.transparency.org>.

13 Cf. Douglass C. North/John Joseph Wallis/Barry R. Weingast, *A Conceptual Framework for Interpreting Recorded Human History*, NBER Working Paper No. 12795, December 2006: “Sustaining competitive democracy is possible only in the presence of economic competition”.

14 An overview of OSCE activities in the second dimension is available at the website of the Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) at: <http://www.osce.org/eea>.

acter. Although long-term thinking is not directly encouraged by the Organization's annual budgeting and the limited availability of extra-budgetary resources from only a few of the OSCE's participating States and partner organizations, the Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) has succeeded in creating a multi-annual initiative: the Environment and Security Initiative (ENVSEC).¹⁵ It is aimed at addressing environmental risks to security in OSCE participating States and is implemented in close co-operation with partner organizations such as the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Economic Commission for Europe (UNECE) and NATO.

Other activities that have become increasingly programmatic are the OCEEA's activities aimed at promoting good governance, i.e. its activities related to the fight against corruption, money laundering, the financing of terrorism and organized crime. Good governance is vital for building modern economies and states based on the rule of law. Numerous activities have been carried out to implement the UN Convention against Corruption and to strengthen the legislative and institutional framework on combating money laundering and terrorist financing.¹⁶ The OCEEA has also been closely involved in promoting migration management¹⁷ since the topic was first raised by the Slovene OSCE Chairmanship in 2005, and implemented a three-year anti-trafficking programme from 2003 to 2006.¹⁸

While the OCEEA plays an important part in developing new project initiatives, the actual activities are mostly implemented by OSCE field operations, often involving partner organizations such as other international organizations or NGOs. Due to the OSCE's small size (a total of around 3,500 staff in institutions and field operations) and its limited means (a total annual budget of 164 million euros¹⁹), the projects implemented by the Organization are relatively modest, rarely exceeding 100,000 euros. This does not mean, however, that the OSCE's contribution is negligible. On the contrary, the OSCE plays an important role as a catalyst for action, drawing the attention of other, financially more powerful institutions (e.g. the World Bank) to the needs of countries in transition.

15 The website of Environment and Security Initiative can be found here: <http://www.envsec.org>.

16 For details, see: <http://www.osce.org/eea/13474.html>.

17 For details, see: <http://www.osce.org/eea/29017.html>.

18 For details, see: <http://www.osce.org/eea/13252.html>.

19 Cf. Organization for Security and Co-operation in Europe, Permanent Council, *Decision No. 839, Approval of the 2008 Unified Budget*, PC.DEC/839, 7 March 2008, at: http://www.osce.org/documents/pc/2008/03/30239_en.pdf.

The OSCE's Added Value on Economic and Environmental Security

A question often asked about the OSCE is what added value it brings from its involvement in economic and environmental activities, especially when compared to other international organizations and NGOs active in similar areas. The answer lies in the Organization's political clout, as the OSCE is an inter-governmental organization with "direct lines of communication" to the administrations of its 56 participating States, above all via their various foreign ministries, but also through other key ministries and structures, including the often very powerful presidential administrations. The Organization also benefits from strong field presences, especially in the South Caucasus and Central Asia, where it is one of the most important international players on the ground. Moreover, the OSCE closely co-operates with other international organizations and NGOs and co-ordinates its activities with them on the ground. Particularly important partnerships exist with the various UN agencies, such as the UNDP, the UNEP, the UNECE and the United Nations Office on Drugs and Crime (UNODC), as well as non-UN agencies including the Organization for Economic Co-operation and Development (OECD), the World Bank and the Council of Europe. In order to ensure that these activities achieve their objectives, the OSCE often assumes the crucial role of co-ordinator and driving political force. The value of this is widely appreciated by both the Organization's partners and national governments.

But the OSCE can do more. One area in which its second dimension could make a genuine difference are the regions affected by the so-called "frozen" conflicts, i.e. in Nagorno-Karabakh (between Armenia and Azerbaijan) and Moldova (Transnistria), as well as the two disputed Georgian territories of Abkhazia and South Ossetia. Although the geopolitics of these conflicts are highly intractable (as recent events have shown) and negotiations have been going on for over a decade in most cases, joint work on economic or environmental issues has often proven possible within the framework of small, modest projects. These can build confidence at the technical level by dealing with largely non-political issues such as pollution or forest fires. Highlights include an OSCE assessment mission to Nagorno-Karabakh in 2006 that assessed the damage caused by wildfires in the territory,²⁰ and an environmental assessment mission to South Ossetia in October 2008.²¹

20 Cf. Office of the Co-ordinator of OSCE Economic and Environmental Activities, *Activity report of the Office of the Co-ordinator of OSCE Economic and Environmental Activities, June 2006-May 2007*, available online at: <http://www.osce.org/item/25011.html>.

21 Cf. Secretariat – Office of the Co-ordinator of OSCE Economic and Environmental Activities, press release, *Joint OSCE-UNEP assessment report on environmental impact of recent conflict in Georgia released*, at: http://www.osce.org/eea/item_1_34596.html.

The Heart of the Matter – More Project Funding Required

To allow the OSCE to draw on this competitive advantage and to play a stronger role in addressing economic and environmental threats, an increase in the financial means put at its disposal would be required. As of 2008, a mere 1.1 per cent of the OSCE's core budget is spent on the Office of the Coordinator (mostly on operational costs such as salaries), while an additional three per cent of the annual budget is spent on economic and environmental activities in OSCE field operations.²² The majority of the activities in the second dimension are funded by extra-budgetary contributions from participating States, partner institutions or the private sector. Yet despite growing requests for action and increasing financial needs, the volume of extra-budgetary contributions received by the OCEEA has fallen over the last few years, mainly due to a drastic reduction in financial support from the United States, which used to be one of the biggest contributors to activities in the economic and environmental dimension. Support from EU member states has traditionally been modest, while the European Commission has provided virtually no funding for the OSCE's second dimension. This will have to change if the OSCE is to maintain its role as an important player in the area of conflict prevention and post-conflict rehabilitation, particularly in the South Caucasus and Central Asia. Both the Commission and EU member states should therefore reconsider their lack of enthusiasm for activities implemented in the second dimension, as should states that have recently grown better off and have not contributed to activities in the past, such as Russia and Kazakhstan.

Given the modest size of most projects implemented in the second dimension (the average project costs ca. 60,000 euros), the additional cost would be relatively moderate (around one million euros annually). The European Commission, in particular, is called upon to reconsider its refusal to directly support the OSCE's economic and environmental activities, given the financial means at its disposal and the synergy effects this could produce, as many of the OSCE's activities are complementary to the EU's technical assistance programmes, especially in Central Asia. The OSCE should also reach out more actively to the private sector. Over the past few years, a small number of projects have already been supported by the private sector, although much more could be done in the future. The most important thing in this context would be for the OSCE to convincingly prove the added value of such partnerships to the private sector.

Yet there are also other potential sources of support. It is often difficult for the OSCE to develop the expertise needed to treat new areas of activity with the necessary professionalism in a short period of time, especially due to the changing priorities of each annual OSCE Chairmanship, especially

22 Cf. *Approval of the 2008 Unified Budget*, cited above (Note 19).

against a background of regular budget cuts. This is why the dimension is increasingly drawing on the experience of outside experts and short term consultants. Yet this requires financial means which are not always readily available. Potential solutions include the creation of rotating expert positions within the OCEEA or field operations, or the setting up of informal teams of expert advisers on selected topics. In order to remunerate the required experts, the Director of the Office of the OSCE High Commissioner on National Minorities, Ambassador John de Fonblanque, suggested in 2005 that funds could be freed by scaling down the annual Economic and Environmental Forum.²³ This is an option worth considering. The Forum process could also be put to better use by focusing more closely on some of the second dimension's core activities instead of broaching a new theme every year. OSCE participating States also possess a broad pool of expertise on which the Organization could draw – e.g. at ministries and in academia – and which could be put at the disposal of the Office on a temporary basis, for instance by means of short term secondments.

Looking Beyond Dimensions

Although this article is focusing on the OSCE's economic and environmental dimension, the growth of cross-dimensional and multi-disciplinary activities over the last few years would suggest that it is time to abandon the traditional compartmentalization of OSCE activities. One activity that no longer falls clearly into one dimension or another is the OSCE's involvement in combating organized crime, which brings together the OCEEA, the Strategic Police Matters Unit (SPMU) and the Office for Democratic Institution and Human Rights (ODIHR) within the framework of its rule-of-law initiative. The same goes for activities aimed at combating trafficking in human beings or the disposal of highly toxic rocket-fuel ("*mélange*"), which bring together OSCE units and departments from different "dimensions" of security.

As threats to security and their solution do not always fall easily into pre-established categories, the OSCE should start looking beyond dimensions in addressing these issues. Better co-ordination among the different OSCE units, along with better inter-agency co-operation in participating States would no doubt yield even better results in combating crime.

Long-Term Sustainability

The main concern about the OSCE's economic and environmental activities, apart from their impact and effectiveness, should remain their sustainability.

23 Cf. John de Fonblanque, Strengthening the economic and environmental dimension of the OSCE, in: *Helsinki Monitor* 3/2005, pp. 180-183, here: p. 182.

It is crucial that initiatives that have been launched by the OSCE are continued and extended by the interested parties, be they governments, NGOs or the private sector. In this context, OSCE missions assume a highly important role, as they are the main implementers of activities in the field. However, the high rate of staff turnover, due to the OSCE's status as a "non-career organization", does not always contribute to a very consistent approach, making it sometimes difficult to achieve sustainability. Finally, although it has been acknowledged that economic and environmental co-operation play highly important roles in conflict prevention and post-conflict rehabilitation, a number of OSCE missions do not even have a mandate to concern themselves with such matters, among them the OSCE Mission to Moldova and the biggest OSCE field operation of all, the OSCE Mission in Kosovo. Activities in both missions would clearly benefit from an economic and environmental mandate.

Conclusion

Despite the ongoing debate about the OSCE's future, the Organization remains an important player in today's Europe, including in the countries of the former Soviet Union. The need for the OSCE's involvement in the politico-military and human dimensions is beyond doubt, given the growing international threat of terrorism and the numerous frozen conflicts in the region. The same should also apply to its involvement in promoting economic and environmental security, which constitutes a crucial contribution to security and stability in Europe and the entire OSCE area. Besides, the economic and environmental dimension can often act as an important catalyst for other activities in the fields of military security and human rights.

The OSCE, as an organization concerned with both security and co-operation, has an important role to play in the promotion of economic stability and environmental sustainability, especially in Central Asia and the South Caucasus. Its key contribution lies in its role as a raiser of awareness on such important issues as trafficking in human beings, money laundering, corruption and environmental degradation, as well as its involvement in capacity and institution building.

The activities of the economic and environmental dimension, by creating economic opportunities and defusing tensions caused by environmental factors, can lead to a reduction of extremism, which is an important element in the resurgence of terrorism.

For many people in transition countries, economic stability – i.e. their ability to feed their families – is their topmost priority. Environmental issues are just as essential, as clean drinking water is a basic human need, which is not yet guaranteed in all OSCE countries.

The 56 OSCE participating States should therefore seek to expand the Organization's involvement in the economic and environmental sphere. This would require additional means – especially for project activities – which should be provided by EU member states and the European Commission, as well as by some of the richer CIS states such as Russia or Kazakhstan, which will assume the OSCE Chairmanship in 2010. However, calls for a “rebalancing” of the dimensions, which would see a shift of resources from the OSCE's human to the second dimension should be resisted. With relatively modest means, the OSCE's contribution to economic stability and environmental sustainability can be highly effective.