

CORRUPTION & THE EU INSTITUTIONS

HOW THE EU INSTITUTIONS ARE OPERATING WITH REGARDS
TO CORRUPTION

Jasna Šelih, Transparency International EU



OUTLINE

1. Multiple forms of corruption in the EU institutions

- Revolving door phenomenon in the European Commission and European Parliament
- EU Integrity System
- EU financial institutions: ECB & EIB

2. Recommendations

FORMS OF CORRUPTION AT EU LEVEL



EU MONEY & POLITICS

- Lobbying
- Conflicts of interest
- Revolving doors
- Council transparency
- EU economic governance

FINANCIAL FLOWS AND CRIME

- Corporate accountability
- Anti-money laundering
- Open data

EU & ANTI-CORRUPTION

- Sustainable development: SDGs
- Whistleblowing
- Forest governance
- EU spending



Why fight corruption in the EU?

EU CORRUPTION RISKS?



Large volume of legislation...

1071

Legislative acts
passed 2009-2014



There is a lot of money
involved...

420 bn €

Value of contracts
governed by

145 bn €

Annual EU budget



Trust in EU institutions is
low...

76%

of EU citizens think corruption
exists in the institutions (2009)

52%

don't think institutions help in
reducing corruption

1355

Legislative acts
passed 2004-2009



POLITICAL CORRUPTION

PROBLEM:

New forms of corruption emerge:

- revolving door
- conflicts of interest
- undue influence of lobbyists
- unequal access to decision-makers


As shown by our recent report...

ACCESS ALL AREAS

When EU politicians become lobbyists

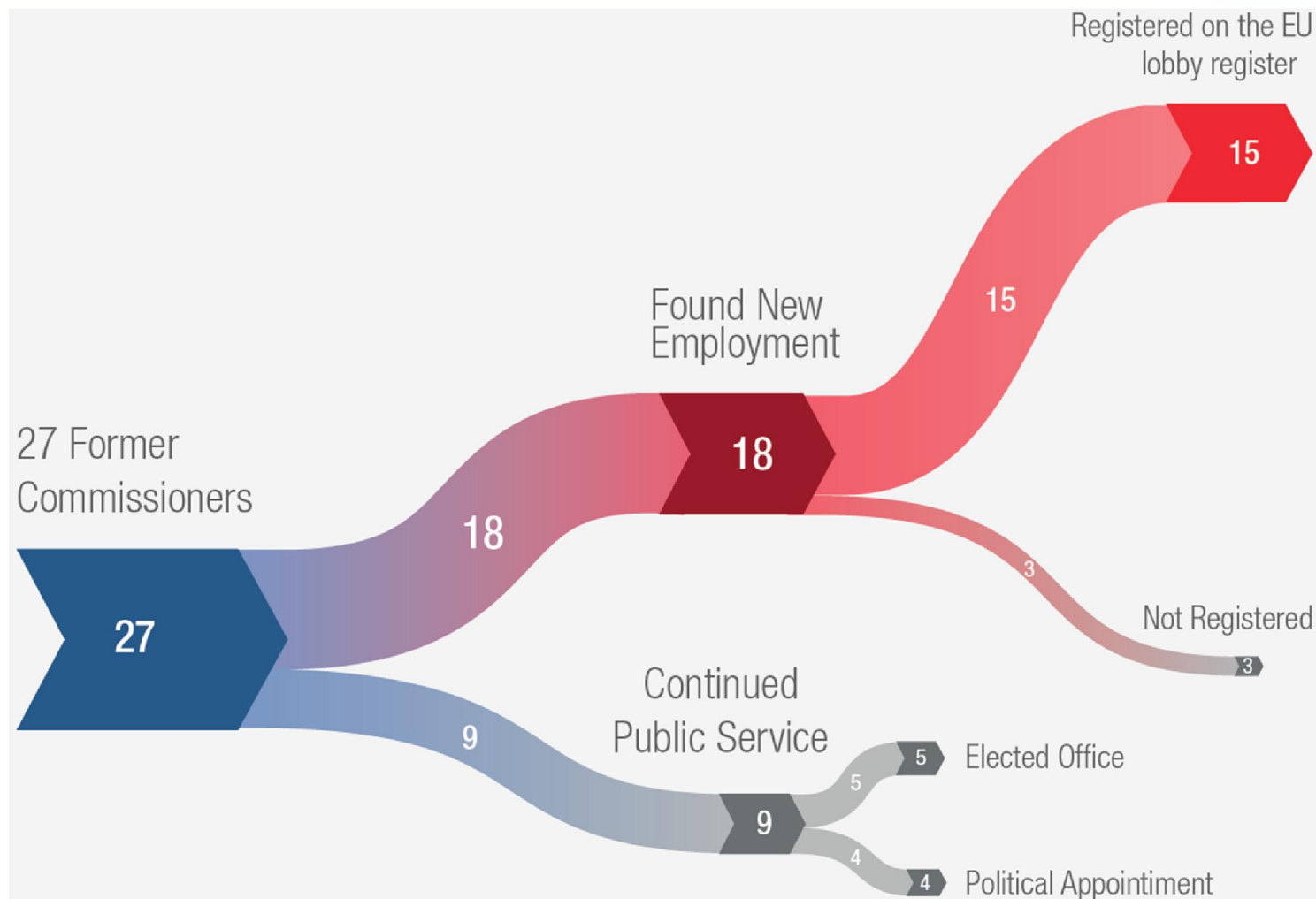


30% of MEPs who have left politics now work for organisations on the EU lobby register. For the European Commission, the share is more than 50%.

A photograph showing a group of people, mostly men in business suits, seated in rows. They are looking towards the left side of the frame, suggesting they are attending a presentation or conference. The lighting is warm and focused on the audience. The background is slightly blurred, emphasizing the people in the foreground.

1/3 of ex-Commissioners now work in the private sector, including for Uber, ArcelorMittal, Goldman Sachs, Volkswagen and Bank of America.

FORMER COMMISSIONERS

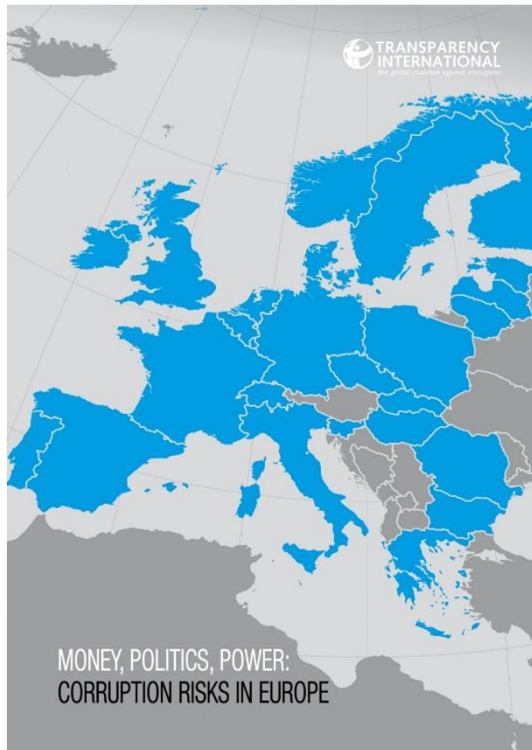




RECOMMENDATIONS

- Extend **cooling off periods** for former Commissioners from 18 months to 5 years: no lobbying during this period
- The Commission should establish **an independent body or a single ethics institution**
- MEPs: no lobbying during the 6-24 months during which they receive allowances
- The EU Transparency Register should indicate which senior officials previously worked for EU institutions

EU NATIONAL INTEGRITY SYSTEMS (ENIS)



Published in 2012: brings together findings of 25 NIS reports conducted at national level. 23 EU MS + NO + CH

Policy recommendations: both for national governments and EU decision-makers

EUROPEAN UNION INTEGRITY STUDY



- **10 EU institutions**
- **4 ‘core’**: European Parliament, European Council, Council of Ministers, European Commission
- **6 ‘control’**: Court of Justice of EU, European Court of Auditors, OLAF, Eurojust, European Ombudsman



POSITIVE FINDINGS: OVERALL SYSTEM

General rules provide **good foundation** to support integrity, transparency and accountability e.g.

- **Financial regulation**
- Internal **financial controls** at all institutions
- General **staff rules**
- Legal right of **public access to documents**
- **Mechanisms for investigating** maladministration, fraud, corruption and mechanisms for judicial oversight and review
- **EU Anti-Corruption Report** in 2014, but scrapped in 2017
- Corruption mentioned in the European Semester (economic policy coordination) process
- EU anti-fraud/anti-corruption **legislation** e.g. anti-money laundering



ROOM FOR IMPROVEMENT

But despite the **good foundation**, the **structure is shakier than expected** due to complex rules, complacency, and lack of follow-up by the institutions, meaning **corruption risks persist at the EU level**

...for example...



TRANSPARENCY IN DECISION-MAKING

- **1,549** trilogue meetings from 2009-2014 but **no public record**
- **Over 30,000** lobbyists in Brussels but **no mandatory rules** on contact or input
- **79%** of documents requested from EP in 2012 were already public: concerns on **quality and usability of information** published by institutions

RECOMMENDATION:

**PROMOTE A POLICY OF
'TRANSPARENCY BY DEFAULT'
IN EU DECISION-MAKING**

- **CREATE A 'LEGISLATIVE FOOTPRINT'**
- **MANDATORY EU LOBBY REGISTER**
- **PUBLISH ALL DOCUMENTS FROM LAW-MAKING PROCESS**

ETHICS AND CONFLICTS OF INTEREST



Poor management of conflicts of interest; complex/inconsistent ethics rules

- Checks on asset declarations largely a **'box-ticking'** exercise
- **Self-regulation** the norm: ethics committees **lack independence and teeth**
- **3 years, 18 months, or...** 'cooling' off periods **vary** by institution

RECOMMENDATION:

***MANAGE EFFECTIVELY
CONFLICTS OF INTEREST OF
SENIOR EU DECISION-
MAKERS***

- OBJECTIVE,
TRANSPARENT
APPOINTMENT
PROCEDURES FOR ALL
KEY POSITIONS.
- BRING CONFLICTS OF
INTEREST POLICIES UP
TO INTERNATIONAL
STANDARDS (E.G. OECD)

WHISTLEBLOWING



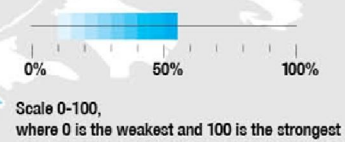
Weak protection for EU whistle-blowers

- **1 out of 10** institutions has internal whistle-blowers procedures despite legal duty on staff to report illegal/unethical activity

RECOMMENDATION:

**PUT IN PLACE EFFECTIVE
INTERNAL WHISTLE-
BLOWING PROCEDURES**

- ALL INSTITUTIONS SHOULD DEVELOP **HARMONISED, INTERNAL WHISTLE-BLOWING PROCEDURES.**

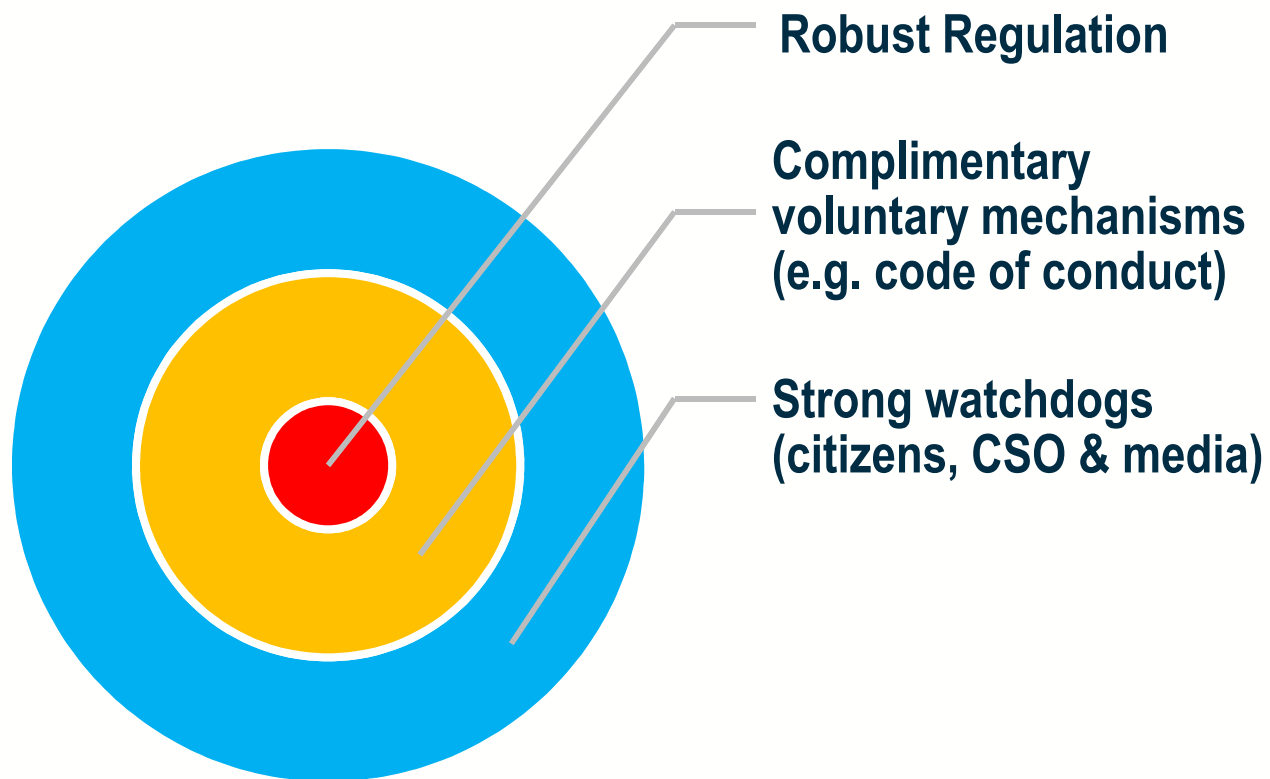


Countries and institutions	Overall score
Slovenia	55%
European Commission	53%
Lithuania	50%
United Kingdom	44%
Austria	40%
Ireland	39%
Latvia	39%
European Parliament	37%
Netherlands	34%
Poland	33%
Czech Republic	29%

Countries and institutions	Overall score
Estonia	29%
France	27%
Slovakia	26%
Bulgaria	25%
Germany	23%
Portugal	23%
Spain	21%
Italy	20%
Council of European Union	19%
Cyprus	14%
Hungary	14%

31%
Regional average

MANAGING RISKS



DECLARATIONS OF FINANCIAL INTERESTS



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Martin SCHULZ

Group of the Progressive Alliance of Socialists and Democrats in the European Parliament

Member

Germany
Sozialdemokratische Partei Deutschlands
Date of birth: 20 December 1955, Hehlraht

Home Parliamentary activities Curriculum vitae Declarations History of parliamentary service

President

- PE European Parliament
- BURO Parliament's Bureau
- BCPR Conference of Presidents

Chair

- DMED Delegation to the Parliamentary Assembly of the Union for the Mediterranean

Member

- CPDE Conference of Delegation Chairs

Erklärung der finanziellen Interessen der Mitglieder

Gemäss Anlage I zur Geschäftsordnung des Europäischen Parlaments betreffend den Verhaltenskodex für die Mitglieder des Europäischen Parlaments im Bereich finanzielle Interessen und Interessenkonflikte. Dem Präsidenten bis zum Ende der ersten Tagung nach der Wahl zum Europäischen Parlament oder innerhalb von 30 Tagen nach dem Antritt eines Mandats im Parlament während der laufenden Wahlperiode und innerhalb einer Frist von 30 Tagen nach Eintreten einer Änderung vorzulegen.

Familienname : Schulz

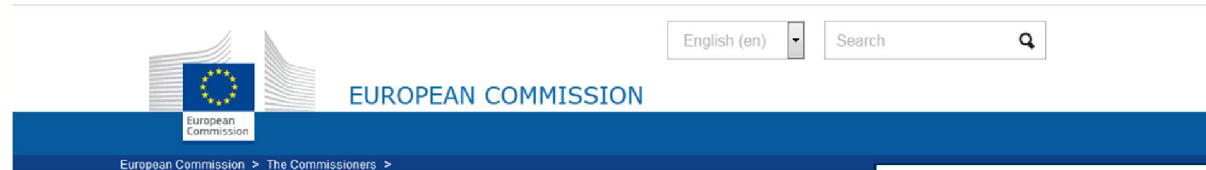
Vorname : Martin

Ich, der/die Unterzeichnete, erkläre hiermit ehrenwörtlich und in voller Kenntnis der Geschäftsordnung, einschließlich des Verhaltenskodex für die Mitglieder, der dieser beigelegt ist, Folgendes:

(A) „Gemäß Artikel 4 Absatz 2 Buchstabe a des Verhaltenskodex erkläre ich meine Berufstätigkeit(en) während des Dreijahreszeitraums vor Antritt meines Mandats im Parlament und meine Mitgliedschaften in Leitungsorganen oder Ausschüssen von Unternehmen, nichtstaatlichen Organisationen, Verbänden oder sonstigen rechtmäßig geschaffenen Einrichtungen während dieses Zeitraums.“

Berufstätigkeit oder Mitgliedschaft ¹	Einkommenskategorien ²			
	1	2	3	4
1. Mitglied des Europäischen Parlaments			X	
2.				
3.				
4.				
5.				

EC TRANSPARENCY INITIATIVE



PRESIDENT (2014-2019)

Jean-Claude Juncker

DEPARTMENTS:
[Secretariat-General](#) | [Legal Service](#) | [Communication](#) | [European Political Strategy Group](#)

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Role

The President is the head of the European Commission. According to the Treaties, he decides on the organisation of the Commission, appoints and dismisses members of the Commission and can make changes at any time. The President also determines the Commission's policy agenda, in the general European interest. The President was elected by the European Parliament on the basis of his [Political Guidelines](#) that were adopted by his contacts with the parliamentary committees and the strategy of the Union presented by the European Council of 27 June 2014.

- [A New Boost for Jobs, Growth and Investment](#)

EUROPEAN COMMISSION

European Commission > The Commissioners > Jean-Claude Juncker >

Meetings of President Jean-Claude Juncker with organisations and self-employed individuals

« 1, 2 »

Date	Location	Entity/ies met	Subject(s)
08/05/2015	Brussels	ENGIE	Meeting with Etienne Davignon on political priorities of this Commission
06/05/2015	Brussels	Bundesverband Deutscher Zeitungsverleger	Speech on free and independent press in Europe
30/04/2015	Brussels	Joachim Bitterlich, Ambassadeur e.r., Professeur (affilié) à l'ESCP Europe Paris	Meeting with Joachim Bitterlich on political priorities and Investment Plan
17/04/2015	Brussels	Deutsche Bank	Meeting with Luc Frieden on Jobs and Growth agenda of the new Commission
24/03/2015	Brussels	Kofi Annan Foundation	Meeting with Kofi Annan
23/03/2015	Brussels	EUROPEAN TRADE UNION CONFEDERATION	Meeting with Bernadette Segol - General Secretary ETUC
20/03/2015	Brussels	Open Society European Policy Institute	Meeting with George Soros
02/03/2015	Berlin	Bundesverband der Deutschen Industrie e.V.	Speaker at BDI (German industry federation) gala dinner
26/02/2015	Brussels	European Publishers Council	Receives CEOs of European Publisher Groups
24/02/2015	Brussels	Jens-Peter Bonde	Meeting with Jens-Peter Bonde

« 1, 2 »

EU INTEGRITY WATCH ONLINE TOOL



COMPANIES BY LOBBY BUDGET

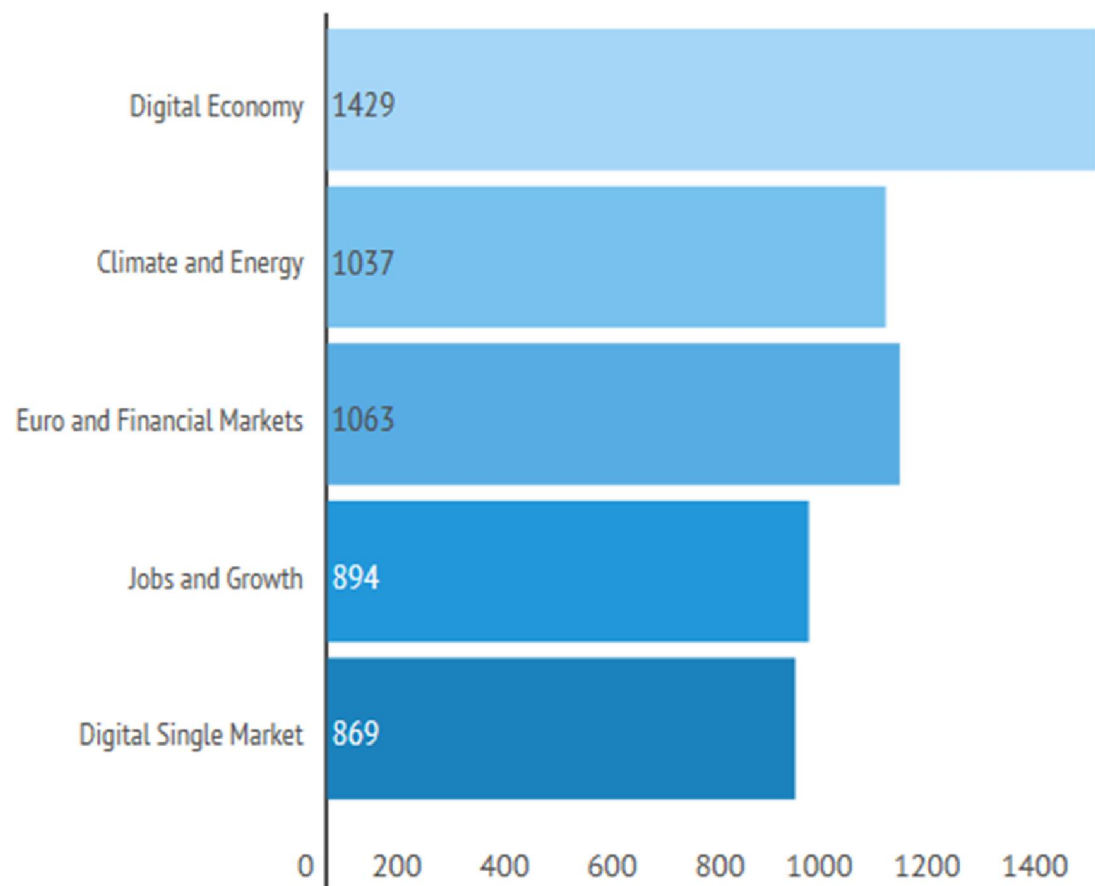


Nr	Name	Meetings	EP badges	Lobbyists	Lobby Expense
1	FERROVIAL AGROMAN S.A. (FERROVIAL)	0	0	31	10,000,000 €
2	General Electric Company (GE)	70	7	9	5,500,000 €
3	Sidenor Investigación y Desarrollo S.A. (Sidenor I+D)	0	0	1	4,750,000 €
4	Shell Companies (Shell)	48	8	11	4,500,000 €
5	ExxonMobil Petroleum & Chemical (EMPC)	18	5	8	4,500,000 €
6	Microsoft Corporation	84	5	9	4,250,000 €
7	Google	152	8	8	4,250,000 €
8	Laboratorios Alpha San Ignacio Pharma S.L (AlphaSIP)	0	0	9	3,500,000 €
9	Deutsche Bank AG (DB)	42	4	7	3,379,000 €
10	BASF SE	18	10	12	3,200,000 €
11	Huawei Technologies (Huawei)	35	1	7	2,800,000 €
12	Siemens AG (SAG)	28	11	12	2,764,773 €
13	BP p.l.c. (BP)	39	4	5	2,750,000 €



COMMISSION HOT SPOTS

TOP 5 COMMISSION PORTFOLIOS BY LOBBY MEETINGS



A photograph of a modern glass-walled building at sunset. The building's interior lights are on, and the glass reflects the warm orange and pink colors of the sky. A large, curved, grey architectural element is in the foreground. The text "INVESTING IN INTEGRITY?" is overlaid in large white letters.

INVESTING IN INTEGRITY?

**TRANSPARENCY & ACCOUNTABILITY
OF THE EUROPEAN INVESTMENT BANK**

EUROPEAN INVESTMENT BANK



- Code of Conduct: guidelines on fraud, conflicts of interest, misconduct & obligation to report
- Transparency & Anti-Fraud Policy

RECOMMENDATIONS:

- → Management Committee should publish their meetings minutes
- → Management Committee and the Board of Directors should disclose financial and interests declarations
- → Companies which fail to comply with these policies should be debarred: this list should be public
- → Loans should be contingent on beneficial ownership transparency and tax transparency



TWO SIDES OF THE SAME COIN?

**INDEPENDENCE AND ACCOUNTABILITY
OF THE EUROPEAN CENTRAL BANK**

EUROPEAN CENTRAL BANK



- The ECB has in recent years made improvements to transparency: it now publishes Governing Council minutes and diaries of Executive Board members.
- **REMAINING PROBLEMS:** Managing conflicts of interest → Governing Council members do not disclose declarations of interests and assets

RECOMMENDATIONS:

- The ECB should automatically publish its decisions and opinions
- It should being more open about the political choices it faces, rather than insisting its decisions are purely technical.
- It should join the Transparency Register for EU lobby organisations
- It should update its whistleblowing policy

THANK YOU FOR YOUR TIME



www.transparency.eu

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