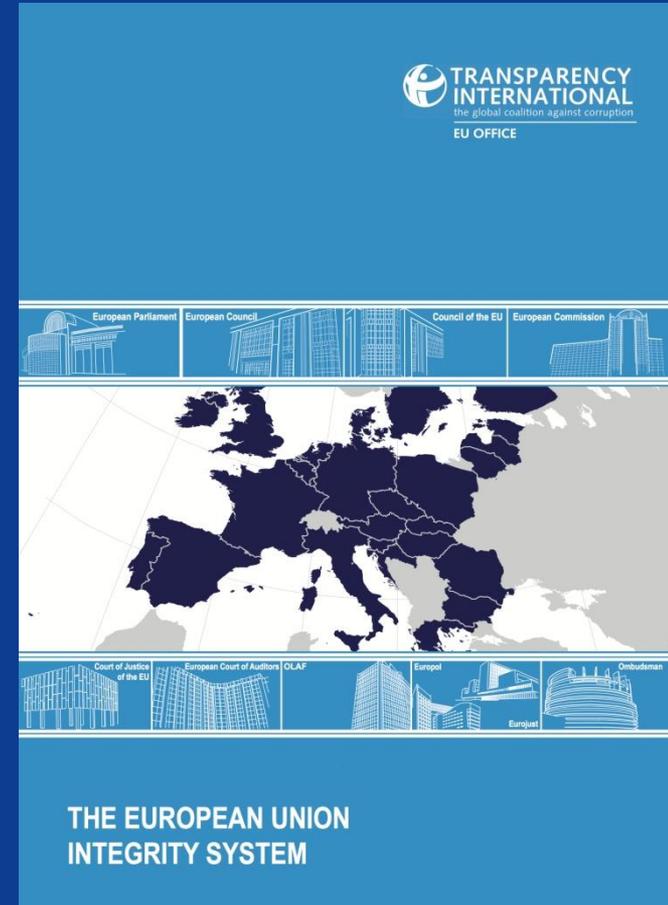


The European Union Integrity System Report

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Why carry out this study?

- **Corruption risks remain a threat to national level in Europe**
 - 2014: EU Anti-Corruption Report identified problems in all MS
 - 2012: TI did studies in 25 European countries

*...missing piece of the puzzle: **EU level**...*

- **Trust in EU institutions is low:** confidence, legitimacy needs to be restored
 - **70%** of EU citizens think corruption exists in the institutions
 - **52%** don't think they help in reducing corruption in Europe

(Source: Eurobarometer)
- **Recent scandals** show vulnerability of EU to corruption
- **Stakes are high:** EU budget of 140bn EUR; large volume of laws passing through Brussels
- The EU Integrity System report is **1st study of its kind at the EU level**

What do these terms mean?

- **Based on ‘National Integrity System’ methodology** developed by TI
 - assesses anti-corruption efforts in gov. sectors at national level
- **Integrity system**
 - ‘Key institutions and actors in EU governance system that have role to play in preventing corruption and promoting integrity’
- **Corruption**
 - ‘The abuse of entrusted power for private gain’
- **Integrity**
 - ‘Behaviours/actions consistent with moral and ethical principles/standards that create a barrier to corruption’

What does the study assess?

- Assessment of **how EU institutions**
 - Deal with **internal corruption risks**
 - **Foster** public sector **integrity**
 - Contribute to the **fight against corruption** in Europe
 - *NOT comparison with national level or other international bodies*
 - *NOT investigation into corruption cases*
- **10 EU institutions, bodies and agencies** (‘institutions’) covered
 - **4 ‘core’**: **European Parliament, European Council, Council of Ministers, European Commission**
 - **6 ‘control’**: **Court of Justice of EU, European Court of Auditors, OLAF, Europol & Eurojust, European Ombudsman**

How was study done?

- **Review of rules and practice** on independence; transparency; accountability; integrity (internal ethics)
- *Also:* resources; role(s) contributing to integrity/anti-corruption in system
- **Desk research** on rules and legal framework (analysis of ‘law’)
 - Inc. requests for access to EU documents
- **Interviews** with figures within EU institutions (analysis of ‘practice’)
- **Research carried out over 9 months** from mid-2013 to early 2014
- **Advisory Group** of experts to guide research, gathering
 - Current/former members of institutions
 - Representatives from civil society, media, academia, private sector

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
 - being used actively, with variation across institutions

Positive findings: overall system

- **Growing sensitivity to ethics issues and anti-corruption**
 - Commission '**ethics correspondents**' in each department
 - **Anti-fraud strategies** at dept level being developed with OLAF
 - **Ethics trainings** for staff e.g. at ECA, COM
 - Ombudsman's '**Public Service Principles**'
 - **Anti-corruption dimension** in European Council roadmaps for justice, freedom and security
 - EU anti-fraud/anti-corruption **legislation** e.g. anti-money laundering
 - **EU Anti-Corruption Report** in 2014



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...

Opaque EU decision-making & lobbying

- **1549** trilogue meetings from 2009-2014 but **no public record**
- **15000** lobbyists in BXL but **no mandatory rules** on contact or input
- **79%** of docs 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**

- Introduce a 'legislative footprint'
- Mandatory EU lobby register
- Publish all documents from law-making process
- Proactively publish documents on decision-making

Poor mgmt of conflicts of interest; complex/inconsistent ethics rules (I)

- Checks on asset declarations largely a '**box-ticking**' exercise
- **Self-regulation** the norm: ethics c'ttees lack independence and teeth
- **3 years, 18 months, or...** 'cooling' off periods vary by institution
- **>1/3** of staff queries to COM HR dept in 2012 on rules on ext. activities
- **Clearing House** meetings between OLAF and COM: no oversight

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)**

Poor mgmt of conflicts of interest; complex/inconsistent ethics rules (II)

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

- Introduce **fully independent ethics bodies** at all institutions
- Empower **OLAF or ECA to verify asset declarations**
- Establish **OLAF's full organisational independence**

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.**

Weak sanctions for corrupt companies

- **7** companies banned (debarred) from EU public procurement at end 2013 due to evidence of corruption
- **30** EU actors banned by World Bank between 2010-2013

RECOMMENDATION:

IMPROVE THE EU'S DEBARMENT SYSTEM

- COM should **make concerted use of its discretionary powers** to exclude legal entities guilty of 'grave professional misconduct' from EU public procurement, and **make database of debarred companies public**

Inconsistent follow-up to corruption cases

- **46%** of OLAF cases passed on to MS followed up by judicial authorities
(Source: OLAF)
- **2%** of Eurojust cases registered as corruption-related in 2012

RECOMMENDATION:

ESTABLISH AN INDEPENDENT EUROPEAN PUBLIC PROSECUTOR WITH BROAD ANTI-CORRUPTION POWERS

- The Council should ensure the **establishment of a European Public Prosecutor**, and the European Council should ensure that **serious, cross-border EU crimes**, including corruption, are a part of its mandate

Next steps

- EU should **address corruption risks before they become corruption scandals**
 - Growing attention paid to ethics and anti-corruption, but **too often the EU has reacted to events** to push forward the agenda
- **EU at a moment of change**
 - The EUIS report **identifies integrity gaps** that require action and is a **tool** for new leadership
- New leadership must **demonstrate renewed commitment** to open and ethical governance
 - Not only to **change public perceptions and bolster legitimacy**
 - But also to **contribute to better governance** in EU and ensure highest possible standards of public service in EU