

European Semester Country Recommendations

European Commission draft

Corruption mentions

23 May 2018

| Bulgaria - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-bulgaria-en.pdf | |
|---|------------------|
| Corruption mentions: | Recommendations: |
| <p>PUBLIC PROCUREMENT: According to business and non-governmental organisations, the overall public procurement landscape has already begun to improve. However, transparency and corruption are still a matter of concern. The increased use of direct awards and the high number of single bids could significantly hamper the system's transparency and effectiveness. The first independent evaluation of the new control functions of the Public Procurement Agency is ongoing. Regular updates would be necessary to ensure further optimisation of the Agency's control functions. The remaining problems with the administrative capacity, including at the municipal level, call for further efforts on professionalization, standardisation and serious consideration of the possibilities offered by central purchasing bodies. Aggregation of demand could also improve effectiveness and economy in the health procurement system. Finding a solution for the prevention of delays related to important public projects still necessitates further reflection.</p> <p>BUSINESS ENVIRONMENT: Businesses are still concerned about corruption, institutional shortcomings and insufficient labour supply. Progress in public administration reform and e-government is slow.</p> | |

Governance in the public sector could benefit from more transparency, clearer rules and a long-term perspective.

JUDICIARY:

In 2017, Bulgaria continued its efforts to reform its judiciary and address shortcomings in the fight against corruption and organised crime. New elections to the Supreme Judicial Council confirmed the positive impact of constitutional and legislative reforms carried out in 2015 and 2016. Reforms of the criminal code have been adopted to improve the system of prosecution in high-level corruption cases and further reforms are under consideration. A law was adopted in early 2018 establishing a new unified anti-corruption authority to strengthen prevention and deterrence of high-level corruption. Under the Cooperation and Verification Mechanism, the Commission continues to monitor the judicial reform and the fight against corruption and organised crime in Bulgaria. These areas are therefore not covered in the country specific recommendations for Bulgaria, but are relevant for the development of a positive business environment in Bulgaria

Czech Republic - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-czech-republic-en.pdf

Corruption mentions:

PUBLIC PROCUREMENT:

The Czech Republic continues to face challenges in improving the transparency and efficiency of public procurement and preventing corruption. While certain steps have been taken to improve the public procurement framework, the level of competition remains a concern, as nearly half of all public tenders result in a single-bid procedure. At the same time, the enactment of the obligatory use of electronic procedures has the potential to boost transparency and efficiency. The Czech authorities have invested in the National Electronic Tool, which should become increasingly user-friendly and reliable, in addition to private platforms serving the Czech market. There is still considerable scope for removing administrative barriers and tapping the potential of aggregated and strategic public procurement to get better value for public money. Both central and local authorities have started undertaking targeted initiatives to train staff involved in procurement procedures. Nonetheless, setting up joint procurement measures and acquiring specialist expertise in certain areas remain major challenges.

Recommendations:

Address weaknesses in public procurement practices, notably by enabling more quality-based competition and by implementing anti-corruption measures

| | |
|--|--|
| <p>BUSINESS ENVIRONMENT: In addition, corruption and bribery are ongoing concerns for businesses and the public. While several major reforms of the anti-corruption strategy were adopted, some areas remain unaddressed.</p> | |
|--|--|

| | |
|---|--------------------------------|
| <p>Spain - https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-specific-recommendation-commission-recommendation-spain-en.pdf</p> | |
| <p>Corruption mentions:</p> | <p>Recommendations:</p> |
| <p>GENERAL: Progress has been made in the transparency of party financing, and disclosure of assets and conflicts of interest. The business environment has also benefited from progress in the fight against corruption, although concerns still remain in this area. Perceptions of the independence of the justice system have also improved amongst citizens and businesses. Efforts to further improve the effectiveness of the justice system are under way and should be continued.</p> <p>PUBLIC PROCUREMENT: The Council also requested Spain to take measures to improve its public procurement policy framework. Spain has made progress with the adoption of a new law on public sector contracts in November 2017. However, the new legislation can only improve the efficiency and transparency of public procurement if it is swiftly and ambitiously implemented by setting up the new governance structure and enhancing control mechanisms of procurement procedures at all levels of government.</p> | |

| | |
|---|--------------------------------|
| <p>Croatia - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-croatia-en.pdf</p> | |
| <p>Corruption mentions:</p> | <p>Recommendations:</p> |
| <p>ANTI-CORRUPTION: The anti-corruption action plan 2017–2018 needs to be fully implemented in order to deliver on the objectives of the anti-corruption strategy 2015–2020. Several key elements still require improvement, particularly asset and conflict-of-interest disclosures, raising awareness of whistle-blowing reporting channels, and an effective control of risks in public</p> | |

| | |
|---|--|
| procurement, which remains vulnerable to corruption due to a large share of in-house contracting by state-owned entities. | |
|---|--|

| | |
|--|--|
| Italy - https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-specific-recommendation-commission-recommendation-italy-en.pdf | |
|--|--|

| Corruption mentions: | Recommendations: |
|--|---|
| <p>ANTI-CORRUPTION: Corruption remains a major challenge for Italy’s business environment and public procurement. Italy improved its anti-corruption framework by revising its statute of limitations, extending the protection of whistle-blowers to private sector workers and better aligning the offence of corruption among private parties with international standards. While the adopted reform of the statute of limitations does not stop EN 6 EN prescription terms after a first-instance conviction, as recommended by the Council of Europe’s Group of Countries against Corruption, it may reduce the scope for abusive criminal litigation as a delaying tactic by lawyers at higher instances. As such, it may alleviate a long-standing concern that corruption cases get time-barred after first instance conviction. Repression of corruption could be improved by increasing the efficiency of criminal justice. In 2014, Italy had the largest number of incoming and pending criminal cases in the EU at second and third instance, also due to one of the highest rates of Cassation appeals. This resulted in one of the longest criminal trial lengths. Incentivising expedited procedures and discouraging abuses of the trial could help make criminal justice and the fight against corruption more effective. Moreover, the National Anti-Corruption Authority has a key role in the implementation of the new anti-corruption framework.</p> | <p>Reduce the length of civil trials at all instances by enforcing and streamlining procedural rules, including those under consideration by the legislator. Achieve more effective prevention and repression of corruption by reducing the length of criminal trials and implementing the new anti-corruption framework. Ensure enforcement of the new framework for publicly-owned enterprises and increase the efficiency and quality of local public services. Address restrictions to competition, including in services, also through a new annual competition law.</p> |

| | |
|---|--|
| Cyprus - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-cyprus-en.pdf | |
|---|--|

| Corruption mentions: | Recommendations: |
|---|-------------------------|
| <p>ANTI-CORRUPTION: A national anti-corruption strategy and action plan were adopted in December 2017. The existing anti-corruption body remains inadequately resourced, but the government is considering the establishment of a new independent agency. Various legislative initiatives, such as draft laws on whistle-blower protection, lobbying and asset declarations, are currently under parliamentary scrutiny and, if adopted, would also help to strengthen the national anti-corruption framework.</p> | |

Latvia - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-latvia-en.pdf

| Corruption mentions: | Recommendations: |
|---|---|
| <p>ANTI-CORRUPTION: Corruption continues to hamper Latvia's business environment, and the prevention of conflicts of interest remains rigid and formalistic. The delay in legislating on whistle-blower protection is detrimental to the accountability and efficiency of public administration. Regulation of the insolvency process has been significantly strengthened over the recent years, limiting the opportunities for abuses. However, the Council for the Judiciary encouraged investigating accusations of past abuses in the insolvency system by reviewing certain cases. It has recommended improving the judges' qualifications assessment and reviewing the available disciplinary measures.</p> <p>MONEY LAUNDRING: Latvian banks serving non-resident clients are exposed to high risk of involvement in money laundering. This creates challenges to the integrity of the financial system, can damage its reputation and negatively affect investment and economic growth. The anti-money laundering framework has recently been strengthened; continuous efforts would be needed to achieve sustainable improvement. Latvia has recently adopted a law aimed at significantly limiting the exposure of the Latvian financial sector to money-laundering risks. Key elements are enhancing the exchange of information between financial institutions and law enforcement agencies and curbing transactions with shell companies. The consequences of the law and its effectiveness will need to be monitored.</p> | <p>Strengthen the efficiency of the public sector, in particular with regard to local authorities and state-owned enterprises. Strengthen the accountability of public administration by protecting whistle-blowers, preventing conflicts of interest and following-up on the results of the ongoing assessment of past insolvency proceeding</p> |

Lithuania - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-lithuania-en.pdf

| Corruption mentions: | Recommendations: |
|---|-------------------------|
| <p>ANTI-CORRUPTION: Lithuania made progress in strengthening its corruption prevention framework by adopting legislation on lobbying and whistle-blower protection for both public- and private-sector workers. However, implementing the legislation remains a challenge. Corruption in the</p> | |

| | |
|---|--|
| health sector still raises concerns, despite the commendable results of the government's 'clean hands' programme. | |
|---|--|

| | |
|--|--|
| Hungary - https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-specific-recommendation-commission-recommendation-hungary-en.pdf | |
|--|--|

| Corruption mentions: | Recommendations: |
|---|--|
| <p>JUSTICE & PUBLIC PROCUREMENT: Concerns remain regarding preventing and prosecuting corruption. According to several indicators, Hungary's exposure to corruption appears to have increased over the past years and the risks of corruption could negatively affect the country's growth potential. The functioning of the prosecution service is of crucial importance to fight corruption and money laundering and while measures to fight low-level corruption appear to have been applied with some success, there is not enough focus on starting investigations into high-level cases. Limited transparency and restrictions on access to information further hinder measures to prevent corruption. Significant steps have been taken regarding public procurement, but there is scope to further improve transparency and competition in tendering processes.</p> | <p>Improve the quality and transparency of the decision-making process through effective social dialogue and engagement with other stakeholders and by regular, adequate impact assessments. Reinforce the anti-corruption framework, strengthen prosecutorial efforts and improve transparency and competition in public procurement inter alia through making data gained from the e-procurement system accessible to the public. Strengthen competition, regulatory stability and transparency in the services sector, notably in retail.</p> |

| | |
|--|--|
| Malta - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-malta-en.pdf | |
|--|--|

| Corruption mentions: | Recommendations: |
|---|--|
| <p>JUSTICE: The justice system continues to face challenges with regards to its efficiency and a strengthened legal and institutional framework to fight corruption is necessary to ensure a high quality business environment. Governance shortcomings in the anticorruption framework may adversely affect the business climate and weigh negatively on investment. The effectiveness of Malta's efforts to fight corruption needs to be further improved, especially with regards to the investigation and prosecution of corruption. Improving the governance framework is crucial to preserving Malta's reputation and attractiveness as an international investment destination</p> <p>MONEY LAUNDERING:</p> | <p>Strengthen the overall governance framework by enhancing the national supervision of internationally oriented financial businesses licensed in Malta, by ensuring the effective enforcement of the Anti-Money Laundering framework and by continuing to step up the fight against corruption.</p> |

| | |
|---|--|
| <p>Malta Financial Services Authority still appears understaffed and concerns remain on its capacity to supervise a large cross-border financial system, in particular its nonbank segment. In addition, while the services sector (in particular, the online gaming industry) has significantly contributed to the country's sustained economic growth, this may create challenges to the financial system's integrity, calling for a strong anti-money laundering framework. Malta has recently transposed the 4th Anti Money Laundering Directive; the effectiveness of its implementation remains to be assessed. In addition, following the transposition of the Directive into national law, Maltese authorities have recently presented an integrated strategy to fight money laundering and terrorist financing. Among other actions, a National Coordinating Committee on Combating Money Laundering and Funding of Terrorism, composed of representatives from Government and other relevant national authorities, will be set up. However, challenges remain on ensuring proper implementation and effective enforcement of the recently adopted regulatory framework.</p> | |
|---|--|

| | |
|--|--------------------------------|
| <p>Portugal - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-portugal-en.pdf</p> | |
| <p>Corruption mentions:</p> | <p>Recommendations:</p> |
| <p>BUSINESS ENVIRONMENT: Moreover, corruption and lack of transparency are still perceived by businesses as areas of concern. While progress has continued as regards prosecuting corruption, efforts to improve the culture of integrity in public institutions have not so far shown sufficient results.</p> | |

| | |
|---|--|
| <p>Romania - https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-specific-recommendation-commission-recommendation-romania-en.pdf</p> | |
| <p>Corruption mentions:</p> | <p>Recommendations:</p> |
| <p>ANTI-CORRUPTION: Efficient and transparent public procurement remains pivotal to addressing key policy challenges to Romania, including efficient public spending, the fight against corruption, and fostering innovation and sustainable and inclusive growth. Romania made some progress in addressing the country-specific recommendation to implement the public procurement strategy, but the plan is not yet fully implemented. At the same time, enhancing the efficiency and strategic use of public procurement, effective audit and fraud control still</p> | <p>Increase the predictability of decision-making by enforcing the systematic and effective use of regulatory impact assessment and stakeholder consultation and involvement in the design and implementation of reforms. Improve the preparation and prioritization of large infrastructure projects and accelerate their implementation, particularly in the transport, waste and waste water sectors. Improve</p> |

| | |
|--|---|
| <p>remain challenges. The sustainability of measures taken and the irreversibility of reforms need continued monitoring. Efficiency and transparency challenges associated with public procurement apply in particular to the large healthcare infrastructure investments in the regional hospitals for Iași, Cluj and Craiova.</p> <p>JUSTICE: Developments throughout the past year have largely brought into question the irreversibility and sustainability of Romania’s substantial progress on reforming its judicial system and tackling high-level corruption. Judicial independence is being challenged and pressure being put on the judicial institutions and on the legal framework for fighting corruption, while progress on remaining challenges is being further held back. The implementation of the 2016-2020 national anti-corruption strategy developing further measures to prevent and fight corruption is progressing at technical level but more tangible political support is needed, as corruption and governance issues in the public sector persist at all levels and are among the top challenges for the business environment.</p> <p>Under the Cooperation and Verification Mechanism, the Commission continues to monitor the judicial reform and the fight against corruption in Romania. These areas are therefore not covered in the country-specific recommendations for Romania, but are relevant for the development of a positive socio-economic environment in the country</p> | <p>the transparency and efficiency of public procurement. Strengthen the corporate governance of state owned enterprises.</p> |
|--|---|

| | |
|--|--------------------------------|
| <p>Slovenia - https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-specific-recommendation-commission-recommendation-slovenia-en.pdf</p> | |
| <p>Corruption mentions: PUBLIC PROCUREMENT: Slovenia struggles with inefficiency and lack of transparency in public procurement. Competition between bidders is comparatively low, as indicated by the low number of bids received per tender and by the high ratio of negotiated procedures without prior call. Professionalisation of those involved in procurement is low and there are few safeguards against corruption and collusion among bidders. In particular the independence of the National Review Commission is limited, as a result of the procedure for appointing its</p> | <p>Recommendations:</p> |

members. While economic crime and corruption are estimated by the authorities to have caused significant damage in the past years, some anti-corruption reforms are still pending.

Slovakia - https://ec.europa.eu/info/sites/info/files/file_import/2018-european-semester-country-specific-recommendation-commission-recommendation-slovakia-en.pdf

Corruption mentions:

PUBLIC PROCUREMENT & BUSINESS ENVIRONMENT:

Slovakia has taken important steps towards achieving a well-functioning system of public procurement. Efforts have been made to introduce quality award criteria. Mandatory electronic tools for conducting public procurement procedures should be in place in October 2018. While not optimally efficient, comprehensive prior verifications have been carried out on all projects funded through the European Social and Investment Funds. Nevertheless, a satisfactory performance has not yet been achieved in the areas of internal controls, transparency, digitisation, professionalisation and strategic public procurement. This is reflected in Slovakia's scores related to anti-competitive practices, which remain somewhat above the EU average, despite some improvement. Moreover, there are still only limited signs of commitment to fighting corruption. More than half of businesses perceive corruption as widespread in public procurement managed by national authorities.

Corruption, complex administrative procedures, excessive and fast-changing business regulations and the poor quality of regulatory bodies heavily affect the quality of Slovakia's business environment. While Slovakia lost some ground in some international comparisons, it has identified a number of measures to improve the quality of the business environment and boost investment. Slovakia has also strengthened its framework for regulatory impact assessment, extending its use in recent years. Finally, a new strategy for better regulation has been recently adopted. High regulatory barriers remain in the business services sector with levels of restrictiveness higher than the EU average for architects, engineers, tax advisers, lawyers, patent agents, real estate agents and tourist guides. Recommendations to address the regulatory barriers were made in the Communication from the Commission of January 2017. However, Slovakia has reported no progress in tackling those restrictions.

Recommendations:

Increase the use of quality-related and lifecycle cost criteria in public procurement operations. Tackle corruption, including by ensuring enforcement of existing legislation and by increasing accountability at the level of police and prosecution. Improve the effectiveness of the justice system, in particular by safeguarding independence in judicial appointment procedures.

ANTI-CORRUPTION:

Overall, no progress has been achieved in stepping up the fight against corruption. Corruption perceptions remain high and prosecutions for such offences have fallen further. The perception of corruption has further deteriorated in the wake of the murder of an investigative journalist and his findings on a wide range of high-level corruption cases. The proportion of high-level cases prosecuted is extremely low. The lack of accountability for police and public prosecutors has not been resolved and hinder the fight against corruption and investigations of sensitive corruption cases