Strategy 2020:
Empowered Citizens, an Accountable Europe

Transparency International EU is part of the global anti-corruption movement, Transparency International, which includes over 100 chapters around the world. Since 2008, Transparency International EU has functioned as a regional liaison office for the global movement and as such it works closely with the Transparency International Secretariat in Berlin, Germany.

Transparency International EU leads the movement's EU advocacy, in close cooperation with national chapters worldwide, but particularly with the 25 national chapters in EU Member States.

Transparency International EU's mission is to prevent corruption and promote integrity, transparency and accountability in EU institutions, policies and legislation.

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Foreword

The promise of the European Union (EU) is of a polity built on the rule of law, democratic cooperation and a fair and merit-based economy, a promise that is also the basis of its relationships with countries around the globe. Too often, corruption has been an obstacle to this promise being kept. It is an obstacle that can be overcome with the right policies and the right attitudes. The institutions of the EU can be effective champions of the anti-corruption agenda at home and abroad, and be an exemplar of good governance and transparency in the way they function. Most importantly, we must realise that it is together – EU institutions, Member States, business and civil society – that we stand or fall in the fight against corruption.

Carl Dolan
Director, Transparency International EU

Executive summary

Transparency International EU (TI EU) has seen rapid growth and success since its founding eight years ago. The aim of this document – our first ever strategy – is to provide a framework for sustained growth, clarity of focus and greater impact.

Transparency and technology are the twin pillars of this strategy. We are inspired by the commitment of our movement in the global Transparency International 2020 strategy to harness the growing demand by citizens worldwide for more direct forms of accountability. We believe that the EU should embrace a transformative transparency agenda in its policies and legislation, making information relevant to the prevention and detection of corruption available to the wider public. But information alone is not transparency. Civil society needs the capacity and skills to convert raw data into a tool for accountability. Technology is only part of the answer, but holds out the prospect of the anti-corruption movement acting with unprecedented reach and scale.

With this in mind, the overarching focus of our advocacy for the next four years will be to persuade EU policy makers to provide the legislation, data, mechanisms and space necessary for citizens to come together to fight corruption.

Three priorities will guide our activities:

1 EU money and politics, focussed on improving the transparency, accountability and decision-making of EU institutions.

2 Financial crime and financial flows, focussed on EU transparency reforms that will enhance civil society monitoring of financial flows and the prevention and detection of financial crimes.

3 EU as an anti-corruption champion, focussed on the EU's efforts to facilitate anti-corruption efforts of governments in Member States and non-EU countries, in particular by creating a space for meaningful engagement with civil society.

Transparency International EU

TI EU was established in 2008 with the mission to prevent corruption and promote integrity, transparency and accountability in the EU institutions and in EU policies and legislation. It also serves as a hub for the Transparency International (TI) movement's relationships with the EU institutions. From the outset, the Office's advocacy has focussed on two broad areas – firstly, the rules governing decision-making and behaviour in the institutions themselves; and, secondly, opportunities to promote anti-corruption and transparency reforms in EU Member States, as well as in countries around the world through such policies as development assistance and trade.

There have been tangible achievements in both areas. The introduction of the first ever code of conduct for the European Parliament, reforms to EU lobbying rules, stricter "cooling-off" periods for European Central Bank (ECB) officials involved in bank supervision have improved the accountability and ethics frameworks of the institutions. In 2014, TI EU published the first ever comprehensive assessment of corruption risks in EU institutions – the EU Integrity Study – that provides a clear roadmap for reform. New EU legislation on the transparency of payments to governments by oil, gas and mining companies and reforms to anti-money laundering legislation that make corporate ownership more transparent have not only improved the EU's anti-corruption framework, but also helped set the global agenda.

A new direction for Transparency International

The strategy set out here is shaped by a number of important currents and trends within the wider TI movement. These have been crystallised in the TI 2020 strategy 'Together Against Corruption', adopted by the global TI movement in September 2015. While acknowledging the movement's many successes since it was founded in 1993, the global strategy recognises the limitations of codifying anti-corruption standards in national and international law. Poor implementation and a lack of enforcement means that, in many parts of the world, impunity for corruption offences is still the norm.

The global strategy therefore sets out a new direction for the movement: a stronger emphasis on implementation and enforcement, ending impunity and supporting activists on the ground. A central element will be harnessing the growing demand from citizen groups around the world for more direct forms of accountability to create the pressure on governments and private sector actors to deliver on longstanding anti-corruption commitments. This also means ensuring that civil society has a space where it can operate effectively without excessive government restrictions, and that it has the legal and technical means to make these burgeoning forms of social accountability work.

The approach reflects a growing body of evidence that what delivers results in the fight against corruption is the existence of formal accountability channels combined with the capacity of citizens to engage in collective action. Research shows that the existence of freedom of information legislation and high levels of transparency in countries with a large number of active civil society organisations are significant factors in improving control of corruption[1]. It is important to stress the need for both conditions to be met, particularly in view of the weakness of civil society in many countries in the EU and its periphery.

[1] "Anti-Corruption Revolutions: When Civil Society Steps In" (Working Paper No. 44), European Research Centre for Anti-Corruption and State Building, 2014.

The European Union: context and challenges

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The TI EU strategy comes at a time when the basic purpose and functioning of the EU is being questioned as never before. There is a resurgent nationalism across the continent and waning confidence in the ability of the EU to deliver on its promise of prosperity, security and solidarity. Trust in the institutions has declined precipitously since the onset of the Euro crisis, while perceptions of corruption have increased[2], along with the view that the regulatory process is dominated by special interests competing for market favours. Indeed some critics have accused the EU's policies of undermining democratic control and even fuelling corruption.

It is no wonder then that institutional and governance reform is a priority for the current Commission (under the banner of 'a Union of democratic change'), which has embarked on a number of initiatives to improve transparency and citizen engagement.

Despite a long history of promoting good governance, rule of law and anti-corruption reforms, the EU now faces a number of challenges in these areas. The scale of corruption remains daunting, costing the EU between €120 and €990 billion annually[3]. Reforms undertaken by Member States while negotiating membership of the bloc have stalled or in some cases reversed. Seven EU Member States (Bulgaria, Croatia, Greece, Hungary, Italy, Romania and Slovakia) score 51 or less in Transparency International's Corruption Perceptions Index, indicating serious problems with corruption. These and other governance indicators paint a picture of stagnation (or worse) over the past ten years.

The EU is hampered by a limited and contested competence in the field of anti-corruption, with no legal powers in the area of anti-bribery legislation or political party financing for example. Implementation and enforcement of anti-corruption

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[2] Special Eurobarometer 374: Corruption, 2014
[3] The European Commission (2014) estimated the cost of corruption to be €120bn per year. A recent study carried out by RAND Europe for the European Parliament on the cost of non-Europe in the field of corruption – which looked at a broader range of indirect costs - is between €179bn and €990bn annually.

laws – which have seen little progress in Europe and globally - is the preserve of national governments for the most part.

The EU is also confronted with an "arc of instability" in its Southern and Eastern neighbourhoods, the result of geo-political shifts and intractable conflicts, but also fuelled by high levels of corruption. The EU needs to quickly move beyond the necessary crisis-management measures and think strategically about how it can deal with the root causes of this instability – in particular corruption – by systematically engaging with the anti-corruption and pro-democracy movements in these regions, by requiring governments to be transparently accountable for progress on anti-corruption commitments, and by ensuring its funds do not become another revenue stream that is captured by corrupt elements.

Bearing in mind these challenges, the EU needs to rethink its role in the next phase of the fight against corruption. The value of the EU in an anti-corruption context will stem from its ability to embrace a transformative transparency agenda and to provide civil society in the EU and around the world with the support and tools needed to hold those in power to account. In doing so, it can build on the recent body of transparency legislation it has put in place in areas such as corporate disclosure, public procurement and anti-money laundering – in part as a response to the financial and euro crises.

The EU can deliver on this agenda in the following ways:

- Legislation and regulations that will inform, empower and protect civil society (publication of data held by corporations and national authorities, legal protections for whistleblowers);

- Promoting civic monitoring and participation in all aspects of EU decision-making;

- Promoting meaningful and sustained dialogue between civil society and EU and national authorities in all aspects of anti-corruption and good governance, especially where EU funds and policies are involved;

- Providing direct support to civil society to ensure that existing mechanisms and levers to enforce existing anti-corruption laws, conventions and commitments are used to the full.

Our priorities

The overarching focus of TI EU's advocacy for the next four years will be **to persuade EU policy makers to provide the legislation, data, mechanisms and space necessary for citizens to come together to fight corruption.**

To make this happen we will embrace the opportunities afforded by new technologies and increasing IT literacy to engage in and promote data-driven advocacy that will enhance social accountability.

In the coming four years, with this overarching focus in mind, we have identified three priorities for our advocacy toward the EU institutions.

Priority one: EU money and politics

Despite a number of promising transparency reforms by the Juncker Commission, the full spectrum of EU policy and decision-making remains opaque. One of the most important EU decision-making bodies, the Council of the EU, has made few concessions to transparency, remaining apart from initiatives to improve lobby transparency and blocking reform to access to documents regulations. Addressing these and more fundamental accountability gaps in an effort to make the Union more responsive to direct citizen input will require wide-ranging changes, including to founding treaties. Furthermore, TI EU's assessment of corruption risks in the EU institutions has shown that despite a sophisticated regulatory and institutional framework, crucial areas such as conflicts of interest safeguards in the legislative process have been undermined by poor practice.

This priority will focus on reforms to the governance and decision-making in the EU institutions and will have four main objectives:

- EU decision-making is opened up to meaningful civil society monitoring and dialogue across the entire spectrum of the legislative process, from the expert groups that are consulted before legislation is drafted, to secondary legislation that often escapes serious scrutiny, to implementation (or not) by Member States. We will look beyond the 'legislative triangle'

EXAMPLE: EU ADVOCACY AND LEGAL ADVICE CENTRE

The ability to detect and expose corruption depends to a large extent on the willingness of whistleblowers to come forward, which it turn depends on the channels, guidance and protections available to them. Despite the obligation on officials covered by the staff regulations to report misconduct, EU institutions have struggled to implement effective channels and guidelines, which has resulted in low rates of reporting and cases of harassment of whistleblowers.

TI EU aims to establish an EU Advocacy and Legal Advice Centre, whose remit will be to provide guidance, support and advice to officials covered by the staff regulations, in particular vulnerable groups such as Parliamentary accredited assistants and locally engaged staff in EU delegations. This will build on and adapt a model that has been successfully implemented in more than 50 countries around the world.

of Commission, Council and Parliament to EU institutions that make decisions on the large financial transfers and have a role in the governance of the Euro area, for example the European Central Bank;

- Conflicts of interests in the decision-making process in all institutions are managed openly and effectively, including where possible EU agencies;

- Real-time, online transparency for all EU information related to legislation and policy-making, budgets and expenditure according to principles enshrined in the Open Data Charter;

- Improved detection and prevention of corruption in EU institutions through the inclusion of civil society in the design, monitoring and evaluation of programmes and projects, and by ensuring that whistleblowers get the guidance and protection that they require.

This priority falls under priorities 1 and 2 of the global TI 2020 Strategy, in particular 'promoting prevention and enforcing anti-corruption standards' and 'taking action to demand accountability'.

Priority two: Financial crime and financial flows

Political corruption on a grand scale relies on sophisticated techniques to disguise both the source and ultimate destination of the funds. The scale of such illicit financial flows is enormous – Global Financial Integrity estimates that developing and emerging economies lost US$7.8 trillion in illicit financial flows from 2004 through 2013, with illicit outflows increasing at an average rate of 6.5 percent per year—nearly twice as fast as global GDP.

The aftermath of the Arab Spring and the revolution in Ukraine showed that the EU is a favoured destination for the proceeds of corruption, highlighting the weaknesses of European anti-money laundering systems. At the same time, the EU also sees major outflows as a result of money-laundering, tax evasion and aggressive tax avoidance. Meanwhile, financial flows between government and business, through public contracting, remain Europe's number one corruption risk.

This priority will focus on EU transparency reforms that will enhance civil society monitoring of financial flows and the prevention and detection of financial crimes. It will have four main objectives:

EXAMPLE: OPEN CONTRACTING AND REGISTERS OF CONTRACTS

Public procurement processes are the number one corruption risk in the EU. Corrupt practices extend beyond the selection of bidders to collusion and fraud in the implementation phase of the contract. Combatting these practices requires going beyond the existing transparency requirements for public procurement to full contract transparency in the form of registers of public contracts that can be inspected by civil society and others. Slovakia has had such a register since 2011 and the Czech Republic will have a similar version from 2016 onwards.

TI EU will assess the possibility of a European standard for full contract transparency, building on the work of the Open Contracting Partnership and others, and advocate for EU level initiatives to have this implemented.

- Publication of beneficial ownership information relating to companies and other legal arrangements in a form accessible to citizens becomes the norm across the EU;

- Greater transparency by financial regulators and financial intermediaries about the effectiveness of their anti-money laundering and asset recovery systems, e.g. amount of corrupt assets frozen and returned, sanctions imposed for anti-money laundering offences;

- Public procurement across the EU adopts an open contracting standard such as that required by the Open Contracting Partnership;

- Multinational companies disclose meaningful information on their anti-corruption programmes, anti-corruption due diligence in investments and in the supply chain, and country-level financial disclosures (country-by-country reporting).

This priority falls under priorities 1 and 2 of the global TI 2020 Strategy, in particular 'promoting prevention and enforcing anti-corruption standards', 'demanding justice to end impunity' and 'taking action to demand accountability'.

Priority three: EU as an anti-corruption champion

The EU's engagement with countries on anti-corruption issues – whether with Member States, countries that are candidates for membership, or the rest of the world – has frequently focussed on institutional and legislative reforms, such as passing anti-bribery legislation or establishing anti-corruption agencies. There remains a significant 'implementation gap' between anti-corruption rules and actual practice, often due to the inability or unwillingness to make use of the available enforcement mechanisms. This is acknowledged by the EU's own Anti-Corruption Report (2014) and the US-based NGO Global Integrity, which has documented how in EU Member States, such as Bulgaria and Romania, the gap has become a chasm.

However, the EU, and the European Commission in particular, has not fully recognised the role that civil society can have in changing norms and achieving better implementation and enforcement. The ratification of the UN Sustainable Development Goals by EU Member States and EU institutions – with clear targets on anti-corruption and good governance, an emphasis on transparent indicators of progress, and a

EXAMPLE:
AN INDEPENDENT AND EFFECTIVE EU ANTI-CORRUPTION REPORT

The European Commission's biennial EU Anti-Corruption Report is the only tool the EU has for monitoring and raising public awareness on anti-corruption efforts across all Member States. The implementation of the UN Sustainable Development Goals - with specific targets for reductions in bribery, corruption and illicit financial flows – provide an opportunity to embed this report in a framework that has the buy-in of all Member States, is open to civil society input and can be used to direct public policy in a targeted and evidenced way.

Building on the experience of the anti-corruption report, TI EU will continue to work with the European Commission and other EU institutions, as well as closely with national chapters engaged with the national-level SDG implementation process, to ensure there is a robust and comparable regional process that is independent, credible and can be effectively used to hold governments to account for their commitments.

participatory and inclusive review process – represents a unique opportunity for the EU to overhaul its approach.

This priority will focus on the EU's efforts to facilitate anti-corruption efforts of governments in Member States and non-EU countries, in particular by creating a space for meaningful engagement with civil society. It will have three main objectives:

- The EU should coordinate a monitoring and review process implementation by its Member States of UN Sustainable Development Goal 16 targets on open and inclusive institutions, anti-bribery and anti-corruption and illicit financial flows, using indicators and data that are open, accessible and understandable. This will build on the experience of the EU anti-corruption report and should inform policy-making through the European Semester, the accession process and the European Neighbourhood Policy. The monitoring and review process in all these areas should be open to meaningful dialogue with civil society;

- The EU's external policies on development assistance, trade, foreign and security policy, energy and climate change etc. should empower and assist civil society and anti-corruption activists to hold their governments to account, also in line with EU policies to be developed under UN Sustainable Development Goal 16;

- The EU should have consistent and effective policies to protect anti-corruption activists and defend the integrity of civil society space inside and outside the EU, building on the EU High Representative's Action Plan for Human Rights and Democracy 2015-2019 and the European Commission's Rule of Law Monitoring Mechanism.

Special consideration will be given to those countries outside the EU that are part of the accession process (the Western Balkans and Turkey), as well as the Eastern and Southern Neighbourhoods, where the EU has a unique ability to influence governance reform and where the focus will be on learning the lessons from previous rounds of accession. This will be a cross-cutting element of the three main objectives above.

This priority falls under priorities 1 and 2 of the global TI 2020 Strategy, in particular 'promoting prevention and enforcing anti-corruption standards', 'protecting activists' and 'taking action to demand accountability'.
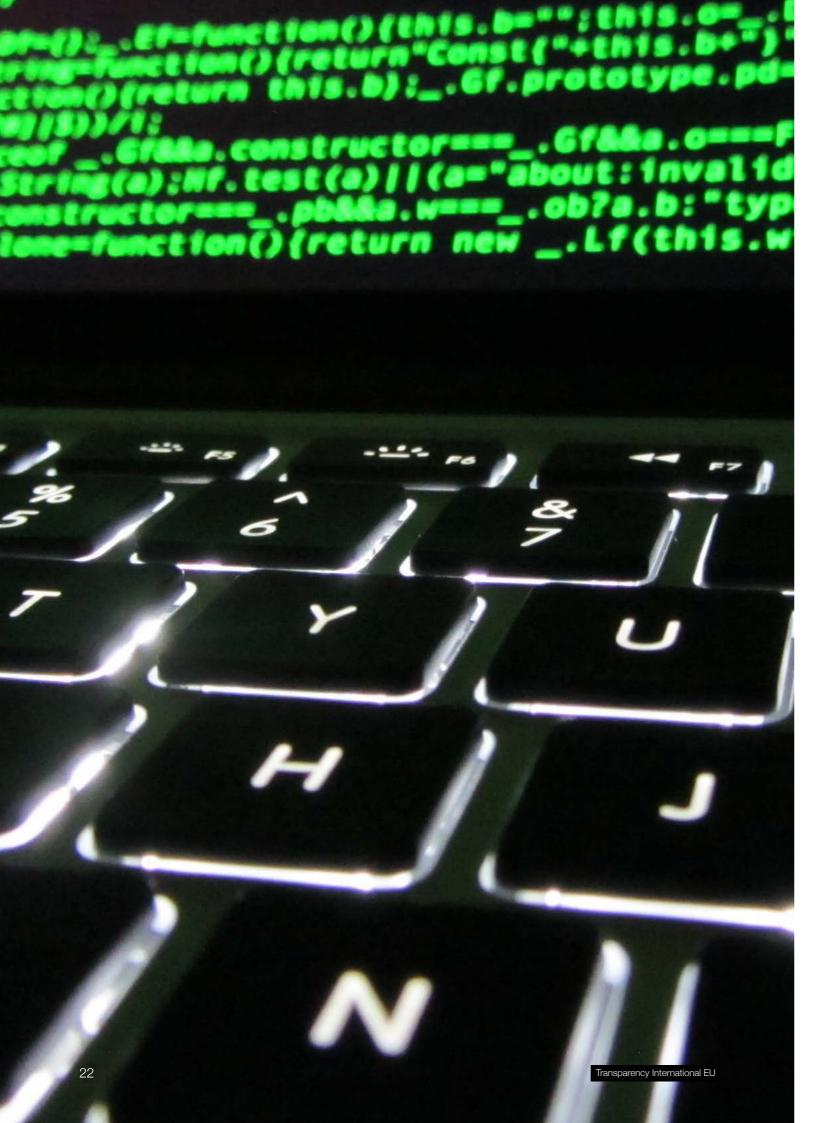
How we will do it

One of TI EU's strengths in the EU policy landscape is its credibility and its good relationships with the EU policy making community. This is the bedrock of TI EU's success so far and we must ensure that we maintain high standards of professionalism and a measured and evidenced approach to our advocacy. Delivering the right information to the right people at the right time will be the core of our activities. Apart from this professional approach, we must maintain the highest standards of ethics and transparency in our lobbying and advocacy. Quite simply, we must walk the walk and where possible lead the way. We have already made small steps in this direction with the routine publication of all our advocacy meetings with EU policy makers.

This advocacy needs to be better integrated with our national chapter network in the EU and we will aim to strengthen our capacities to work together in the following ways:

1 Adopt a more strategic and coordinated approach to joint advocacy toward EU institutions, taking account of our common global advocacy priorities.

2 Provide tools and training to utilise the information provided by EU institutions and initiatives and to promote data-driven activism at national and EU level.

3 Promote the work of national chapters to EU stakeholders (e.g. through events, publications, our relationships with the media) in a flexible, responsive, collaborative and imaginative manner.

We will of course need to build wider coalitions to advocate for these reforms. Under the first two priorities, we have well developed networks in both the CSO and academic communities, but the third priority will require more sustained cooperation with existing Brussels-based human rights networks and think tanks, to ensure that anti-corruption goals are firmly embedded in the wider discourse and advocacy around human rights, rule of law, democratisation and social justice.

Our chances of success will be improved by embracing the possibilities for data-driven advocacy. Here we will seek to expand on the experience and successes of the EU Integrity

Watch platform, which scrapes publicly available data on EU officials' financial declarations and lobby meetings and allows systematic analysis of defects in compliance with transparency and ethics rules. The coming years will see unprecedented public access to important datasets for detecting possible conflicts of interest and corruption – in particular information related to company ownership, government contracting, government decision-making and politicians' financial interests. This is combined with the unprecedented ability to analyse and disseminate this data using widely-available and low-cost technologies. Some of the opportunities for this at EU level are outlined above, for example in open contracting.

Taking advantage of these opportunities will require us to have access to the necessary technical skills and knowledge, both to advocate for data to be made available in the correct format by companies and public authorities, as well as to build and utilise the data tools we will need.

Much of this can be achieved through partnership and collaboration, by embedding ourselves more firmly in open tech/open data communities, particular those with an interest in expanding social accountability, such as Open Knowledge Foundation, Tactical Tech and Datakind. We will also seek to recruit the necessary expertise to help us build tools and analyse data, taking inspiration from the way that Sunlight Foundation in the United States has successfully deployed in-house technical capacity.

This is only the first step. Crucially, we will also need to partner with organisations and activists beyond our network that can help use the information for social accountability purposes. Our first priority will be to work to this end with our national chapter network and, secondly, we will build coalitions with 'infomediaries', in particular investigative journalists, student groups, online campaign organisations, such as Change.org and Avaaz, artists and youth organisations, taking advantage of the opportunities provided by our national chapter network and social media to operate on a truly European scale. This will bolster our work with policy makers in Brussels, who are often more sensitive to national media and constituencies, as well as demonstrating broad support for our issues. We will also work with progressive elements in the business community who are looking beyond anti-corruption compliance and see the potential of greater transparency and use of corporate and other data by citizens in reducing opportunities for corruption.

The resources we need

EU advocacy is about playing the long-game. From inception to enactment, EU legislation can take three to five years. And this is just the beginning – then there is the long haul through enactment in national legislation, implementation, enforcement and ultimately behavioural change. We are seeking significant long term gains and not just cosmetic changes. This means having a stable, skilled and experienced team that can follow through on early wins, draw on institutional memory and continue the work long after project deliverables have been filed. This is even more true in the case of reform of Eurozone governance or EU constitutional change. In short, it will require significant long-term unrestricted funding.

Successful implementation of the strategy set out above, however, will also require specific investments in new skills, such as software development and programming; digital communications; research and analysis. It will also require investment in basic support functions, such as financial management and fundraising to ensure that growth is orderly and sustained.

More unrestricted funding would also allow us to have the flexibility to respond more quickly and in a more sustained manner to unexpected political developments, corruption scandals and serendipitous events. This is particularly important in the context of our engagement with national chapters working in different political contexts on a wide range of topics. The expertise, access and reach that our European and global networks afford us is one of TI EU's main strengths and finding ways to work in a flexible manner with our colleagues throughout the TI movement – seizing opportunities in a nimble and responsive way – will be a major focus for this period. This means that a significant amount of resources or staff time is freed from project milestones and deliverables and other routine tasks.

The availability of such funds is limited, with many donors unwilling or unable to make significant long term investments of this nature. We will therefore also explore other means of generating income apart from grants that can help us achieve our target, for example fee-paying events or other methods of fundraising directly from those with an interest in our work.

Monitoring and review

We will adopt a two-pronged approach to monitoring our work and the impact we enable through using:

- **A log frame** that focusses on monitoring the implementation of our activities and derived outputs, such as meetings, press releases, publications and so forth as well as a qualitative self-assessment of the impact of these activities;

- **The TI impact** matrix that focusses on the changes (outcomes and impact) that are enabled through our interventions. This matrix identifies two main areas of impact/change to which our work is likely to contribute (policy and legislative change and behaviour change) and captures the changes' pathways as well as the evidence of our contribution to these. Overall, this is a highly participatory process that will require our partners' input and assessment of our own work and contribution to changes.

The information in the log frame will be regularly updated and reviewed every quarter. Monitoring impact with the matrix will take place twice a year: mid-year and end-of-year. Additionally, we will conduct a comprehensive external and independent review of the implementation of the strategy, with the help of the TI EU Advisory Group, by the end of 2018.

From 2017 onwards, we will provide an annual report of our activities, in tandem with an action plan for the following year, for national chapters, the Advisory Group, donors and other stakeholders.