



TRANSPARENCY
INTERNATIONAL EU

**TRANSPARENCY INTERNATIONAL EU
ANNUAL REPORT 2020**

Transparency International is a global movement with one vision: a world in which government, business, civil society and the daily lives of people are free of corruption.

In the years leading up to 2030, Transparency International is dedicated to leading the global fight against corruption.

Holding Power to Account – A Global Strategy Against Corruption 2021-2030 sets out how our diverse Movement – comprised of independent national chapters and affiliates in over 100 countries and the international Secretariat – aims to contribute to a more positive future; a world in which power is held to account, for the common good.

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Transparency International EU annual report 2020

Authors: Lucinda Pearson, Michiel van Hulten

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of September 2021. Nevertheless, Transparency International EU cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

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INTRODUCTION

2020 was a year of change, upheaval and backsliding. The European Union witnessed a further erosion in the rule of law across its territory - especially, but not exclusively, in Hungary and Poland. The Covid-19 crisis upended the democratic process, relegating concerns about transparency and accountability to the back burner. Government spending across the EU increased massively without proper (or sometimes any) scrutiny.

At the same time, the EU continued to face numerous challenges on the corruption front, such as the stashing of foreign illegally obtained funds in the EU; the lack of corporate supply chain accountability, which fuels corruption around the world; serious shortcomings in Brussels lobby rules, which enable powerful commercial interests to exert undue influence on issues such as climate change without public scrutiny; as well as the impact of new digital technologies and shadowy online ecosystems on EU political and electoral integrity.

The mission of Transparency International EU is to promote integrity, transparency and accountability in EU institutions, and to promote the fight against corruption and illegal financial flows in the EU's internal and external policies. Working with our global secretariat in Berlin, national TI chapters in the EU and beyond, and wider civil society, we pursue this mission through a combination of research, advocacy and communications.

This annual report sets out our achievements during this challenging past year, as well as our plans.

For these achievements I want to pay credit to the outstanding team I largely inherited from my predecessor Carl Dolan, and to Carl himself, as well as to interim (now deputy) Director Nick Aiossa. I would also like to thank our colleagues in Berlin and across the TI Movement for the excellent cooperation we enjoyed in 2020. Last but not least, we are grateful to our funders for their continued trust in us.

Michiel van Hulten
Director



ABOUT TI EU

Transparency International EU (TI EU) is the Brussels office of Transparency International (TI), the global movement against corruption. TI EU leads the movement's EU advocacy, in close cooperation with our international secretariat in Berlin (TI-S) and 100 national chapters worldwide, but particularly with 22 national chapters in EU Member States, helping them to carry out effective advocacy campaigns to influence EU policy-making.

Our mission is to promote integrity, transparency and accountability in EU institutions and to promote the fight against corruption and illegal financial flows in the EU's internal and external policies. Working in coalition with others, we pursue this mission through a combination of research, advocacy and communications.

Governance and management

The composition of TI EU's governing bodies ensures it is embedded in the global decision-making structure of the TI movement while retaining a large degree of operational autonomy. TI EU's ruling body is the General Assembly, which appoints the members of the Executive Board. The General Assembly is composed of the five members of the Board as well as Alejandro Salas, Head of the Global Movement Team at TI-S.

The Board has overall responsibility for the management of the organisation and comprises five members: three representatives of TI-S, and two independent members.

Two new members joined the TI EU Board in 2020: TI-S Interim Managing Director (now CEO) Daniel Eriksson, who took over as Chair from Patricia Moreira, and Fabian Zuleeg, CEO of the European Policy Centre.

Monika Ebert, TI-S Chief Administrative Officer, and Geneviève Deladrière Pons, Director General of the Europe Jacques Delors think tank were re-elected to the Board for a second three-year term, both as Vice-Chair. The fifth Board member is TI-S Head of Finance Alessandro Giancesini, who is responsible for financial oversight.

Daily management of the office is in the hands of the Director, Michiel van Hulten, who forms the Management Team together with Deputy Director (and Head of Policy and Advocacy) Nick Aiossa, and Finance and Administration Manager (and association Treasurer) Jennifer Boizumault.

The Team

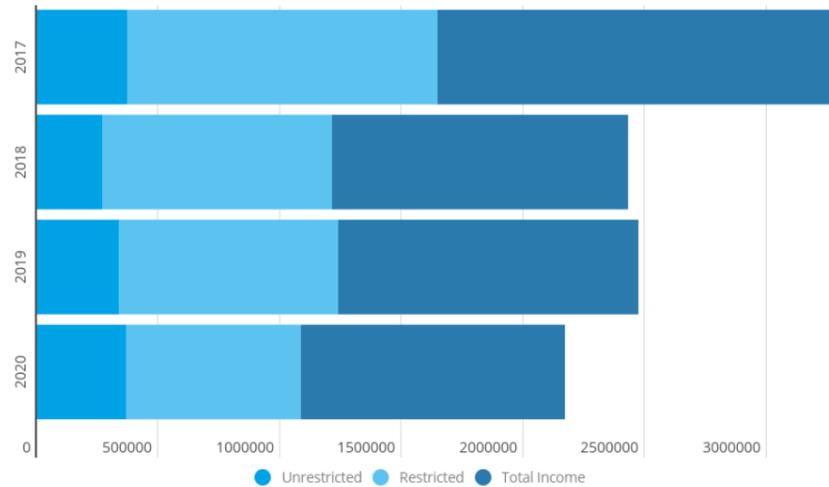
The TI EU team is currently made up of 12 members, representing 7 different nationalities. In line with Belgian government policy, the team has been working remotely since March 2020. During 2020, three new members joined us (interns Nuri Syed Corser and Linda Kunertová, and Liza Stevens) and seven team members left (Even Diot, Àngels Giménez Bofarull, Matilde Manzi, Ilkka Penttinen, Irini Tseminidou, as well as Linda and Nuri).



FINANCES

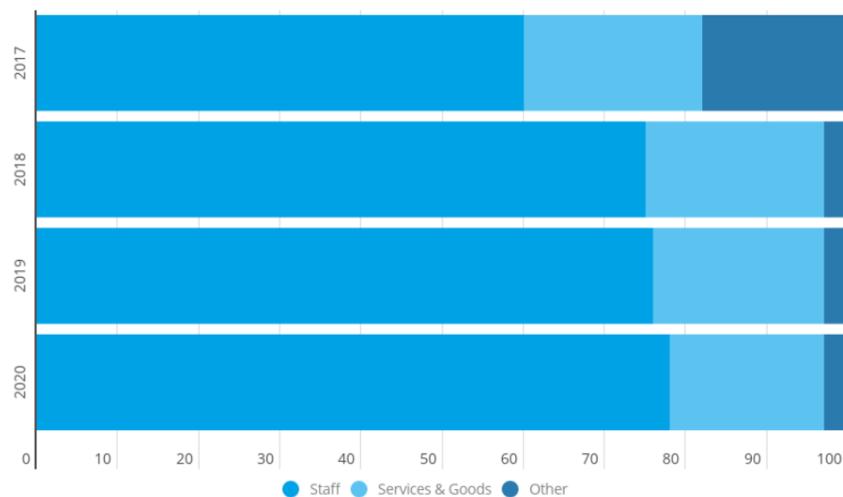
Income

Operating income in 2020 was €1.08 million, which represents a 13% decrease compared to 2019.



Expenditure

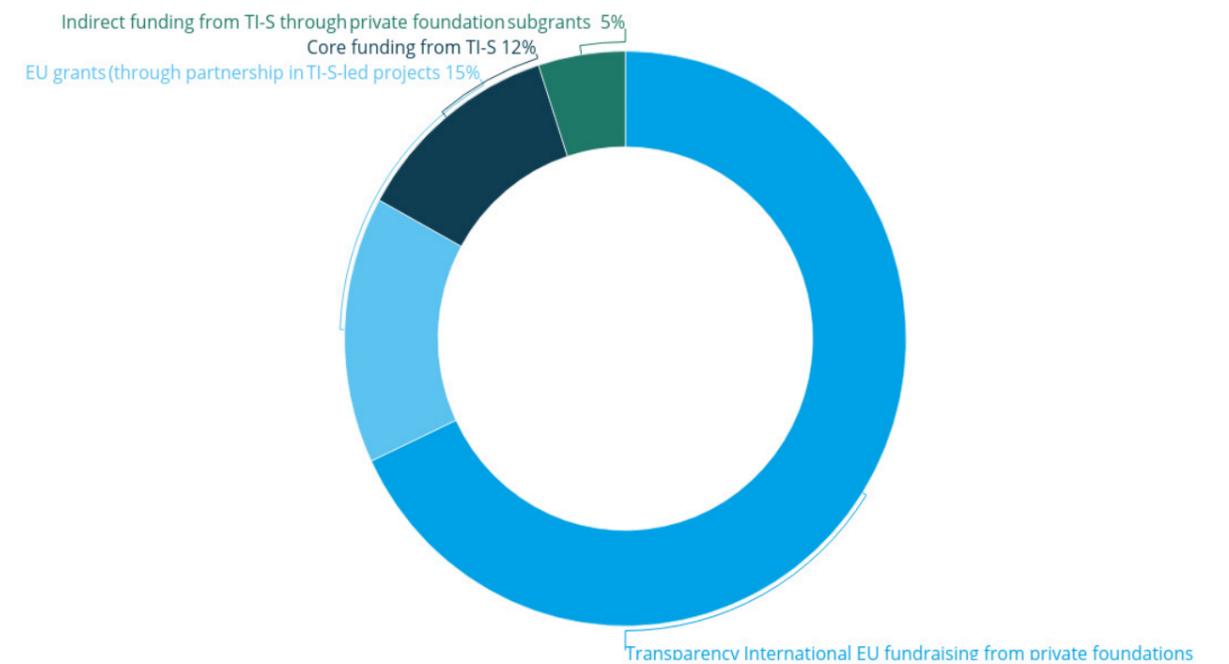
Operating expenditure was down 9% on the previous year, as a result of a pandemic-driven reduction in travel- and event-related costs. Part of this planned expenditure was redirected to online communications. Staff costs remained in line with previous years.



In 2020, Transparency International EU received financial support from the following organisations:

- Transparency International Secretariat (TI-S), Berlin
- Adessium Foundation
- Sigrid Rausing Trust
- European Commission
- Hewlett Foundation
- Open Society Foundations
- King Baudouin Foundation
- Financial Transparency Coalition
- Democracy & Media Foundation

2020 income broken down by revenue type:



OUR WORK IN 2020

Protect the public's resources

In 2020 we [campaigned](#) to stop fraud and corruption undermining the EU's new pandemic recovery fund. The public debate on the shape and size of the recovery instruments provided an opportunity to highlight various anti-fraud tools (including the EU-funded [Integrity Pacts project](#)) that are available to ensure these funds are not subject to misuse. In addition to direct advocacy activities, we also participated in several events to discuss how best to protect EU funds.

In July 2020 we campaigned for increased resources for the European Public Prosecutor Office (EPPO) to enable it to properly carry out its mandate. Looking beyond the COVID-19 crisis horizon, we helped found a [coalition of organisations](#) interested in securing transparency and accountability in public procurement at EU level, coordinated by the Open Contracting Partnership (OCP). To that end, we issued joint recommendations aimed at the Commission and have followed up these within the context of the negotiations for the new EU funding instruments.

We also launched a beta version of '[Integrity Watch Red Flags](#)', a new corruption and risk monitoring tool in the context of EU public procurement, which was selected as a finalist for the [EU Datathon 2020](#) during the virtual European Week of Regions in October 2020.

Stop flows of dirty money

We continued to advocate for a comprehensive reform of the EU asset recovery and sanction policy framework with a view to enhancing EU countries' capacity to freeze, confiscate and repatriate stolen assets to victim populations. We launched an online campaign around the issue of asset recovery comprising illustrated tweets, blogs and case studies ([Karimova](#) and [Obiang](#)), as well as an [animated video](#), with the aim of raising awareness among EU citizens and policy-makers and thus mobilising political support for EU reform. We produced a [report](#) summarising our key recommendations and organised two webinars on the topic in Autumn 2020 ([part I](#) and [part II](#)), bringing together experts and policy-makers.

In December 2020, the EU finally adopted a global human rights sanctions regime. However, despite our best efforts, and contrary to similar legislations in the US or Canada, also known as Global Magnitsky Acts, the EU regime [excludes the corruption dimension](#). TI EU, backed by leading experts, continues to advocate for corruption to be incorporated into the EU sanctions regime.

We achieved significant progress in our long-standing campaign to regulate so-called golden passports and visa schemes to prevent money laundering and exploitation by corrupt individuals. In August 2020, TI EU was contacted by Al-Jazeera to [react and comment](#) on new revelations of abuse of the Cypriot golden passport scheme published in July 2020 and known as the 'Cyprus Papers'.

We also gave several other media interviews (including with [FinancialMirror](#), the leading English language business news site in Cyprus). In September, we were invited to a hearing organised by the Civil Liberties, Justice & Home Affairs Committee of the European Parliament to present our views and recommendations.



Following a successful advocacy campaign for the adoption of the [fifth EU Anti-Money Laundering \(AML\) Directive](#), we turned our attention to the revision of the EU's AML supervisory framework and called for the creation of an independent supervisory body with adequate resources as well as the power to sanction and to conduct independent investigations.

In August 2020, together with 14 TI National Chapters, TI EU submitted a [joint response](#) to the AML public consultation organised by the Commission. We also used the FinCEN files revelations to highlight the role of EU banks in global financial crime and the failings of the EU AML supervisory system and [reiterated our call for reforms](#).

Secure integrity in politics

A major event in 2020 was the [launch](#) of our new EU integrity system studies. Updating our 2014 assessment, [these studies](#) on the European Parliament, the European Commission, and the Council of the EU were concluded with the online launch (including introductory remarks from European Ombudsman Emily O'Reilly) in February 2021 of three reports, which show that all three institutions continue to have shortcomings in their integrity and transparency mechanisms – some of them serious. A major issue identified is that the institutions are effectively self-policing when it comes to sanctioning breaches of their internal rules, but often lack the political will to do so. This only highlights the urgent need for an independent EU ethics body and the reports give us strong evidence-based recommendations to pursue in ongoing advocacy efforts. Despite its publicly stated support for greater transparency, the European Parliament was the only institution that refused to cooperate with our researchers. This generated some reaction including the President of the Renew Europe political group sending a request to the EU Parliament President to ensure future cooperation, as well as media coverage.

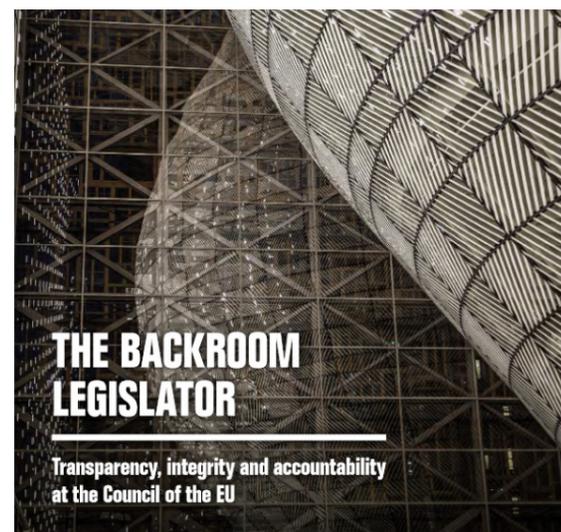
Our advocacy efforts on political integrity were supported by our ever-evolving Integrity Watch EU platform, which underwent several significant developments in 2020

In June 2020, we launched a new feature on EU Integrity Watch that tracks [lobby meetings with Members of the European Parliament](#). This was made possible by a previous successful [advocacy campaign](#) that resulted in certain categories of MEPs, such as Committee Chairs, having the obligation to publish meetings if they held roles of power. By the time of the launch, over 8,000 meetings had been logged by almost 40% of MEPs, including [16 of the 22 Committee Chairs](#). After [media attention](#) from several outlets, the number of MEPs and committee chairs publishing meetings increased, with nearly 50% of MEPs [publishing meetings](#), including many doing so voluntarily by the end of the year.

We also made significant progress towards evolving Integrity Watch into a [pan-European eco-system](#),

providing user-friendly access to data related to political integrity. This included launching several national platforms, which served as the basis of a regional report, "[Debugging Democracy: open data for political integrity](#)", launched at an [event](#) in November 2020. The report explores asset and interest disclosure, political financing, and lobbying, revealing a patchwork of ineffective legislation across the region. Further cementing the role of TI EU as a data-driven anti-corruption office, both in Brussels and within the wider TI movement, we also oversaw the launch of the Integrity Watch [data hub](#). This common platform serves as a central one-stop shop for all datasets published on IW platforms to the benefit of researchers, journalists, and others CSOs across the Union. One of our final objectives is to establish a research community on political integrity.

After five years of advocacy efforts, a political agreement was finally reached on the establishment of an EU Transparency Register common to the three main EU institutions. After sustained outreach aimed at the three institutional negotiators, negotiations were officially restarted in June 2020 with the first high level face-to-face meeting of the new legislative term. The negotiations came to a successful, though not ideal, [conclusion at the end of 2020](#). While missing the opportunity to create a truly mandatory lobby register, the final agreement was a step in the right direction as it incorporates many of our recommendations, including Council participation in the register, the expansion of the definition of what constitutes lobbying, as well as including non-diplomatic efforts by third countries to influence the EU institutions.

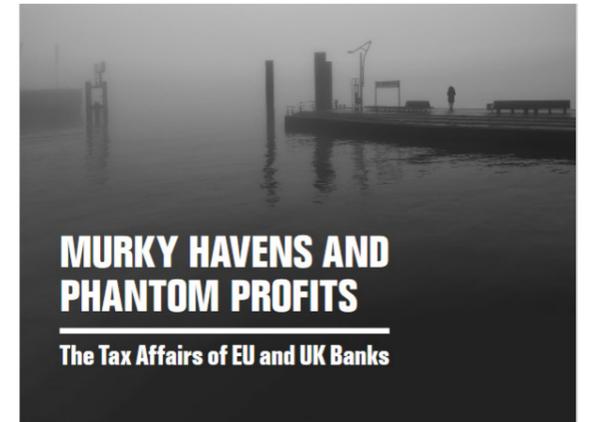


Drive integrity in business

With the aim of bringing corporate tax transparency back to the forefront of the political agenda at both EU and EU Member State level, we complemented our advocacy work with evidence-based research and data analysis. Throughout 2020, we worked on the update of our [Corporate Tax Tracker platform](#) and the accompanying report [Murky Havens and Phantom Profits: the Tax Affairs of EU and UK Banks](#), which were both launched in October 2020. In the updated online tool, we almost doubled the number of banks (from 20 to 39), added four more reporting years (2015–2019), as well as additional indicators and interactivity features to enable visualisation of the trends and banks' behaviours over time. The findings were shared with all relevant policy-makers and staff in the three main institutions, including MEPs on the Economic and Legal Affairs committees and Commissioner McGuinness.

On the wider issue of tax transparency, we continued our advocacy work on public country-by-country tax reporting (CBCR) by multinationals. During the German EU Presidency, we engaged with government and opposition politicians to ensure that Germany included public CBCR on the agenda of relevant Council meetings. We met with the Permanent Representations of selected EU Member States and worked with TI national chapters and civil society allies to ensure supportive governments put political pressure on Germany to act. We published a blog arguing why the COVID crisis makes this proposal all the more relevant, as well as a policy briefing with specific recommendations on why bailouts given to businesses as a response to the Covid crisis must be conditional on responsible tax behaviour.

Despite a qualified majority of Member States in favour of public CBCR being within reach, the German EU Presidency [disappointingly resisted pressure](#) to put the proposal to vote. Despite this setback, we actively continued advocacy activities with partners towards the incoming Portuguese Presidency and engaged with supportive Member States and policy-makers, both at EU and national level.



Pursue enforcement and justice

Our [rule of law advocacy work](#) focused on two key areas. First, we worked towards securing the adoption of the rule of law conditionality regulation that contained our [policy recommendations](#). This regulation would tie the disbursement of EU funds to EU Member States to respect for the rule of law. Initially, this was linked to [Hungary's emergency measures](#) amidst the first stages of the pandemic and general rule of law backsliding. We continued to carry out joint [advocacy efforts](#) with TI Hungary and a coalition of human rights and media freedom organisations, including Human Rights Watch and the Committee for Protection of Journalists, on the regulation specifically. This advocacy work was accompanied by numerous [speaking](#) and [press](#) engagements. After intense negotiations, and in the face of veto threats from Hungary and Poland, the Council and Parliament [reached an agreement](#) on the regulation that incorporated our recommendations.

Second, as part of our rule of law work we [contributed](#) to the Commission's consultation procedure concerning their first country-specific rule of law reports. We coordinated national chapter submissions and participated in a series of Commission-solicited meetings to speak about horizontal issues and trends we identified. Ultimately, the Commission's [published report](#) in September 2020 reflected the rule of law concerns outlined in our submissions and those of other civil society organisations. We have continued to engage with the Commission in the drafting of the second annual report, to ensure that deficiencies are identified and that the Commission takes appropriate corresponding action to address them.

WHAT'S NEXT?

Our work in 2021 and beyond will be guided by TI's Global 2030 strategic objectives, which were adopted at the end of 2020. The full realisation of these ambitious plans will depend on securing sufficient funding.

Protect the Public's Resources

We will work to prevent and expose public sector fraud, including pushing for a well-resourced European Public Prosecutor's Office and increased anti-fraud measures to protect the EU's financial interests, including our integrity pact tool. We will further develop our Integrity Watch platform to identify red flags.

Stop Flows of Dirty Money

We will continue our advocacy campaign to improve and reform the EU's asset recovery regime, address regulatory shortcomings, and highlight case studies.

We will campaign for corruption to be included in the scope of EU human rights sanctions policy as currently, and contrary to similar sanctions legislation, also known as Global Magnitsky Acts, the EU regime excludes the corruption dimension.

We will continue the push for legislation on golden visa schemes, including seeking to help shape the European Parliament's dedicated report on golden visas and the possible adoption of EU standards by the Commission.

Within the expected legislative package on AML supervision, we will advocate for the creation of an independent EU anti-money laundering supervisory body with powers to sanction and to conduct independent investigations.

Secure Integrity in Politics

Following the adoption of a joint transparency register for the three institutions, we will work to ensure that policy-makers use this framework and adopt stronger rules on lobby transparency. We will also capitalise on the momentum of recent successes to increase legislative transparency of the EU Council.

Drawing upon the findings of our comprehensive integrity studies of the main EU institutions, we will pursue a sustained advocacy campaign for the reform of the ethics regime and establishment of an independent EU ethics body. We also aim to expand our Integrity Watch platform and to develop new functionalities.

We will engage in several EU legislative policy processes to push for a robust EU regulatory response for protecting electoral integrity and increasing transparency and accountability in online political advertising.

Drive Integrity in Business

Working with partners, we will engage in a legislative proposal on corporate governance and supply chain due diligence. We will push for the inclusion of corruption into this legislation and explore avenues to achieve corporate criminal liability for corruption-related crimes at EU level.

We will advocate for greater corporate tax transparency within the directive on public country-by-country reporting (CBCR), currently undergoing negotiations between the EU institutions.

In the expected legislative proposal on revising the EU Non-Financial Reporting Directive, we will push for improved standards on corporate anti-corruption reporting.



photo: shutterstock

Pursue Enforcement and Justice

Joint advocacy with coalition partners will target the Commission and Council to trigger the new rule of law conditionality regulation. We will continue to contribute, with national chapters, to the Commission's annual country-specific rule of law reports.

We will collaborate with the Daphne Foundation and with TI national chapters to call for joint investigations in key countries on the interrelated financial crimes associated with the assassination of Daphne Caruana Galizia.

Expand Civic Space for Accountability

As a founding member of a new coalition, we will strive to ensure the Commission proposes a directive to counter threats to journalists and activists by SLAPPs (strategic lawsuit against public participation).

We will collaborate with national chapters and coalition partners to ensure Member States implement the EU whistleblower directive according to the highest standards and protections.

In order to spread our message more effectively to a wider audience, we plan to invest in an upgrade of our communications tools, including a modernised visual identity, a revamped website and more strategic use of social media and visual and audio communications.

Stay in touch

Should you require any information please don't hesitate to reach out to us at brussels@transparency.org.

Stay up to date with our activities by keeping an eye on our website and Twitter account:

www.transparency.eu / [@TI_EU](https://twitter.com/TI_EU)

Transparency International EU

Phone: +32 2 893 24 58

Rue du Commerce 31, 1000, Brussels, Belgium

brussels@transparency.org

www.transparency.eu