

# DEBUGGING DEMOCRACY

Open data for political integrity in Europe

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## **Debugging Democracy**

Open data for political integrity in Europe

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# EXECUTIVE SUMMARY

## Using data to prevent political corruption

Political corruption subverts democracy and undermines people's trust in government. Transparency is key to ensure that policy-makers do not give preferential treatment to specific interests, distorting policies, institutions and rules of procedure to cater to the needs of the few instead of the many. Consequences of political corruption can be dire, with each scandal – from misuse of public funds to undue influence by lobbyists – fuelling the perception of widespread corruption within our institutions.

This report highlights how data can be used to combat political corruption. We underline structural deficiencies in both legislation and the systems designed to prevent corruption, by analysing and comparing 18 datasets pertaining to lobbying, public officials' financial interests and political finance. We analyse data from France, Greece, Italy, Latvia, Lithuania, the Netherlands, Slovenia and Spain, as well as datasets released by the European Commission and European Parliament.

Of the eight EU Member States and institutions surveyed, none have adequate measures to prevent undue influence on public policies and decisions.

The most common problem we encountered was poor data quality and publication of information in formats that require intensive labour before it can be properly analysed. Therefore, the key recommendation of this report is to make political integrity data available online in a centralised manner based on International Open Data Charter principles, regularly updated and easily accessible for a large audience, including citizens, journalists and civil society organisations.

The report makes further detailed recommendations aimed at securing or improving the independence, legal mandate and capacity of oversight and accountability institutions tasked with preventing, detecting and sanctioning political corruption.

## Asset and interest disclosure

Conflicts of interest arise when decision-makers have to choose between the public interest and a personal one. Comprehensive asset and interest disclosure is necessary to ensure a well-functioning system where conflicts of interest are prevented, or at least identified and addressed.

Our analyses of assets and interests of Members of Parliament (MPs) in France, Italy, Greece, Latvia, the Netherlands and Spain show vastly inconsistent reporting of income sources both within legislatures and between countries. All countries lack unique identifiers for officials and companies, which renders these datasets almost impossible to link with other sources of information. Missing or duplicated information, typos and vague descriptors of side activities point to a lack of verification and standardisation by the relevant authorities.

France and Latvia have independent oversight bodies mandated to proactively perform verifications and resolve conflicts of interest. However, these authorities lack the necessary resources to perform as intended. In Greece, Italy and the Netherlands, the relevant oversight institutions are not fully mandated and empowered to detect, sanction or prevent conflicts of interest. Spain still has no independent oversight institution to manage conflicts of interest among Members of Parliament.<sup>1</sup>



Photo by Emily Morter on Unsplash

In the countries where our data allows for comparison and aggregation, the report finds that an overwhelming majority of parliamentarians have at least one side activity in addition to their public function (72 per cent of MPs in France, 85 per cent in Latvia and 74 per cent in the Netherlands). Members of Parliament with side activities typically have more than two and as many as 36 in some cases. Our research also found that asset and interest declarations in Greece are published with a delay of up to two years, during which conflicts of interest could occur.

Independent oversight and management of conflicts of interest is set to be crucial for the EU institutions in the coming years. The European Commission has made it a political priority to establish an independent ethics body that will oversee both the Commission and European Parliament. As both institutions are struggling with the same issues found in the EU Member States mentioned in this report, the EU can pave the way for continent-wide reflection on how to prevent and sanction conflicts of interest.

## Political finance

Political parties, like all organisations, require financial resources to function. Given their influence on democratic and policy-making processes, it is important to ensure that the financing of political parties is organised in a way that ensures fairness and transparency.

Our research in Italy and Latvia found the countries have polar opposite political finance regulatory frameworks, resulting in striking statistical differences.

In Latvia, public funding is the main source of income for political parties, supplemented by individual donations. Only individual citizens can donate, and donations are capped by law at 20 times the monthly minimum salary. In 2020 this amounts to under €9,000.

The contrast with Italy is stark, where no direct public funding is available, leaving individual donors and legal entities as the sole sources of income for political

parties. Donations are capped at €100,000. In 2018-2019, 69 per cent of third-party donations to parties came from Italian politicians themselves, compared to just 7 per cent in Latvia. Third-party associations are also a relevant recipient of donations in Italy, accounting for nearly €10 million or 37 per cent of the total volume of political funding in 2019. This money can, in some instances, be donated to political parties, leading to a web of transactions complicating control efforts.

However, the two systems do have one similarity: 20 per cent of donors contribute roughly 80 per cent of all declared political donations. It is therefore essential to encourage sourcing from a larger pool of smaller donors to enhance protection against the risk of undue influence by wealthy donors.

At EU level, the difference between the Latvian and Italian system highlights a further quandary when it comes to the funding of European political parties. While the public/private financing system of these large umbrella organisations generally abides by adequate reporting standards, the amount of money they received during European elections was relatively small, raising only €158,530 in private donations during the campaign. In Italy alone, a little over €27 million was declared in 2019, highlighting the relatively small role EU-level parties play in political campaigning, even during European elections. Given the large disparities in national rules governing the financing of elections in EU Member States, the scope for undue influence during EU elections remains high. As European political parties are designed to foster cross-border campaigning by European politicians, the electoral system is only as strong as the weakest, i.e. least transparent EU member. Any reform of the rules regarding the funding of European political parties must therefore request transparency measures for national parties' contributions.

## Lobbying

Lobbying is a part of any healthy democracy. It involves any activity from an organised group that is carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Despite involving a broad range of actors, lobbying is often viewed among the wider public as harmful to the common good. It is therefore vital that such activities are conducted in a transparent and ethical manner to foster trust in public decisions and prevent undue influence.

Our research into lobby registers and lobbying activities in France, Lithuania and Slovenia as well as within the European Commission and European Parliament found vast differences in the kind of information being reported, owing to differences in legislation.

Only France and the European Commission can be deemed to have taken tentative measures to enforce lobby transparency. Both have adopted an extensive definition of lobbyists requires all organised groups seeking to influence policies to disclose key information such as lobby expenditure, interests pursued and lobbyists' identities. Such organised interest groups have considerable resources at their disposal to influence policies, with an annual budget ranging between €63 million and €93 million in France, and €1.5 billion declared on the EU Register. Due to the limitations of both registers, the actual figures are likely to be considerably higher than what is currently reported.



Photo by Charles Deluvio on Unsplash

Key information is lacking in the Lithuanian and Slovenian systems because of their highly restrictive definition of lobbying, which is limited to organisations providing lobbying as a service to third parties. As a consequence, fewer than 2 per cent of the published lobby meetings for 2018-2019 were actually held with registered lobbyists. In other words, the majority of published meetings were held with organisations not required to be transparent about the extent of their activities. This creates a serious risk of undue influence.

In Lithuania, reporting is mandatory for registered lobbyists and voluntary for public officials. In Slovenia, this is unevenly performed meaning that these results are only a partial reflections of actual lobbying taking place. In France, for example, a reported lobbying activity can be a single meeting or a series of interactions which makes it impossible to establish the real amount of lobbying taking place.

Across all countries and institutions, the most active lobbyists come from the business sector. Where it is possible to ascertain, we also found that environmental policies are among the top areas being targeted in France, Slovenia and the EU Commission.

In this area, the EU could again play a leading role and set an example for others to follow. Neither the European Parliament nor the Council have adopted mandatory publication for all policy-makers and mandatory registration for all lobbyists active in Brussels. Mandatory transparency registers applicable to all EU institutions, governed by an independent authority, and timely publication of lobby meetings would set standards across the continent. It would also ensure a degree of harmonisation in the single market, enhancing compliance by cross-border lobby entities and preventing the patchwork of measures found in France, Lithuania and Slovenia.

# INTEGRITY WATCH EUROPE: OPEN DATA FOR POLITICAL INTEGRITY

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## Integrity Watch EU

### EUROPEAN UNION

Lobby meetings by European Commission and Members of the European Parliament

Registered lobby organisations in Brussels

Financial interests of Members of the European Parliament

[integritywatch.eu](http://integritywatch.eu)

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## Integrity Watch Nederland

### THE NETHERLANDS

Declarations of financial interests of Members of the Lower and Upper Chamber of Parliament

[integritywatch.nl](http://integritywatch.nl)

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## Integrity Watch France

### FRANCE

Declarations of financial interests of Ministers, Members of Parliament, Senators

Declarations of financial interests of French Members of the European Parliament

Lobbying activities with public officials

Registered lobby organisations

[integritywatch.fr](http://integritywatch.fr)

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## Integrity Watch Spain

### SPAIN

Declarations of assets and income of Members of Parliament and Senators

[integritywatch.es](http://integritywatch.es)

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## Soldiepolitica

### ITALY

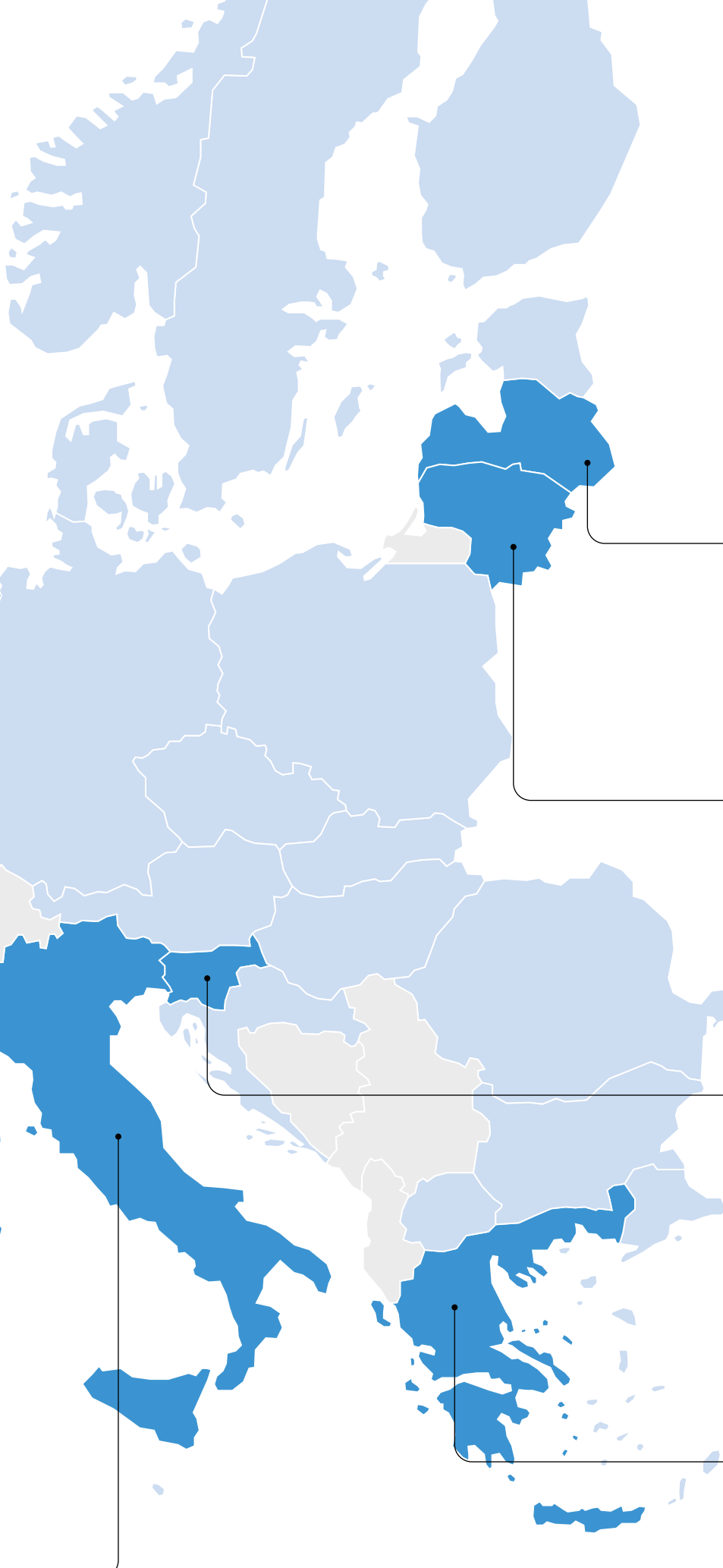
Declarations of financial interests of Members of Parliament and Senators

Donations to political parties

[soldiepolitica.it](http://soldiepolitica.it)

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## Deputati Uz Delnas

### LATVIA

Donations to political parties  
Declarations of financial interests  
of Members of Parliament

[www.deputatiuzdelnas02.lv](http://www.deputatiuzdelnas02.lv)

## ManoSeimas

### LITHUANIA

Lobby meetings with Members of the  
Parliament  
Committee meetings in the Parliament  
Access logs to the Parliament

[manoseimas.lt](http://manoseimas.lt)

## Varuh Integritete

### SLOVENIA

Lobby meetings by the Government  
Lobby meetings by the National Assembly  
Statutory Limitations of business interests

[varuhintegritete.transparency.si](http://varuhintegritete.transparency.si)

## Integrity Watch Greece

### GREECE

Declarations of financial interests  
of Members of Parliament

[integritywatch.gr](http://integritywatch.gr)

# INTRODUCTION

Political decision-makers are elected or appointed to serve the common good to the best of their abilities. The common good is a very contested concept, so it is hard to establish how best to achieve the goal of serving it.

Political decision-makers may find themselves acting against the common good when they arrive at decisions without broadly consulting all relevant groups, or when they pursue their own private interests over the public interest. Political corruption and illicit money in politics can affect both these situations. In the first instance, by only consulting those who pay for access, decision-makers do not gain a broad range of views before arriving at a decision. Similarly, when decision-makers owe something to private interests, for example because of a generous campaign donation or the prospect of a job in the private sector after their public function ends, the risk of making decisions not for the common good increases.

Transparency International defines corruption as the abuse of entrusted power for private gain.<sup>2</sup> When politicians allow those who can afford to pay undue access to the policy process, they are abusing their entrusted power for private gain. They are committing political corruption. The solution is a robust system to ensure political integrity, whenever money or private interests threaten to skew decisions away from the public interest. Political integrity means exercising power consistently for the common good, rather than sustaining private interests or the wealth or position of powerful individuals. The best way to ensure governments consistently act in the public

interest and are not disproportionately influenced by financial, criminal or other vested interests, is to design inclusive, transparent and accountable policy- and decision-making processes.

This report examines the policies, institutions and practices at national and EU level designed to regulate the intersection of money and politics, specifically conflicts of interest for public officials, opaque political finance and lobby practices. This in turn allows us to identify weaknesses in political integrity systems and provide relevant recommendations. The countries included in the study are France, Greece, Italy, Latvia, Lithuania, the Netherlands, Slovenia and Spain.

The data for this report comes from Transparency International's Integrity Watch Europe project. The project involved Transparency International EU (TI EU) and eight Transparency International national chapters scoping relevant data from official sources on assets and incomes of politicians, conflicts of interest and lobbying. The quality of the data varied greatly in terms of accessibility, accuracy and format. These datasets have been harmonised and displayed on user-friendly interactive websites.<sup>3</sup>

A key tool used to compile the data was TI EU's Integrity Watch, launched in 2014. This is a central hub for online tools that allow citizens, journalists and civil society to monitor the integrity of decisions made by politicians in the EU. Data that is often scattered and difficult to access is collected, harmonised and made easily available on the platform, allowing citizens to search, rank and filter the information in an intuitive way.

# ASSET AND INTEREST DISCLOSURE

Politicians and public officials are elected or appointed to represent the public interest in the course of their duties. Conflicts of interest arise when decision-makers have to choose between the public interest and a personal one.<sup>4</sup>

Article 8 of the Model Code of Conduct for Public Officials, adopted by the Council of Europe's Committee of Ministers in 2000, states that: "The public official should not allow his or her private interests to conflict with his or her public position. It is his or her responsibility to avoid such conflicts of interest, whether real, potential or apparent."<sup>5</sup>

Strategies to mitigate conflicts of interest can include:

- + asset and interest disclosure through registers,
- + recusal (the voluntary or enforced abstinence of officials from decision-making or participation in discussions they have a personal stake in),
- + divestment or liquidation of a particular interest by the public official,
- + restriction of the public official's access to sensitive information,

Photo by Kamusal Alan on pxhere





Photo by Pablo Andrés Rivero on flickr, licensed under CC BY-NC-ND 2.0

- + transfer of the public official to an alternative duty,
- + resignation of the public official from the conflicting private-capacity function.<sup>6</sup>

Comprehensive asset and interest disclosure is necessary to ensure a well-functioning system where conflicts of interest are prevented, or at least identified and addressed.

## Common challenges

We identified two common challenges related to the asset and interest disclosure regimes in France, Greece, Italy, Latvia, the Netherlands and Spain. The first is the insufficient mandate and capacity given to the relevant institutions to verify asset and income declarations. The second is poor quality in asset and interest disclosure data.

## Legislation and institutions

Legislation establishing asset and interest disclosure is part of the basic anti-corruption toolkit, enshrined

in the United Nations Convention Against Corruption (UNCAC) and many other international standards and guidelines, including those of the World Bank, G20 and Council of Europe.<sup>7</sup>

Despite this, and decades after 140 countries ratified the UNCAC, even advanced democracies such as the EU Member States included in this study are woefully behind in implementing appropriate legislation and establishing institutions that have the capacity, will and independence to ensure a system which prevents, identifies, manages and sanctions conflicts of interest.

Even in cases where relevant institutions are identified and mandated to run an asset and interest disclosure system, they do not have the mandate or power to conduct systematic in-depth verification of public officials' asset and income declarations. This leads to partial verification at best, as further investigation is not always part of these institutions' mandate.

In addition to lacking the mandate, institutions in Greece, Italy, Latvia, the Netherlands and Spain also lack the capacity to conduct the necessary data verification, both in terms of staff and advanced technological tools.

Furthermore, poor data quality coupled with ambiguity makes it hard to spot mistakes or more serious issues in the declarations, making it difficult for the relevant authorities to take disciplinary action.

In Spain, there is a significant difference in the legal framework between the Congress Regulations<sup>8</sup> and the Senate<sup>9</sup> regarding the deadline for the presentation of the declaration of assets and income as well as the sanction that can be imposed for not submitting the declaration of assets and income in a timely manner. The Congress Regulations do not establish a deadline for the presentation of the declarations nor specific sanctions are established if they do not present the declaration, as well it is not requirement to acquire their full status as Deputy. On the other hand, the Senate Regulations, establishes that they must present it at the beginning of their term to achieve their full status as Senators.

In Latvia enhanced oversight by public authorities is necessary. Each year the Corruption Prevention and Combatting Bureau of Latvia (KNAB) checks the declarations of some 1,000 officials (out of 60,000). Of these, only around 150 undergo in-depth verification, mostly following complaints and media reports<sup>10</sup>. The Council of Europe’s anti-corruption body, GRECO has also raised concerns about the lack of internal criteria for in-depth verification by the State Revenue Service of the Republic of Latvia (SRS) and limited staff capacity.<sup>11</sup>

Like Latvia, France has an independent oversight body with the mandate to proactively verify and cross-reference declarations of assets and interests.

In 2019, the French High Authority of Transparency in Public Life (HATVP) received 5,360 declarations of financial interests from high- ranking officials, of which 2,019 underwent an in-depth verification procedure.<sup>12</sup> The results justify the existence of an independent system, with 189 conflicts of interest resolved and 23 referrals to the public prosecutor for serious breaches of the law.<sup>13</sup> However, despite its 50 staff members and a budget of €7.2 million<sup>14</sup>, the HATVP still lacks the resources to properly fulfil its mission, given that it is also in charge of the French lobby register and of regulating ‘revolving doors’ (the movement of high-ranking officials between the public and the private sector).

In all countries surveyed, there is a lack of coordination between the relevant institutions. To ensure a well-functioning asset and interest disclosure regime, institutions ranging from tax offices to financial intelligence units, law enforcement agencies, the judiciary and anti-corruption agencies need to proactively cooperate and share information.

The absence of beneficial ownership transparency in most countries adds a layer of secrecy and risk when it comes to preventing, investigating, managing and sanctioning conflicts of interest.

### Data quality

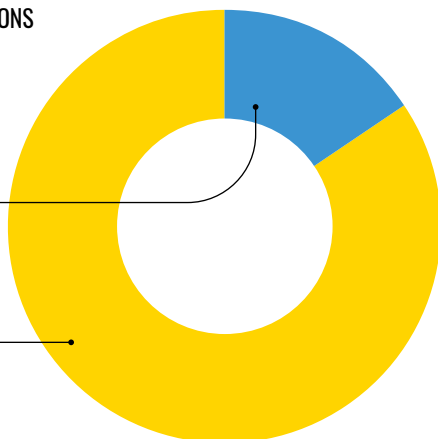
The data on asset and income declarations is incomplete or of poor quality in all the countries studied in this report.

## SHARE OF VERIFIED DECLARATIONS OF INTERESTS IN FRANCE AND LATVIA

N° OF DECLARATIONS RECEIVED

13%  
LATVIA

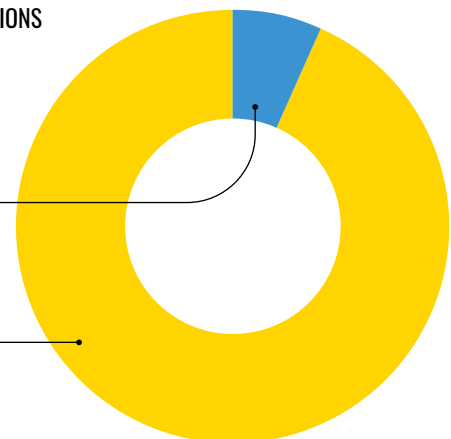
87%  
FRANCE



N° OF DECLARATIONS VERIFIED

27%  
LATVIA

73%  
FRANCE



While asset and income declarations for MPs are made available online, in most cases they are provided in **data formats** which are not accessible or useful for data analysis, searching or systematically identifying red flags. In Greece, Italy and Spain, the declarations are made available via PDFs, which require a lot of technical expertise and at times manual labour to turn into useful data tables. In Latvia, the website containing asset declarations is not user-friendly.<sup>15</sup> Users can only check one declaration at a time by searching for the full name of the official.

France is an outlier here. It proactively publishes its full dataset of declarations in open data format. However, it requires tools such as Integrity Watch to allow the wider public to perform more holistic searches beyond what is published on individual pages of the HATVP website.

Beyond the format of disclosure and publication, **data collection** itself is problematic. There are often no standard forms or templates, nor specific guidelines for public officials on how to provide their information. This leads to extremely heterogeneous data points. In Spain, although there is a standard model for both Chambers and some minor general guidelines, given the ambiguity and generality of various categories used in the declaration of assets and income, they are clearly insufficient and scarce. Leading to extremely heterogeneous data point. For example, in one of the subcategories named “income received by the parliamentarian”, some parliamentarians provide details such as workplace, position while others provide few if any detail at all. Also, in other subcategories, some parliamentarians provide the source of income as the shares they hold in a company, others provide only the name of the company. The lack of clarity of the categories, the absence of clear guidelines for filling in the forms, as well as the lack of verification also greatly fuels this disparity or heterogeneity of information. In Italy, one MP who declared over €5 million income in one year cited the source of funds simply as ‘entrepreneur’.<sup>16</sup> In Latvia, it is not always clear which income is derived from public sector and which from private sector jobs. Furthermore, key information is lacking in most countries, including France, which otherwise has relatively good data quality.

Various barriers also exist to **data interoperability**, which means allowing different datasets to be collected and analysed together. Italy and the Netherlands, for example, have a company register, however, it is not open to the public free of charge.

Lack of unique identifiers, typos, use of nicknames and many other data entry factors hinder the ability of researchers to compare and use different datasets together.

Finally, delayed publication is an issue across the countries analysed. Asset and income declarations may be made available with a delay of up to two years, as is the case in Greece.

## Key findings

MPs are allowed to have side activities in all the countries studied in this report, despite their job being a full-time remunerated position in all countries. A side activity is any professional engagement – paid or voluntary, part-time, full-time or temporary. It is not possible to break down and analyse types of MPs’ employment for all countries, but we can analyse the percentage of MPs engaged in side activities for most countries.

While all six countries have data on the extra-parliamentary income their MPs make, the information currently displayed in the asset and income declarations analysed in Greece does not allow for a clear count of side activities that MPs may have in the private sector. In Italy our research was

## SHARE OF MPs DECLARING AT LEAST ONE SIDE-ACTIVITY

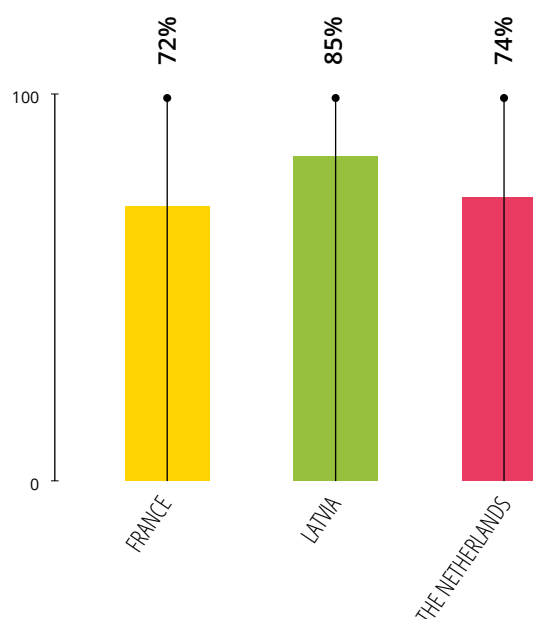




Photo by Dustin Humes on Unsplash

based on company register data and only focused on companies with more than 5 employees and turnover of more than €100,000. In the remaining three countries a majority of MPs are engaged in at least one side activity. France, Latvia and the Netherlands have similar rates, with 72 per cent, 85 per cent and 74 per cent of MPs declaring a side activity respectively.

For the countries where it is possible to ascertain income from side activities, we observe that the average ranges from €7,000 a year in Latvia to €66,843 in Greece.

When it comes to the average number of side activities declared per MP, it varies from 1.5 in Latvia, 2.6 in France and the Netherlands, to 2.8 in Italy. The highest number of declared side activities is 36, from a French MP.

In some countries it is possible to establish the sectors of MPs' side activities. In Italy, the most common sectors include tourism, real estate and financial services, whereas in Latvia the top three generating income are agriculture, wholesale and retail trade and education (including state academia). While the sectors reflect the different economic make-up of Italy and Latvia, real estate features on both countries' list. It is not possible to say, with this limited data, whether this is a coincidence or a systemic issue. A comprehensive sectoral analysis is needed to identify any high-risk sectors and take relevant regulatory precautions to reduce the risk of conflicts of interest.

While side activities for MPs are legal sources of additional income and professional development,

**This is most evident in Italy where one MP owns a company in the agricultural sector and is a council member of a consulting company closely related to the General Confederation of Italian Agriculture, while at the same time being a member of the parliamentary committee on agriculture. In effect, this means she is tasked with legislating on the very industry she is professionally involved in.**

they present two key issues. The first is whether it is possible to satisfactorily fulfil parliamentary activities and duties while maintaining up to several dozen side activities. Secondly, and more importantly, the potential conflicts of interest inherent in some of these activities cannot be left unchecked. This is most evident in Italy where one MP owns a company in the agricultural sector and is a council member of a consulting company closely related to the General Confederation of Italian Agriculture, while at the same time being a member of the parliamentary committee on agriculture. In effect, this means she is legislating on the very industry she is professionally involved in. This situation could potentially involve actual or perceived conflicts of interest and would warrant further scrutiny.

### **Dutchtaxhavens.com**

In 2013 the Dutch online newspaper quotenet.nl reported that the far-right Dutch politician and leader of the anti-Islamist and anti-EU party PVV, Geert Wilders, had domiciled his company OnLiberty BV under a company formation firm called Inco Bizz. At the time Inco Bizz, which ceased to exist in 2017, owned and administered the website nederlandbelastingparadijs.nl (which translates as Netherlands tax havens.nl).<sup>17</sup> Geert Wilders set up the company to collect royalties for his books and events. Although Inco Bizz does not exist anymore, OnLiberty BV is still operational, and now domiciled at a Dutch address.<sup>18</sup> As the Dutch commercial register is not open and free of charge, it was not possible to gather more information on the company, other than its address and registration number. However, our data analysis does show that Geert Wilders declared a perfectly round income of €500 associated with OnLiberty BV for the period of 2019.



## Case study

### Greek Communist Party MPs' income

An unusual Greek Communist Party (KKE) internal rule provides critical information on under-reporting of MPs' income in the country. The KKE collects all parliamentary income from its MPs and redistributes a certain amount back to them. This means that KKE MPs are more disciplined in declaring their parliamentary income than their colleagues in other political parties. Indeed, our analysis finds that KKE MPs declared a median income of around €72,000 in 2018, which is more than twice the median of all parties (€34,046). The median parliamentary income declared by MPs from the parties that are usually in government is between €36,000 and €37,000. It is impossible that KKE MPs earn twice as much in parliamentary income as their colleagues; the only plausible explanation is that other MPs are severely under-reporting their official income in their asset and income declarations. While this may not carry obvious corruption risks, it points to a failure to correctly collect and publish important data.

## EU framework

The financial interests of Commissioners and Members of the European Parliament (MEPs) have attracted much attention in recent years.

Commissioners face the spotlight during the 'hearing process' in the European Parliament to confirm their nomination. They must submit a declaration of interests disclosing any activity that "might give rise to conflicts of interest", to be scrutinised by the Legal Affairs committee. Unfortunately, handing over scrutinising powers to MEPs who, by their very essence, are political in nature brings the neutrality of this system into question. Parliament rejected two Commissioners-designate during the hearings to confirm the Von der Leyen College of Commissioners.<sup>19</sup> This led to accusations of MEPs playing political games rather than assessing candidates' integrity in good faith. The chaotic hearing session highlighted the urgent need for an independent system. An independent ethics body would lead on scrutinising potential Commissioners' backgrounds and declarations, far from the reaches of party politics. It would also vastly improve the

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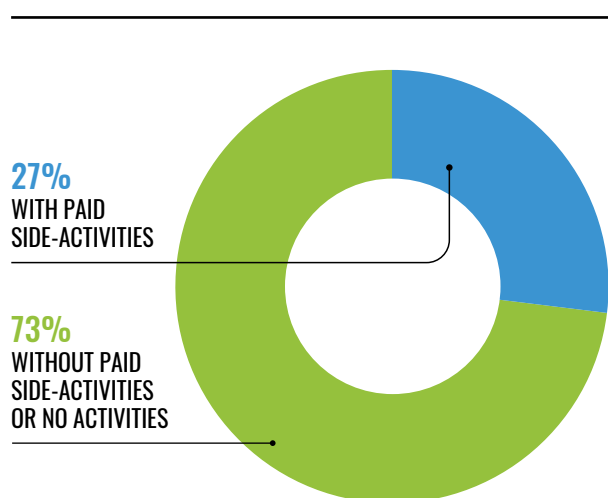
oversight system during the time Commissioners are in office. Under current rules,<sup>20</sup> Commissioners must file a yearly declaration that only the President of the Commission validates.

The European Parliament's 2014-2019 legislative term was the first time MEPs had to fill out their declarations of financial interest at the start of the term. All MEPs are required to submit a range of information on their outside revenues, board memberships and financial holdings and must update this information within one month of any changes taking place.<sup>21</sup> Since 2014, MEPs must complete their declarations electronically, but they are not published in a centralised or accessible manner. Partially through EU Integrity Watch's data collection work, TI EU has been able to highlight two persistent issues: 1) MEPs make considerable earnings on the side, leading to a greater risk of conflicts of interest, and 2) the information provided is not proactively verified by parliamentary services nor are breaches sanctioned.

As of June 2020, 27 per cent of MEPs in the current legislature had declared revenues from outside activities, amounting to a combined yearly income

ranging between €3.8 and €11.3 million. The large discrepancy between the lower and upper estimate is due to the income categories MEPs choose from in their declarations.

## SHARE OF MEP'S WITH PAID SIDE-ACTIVITIES



With a total of 659 activities declared by 191 out of 704 MEPs, verifying the actual contents of those activities is essential for ruling out conflicts of interest – especially when the practice of providing meaningless descriptions such as ‘lawyer’, ‘board member’ or ‘economic activity’ persist from the previous legislature.<sup>22</sup> Vague descriptions prevent us from knowing the actual sources of income and decisively establishing the economic sector where activities are taking place. MEPs are solely responsible for their own declarations and are found to be in breach of the Parliament’s Code of Conduct if they do not submit a declaration, make false declarations or otherwise omit information they are obliged to publish. However, since the contents of declarations are not independently verified, little incentive exists to abide by the Code. Coupled with the fact that Code enforcement rests entirely with the President of the Parliament, no MEP to date has been sanctioned for breaching the Code in regards to their declaration. While in theory oversight rests with an advisory committee on ethics, this body is entirely made up of MEPs and only acts in an advisory capacity.



**I will support the creation of an independent ethics body common to all EU institutions. I will engage and work closely with the other institutions to make this happen.”**

European Commission President  
Ursula Von der Leyen

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Momentum is gathering in Brussels towards putting in place an independent oversight body that would oversee both the European Commission and European Parliament. The new Von der Leyen Commission has made it a political priority to establish such a body, with the aim of alleviating the main concerns raised in this report. Setting up the new body will certainly draw on Member States’ experiences of establishing similar bodies to monitor the financial interests of their national political decision-makers.

# POLITICAL FINANCE

Political parties are collective platforms for the expression of individuals' fundamental rights to association and expression.<sup>23</sup> They play a key role in our democracies and societies by articulating the interests of specific groups and developing policy proposals that provide voice and choice. Parties select and often vet candidates for elected office, coordinate the formation of government, provide an opportunity for political participation and act as a bridge between the executive and legislative branches.<sup>24</sup>

To adequately exercise these functions, parties need funding. Given their influence on the democratic and policy process it is important to ensure that the financing of political parties is organised in a way that ensures fairness and transparency.

Depending on the political finance regime, donations from individuals and companies can be a critical source of funding. However, donations made to political parties by individuals and corporations can come with corruption risks. In return for their donation, donors may expect favourable regulations, the sale of public property or preferential access to government contracts.<sup>25</sup>

A serious concern is the dominance of a few private interests over the funding of political parties. This can lead to a situation of legalised policy capture, where private individuals or companies exercise their right to donate money and in return get favourable legislation or preferential treatment in public tenders.

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Article 7.3 of the UNCAC mandates state parties “to enhance transparency in the funding of candidatures for elected public office and, where applicable, the funding of political parties”.<sup>26</sup>

## Common challenges

As part of this study, Transparency International collected and analysed data pertaining to political finance in Italy and Latvia. These countries have very different and varied legislative frameworks to regulate political finance. The main common challenges are around the quality of data, although legislation and institutions also present problems, similar to the asset and interest disclosure regime.

The quality of data on political finance is poor in both countries. Neither one publishes data in line with International Open Data Standards. Their data is online but not updated in a timely manner, and bulk downloads are not possible in either country. Party financial accounts are available in both, but only in non-open formats, such as PDFs or JPG files, often badly scanned and inconsistent in terms of reported information.

In Italy mistakes were found, which render data analysis even more difficult. Errors include wrong use of name and last name fields and inconsistent company names, both issues that could be remedied through unique identifiers.

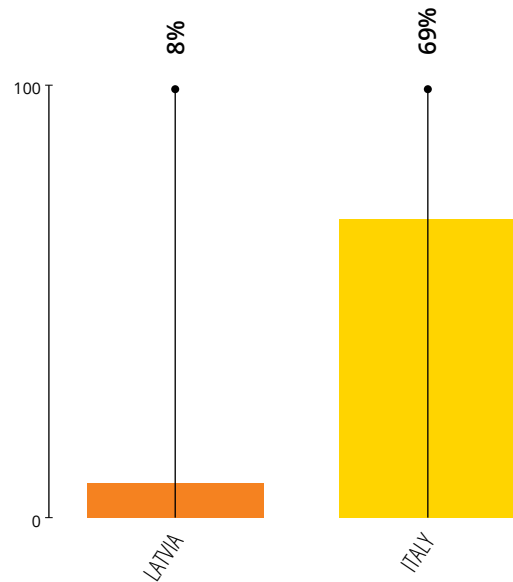
## Key findings

Italy and Latvia are polar opposites when it comes to regulatory frameworks for political finance.

In Latvia, public funding plays an important role and is supplemented by citizens’ individual donations. Donations by companies or legal entities are banned. Donations by individuals are capped by law at 20 times the monthly minimum salary, which in 2020 amounts to under €9,000.

In Italy, on the other hand, no direct public funding for political campaigns is available, leaving individual donors and legal entities as the only sources of direct funding. Donations are capped at €100,000. This results in very different statistics, which may be explained more by legal differences than other political factors or integrity risks.

## SHARE OF DONATIONS BY ELECTED OFFICIALS IN ITALY AND LATVIA



The ban on public funding of political parties in Italy has resulted in a heavy reliance on parliamentarians themselves to fund political campaigns. In 2018-2019, donations made by Italian MPs, senators and ministers accounted for 69 per cent of total funding. The average Italian parliamentarian or minister donated over €36,000 in this timeframe. Conversely, during the same period in Latvia, only 7 per cent of donations came from MPs, and the average donation was €3,640. Parliamentarians donating to parties is legal in both countries.

The countries also differ when it comes to donations by individual donors. In Latvia parties have a higher number of donors (an average of nearly 200 per party) with a relatively small average donation size of under €1,300 per donor. Italian political parties, on the other hand, have far fewer donors – only around 28 donors per party on average, with the average donation being seven times higher than in Latvia, at €9,929.

In both countries, around 20 per cent of donors make around 80 per cent of individual donations. This is consistent with the Pareto Principle that 80 per cent of effects come from 20 per cent of causes.

In Italy, third-party associations and foundations also play an important role in financing political



campaigns. Donations made to third-party associations accounted for nearly €10 million, or 37 per cent of the total volume of political funding in 2019. These associations, in turn, donate significant sums to political parties, as well as other associations, creating an intricate web of transactions which makes it very difficult to exercise meaningful accountability on money in politics.

**In 2018-2019, donations made by Italian MPs, senators and ministers accounted for 69 per cent of total funding. The average Italian parliamentarian or minister donated over €36,000 in this timeframe.**

## Case study

At the start of 2020, a foundation linked to the Italian political party *Cambiamo!* caught the attention of the Italian Central Bank (Bankitalia), the Financial Intelligence Unit and the Prosecutor of Genoa after banks reported suspicious activities in connection with donations made in 2019 to the Change Committee, an association closely linked to the party.<sup>27</sup>

Our data analysis found that in Italy in 2019, nearly €10 million – i.e. more than a third of all political finance donations – were made to third-party associations, such as the Change Committee. Indeed, the largest donation to an association – €100,000 – was made to the Change Committee by a company called Moby Spa.<sup>28</sup> Another combined €100,000 was donated to the Change Committee by three other companies, one of which manages a waste landfill, which falls under the purview of the provincial government headed by the recipient party's leader.<sup>29</sup> According to the Italian newspaper *La Repubblica*, the most sensitive issue in the case is that part of the money, around €25,000, was allegedly transferred to an account in the name of the party leader, Giovanni Toti. He has declared that everything is transparent and accessible and that the account in his name is

strictly for his political activity rather than private expenses. The case is ongoing and currently with the Italian courts.<sup>30</sup>

The courts may find that the donations and money transfers were ultimately legal. However, this case perfectly illustrates the legal grey areas caused by the use of third-party donations in Italy.

After the total ban on public funding for political parties was approved in 2013, donations from private companies and individuals became the primary source of direct funding for political campaigning. The current use of associations to channel money into politics makes it difficult for journalists, NGOs, ordinary people and ultimately voters to track and control where donations come from and how funds are spent. Large swathes of the total volume of money in politics are untraceable, opening the door to risks of corruption and abuse.

## EU framework

Political finance at EU level is one area where EU institutions have adopted an adequate system of governance. Before the European elections in May 2014, the EU introduced new rules<sup>31</sup> for the financing of European political parties and foundations. Its objectives were two-fold: to foster the emergence of pan-European political parties through public funding, and to establish a system of governance for private donations to prevent undue influence.

Having undergone several reviews during the last legislature, the system has made tangible progress on both counts. However, it is still marred by the fact that European elections are largely regulated at national level. There are now 10 European political parties and 10 foundations registered with the Authority for European Political Parties and European Political Foundations<sup>32</sup>. This authority is in charge of controlling the 10 per cent of co-financing requirements (taking the form of private donations) necessary for European political parties and foundations to be eligible to receive funding from the EU budget. Donations over €12,000 are reported on a centralised website in real time, while those below this threshold must be reported weekly during the six months leading up to European elections.



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Anonymous donations are explicitly forbidden; though low value donors must give written consent before their names can be divulged to the public. Donations originating from third countries outside the EU are explicitly forbidden, too, reducing the scope for foreign meddling. Unfortunately, the authority does not publish donations in open data format, so manual analysis is required to aggregate data. Total donations received during the May 2019 election year amounted to €158,530 – an arguably minor amount compared to donations received at Member State level.

This is perhaps the system's single point of weakness: European political parties represent a variety of national parties and politicians. Their role in financing electoral activities during European elections far exceeds that of their umbrella organisations at EU level. Given the large disparities in national rules governing the financing of elections in Member States, the risk of undue influence by either private donors or hostile actors remains high. While the scope for addressing the issue at EU level is limited, as electoral law is a national competence, a debate on the harmonisation of rules during European elections should be considered.



# LOBBYING

Lobbying is a common feature of law-making in modern democracies. Organised groups deploy their knowledge, networks and funds to influence policies in line with their interests. These include not only large corporations but also NGOs, religious groups, trade unions, academia and consultancies. Despite involving a broad range of actors, lobbying is often viewed among the wider public as harmful to the common good.



## DEFINITION: LOBBYING

**Any activity carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Even when allowed by law, these acts can become distortive if disproportionate levels of influence exist – by companies, associations, organisations or individuals.**

Four in five Europeans (79 per cent) agree that excessively close connections between business and politics favour corruption in their country.<sup>33</sup> At EU level, a 2013 poll conducted in six Member States showed that 70 per cent of respondents believed lobbyists had a strong influence on EU decision-making and close to three-quarters (73 per cent) considered corporate lobbyists to exercise too much power.<sup>34</sup>

Part of the problem lies in the numerous scandals that have tainted corporate lobbyists' reputation. From the tobacco industry's attempts to mitigate public health initiatives<sup>35</sup> to German carmakers' cosy relationship with the government resulting in lax enforcement of CO2 emissions limits, lobbying can present a serious threat of policy capture, undermining public trust and fuelling perceptions that governments are politically beholden to special interests.

To alleviate these issues, lobbying regulation seeks to make the impact of lobbying on the decision-making process transparent, as well as hold those in power to account for the policies and legislation they enact. Implementing the following policies can achieve this:<sup>36</sup>

- + A lobby register that discloses key information on lobbyists such as financial expenditure, lobbyists involved and interests pursued. Disclosing this information is crucial for both citizens and policy-makers. The former gain valuable insights on the organisations influencing public policies while the latter gain a measure of protection against misleading or covert representation. The register must be based on a broad definition of what constitutes lobbying and registration must be mandatory for all actors.
- + A proxy indicator for lobbyists' access and influence, often taking the form of publishing meetings or other interactions between lobbyists and public officials. All information should be publicly available in open data format on a centralised database.
- + A code of conduct for both lobbyists and public officials to ensure that all actors involved act ethically and a sanctioning regime to deter non-compliance and breaches by registrants and



Photo by warpmike on Pixabay

unregistered entities. The whole system should be overseen by an independent authority with sufficient resources to conduct monitoring and apply sanctions where necessary.

In reality, few countries in the EU have adopted this comprehensive system of regulation, leaving lobbying activities mostly in the dark. However, the momentum for effective transparency and accountability of lobbying is gathering pace both in Brussels and EU Member States. Data pertaining to lobbying allows civil society, journalists and citizens a peek into this shadowy activity, and is being partially released through Integrity Watch France, Lithuania and Slovenia.

## Common challenges

Of the eight countries involved in this study, only three have accessible data on lobbying. France and Slovenia have adopted the three criteria for effective regulation listed above. However, their implementation varies greatly, creating a new subset of issues when it comes to mapping the full extent of lobbying activities taking place in their respective national contexts. Lithuania is one of a handful of countries in the EU to have

regulated lobbying activities for over a decade. While data quality is high in all countries generally speaking, the content of the information disclosed is far behind the norms of transparency that would effectively guarantee accountability and prevent political corruption.

In France, the dataset consists of annual declarations of lobbying activities, made available through a public register on the website of the High Authority of Transparency in Public Life (HATVP).<sup>37</sup> All registered lobbyists must declare their identity, activity, and resources invested in lobbying (human and financial), and fill out forms for their lobbying activities conducted during the previous year. These forms ask for broadly defined information about the type of public official targeted, the type of public decision targeted and the issue addressed. In total, 2,040 registered organisations have declared 21,103 lobbying activities since the register was introduced in 2017.

This large dataset, published in machine-readable format, should in theory provide a full overview of lobbyists' footprint in France. However, in practice, multiple 'actions' such as meetings, remote communications, and events, are often merged into

single declarations if they are related to the same issue. This makes comparisons between lobbyists difficult as activity declarations do not use the same unit of measurement. Some comprise a single lobby meeting while others outline a full-blown lobbying campaign taking place over several months.

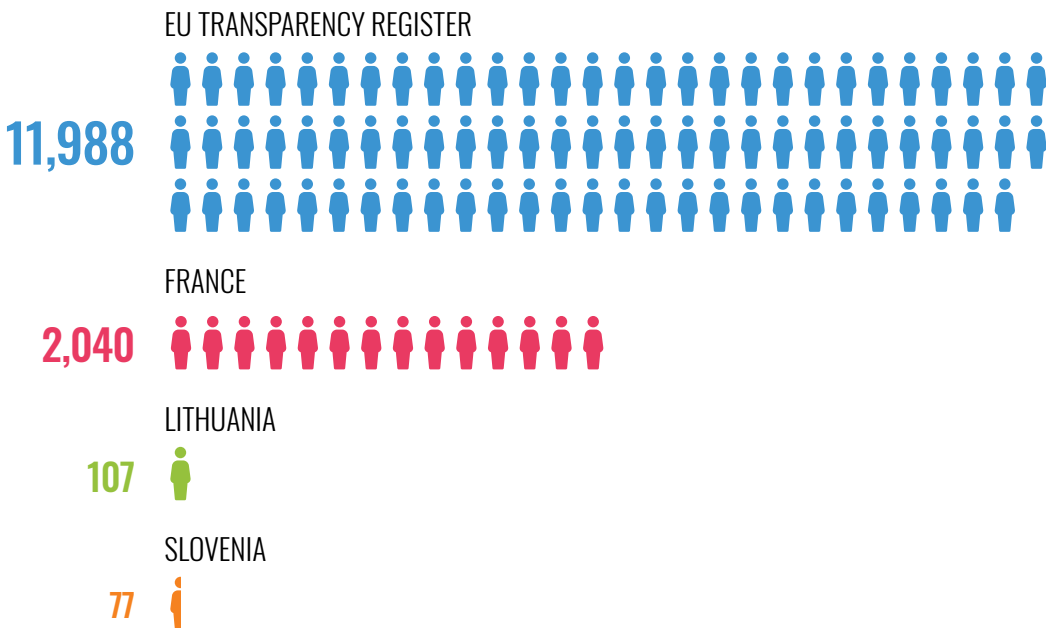
In comparison, the Slovenian register is much more circumspect. With only 77 registered lobbyists, the law underpinning the register suffers from an unusually restrictive definition. In fact, of the 4,353 lobbying contacts reported in 2018 by the government and the parliament, only 1 per cent were held with registered lobbyists. This all but guarantees that only a handful of lobbyists disclose basic information on the interests they represent. Nevertheless, unlike the French register, the Slovenian dataset is composed using singular lobby contacts, either in person or by remote communication.

This singular unit of measurement enables meaningful insights, such as the Chamber of Commerce and Industry of Slovenia being the most active lobbyists with the government. The data also contains the subject lobbied on, the type of official being targeted

and the purpose of the lobby contact. However, reporting varies greatly between institutions – the Ministry of Interior being a prime example of under-reporting, with only two meetings since 2018.

Lithuania’s regulation of lobbying is also marked by the debate of the definition of lobbying. While it is one of the first countries in the EU to adopt a law on the matter, it has only managed to monitor a small share of the actual lobbying done. Lithuania’s lobbying register currently lists just 107 lobbyists leaving most de facto lobbyists, such as business associations and non-profit organisations, off the record. The culprit is a very narrow definition of ‘lobbyist’, which only captures natural persons conducting lobbying activities as a service. The Lithuanian dataset consists of 3,597 meetings voluntarily published by MPs since 2017 on their personal agendas, made available in open data format on the parliament website. Here again, only 1.8 per cent of all self-reported meetings were held with registered lobbyists, highlighting the urgent need to extend the scope of the Lithuanian law, as it currently permits most lobbyists to avoid transparency about the extent of their activities.<sup>38</sup>

## NUMBER OF REGISTERED LOBBYIST IN FRANCE, LITHUANIA, SLOVENIA AND AT EU-LEVEL



**TABLE 1: COMPARISON OF LOBBY TRANSPARENCY PROVISIONS**

Lobby transparency rule	Slovenia	France	Lithuania	European Commission	European Parliament
<b>Lobby register for all lobbyists</b>	Partially mandatory	Partially mandatory	Partially mandatory	Mandatory	Voluntary
<b>Publication of lobbyists' footprint</b>	Partial publication of lobby contacts	Partial publication of lobby actions	Partial publication of lobby meetings	Mandatory publication of lobby meetings	Partial mandatory publication of lobby meetings
<b>Code of conduct with sanctioning regime</b>	No	Yes	Yes	Yes	Yes

**Key findings**

Following thorough analysis of the information published in France, Lithuania and Slovenia, one key conclusion can be drawn: while all countries have taken considerable strides towards greater transparency in lobbying, the disconnect between reported activities and actual lobbying taking place prevents citizens, journalists and national enforcement authorities from effectively monitoring the decision-making process.

A prime example in Slovenia where over half of reported lobbying contacts in National Assembly were missing affiliation to parliamentary group/political party. The political affiliation is a key indicator that informs voters on the decision taken by their elected representatives and allows them to vote accordingly. While this information is provided on a voluntary basis by MPs in Slovenia, in France it is codified in law. However, the current reporting rules make it impossible to hold high- ranking officials such as cabinet members, MPs and senators to account, since exact names and political affiliations are explicitly excluded from the reporting requirements. Both France and Slovenia therefore put the onus for greater transparency squarely on lobbyists while omitting requirements for those in power. Lithuania, on the other hand, does include the political affiliation of MPs' self-reported meetings, but does not provide information on the subject matter. While this allows citizens to know which of their elected representatives is voluntarily engaging in lobby transparency, they remain unaccountable when it comes to the policies being influenced. In other words, the information merely provides a snapshot of active, but overwhelmingly unregistered, lobbyists.

**In France, journalists and civil society have been given the tools to hold to account prominent public figures, but the workload required to exploit transparency data implies that only particularly exposed politicians will bear scrutiny, often in the heat of a political cycle, which contributes to instability and distrust rather than prevention and anticipation.**

Looking at the information gathered, France is more advanced in its journey towards achieving adequate lobby transparency, by virtue of having a mandatory register. The structured information its register requires provides greater insight on the type of actors involved. Of the 21,103 activities declared by 2,040 registered organisations since 2017, 69 per cent were by entities representing commercial or business interests, while NGOs represent a mere 15 per cent. Whether this is due to over-reporting by some corporate entities or highlights a real issue of unequal access to decision- makers cannot be determined just by examining activity declarations. The main area of interests pursued is the vaguely termed 'economy', followed by environmental policies. With an annual lobbying budget ranging between €63 and €96 million, French lobby organisations have considerable means at their disposal to influence decisions. Greater steps towards transparency for decision-makers would fully unlock the potential of the current register as an accountability tool.



Photo by Image by Evgeni Tcherkasski on Pixabay

In comparison, the Slovenian government and parliament reported a total of 7,377 lobbying contacts between September 2018 and March 2020. The most lobbied government institution, with nearly 15 per cent of all published meetings, was the Ministry of Environment and Spatial Planning. The least lobbied institution according to the current dataset is the Ministry of Interior, with just two lobby meetings published in two years. This discrepancy highlights the lack of uniform approach among Slovenian institutions. The top lobbying organisation is the Slovenian Chamber of Commerce and Industry, though this finding is based on the partial data that is currently available. With fewer than 1 per cent of meetings being held with registered lobbyists, organisations that are less known would require extensive additional research to fully understand what interests they represent.

The situation in Lithuania is very similar – most declared meetings are with ‘unregistered lobbyists’.

Given the lack of structured information, TI Lithuania has manually classified organisations over the past three years. The results show business associations lobby the most, making up one-third of all published meetings. The main economic sectors lobbyists represent are manufacturing; professional, scientific and technical services; and transportation and storage. NGOs (1,092) and science and education representatives (598) take the second and third spot, respectively, with registered lobbyists actually trailing at the bottom (63). This kind of insight is only possible thanks to the slow but measurable cultural shift towards lobby transparency. Not only has the number of voluntarily published meetings increased over time, the data also shows that first-time MPs are much keener to work transparently. With four out of five meetings published by MPs in their first term, Lithuania demonstrates how decisionmakers can proactively opt for more transparency. This is a phenomenon currently being observed in the European Parliament, too.

## The lobbying footprint of AmCham in France

The French register gives no simple answer to the question what the lobbying activities of the American Chamber of Commerce (AmCham) have been. The information available through the High Authority of Transparency in Public Life informs concerned citizens that AmCham's seven topics of interest are economics, intellectual property, international cooperation, labour, information technologies, urbanism and institutions. This is in stark contrast to AmCham's own website, which strongly indicates fiscal competitiveness is its main focus, saying that "lowering tax pressure on companies is the priority to jumpstart investments in France".<sup>39</sup> Among the 67 lobbying activities AmCham declared for 2019, nine relate to fiscal policies while 32 are titled 'Discussion to foster French attractiveness' or variations of this theme. It would be logical to assume that taxes are an important topic of discussion, and that AmCham is trying to influence public officials to lower taxation for businesses.

## Case study

### Tobacco Act case – suspicion of undue influence in Slovenia

On 10 June 2019 a group of 38 National Assembly Deputies filed a draft law<sup>40</sup> to amend the Limitations of the Use of Tobacco and Similar Products Act<sup>41</sup>. The proposal aimed to postpone introduction of uniform packaging of tobacco products from 2020 to

2023, using a shortened legislative procedure. After the media raised concerns about lobbying activities leading up to the draft proposal being filed, the Commission for the Prevention of Corruption started, on its own initiative, an official procedure to determine whether there had been any undue influence on the legislative process. According to media reports,<sup>42</sup> among the lobbyists involved were notable former representatives of political parties who gained preferential access to decision-makers. The procedure is still ongoing as of 12 May 2020, but the ensuing

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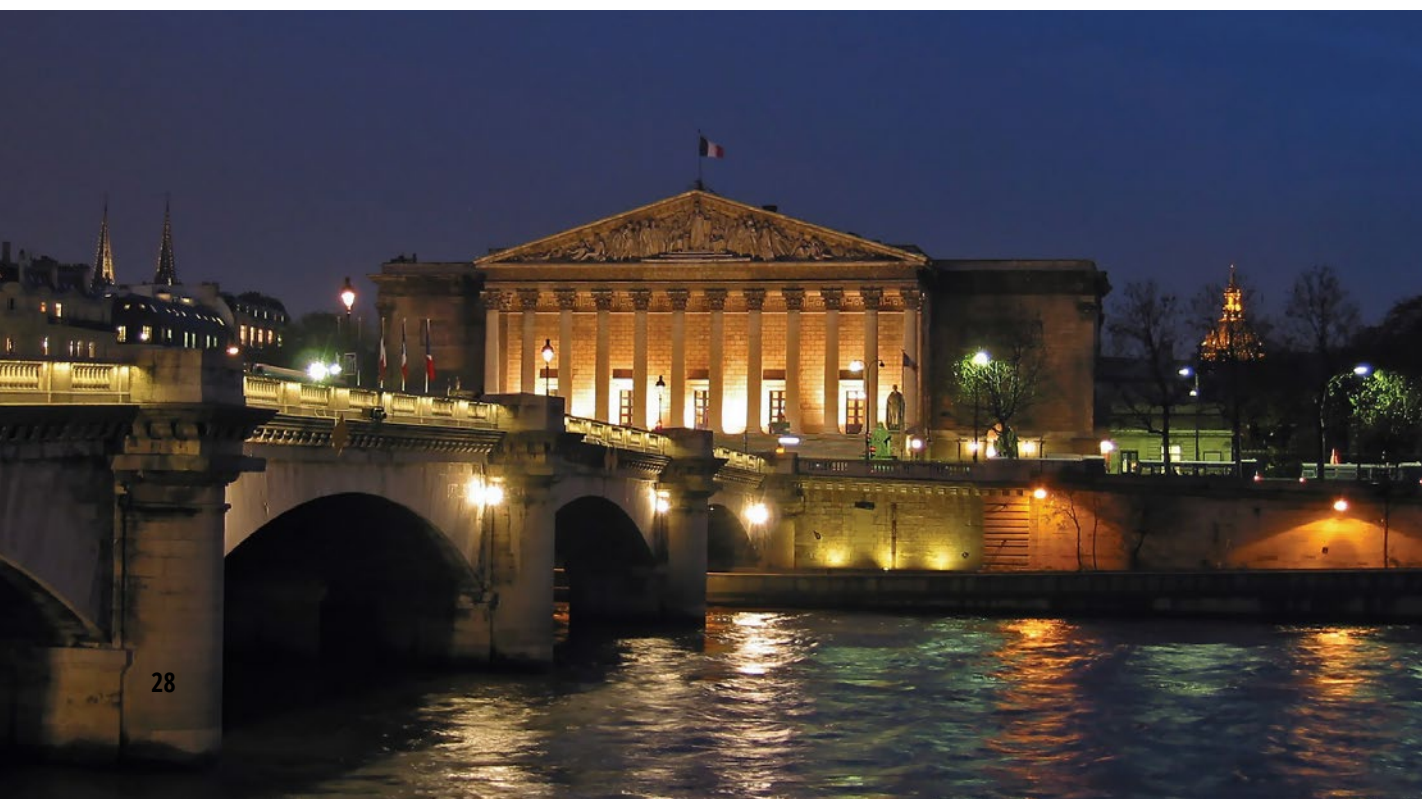




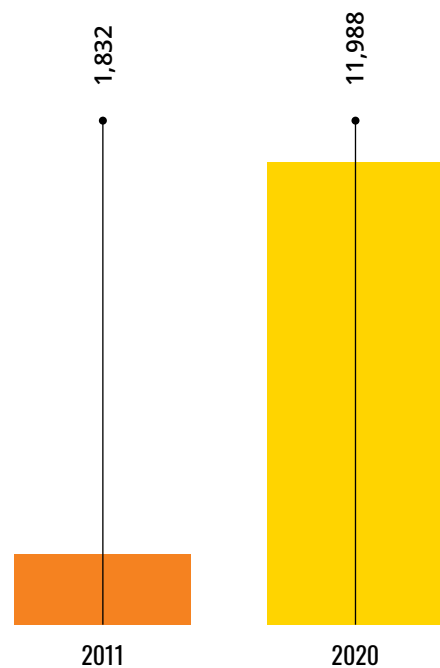
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public outcry pushed the Parliamentary Committee on Health to vote against the draft proposal. The case highlights how synergies between journalists, citizens and national enforcement authorities can foster greater accountability in the decision-making process – the result being uniform tobacco packaging being introduced in 2020, as originally planned.<sup>43</sup>

### EU framework

The EU institutions have pioneered lobby transparency regulation in the EU. As early as 2011, both the European Parliament and the European Commission adopted a transparency register to allow lobbyists to voluntarily disclose information about their activities. The register has been a marked success, growing from 1,832 organisations in January 2011 to 11,786 organisations in June 2020. This sharp increase can partially be attributed to the Commission’s decision in 2014 to make any meetings with officials conditional on prior registration. In other words, the European Commission made the register mandatory, ensuring that any lobbyists seeking to influence its decisions must be transparent on

## INCREASE IN REGISTERED LOBBYISTS BETWEEN 2011 AND 2020



the interests they represent, the amount of funds disbursed, the number of people they employ, and must divulge their clients' names.

In addition, the Juncker Commission introduced the requirement to proactively publish lobby meetings with high-ranking officials including Commissioners, Cabinet Members and Director-Generals. This decision allowed citizens for the first time to gain a broad snapshot of the extent of lobbying happening within the Commission, with 24,458 meetings published during the 2014-2019 legislature. Like the French register, the structured information allows citizens, journalists and civil society to effectively monitor who is trying to influence specific policies. For example, the Juncker mandate witnessed the rise of Silicon Valley companies as the top lobbyists in Brussels, both in terms of expenditure and high-level access<sup>44</sup> and digital portfolios being dominated by organisations representing business interests. Given how digital policies will impact every aspect of our modern societies, more balanced access for other actors such as NGOs would ensure all voices are heard.

However, to get a proper sense of the extent of lobbying activities taking place in Brussels, the Commission's transparency provisions must be extended to the European Parliament and European Council. While the register remains voluntary for those seeking to influence MEPs and their assistants, the adoption of a publication system in January 2019 was a first tentative step towards achieving harmonisation

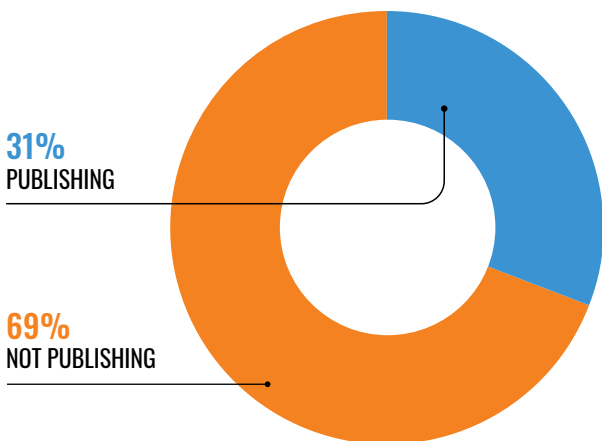
among the EU institutions. The resulting dataset, composed of 9,099 lobby meetings published between the start of the current legislature and June 2019, only reflects the activities of 37% of MEPs, as the vast majority are not required to report. The Council of the EU has similarly taken a voluntary approach, with currently only six out of the 27 Permanent Representations publishing meetings with registered lobbyists.

A mandatory publication system, fully integrated into the transparency register for all three EU institutions, would not only send a signal that Brussels is serious about lobby transparency, it also implies the potential to set the standards for Member State-level regulation. With nine countries currently slated to either reform or adopt new rules around lobbying in the near future, decisive action would benefit EU citizens both at EU level and closer to home.

Overall, the examples of France, Lithuania and Slovenia highlight one fundamental issue with regulating lobbying activities: the different policy options must be carefully balanced to achieve the desired results. A restrictive definition of lobbying will de facto rule out most entities that are exerting influence on policies. A weak oversight system puts the onus for more transparency on the goodwill of lobbyists and public officials. Lack of unified mandatory reporting of interactions and disclosure of the officials being targeted prevents meaningful analysis, and renders the exercise in accountability moot. While all countries have one or more of these problems, the very act of releasing data allows citizens to gain a glimpse of the full extent of lobbying.

Having taken their first tentative steps towards more lobby transparency, decision-makers and lobbyists alike must now push together for adequate measures that would truly prevent undue influence. The leadership role the EU can take in this process cannot be overstated. A mandatory transparency register applicable to all EU institutions and governed by an independent authority, and timely publication of lobby meetings would set standards across the continent. It would also ensure a degree of harmonisation in the single market, enhancing compliance by cross-border lobby entities and preventing the patchwork of wide-of-the-mark measures found in France, Lithuania and Slovenia.

## SHARE OF MEPs PUBLISHING LOBBY MEETINGS





# RECOMMENDATIONS

## General

1. establish or strengthen independent oversight bodies mandated to regulate financial interests of public officials, political finance and lobbying activities for the purpose of preventing political corruption. These bodies should be sufficiently resourced to proactively carry out independent investigations and have credible sanctioning mechanisms in place to deter misconduct. Oversight and accountability institutions should have the mandate and capacity to cooperate, share information and best practice with other relevant institutions and across countries.
2. Make available online all information related to asset and income declarations, political finance and lobbying activities. This should be done in a centralised manner based on International Open Data Charter principles and easily accessible for a large audience, including citizens, journalists and civil society organisations.
3. Improve quality and structure of data for all existing asset and income declarations, political finance and lobbying registers. Data should be harmonised in line with the international standards and, where appropriate, be interoperable with other information such as open contracting and beneficial ownership data.

## Asset and income disclosure

1. introduce and / or strengthen regulatory frameworks for governing assets and interests of political decision-makers and public officials.
2. Establish compulsory declarations of assets and interests of political decision-makers and public officials. Declarations should be submitted upon taking office and at regular intervals when changes occur.
3. Declarations should include clear descriptions of at least the following:
  - a. all essential financial flows and assets (all income, loans and gifts), immovable and moveable assets, and financial assets (for example cash, bank accounts, stocks and bonds).
  - b. any outside employment and/or sources of income other than from the official position.
  - c. all non-financial interests such as (unremunerated) corporate and non-profit board memberships.
  - d. beneficial ownership in any type of legal entity.

## Political finance

1. establish compulsory financial reporting to all entities legally authorised to conduct political activities, such as political parties and foundations.
2. All funding and donations for political purposes should be publicly disclosed. These should be published as close to real time as possible and should contain at minimum the donor name, amount and date.
3. Third parties legally authorised to conduct political activities during elections must be subject to at least the same limitations on income and expenditure, as well as rules on disclosure and reporting, as candidates and political parties.

## Lobbying

1. adopt a comprehensive regulatory framework for lobbying activities based on a broad definition of direct and indirect 'lobbying' to include all organised groups seeking to influence the decision-making process.
2. Establish a mandatory lobby register, which includes information on at least:

- + The identity of the person or group engaged in lobbying activities;
  - + the interests represented by the lobby organisation;
  - + the ultimate beneficiary and the sources of funding of lobbying activities, including for example list of client's consultancies and law firms; and
  - + any political contributions to political parties and candidates in cash or in kind.
3. Establish a mandatory legislative footprint which captures all interactions between lobbyists and policy-makers, including legislative files discussed, and which is published in a timely manner. Ideally, this should be done using a single unit of measurement such as in-person and virtual meetings.

# GLOSSARY

Based on Transparency International's  
Anti-Corruption Glossary.<sup>45</sup>

**Beneficial ownership secrecy:** A beneficial owner is the real person who ultimately owns, controls or benefits from a company or trust fund and the income it generates. The term is used to contrast with the legal or nominee company owners and with trustees, all of whom might be registered as the legal owners of an asset without actually possessing the right to enjoy its benefits. Complex and opaque corporate structures set up across different jurisdictions make it easy to hide the beneficial owner, especially when nominees are used in their place and part of the structure is in a secret jurisdiction.

**Conflict of interest:** Situation where an individual or the entity for which they work, whether a government, business, media outlet or civil society organisation, is confronted with choosing between the duties and demands of their position and their own private interests.

**Disclosure:** Provision of information as required under law or in good faith, regarding activities of a private individual, public official, company or organisation. Information can include a political candidate's assets, a company's financial reports, an NGO's donors or a whistle-blower's accusations.

**Lobbying:** Any activity carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Even

when allowed by law, these acts can become distortive if disproportionate levels of influence exist – by companies, associations, organisations and individuals.

**Open data**<sup>46</sup>: Open data is digital data that is made available with the technical and legal characteristics necessary for it to be freely used, reused, and redistributed by anyone, anytime, anywhere.

**Political corruption:** Manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision-makers, who abuse their position to sustain their power, status and wealth. See 'corruption', 'grand corruption', and 'petty corruption'.

**Political will:** Demonstration and commitment by political leaders to address the challenges facing society or to fulfil a political pledge, such as fighting corruption or increasing political participation, by pursuing the appropriate policy responses, including widespread reforms.

**Political contribution:** Any contribution, made in cash or in kind, to support a political cause. Examples include gifts of property or services, advertising or promotional activities endorsing a political party, and the purchase of tickets to fundraising events.

## Endnotes

- 1 Although recently the Code of Conduct of the General Courts has been sanctioned and creates an internal General Courts Office of Conflicts of Interest.
- 2 Transparency International, Anti-Corruption Glossary.
- 3 See [www.integritywatch.eu](http://www.integritywatch.eu) as an example, with links to the national Integrity Watch versions.
- 4 Jackson Oldfield, [Overview of Conflict of Interest and Related Offences](#), Transparency International, 2017.
- 5 [Recommendation NO. R\(2000\)10 of the Committee of Ministers of Member States on codes of conduct for public officials](#), p.4.
- 6 Organisation for Economic Cooperation and Development, 2003. [Recommendation of the Council on Guidelines for Managing Conflict of Interest in the Public Service](#).
- 7 Article 8 of this convention has two provisions: one specifically mandating state parties to establish systems requiring public officials to make declarations to appropriate authorities regarding, inter alia, their outside activities, employment, investments, assets and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials, as well as establishing disciplinary or other measures against public officials who violate these codes and standards.
- 8 Article 20 of the Congress Regulation. [http://www.congreso.es/portal/page/portal/Congreso/Congreso/Hist\\_Normas/Norm/Reglam](http://www.congreso.es/portal/page/portal/Congreso/Congreso/Hist_Normas/Norm/Reglam)
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