

Briefing note

MEP Declarations of Financial interests

KEY FINDINGS

- MEPs perform a total of 1678 side activities, declaring between 3.5 and 11.2 million euros in outside income annually.
- One in five outside activities declared by Member of the European Parliament are either imprecise, inadequate or incomplete for the purpose of identifying the exact source of income, the nature of the activity and exact position held by the MEP as well as their shares in holdings.
- 42% of outside employment missed key information such as the exact position, the name of the employer or if it involves self-employment.
- The European Parliament must adopt a more robust prior screening system to verify the completeness, accuracy and veracity of information provided.
- 12% of all outside activities are with organisations that have an entry on the EU register of lobbyists.
- While the Parliament bans activities involving lobbying, there is no list of banned activities that pose a high conflict-of-interest risk.
Up to 36 MEPs could be deriving more income from their outside activities than their salaries as elected representatives.

Introduction

The Qatargate scandal and its fallout have sparked renewed focus on ethics regimes across the EU. As national legislatures review their safeguards to prevent undue influence and corruption, the European Parliament is currently legislating on a revision of its Rules of Procedure that addresses some severe shortcomings in the institution's integrity framework¹. This analysis focuses on the reform proposals that regard the prevention of conflicts of interest and improvements to MEP disclosure requirements on their outside activities. By highlighting key best practices empirically sourced from various EU Member States, this study raises awareness on key recommendations for the European Parliament's internal reform process.

¹ Draft report "on amendments to Parliament's Rules of Procedure with a view to strengthening integrity, independence and accountability (2023/2095(REG))

Declarations of outside income as a tool to prevent and manage conflicts of interests

Politicians are elected to represent the public interest, in line with the democratic mandate that they receive from the electorate. A conflict of interest arises when decision-makers must choose between a private interest, either to their own benefit or for the benefit of a third-party, and the public interest². The absence of adequate rules for the prevention and management of conflicts of interest can severely impact the legitimacy, impartiality, and fairness in public decision-making³. This results in a heightened risk of corruption. To prevent such outcomes, most parliaments across the EU have adopted specific mitigating strategies to identify, disclose and manage conflicts of interests⁴. Declarations of financial interests are one of the most effective means of regulating this. Through these declarations, elected officials disclose the activities they perform outside of their political mandate, associated income and any other financial assets that could lead to a potential conflict of interest. These declarations serve three principal purposes:

- i. *Prevention: Identify in advance relevant interests in order to deploy mitigating strategies.*
- ii. *Transparency: publicly guarantee the absence of conflicts of interest*
- iii. *Accountability: Enable citizens, journalists, other stakeholders to enforce integrity of the decision-making process.*

To ensure the effective use of declarations of interests, it is essential that the information declared serves these three interlinked purposes. In other words, declarations of interest should cover outside activities, employment and investments,⁵ reported in a way that demonstrate to the public that screening has taken place, fostering trust that none of the reported outside activities are conducive to conflicts of interest. Ultimately, it should enable outside monitoring throughout the legislative term to guarantee accountability in decision-making.

The European Parliament system of declarations of financial interests

In line with these stated objectives, MEPs are required to submit a declaration of financial interests at the start of their mandate. These contain a range of information on their outside income, board memberships, financial holdings, and other occasional activities. MEPs are solely responsible for their own declarations and should be found to

² Overview of Conflicts of Interests, Anti-Corruption Helpdesk, Matthew Jenkins, Roberto Kukutschka, Transparency International, 2017: file:///C:/Users/Raph/Downloads/Overview_of_conflict_of_interest_and_related_offences_2017.pdf

³ OECD guidelines, Managing Conflicts of Interests in the Public Service, 2003: <https://www.oecd.org/gov/ethics/48994419.pdf>

⁴ The Effectiveness of Conflicts of Interests Policies in the EU-Member States, Policy Department for Citizens Rights and Constitutional Affairs, European Parliament: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/651697/IPOL_STU\(2020\)651697_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/651697/IPOL_STU(2020)651697_EN.pdf)

⁵ Article 8, paragraph 5 of the United National Convention Against Corruption: https://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf

be in breach of the Code of Conduct⁶ if they do not submit a declaration, make false statements, or otherwise omit information that they are obliged to publish. A new declaration must be submitted within 30 days of any material changes, such as taking on a new position or substantial income changes. The President of the European Parliament is in charge of enforcing the Code, supported by an advisory committee that investigates possible breaches, makes recommendations for sanctions or advises Members on ethical questions.

For this analysis, we have collected the contents of the 705 declarations of interests as currently uploaded to the individual Member's page of the European Parliament website. The analysis of the resulting 1678 activities reported by MEPs provides an empirical overview of the performance of the current system of declarations of interests. The following analysis assesses the extent to which this system abides by the three principal objectives of declarations of interests. It then considers what best practices from across EU Member States could improve the system.

BEST PRACTICE 1: Effective screening of outside activities prior to publication

Information provided in declarations of interests must be complete, accurate and sincere, investigated by an effective pre-screening system with dedicated resources.

The primary purpose of the declarations is to allow officials vested with screening powers to help elected representatives resolve conflicts of interest before the start of their mandate. To perform this task, declarations must contain key information pertaining to the origins of the outside income, which economic sector is applicable, and whether the activity clashes with official duties as an elected representative.

Our research finds that 21% of outside activities declared by Member of the European Parliament are either imprecise, inadequate or incomplete for the purpose of identifying the exact source of income, the nature of the activity and exact position held by the MEP. The problem is even greater in regard to one of the sub-categories - outside employment - with 42% missing key information such as the exact position or the name of the employer. This shows that up to 144 MEPs have successfully managed to publish a declaration where one or several their listed outside activities does not contain the necessary information for performing a thorough prior screening.

This stands in stark contrast with best practice found in EU Member States such as France, whose High-Authority for Transparency in Public Life requires elected officials to submit a declaration that contains the exact amounts for reported income, the exact description of the position held, and the exact name of the employer as provided on the French business register⁷. Taken together, this leaves no doubt concerning the origin of

⁶ Article 7, Code of Conduct for Members of the European Parliament, European Parliament, 2017: https://www.europarl.europa.eu/pdf/meps/Code%20of%20Conduct_01-2017_EN.pdf

⁷ p23, Declaration de Patrimoine et d'interets, Guide du Declarant, Haute Autorite pour la transparence dans la vie publique : <https://www.hatvp.fr/wordpress/wp-content/uploads/2021/02/guide-du-declarant-janvier-2021.pdf>

the reported income, significantly enhancing the capacity of the authority's officials to enact mitigating measures in case of conflicts of interest. These duties are performed prior to the release of the declarations to the wider public and can take up to six months of investigation⁸. This is due to the explicit mandate of HATVP agents which are tasked by law with verifying the completeness, accuracy and sincerity of the information contained in the declarations. No such clear mandate exists inside the European Parliament system, with the President being the sole official responsible for validating declarations of interests. So far, four MEPs have been referred by the President to the Committee for further investigation for omitting information so far⁹. As of yet, no sanctions have been applied.

BEST PRACTICE 2: publicly guarantee the absence of conflicts of interest

A list of prohibited outside activities should be set-up to dispel any notion of perceived conflict of interests. The list should be exhaustive, and any outside activity should require prior authorisation.

The release of declarations of financial interests to the public, usually through an institutional website, is designed to build trust that decisions are made in the public interest, rather than for personal gain. To achieve this, the outside activities listed in the declarations should fall below the threshold of a perceived conflict of interest, i.e., those that could reasonably appear as unduly influencing the performance of public office. This translates in practice to effectively banning certain types of activities that might involve a heightened risk, such as those with executive authority, high-incomes or client-privilege relationships.

Our research finds that 16 MEPs are also lawyers, 12 are consultants and 9 are executive board members: jobs that should warrant further scrutiny. We also found 38 MEPs that could be deriving more income from their outside activities than their salaries as elected representatives. Furthermore, 12% of all outside activities declared are with organisations that have an entry on the EU register of lobbyists, calling into the question the sole prohibition that exists in the Code of Conduct for MEPs to engage in paid professional lobbying activities¹⁰. The presence of these types of activities raises concerns that potential conflicts of interests are not pro-actively dealt with. There are certainly MEPs that uphold their obligation to be transparent about their activities, and as many as 207 have updated their declarations during their mandate to reflect changes in their outside positions. However, the presence of activities that reach the perceived conflict threshold raises concerns about the lack of clearly defined limits. It is vital that

⁸ p 70, Rapport d'activité 2022, Haute Autorité pour la transparence dans la vie publique : <https://www.hatvp.fr/wordpress/wp-content/uploads/2023/05/HATVP-RA2022-pages-1.pdf>

⁹ 2021 and 2022 Annual Activity Report of the Advisory Committee on the Conduct of Members: https://www.europarl.europa.eu/pdf/meps/Annual_Report_2021_EN.pdf
https://www.europarl.europa.eu/pdf/meps/Annual_Report_2022_EN.pdf

¹⁰ Article 2 (c), Code of Conduct for Members of the European Parliament: https://www.europarl.europa.eu/pdf/meps/Code%20of%20Conduct_01-2017_EN.pdf

these positions are carefully managed in conjunction with MEPs' roles in committees, in overseeing legislative files or taking part in votes.

The concept of limiting certain types of activities to avoid perceived conflicts of interest is present in multiple legislatures across the EU. Most notable among these is the anti-corruption framework of Slovenia¹¹ which sets out a clear prohibition to engage in any professional activity aimed at generating income, except for pedagogical, scientific, research, artistic, cultural, sports and publishing activities, as well as the management of farms and an MP's own assets. Public office holders must notify the Commission for the Prevention of Corruption, who can block any activity deemed incompatible with the public officials' mandate. Furthermore, the Slovenian system places a particular emphasis on prohibiting certain types of memberships that involve the management, supervision or representation activities for companies, cooperatives, interests' groupings, public institutes, public funds with an exemption for societies, foundations and political parties.

In comparison, the European Parliament does not foresee any restrictions on memberships, apart from the aforementioned ban on lobbying. This is reflected in the data collected, with 81% of activities declared falling under the "Membership" category, which entails participation in the governing bodies and committees of private organisations. The fact that 18% of these do not contain exact details on the role performed as part of the membership highlights the need to adopt specific provisions pertaining to perceived conflicts of interest.

BEST PRACTICE 3: citizens, journalists and other stakeholders are empowered to enforce integrity

Information related to the integrity of elected representatives, including outside activities, lobby meetings and voting behaviour should be systematically and consistently published in easily accessible open data formats.

MEPs have collectively declared between 3.5 and 11.2 million euros in outside income annually. This broad range owes to the fact that MEP incomes are not reported in exact amounts but in monthly income bands, e.g., 1000-5000€. In practice, this means that vast majority are reported in the largest band (1k to 5k), which makes it difficult to understand whether an activity generates significant income for the MEP or not.

But while reporting precise income would certainly improve accountability towards citizens, arriving at this figure requires extensive resources to collect, harmonise and transform the 705 MEP declarations published on the European Parliament website into a format that can be analysed. The publication of declarations as PDF documents, which must be scrutinised manually, hampers our ability to hold elected officials to account and contribute to enhancing integrity inside the institution. To get a complete

¹¹ Art 26, Integrity and Prevention of Corruption Act of Slovenia, 2020 consolidated version: <https://www.kpk-rs.si/en/wp-content/uploads/sites/2/2021/10/ZintPK-ENG.pdf>

picture, citizens, journalists and other interested stakeholders must individually download the documents and transcribe them in a single document – a solution that is too costly for most.

Publishing information in open data formats removes this barrier of entry, allowing anyone to perform verifications, comparisons and analysis. While the European Parliament has taken tentative steps towards providing stakeholders with machine-readable options¹² with the launch of the European Parliament Open Portal, this portal does not contain the MEP declarations of financial interests, nor any other type of data related to transparency and integrity, such as meetings held with lobbyists and declarations of in-kind and financial benefits received for attending third party events, votes, roles or amendments. Core principles of open governance as a means to foster political integrity¹³ stipulate that data should not only be made available in machine-readable formats, but also be interoperable with other datasets.

Here again the trend towards the increasing use of open data solutions in members states stands in stark contrast with the Parliament's system. The Dutch lower chamber's open data portal provides the full database of information available on the website, including declarations of interests, travels to events organised by third party travels and gifts. Its stated objective is to enforce a right of equality of access to allow anyone to connect and analyse the full range of information produced by the chamber every year. Other Parliaments across the EU are following suit, including France¹⁴, Portugal¹⁵ and Estonia.¹⁶ All publish declarations of interests in open data formats.

RECOMMENDATIONS

In order to remedy the issues raised by this analysis, and to limit the risk of conflict of interest by publicly elected MEPs, the European Parliament should:

- Introduce a ban on side activities (with limited exceptions for professions in such sectors as educational and health care).
- MEP declarations of interests should contain accurate and precise information. This includes exact income, instead of income categories with broad ranges, detailed descriptions of their outside activities, name of the client, the economic sector concerned, the nature of their employment and, where applicable,

¹² Open Data portal, European Parliament website:
<https://data.europarl.europa.eu/en/home>

¹³ p10, Broken Links: open data to advance accountability and combat corruption, Open Government Partnership, 2022:
https://www.opengovpartnership.org/wp-content/uploads/2023/01/OGP_BrokenLinks_FULL_single.pdf

¹⁴ Consulter les déclarations en Open Data, HATVP :
<https://www.hatvp.fr/consulter-les-declarations/>

¹⁵ Open Data page, Parlamento Portugues:
<https://www.parlamento.pt/Cidadania/Paginas/DadosAbertos.aspx>

¹⁶ Open data Portal, Riigikogu website:
<https://www.riigikogu.ee/en/open-data/>

number of shares held, as well as the name of the entities as they are registered on national business registers.

- For the remaining activities, Parliament services should further resource the prior screening system, to investigate the completeness, accuracy and sincerity of information contained in Members' declarations of interests systematically. Imprecise, inaccurate, and incomplete declarations should be categorically rejected. MEPs should be requested to correct the declarations within 15 days. Parliament should introduce more robust sanctions to serve as a deterrent in cases of non-compliance.
- Expand the scope of the Data Portal to include all information related to MEPs including votes, roles, declarations of interests, lobby meetings and declarations of attendance to third party events, published in machine-readable formats.



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All information published in this analysis was collected from the website of the European Parliament on the 1st of September 2023. All information contained in the original declaration of interests is under the sole responsibility of the MEP that filled out and signed the declaration.

Please consult the [methodology](#) underpinning this analysis for detailed explanations.

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