

**‘The need for a European transparency initiative’ speech from 3.4.05 by
Commissioner Kallas¹**

at the Nottingham Business School in Nottingham²

Mr Kallas announced on 3rd March 2005 a Commission initiative to bring more transparency in the European political decision-making process. The excerpt below from the Commissioner’s speech outlines the timetable:

...In this framework I will launch the ‘European Transparency Initiative’ which aims to strengthen transparency throughout the European Union. I will submit a White Paper to the College in the course of spring and organise a Round Table Conference involving all relevant stakeholders to exchange views and put forward concrete proposals. The ‘European Transparency Initiative’ will be closely co-ordinated with the Presidency of the United Kingdom. A Communication - announcing specific, possibly legislative, action on Community level and recommendations to Member States and other stakeholders - could be presented this autumn and will be discussed with the European Parliament.
The ‘European Transparency Initiative’ starts from three assumptions:...

He outlines the focus in the second part of his speech:

Following these three assumptions the ‘European Transparency Initiative’ would have two thematic focuses:

- 1. Increase financial accountability.**
- 2. Strengthen personal integrity and institutional independence.**

For the NGO lobbying transparency, the second point was of major interest.

Firstly, financial accountability is the lynchpin of transparency in public administration. The budget of the European Union accounts for about 100 billion euros of which 80 percent is spent in two policy areas: agriculture and structural funds. In both areas the European Union and Member States are co-responsible for the allocation and spending of the financial resources. However, many Member States regard so-called ‘European subsidies’ as other people’s money and in some cases tend to turn a blind eye when a ‘grey zone’ arises. That is wrong. So-called ‘European money’ is taxpayers’ money and should be well-spent just like national tax revenues.

Here, we should try to increase transparency, for example by requesting Member States to enable public access to information on the end beneficiaries of European Funds. This way, we know who gets what. At the moment, in most Member States, data on end beneficiaries are not publicly available.

Frankly spoken, I was amazed about this ‘information gap’ on the European level because in Estonia all data regarding recipients of agriculture and rural development are available on the

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²<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/130&format=HTML&aged=0&language=EN&guiLanguage=en>

and

<http://www.euobserver.com/?sid=9&aid=18597>

webpage of the Agricultural Registers and Information Board since July 2000. In Denmark a similar webpage is operating since June 2004. In the United Kingdom the Food and Farming minister recently announced that data concerning recipients will be made available under the Freedom of Information Act. I think these data must be made available and accessible in all Member States of the European Union.

In the sector of Structural Funds there is a similar 'information gap'. In the programming period 2000-2006 the Commission is in charge of the management of four structural funds. At the moment the regulations aim at a wide variety of possible beneficiaries without taking account of specific needs. Information to the general public is often simply provided by erecting billboards on the sites of the projects. There is no monitoring of the quality and efficiency of the information. I think the Commission should improve the level of transparency of the Structural Funds in the preparation of the programming period 2007-2013. Proper information and public awareness are needed to prevent the evil phenomenon of fraud or at least limit its scope. The fight against fraud lies at the heart of my activities because the European Union is spending taxpayer's money. Fraud is a crime against European funds. The Commission could try to raise public awareness on fraud through public debate and urge whistleblowers to 'tip-off' anti-fraud authorities. At the moment there is a free-phone line in all EU languages but it has only been used 32 times over one year period. Perhaps it is not yet sufficiently known.

Secondly, personal integrity and institutional independence are cornerstones of good governance. Here, transparency is also a useful tool to strengthen both elements. The most important asset of political institutions is its human resources management. Institutional strength and wisdom is derived from individual talents and dedication to the public cause. Personal integrity and institutional independence require permanent control. Members of the European Commission attempt to ensure personal integrity by respecting a code of conduct and providing a declaration of financial interests. Both set high standards for Commissioners. Perhaps the Commission could lead by example and urge other institutions of the European Union, and even Member States, to set the same standards by using a code of conduct and a declaration of financial interest. At the moment Members of the European Parliament are obliged to provide a declaration of financial interests, but the information is very sketchy and some do not fill out the above mentioned declaration. Here, there is room for improvement.

The issue of integrity should not only be limited to public institutions. Organisations, groups or persons in the ambit of European institutions which offer advice, represent clients, provide data or defend public causes should also be accountable. People are allowed to know who they are, what they do and what they stand for. There is nothing wrong with lobbies because each decision-making process needs proper information from different angles. At the moment there are about 15.000 lobbyists established in Brussels, while around 2,600 interest groups have a permanent office in the capital of Europe. Lobbying activities are estimated to produce 60 to 90 million euro in annual revenues. But transparency is lacking.

There is no mandatory regulation on reporting or registering lobby activities. Registers provided by lobbyists' organisations in the EU are voluntary and incomprehensive and do not provide much information on the specific interests represented or how it is financed. Self imposed codes of conduct have few signatories and have so far lacked serious sanctions. Lobbyists can have considerable influence on legislation, in particular on proposals of a technical nature. Their lobby is mainly directed to the Commission and the Parliament. But their transparency is too deficient in comparison to the impact of their activities.

The same accounts for Non Governmental Organisations. Many NGO's rely on public funding, some from the Commission. Annually the Commission channels over 2 billion euro to developing countries through NGO's. The word 'non' is quite fictitious. Some of the NGO's receiving funds from the Commission describe on their website one of their main tasks as: 'lobbying the Commission'. Or to put it in the words of Sir Humphrey: 'the Commission is paying lobbies, in order to be lobbied'. The 'European Transparency Initiative' also seeks to increase transparency in these networks, for example, by improving the current registry of NGO's. It should also contain financial information.

People have a right to know how their money is being spent, including by NGO's. Currently, a lot of money is channelled to 'good causes' through organisations we know little about. Noble causes always deserve a closer look. In the Middle Ages the forests of Nottingham were famous for the courageous Robin Hood, the 'prince of thieves' who tricked the Sheriff of Nottingham and stole from the rich in order to help the poor. One may regard this legendary figure as an early NGO. His cause seemed noble, but his ways to redistribute wealth were not always quite transparent.