

***OECD GLOBAL FORUM  
ON PUBLIC GOVERNANCE***

***4 AND 5 MAY 2009***

***PARIS***

***(SK'S INTERVENTION:  
4 MAY DURING OPENING  
SESSION STARTING AT  
9:30H AS 3<sup>RD</sup> SPEAKER)***

*Tools and Good Practices in the  
fight against corruption – the  
European Commission Experience*

Ladies and gentlemen,

Corruption is a universal problem.  
But so too is the damage caused to  
bodies – companies, national  
governments or in our case supra-  
national institutions – by the  
unjustified or exaggerated suspicion  
of corruption.

In my address this morning, I want to outline the work we have been doing in Brussels to deal with both issues, particularly in promoting transparency and seeking to build a common ethical understanding in the European Commission.

The Commission had serious difficulties in the late 1990's. A series of allegations of nepotism and corruption undermined confidence in the institution, eventually leading to

the resignation of the European Commission 10 years ago.

Following this, there was a very substantial reform of the Commission's internal staff rules and financial rules. In particular we set up an independent anti-fraud office – OLAF, together with a new disciplinary system and an obligation for staff to report wrong-doing. But we haven't stopped here. We are now working to promote the idea of

ethical integrity in the Commission.  
I'll come back to this later.

In general, I think the measures taken were effective in dealing with serious corruption. During my time as Commissioner, there have been no convictions of staff or former staff for such crimes. OLAF, on the basis of its independent investigations, considers that there is no reason to believe corruption to be more

widespread in the EU Institutions than elsewhere.

Similarly, an independent source - the UK House of Lords 2006 report on Management and Audit of EU funds - found that “much of the coverage in the press suggests that there is a significant culture of corruption in Europe’s Institutions. Our investigation has uncovered no evidence to support this suggestion.”

By contrast, Eurobarometer polling shows that 71% of respondents

consider that corruption is present in the EU Institutions.

When reflecting on this issue, we see that this high level of suspicion is, however, not surprising.

First, to a large extent it relates to the unique governance structure and complexity of the EU.

- Take the structure of the European budget and its implementation for example. Whereas much of a

national budget goes to paying directly for public services, the EU-budget is almost entirely composed of subsidies, and those are known to be more prone to fraud than other types of expenditure.

To continue, 80% of the EU budget is implemented not directly by the Commission but by Member States. This makes control mechanisms more complex and there is often insufficient "ownership" for money from Brussels. The Commission

depends on Member States' authorities for sanctions; the latter, however, often does not take sufficient interest in a concrete case because the distance between spending responsibility and end-beneficiaries often leads to the perception that EU money is not taxpayer's money. This also leaves space for the understanding that it is a lesser crime to defraud EU money.

- The EU's decision-making processes are multi-layered and complex. They are different from what citizens are used to at national levels. Considering the Council of Ministers taking decisions behind closed doors or the obscure lobbyists operating to defend particular interests vis-à-vis the Institutions in Brussels, it is understandable the citizens are mistrustful.

- This complex governance structure entails convenient space for anti-EU rhetoric, not least in the form of national authorities blaming unpleasant decisions on Brussels. This all undermines the credibility of the EU.

Second, the regretful corruption/fraud cases from the past have given concrete reasons to be doubtful – but as I have already highlighted, there have been fundamental changes since 1999.

One major aspect of our work to improve public faith in the work of the Commission has been via the transparency initiative, which ensures that the end beneficiaries of EU funds (citizens' money, after all) are publicly disclosed, and that lobbyists should disclose for whom they are working – and, within certain brackets, how much they are being paid.

A second area of work since 2005 has been an effort to further raise awareness of ethics via an "ethics initiative" for the Commission, a major plank of which is reaching agreement within the Commission on key common ethical principles, helping avoid scandals sending us into "regulatory overdrive".

I should say straight away that I have no doubt that Commission officials do want to apply high ethical standards. But we live under ever

greater media scrutiny, and face a public increasingly sceptical about our mission. So the ethics initiative is intended to ensure we have the best tools to ensure we can live up to our high aspirations.

What we are seeking, above all, is to get the right balance, with both rigorous controls and awareness-raising to prevent wrong-doing, but avoiding creating stifling bureaucracy or interfering

unnecessarily in the liberty of individual staff.

To achieve this, we need to create a climate where ethics is essentially self-enforcing, where staff are aware of likely ethical traps and are confident to seek advice when they encounter difficult issues. This is particularly important in ensuring we deal consistently and effectively with the "grey" areas or dilemmas. Here, we need to be able to publicly defend

the position we have taken, to protect both the reputation of the Commission and individual staff.

A key element is to try to move beyond simple compliance with rules. Rules can never clearly cover all possible scenarios – indeed the attempt to do so often makes them unreadable and thus unenforceable.

I should stress that our intention is not at all that we should pry deeply into people's private lives, imposing

some particular view of personal morality. We simply need a sufficient common understanding of issues to ensure that staff apply common sense in avoiding problems, and know when and whom to ask when a really difficult point arises.

A fundamental part of the ethics initiative is thus the creation of a simple statement of ethical principles for the Commission. This is intended

to address the differences in approach to ethical issues in the national cultures from which we draw our staff.

To ensure widespread "ownership" of the principles, we have asked each DG to consult widely on them, before they are finally endorsed by the Commission later in the year.

Another important part of the initiative is the creation of an "ethics

network", making designated staff in each of our 40 DGs responsible for advising their colleagues on ethical issue, and liaising across the network to ensure Commission-wide consistency. The idea is that staff should have someone readily available from whom they can seek informal but informed advice – thus making it easier for problems to be addressed before they become unmanageable.

The network is also intended as a clearing house for discussion of difficult issues and borderline questions – where the Commission must be able to explain its decisions clearly to the European Parliament, media, the courts and our own staff.

As I mentioned before, we do not want unnecessarily to create new rules. Nonetheless, we are looking again at a couple of particularly sensitive areas: For example gifts and

entertainment: Our rules are clear that gifts above €250 are prohibited, and permission needed to accept something between €50 and €250. But there is little clarity about how entertainment should be treated. It is vitally important for Commission officials to have good contacts with Member States, interest groups and business. So we certainly don't want to shut down all informal contact. But equally obviously, staff should not accept expensive trips unrelated

to their work. This area is under continuous and increasing public scrutiny, and we are looking at how and where to draw a clearer line.

There is continuing protest by some lobby groups and in parts of the press about the jobs taken by a few staff when they leave the Commission, the so-called "revolving doors". The accusation is that people are simply being bought for their insider knowledge and contacts. Of course we are very sensitive to this, but

equally, provided there is no genuine conflict of interest or passing of confidential information, there is a basic legal freedom for people to be able to move on and use their skills with another employer. Our review is looking for clearer guidance here.

Some of the issues faced by the Commission are unique to international organisations – but rather more of them have parallels in

public administration everywhere. Thus, we have been pleased to work closely with the Netherlands and other Member States in developing the catalogue of best practice on ethical and corruption issues, which is being presented this morning. I believe it forms a very useful tool kit for administrations everywhere. Equally, your exchange of views during this conference will, I am sure, give you new confidence to go home with new impetus to deal with

problems which are pernicious – but the fight against which is fundamental to public confidence in public administration.

Thank you for your attention.