

Transparency in financial matters

European Parliament resolution of 19 February 2008 on transparency in financial matters (2007/2141(INI))

The European Parliament,

- having regard to the Commission's Green Paper on the European Transparency Initiative (COM(2006)0194),
 - having regard to the Commission's Communication on the follow-up to the Green Paper on the European Transparency Initiative (COM(2007)0127),
 - having regard to Article 255 of the EC Treaty,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0010/2008),
- A. whereas transparency enables citizens to participate more closely in the decision-making process and guarantees that the EU institutions enjoy greater legitimacy and are more effective and more accountable to the citizen in a democratic system,
- B. whereas transparency contributes to strengthening the principles of democracy and respect for fundamental rights as laid down in Article 6 of the EU Treaty and in the Charter of Fundamental Rights of the European Union,
- C. whereas greater transparency within the EU institutions would increase public understanding of how EU funds are used while at the same time improving the possibilities for evaluating the effectiveness of EU spending,

Disclosure of information concerning the beneficiaries of EU funds (practical implementation)

1. Recalls that the first subparagraph of Article 30(3) of the Financial Regulation, as amended on 13 December 2006¹ provides, under the heading of the principle of transparency, that

"The Commission shall make available, in an appropriate manner, information on the beneficiaries of funds deriving from the budget held by it when the budget is implemented on a centralised basis and directly by its departments, and information on the beneficiaries of funds as provided by the entities to which the budget implementation tasks are delegated under other modes of management.";
2. Is of the opinion that transparency is closely related to whether the information provided on beneficiaries is easily accessible, reliable and suitable for further research, comparison and assessment, and hence that the implementation of the term 'appropriate manner' as referred

¹ Council Regulation (EC, Euratom) No 1995/2006 of 13 December amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 390, 30.12.2006, p. 1).

to in the Financial Regulation should take due account of these needs;

EU funds under central management

3. Recalls that, as regards transparency in relation to the 20% of EU funding managed directly and centrally by the Commission (grants and public contracts), information including identification of beneficiaries is available for inspection on two websites:

For beneficiaries of Grants:

http://ec.europa.eu/grants/beneficiaries_en.htm

For beneficiaries of Public Contracts:

http://ec.europa.eu/public_contracts/beneficiaries_en.htm

4. Requests the Commission to indicate the addresses of the two websites containing information on the beneficiaries of EU funding managed directly and centrally by it explicitly in all documents relating to the EU budget and/or projects and programmes under its responsibility;

EU funds under shared, decentralised or joint management

5. Notes that, under Article 53b of the Financial Regulation, where the Commission implements the budget by shared management, the Member States shall, under paragraph 2(d) of the same Article:

"ensure, by means of relevant sector-specific regulations and in conformity with Article 30(3), adequate annual ex post publication of beneficiaries of funds deriving from the budget";

6. Points out that, similarly, according to Articles 53c and 53d, third countries and international organisations to which implementation tasks are delegated "shall ensure in conformity with Article 30(3) adequate ex-post publication of beneficiaries of funds deriving from the budget";

7. Recalls that in the draft Commission declaration on transparency annexed to the results of the conciliation proceedings concerning the revised Financial Regulation, the Commission undertook:

"to ensure in the sector-specific implementing Regulation that the disclosure of information of beneficiaries of funds deriving from the Agricultural Funds (FEADER¹ and FEAGA²) is comparable to that provided in the sector-specific implementing Regulations for the Structural Funds. In particular adequate annual ex post publication, for each beneficiary, of the amounts received from these funds, subdivided by main categories of expenditure, will be ensured";

8. Observes that the Commission's website http://ec.europa.eu/agriculture/funding/index_en.htm currently includes links to the

¹ European Agriculture Fund for Rural Development.

² European Agriculture Guarantee Fund.

databases of the 14 Member States providing information on beneficiaries of common agricultural policy payments under shared management; regrets however that the information is so diverse and scattered and of such varying quality that information can hardly be found; calls on the Commission to learn from the very accessible website <http://www.farmsubsidy.org/> which works very well and is set up without public funding;

9. Notes the Commission's reservation that, since the links on its webpage are based on information provided by the Member States, which may vary widely in degree of coverage and detail, it cannot guarantee the accuracy or completeness of the data or information provided, and that it does not accept responsibility or liability for any use made thereof;
10. Insists that the Commission must accept responsibility for ensuring complete and reliable data, and hence take the necessary action vis-à-vis Member States' authorities to make sure such data are delivered;

General remarks on disclosure of beneficiaries

11. Believes that, as a general principle, the Commission web pages disclosing information on the beneficiaries of EU funding of whatever category, whether contracts, grants, agriculture or structural fund expenditure (or other types of funding) should be organised in such a way as to make it possible not only to obtain information on individual beneficiaries but also to carry out searches based on specific criteria in order to obtain an overall picture under various headings, which can then be checked against the Commission's implementation figures;
12. Calls on the Commission to accept political responsibility for publishing information on beneficiaries of EU funding under all modes of management;
13. Stresses that it is not sufficient simply to publish information in a raw state, but that it must be rationally organised, classified and presented in order to be of practical value;
14. Points out that individual beneficiaries may receive EU funds from several programmes or sectors of EU activity; recognises that it may be instructive, therefore, to be able to identify all the amounts paid to an individual beneficiary across all sectors; asks the Commission to examine the feasibility of creating an overall search-engine capable of retrieving data concerning individual beneficiaries across the whole spectrum of the EU's activities involving contracts, grants, subsidies, research programmes, agricultural or structural funds, centralised/decentralised management, etc;
15. Calls on the Commission to take into account the remarks in this resolution and to introduce a fully operational system of information for the wider public on all beneficiaries of EU subsidies and the outstanding recoveries before the next European elections in 2009;

Declaration of financial interests of public office-holders in the EU institutions

16. Points out that the EU institutions at present have divergent approaches to declarations of their Members' financial interests ranging from a public register (European Parliament) to no declarations at all;
17. Is of the opinion that all institutions should consider whether the current principles and rules are sufficient and notes the possible need to revise the rules of the European Parliament to

make the public disclosure of financial interests on the internet obligatory;

18. Notes that the Commission has commissioned a study, linked to its European Transparency Initiative, of the rules and standards of professional ethics for holders of public office in the EU institutions and in national parliaments, national governments, constitutional courts (supreme courts), courts of audit and central or national banks of the 27 Member States of the EU, as well as Canada and the United States of America, and that for the EU institutions the study will examine and compare the rules and standards of professional ethics in the European Commission, the European Parliament, the European Court of Auditors, the European Court of Justice, the European Central Bank and the European Investment Bank;
19. Is aware of the Commission's wish to create a "common ethical space" among the EU institutions;
20. Recalls that, following the recommendations developed by the Committee of Independent Experts in its 2nd Report of 10 September 1999 and the Commission's White Paper on administrative reform of 1 March 2000, the Commission drew up a proposal for an Advisory Committee on Standards in Public Life¹, one of whose tasks would be to provide guidance in advance to public office-holders to help them avoid situations entailing a potential conflict of interests;
21. Considers that it would be inappropriate to create a single advisory body for all EU office-holders, bearing in mind the specific situation of Members of the European Parliament, who are directly elected by the citizens;
22. Believes, nevertheless, that each institution should adopt rules of professional ethics for its Members appropriate to the specific nature of the institution and based on its current practices relating to all relevant financial interests;
23. Recommends that the rules of professional ethics of each institution should also touch upon the overall political, financial and legal responsibility of its Members;
24. Recalls that, in response to Parliament's recent discharge resolutions, the European Court of Justice recently adopted a code of conduct² for its judges; notes that the European Court of Auditors is also examining related matters in the context of its "peer review" on its future role;
25. Agrees with the European Ombudsman (complaint 3269/2005/TN) that the disclosure of the names of individual lobbyists holding meetings with Commissioners is essential;

Recoveries, waivers of recoveries

26. Notes that the term "recovery" covers four different types of procedure:
 - recovery of sums unduly paid by the Member States to agricultural organisations or bodies participating in structural actions, in the wake of diverse errors arising from

¹ Proposal for an Agreement between the European Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee and the Committee of the Regions establishing an Advisory Group on Standards in Public Life (SEC(2000)2077).

² OJ C 223, 22.9.07, p. 1.

negligence or which are, occasionally, deliberate in nature,

- recovery of fines imposed by the Commission on organisations or Member States,
- recovery of own resources from the Member States, under the normal procedure for recovery of sums due,
- recovery of sums from beneficiaries of Community funding where the contract or subsidy agreement has not been respected;

27. Reiterates its regret, as expressed in paragraph 36 of its resolution of 24 October 2006 on the recovery of Community funds¹, that information regarding recoveries of Community funds is excluded from the European Transparency Initiative; calls on the Commission to make available to the budgetary authority and ultimately to the public the names and amounts of recoveries due under or credited to the EU budget, as well as the final destination of these sums;

28. Notes that according to the 2006 Annual Report of the European Court of Auditors on implementation of the budget for the financial year 2006² (paragraph 2.24) 'the information on recoveries and financial corrections presented [by the Commission] [...] in the 2006 Annual Activity Reports does not contain sufficient explanations'; therefore asks the Commission to provide reliable and complete information on correction of errors and evidence on what corrections it made;

29. Considers that the Commission should submit to Parliament, at regular intervals, and, possibly, publish on its website, an overview of outstanding amounts to be recovered broken down by the total owed per Directorate-General (DG) and the length of time for which each amount has been outstanding;

30. Welcomes the fact that a summary of waivers of recoveries of established amounts receivable in 2006 was published as an annex to Commission Communication (COM(2007)0274) setting out a synthesis of the Commission's management achievements in 2006; notes that the total of waivers of recoveries (amounts above EUR 100 000) was EUR 23 038 784 for the EC budget and EUR 6 549 996 for the European Development Fund budget;

31. Points out that the Commission services establish 10 000 recovery orders per year and that its DG BUDGET prepares quarterly balances of amounts outstanding which are sent to the relevant DGs to effect recovery;

32. Welcomes the publication in the 2006 provisional accounts (volume 1, pp. 67-71) of a chapter on the recovery of expenditure in the notes to the economic outturn account; notes that the total value of recovery orders issued in 2006 was EUR 634 000 000; hopes that the Commission will in future make further improvements along these lines with a view to increasing transparency;

Composition of expert groups advising the Commission

¹ OJ C 313 E, 20.12.2006, p. 125.

² OJ C 273, 15.11.2007, p. 1.

33. Notes that the Commission has set up a register (<http://ec.europa.eu/transparency/regexpert/>) of expert groups, defined as formal and informal advisory bodies established either by Commission decisions or informally by the Commission services to assist the Commission and its services in preparing legislative proposals and policy initiatives;
34. Welcomes the undertakings given by Vice-President Kallas at the request of its Committee on Budgetary Control, that with effect from 2008:
- the names of all members of both formal and informal groups will be published and available via the register of expert groups of the Commission,
 - for all experts and alternates, as well as observers where the participation has a budgetary effect, the name, professional title, gender, country and where applicable the represented body, will be disclosed, unless legitimate compelling grounds are given, and made publicly available via the register of expert groups,
 - the personal data not disclosed on this basis can be provided to the European Parliament, on a case by case basis, without prejudice to Regulation (EC) No 45/2001¹ under the relevant provisions of Annex I of the Framework Agreement,
 - an advanced search mechanism will be deployed enabling the viewer to search by keywords in all the metadata and, for instance, to search for the number of experts, by country, by composition;
35. Notes that the register of expert groups does not cover:
- independent experts charged with assisting the Commission in the implementation of framework programmes for research and development,
 - sectoral and cross-industry social dialogue committees (of which about 70 were active in 2005),
 - "comitology committees" assisting the Commission in policy areas where the Commission is empowered to implement legislation (of which there were a total of 250 in 2004),
 - joint entities arising from international agreements (of which there were a total of 170 active in 2004);
36. Disagrees with the general exclusion of these groups from the register and expects the Commission to take action to make sure that the register contains all expert groups, including information on members of comitology committees, individual experts, joint entities and social dialogue committees, to ensure the application of the same transparent approach to the membership of these expert committees, unless legitimate compelling grounds are given individually on a case by case basis;

¹ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p. 1).

37. Calls upon the Commission to conduct a thorough review of the composition of its expert groups before the end of 2008 and to take action to ensure a balanced representation of interest groups in the membership of expert groups;
38. Insists that the Commission must, before the end of 2008, develop an open, transparent and inclusive process for selecting members of new expert groups, and must inform Parliament no later than February 2009 of the new selection criteria;

Governance within the institutions and their annual activity reports

39. Recognises that an important element of good governance of corporate entities or EU institutions is the availability to stakeholders and the general public of information on financial management in a form which the average reader can easily understand;
40. Acknowledges that the position has been transformed since the entry into force in 2003 of the revised Financial Regulation by the obligation to prepare annual activity reports, which in practice provide a detailed insight into the inner workings of the institutions;
41. Congratulates the Commission on the publication of the annual activity reports (2004, 2005, 2006) of its Directors-General and other services and the Synthesis Report of the Commission: Policy achievements in 2006 (COM(2007)0067) on its website http://ec.europa.eu/atwork/synthesis/aar/index_en.htm;
42. Notes that according to the Commission, the Synthesis Report and the annual activity reports are the apex and pillars of the Commission's accountability architecture (COM(2006)0277), and, because the Directors-General and the Commission as a college assume their political responsibility for management in these reports, strongly urges the Commission to take serious measures to give a full insight into how 80% of EU funds are used (shared management), as otherwise its own accountability will be deemed deficient;
43. Urges therefore the Commission to support the issuing of National Declarations of Assurance by the Member States which would allow it to assume full political responsibility for the whole of the EU's financial management; also urges the Commission to rely more on the work of national audit offices and external audits;
44. Welcomes the fact that the European Court of Justice, European Court of Auditors, European Economic and Social Committee, Committee of the Regions and the European Ombudsman all submit an annual activity report to the discharge authority;
45. Takes the view that the annual activity reports of the other institutions, including the Council and the European Parliament, should be placed on their public websites in the interests of greater transparency;

Blacklisting of fraudsters

46. Recalls that one of the questions examined by the Commission in its preparatory work on transparency (SEC(2005)1300) was whether fraud could be better deterred by being more transparent about the results of investigations and whether the Commission should establish and publish a "blacklist" of confirmed fraud cases in order to name and shame;
47. Notes that while the blacklisting of fraudsters is dealt with extensively in the Commission's

staff working document (SEC(2005)1300), it was not included in either the Commission's Green Paper on the European Transparency Initiative or in the follow-up communication;

48. Asks the Commission to consider how a public "blacklist" of confirmed fraud cases and the entities behind them could be set up to name and shame as well as inform the public about the results of the Community's anti-fraud endeavours;
49. Points out that for the protection of EU financial interests the Commission, at the request of the European Parliament in 1997, introduced an early warning system (EWS) with five graded levels of warning to assist Commission services in identifying entities presenting financial and other risks; notes that this system covers both "centralised management" (contracts and grants managed directly by the Commission services) and "decentralised management" (managed by third countries); however, EWS does not yet cover EU funds managed in partnership with Member States ("shared management", mainly the common agricultural policy and the structural funds), nor funds delegated to international organisations ("joint management");
50. Notes that, according to the key findings of the European Court of Auditors in the 2006 annual report, compliance errors (e.g. the tendering procedure was missing or not valid) were the main cause of irregularities in the field of structural policies, and because protection of the EU's financial interests is an essential goal, asks the Commission and the European Court of Auditors to report to the discharge authority on the types of irregularities or fraud which occur most commonly during tendering procedures and on the reasons for them;
51. Notes that for reasons of data protection, in order to safeguard the legitimate interests of the entities concerned, and in the absence of any provision in the Financial Regulation authorising publication, EWS registrations are strictly confidential;
52. Recalls that under Article 95 of the Financial Regulation, a central database of excluded candidates and tenderers is to be set up (in compliance with the Community rules on the protection of personal data) and managed in common with all the institutions and agencies and that it is intended to be operational from 1 January 2009;
53. Reiterates the urgent need for a code of ethics for OLAF, with a view to guaranteeing the presumption of innocence in the case of beneficiaries who have been the object of a long and prejudicial investigation procedure and are cleared by the courts but receive no compensation for the damage to their reputation or the losses incurred;
54. Notes that the Member States are required to communicate information concerning excluded candidates and tenderers to the competent authorising officer; notes further that access to the database will not be public, being limited to the EU institutions, executive agencies and regulatory agencies (Article 95(2) of the Financial Regulation);

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55. Instructs its President to forward this resolution to the Commission, Council and other institutions.