

GOOD GOVERNANCE



Conflict of Interest

Lukas Wagenknecht

Centrum of Excellence for Good Governance is an independent apolitical think tank founded in 2012 focused on promotion of democratic principles and functioning effective state of law.

We want to raise general awareness of the importance of professional public administration as well as the democratic and legal values in civil society, among important decision and opinion makers.

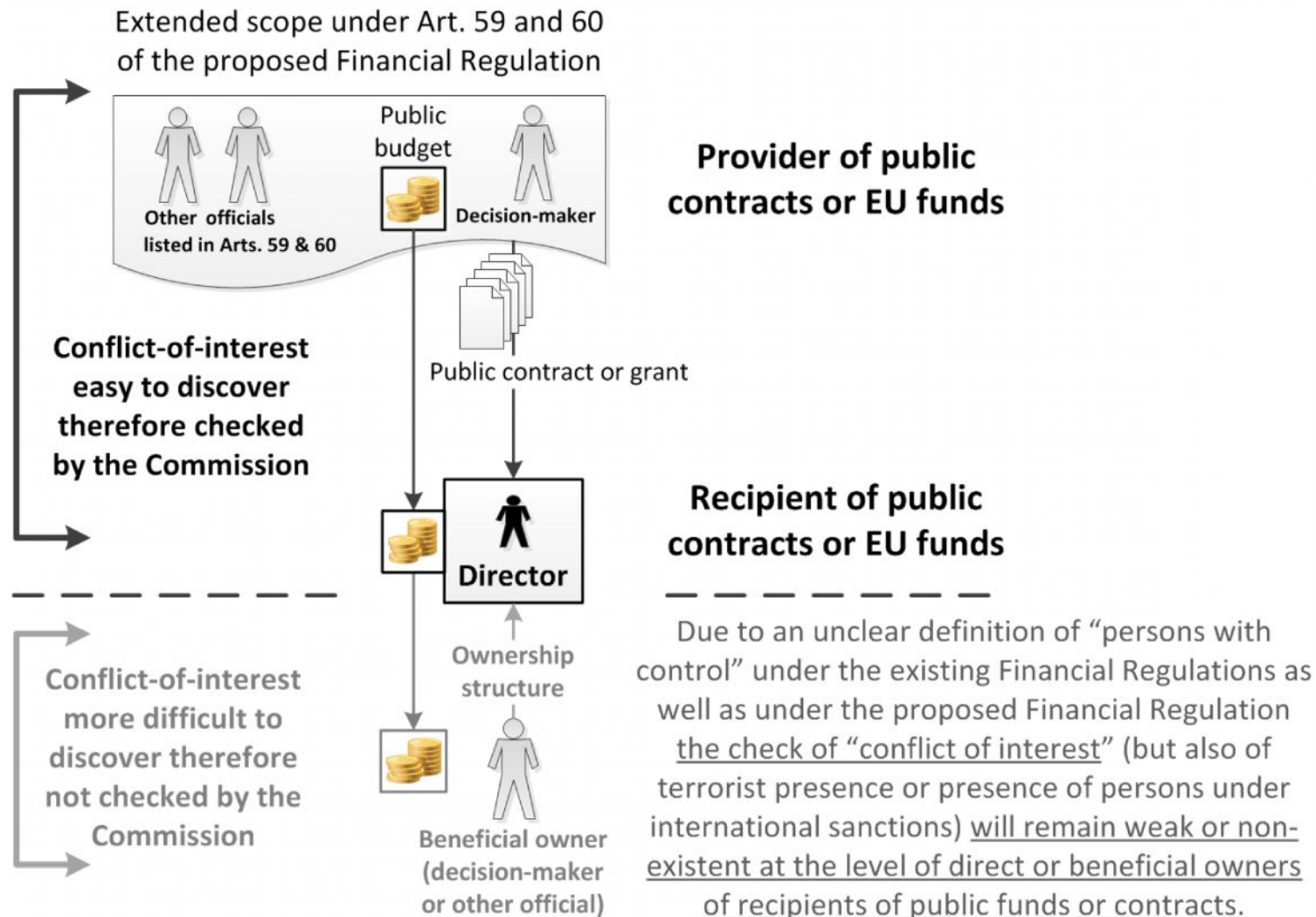
How can the European Commission prevent conflict of interest if it does not know who owns companies to receiving public contracts or subsidies paid from the EU budget?

- **Conflict of interest defined well** at the EU level, but not checked at the level of owners of companies receiving public contracts and grants from EU budget
- **Scope checking of conflict of interest**
 - **With respect of directors of a company receiving public contracts or subsidies paid from the EU budget: YES**
 - **With respect to „persons with control“ (direct owners and beneficial owners) over the recipient of public contracts or funds from EU budget:**

YES, theoretically...

NO, practically - the Commission neither checks nor requires identification or evidence of direct or beneficial owners.

Scope of conflict of interest with respect to direct or beneficial owners of recipients



Conflict of interest at the company owner level replicated at the national level both with respect of EU funds as well as national budgets

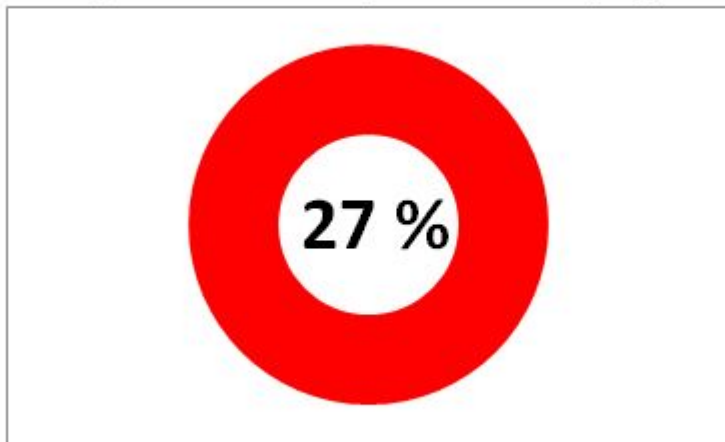
Regulation on EU funds: silent on disclosure, evidencing or verification of direct or beneficial owners of companies receiving EU funds.

EU Public Procurement Directive: requires prevention of conflict of interest with respect to „persons with control“ (direct owners and beneficial owners), but if Commission does not do it, Member States do not do it either.

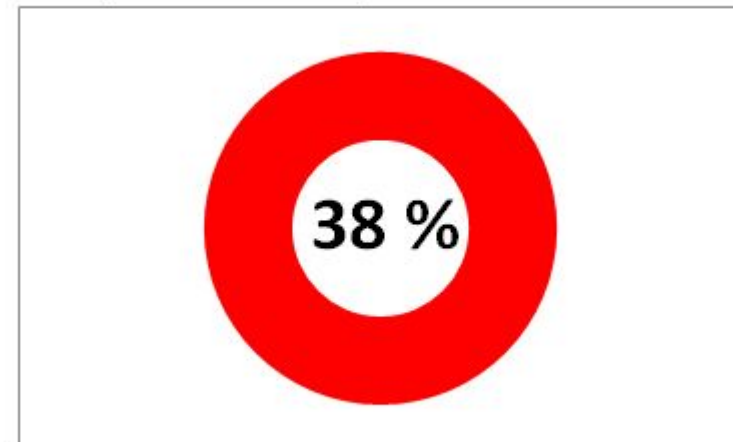
How do I know that? Thanks to the Study of Good Governance of September 2016 which examined direct and beneficial owners of 968 EU funds recipients in the Czech Republic between 2007 – 2013

Overall ratio of companies with anonymous owners in all Regional Operational Programs 2007 - 2014

Anonymous owner as per number of projects



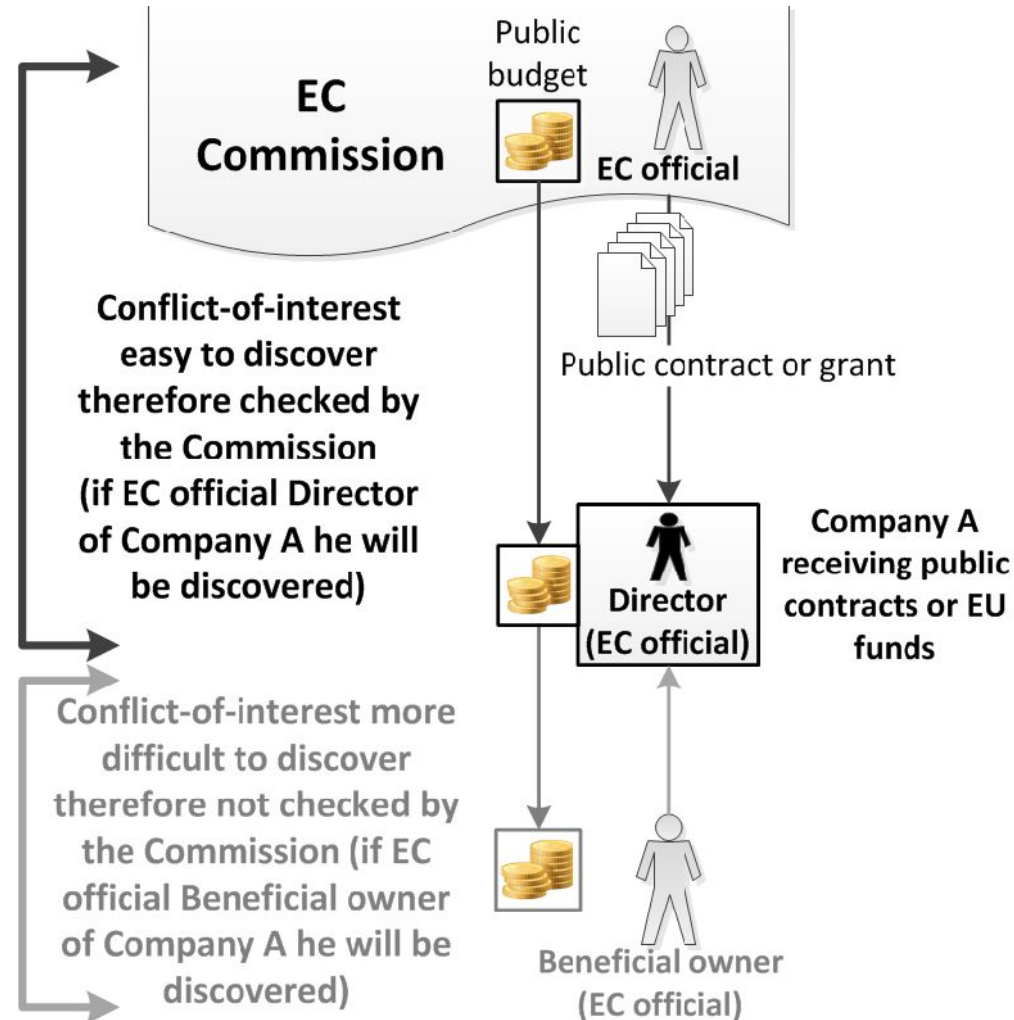
Anonymous owner as per financial volume



GG STUDY: ANONYMOUS RECIPIENTS OF EU FUNDS 2007 – 2013

<http://goodgovernance.cz/2016/10/24/anonymous-recipients-of-eu-funds-2007-2013/>

How can a Commissioner or an EC official give itself kickbacks?



Is it possible to have effective remedy in the case of political conflict of interest in EU funds implementation structure?

Latest examples from the Czech Republic

SITUATIONS WHERE CONFLICT OF INTEREST WAS DISCOVERED

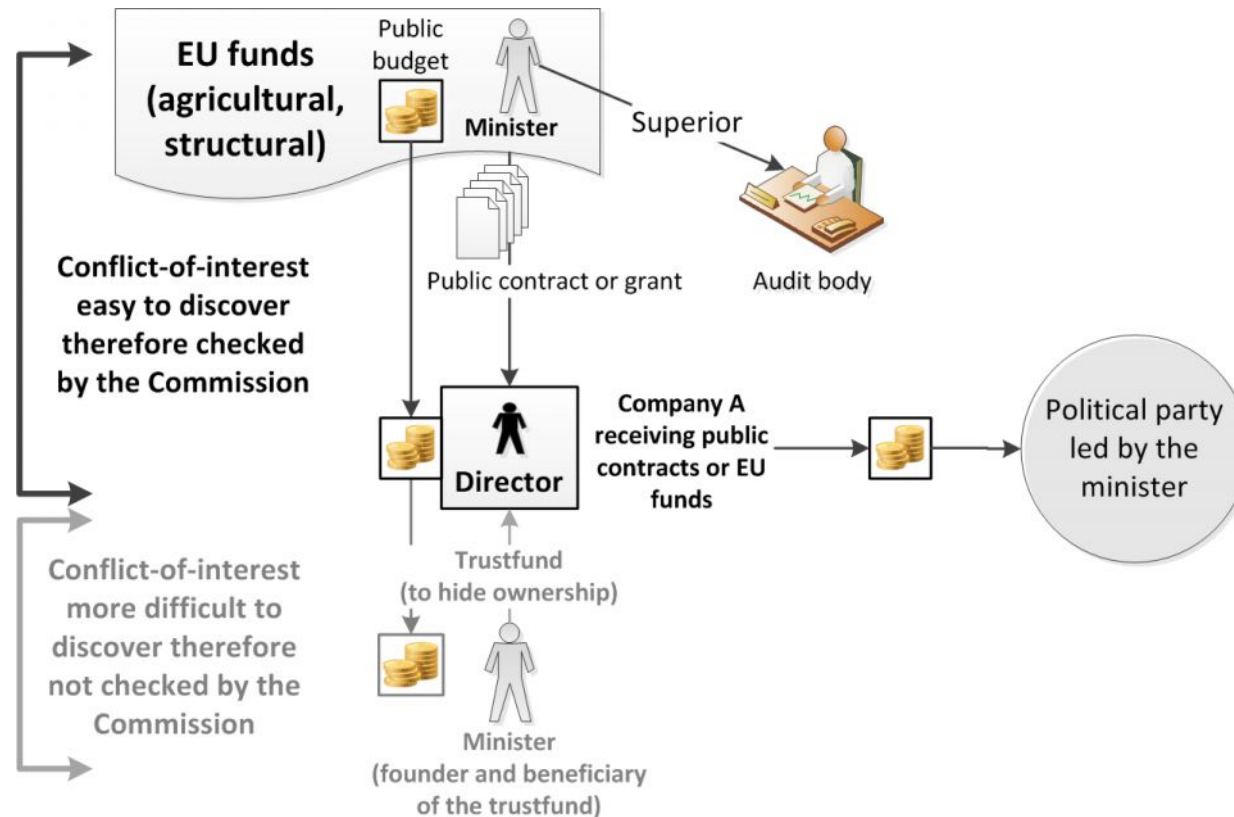
(1) Member of the board in conflict of interest of in a company receiving EU agricultural funds caught by EU rules on conflict of interest

(2) Civil servant in conflict of interest of in NGO receiving EU EFRR/ERDF funds caught by EU rules on conflict of interest...

Latest examples from the Czech Republic

Minister in conflict of interest controlling a company receiving EU agricultural funds, structural funds, public contracts...

... NOT caught by EU rules on conflict of interest!!!



Thank you for your attention

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Good Governance
www.goodgovernance.cz

