



The role of local and regional authorities in preventing corruption and promoting good governance

Joint conference of the European Committee of the Regions
and the Congress of Local and Regional Authorities of the Council of Europe
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Background note

Corruption occurs at all levels of society and its negative effects are widespread. It is commonly accepted that corruption impedes economic development, undermines democracy and damages social justice and the rule of law. Its prevalence affects citizens, governments and business alike, increasing unpredictability and thwarting new investment. Concerted preventive action is therefore paramount in order to foster economic growth, improve living conditions and ultimately regain citizens' trust.

The " Organised Crime and Corruption: Cost of Non-Europe Report " estimates that corruption costs the EU annual amounts varying from to €179b to €990, depending on the scenario and the inclusion or not of direct and indirect costs in the overall quantification of the costs of corruption.¹ Although the estimates vary considerably, corruption's costs and negative effects on society are apparent, as is the need to minimize these.

Eurobarometer surveys further demonstrate corruption's frequency by reporting that three-quarters of respondents (76%) felt that corruption is widespread in their own country.² Other Eurobarometer surveys show that corruption does not only concern citizens or governments, but that it cuts across all elements of society, as 4 out of 10 companies consider corruption to be a problem for doing business. The importance of action in the area of anti-corruption is further highlighted by the survey results, according to which a quarter of Europeans (26%) think that it is acceptable to do a favour in return for something that they want from the public administration or public services.

Statistics also show that the majority of Europeans agree that corruption exists in the national public institutions in their country (80%), in their local or regional public institutions (77%) and within the institutions of the EU (70%). Furthermore, around three-quarters of Europeans (73%) agree that bribery and the use of connections are often the easiest ways of obtaining some public services in their

¹ European Parliament Think Tank study, March 2016

² Special Eurobarometer 397, Corruption and Flash Eurobarometer 374, Businesses' attitudes towards corruption in the EU

country; and more than half of Europeans believe that bribery and the abuse of positions of power for personal gain are widespread among political parties (59%) and politicians at national, regional or local level (56%).

As can be seen through Stabilisation and Association agreements, and Country Progress Reports, anti-corruption policy is also a key part of the EU's relations with Neighbourhood and Enlargement countries, respectively. Through the 'fundamentals first' approach, which addresses issues such as the fight against corruption, sound economic governance and freedom of expression, the EU attempts to strengthen political and economic stability in the aspiring countries and the EU as a whole.

EU anti-corruption action

Anti-corruption policy is primarily a Member State competency, although the TEU (Amsterdam) initially provided the EU with competences in the fight against corruption. By deriving competences from the areas of freedom, security and justice, the EU can fight corruption through an approximation of Member States' criminal law and through measures fostering police and judicial cooperation. Despite these capacities, the EU does not have an explicit competence in the area of corruption policy.³

Nonetheless, a range of measures are in place to reduce, prevent and detect corruption, and these include EU and international law and monitoring mechanisms, such as conventions on the protection of the EU's financial interests and institutions (the European Anti-Fraud Office).

The control of corruption is also one of the components of the *Europe 2020* strategy. Part of its focus is on the objectives announced in the *Stockholm Programme*, through which the European Commission has been given a political mandate to measure efforts in the fight against corruption and to develop a comprehensive EU anti-corruption policy.⁴

As part of these efforts to combat corruption, in June 2011 the Commission set up a mechanism for the periodic assessment of EU States' efforts in the fight against corruption (the 'EU Anti-Corruption Report'⁵), to help create the necessary momentum for stronger political commitment by all decision makers in the EU. The reporting mechanism assesses the anti-corruption efforts of EU Member States and encourages peer learning and exchanges of good practice.⁶

In 2012 the Commission also put forward a proposal for a directive on criminal law protection from fraud related offences to the EU Financial interests which contain a definition of public official including persons holding a legislative office.⁷

Alongside these, a key legislative initiative is the *Fourth European Union Anti-Money Laundering Directive* which is considered "the most sweeping AML legislation in Europe in several years" and

³ Eckes and Konstantinidis, 2011

⁴ The Stockholm Programme - an open and secure Europe serving and protecting citizens. European Council (Home Affairs 2009) invites the Commission to develop indicators, on the basis of existing systems and common criteria, to measure efforts in the fight against corruption, in particular in the areas of the *acquis*

⁵ Report from the European Commission to the Council and European Parliament, EU Anti-Corruption Report, Brussels 3 February 2014, COM (2014) 38 final

⁶ Additional details on the EU Anti-Corruption report can be accessed via the following [link](#)

⁷ Proposal to protect financial interests of the EU, July 2012.

was enacted on 25 June 2015. The Fourth AML Directive, which replaces the previous Third Directive with a two-year window for implementation, requests that all EU member states must be compliant with the new mandates by 26 June 2017.⁸

Council of Europe anti-corruption action

The Council of Europe's work on combating corruption really took off with the creation of the Multidisciplinary Group on Corruption (GMC) in September 1994, under the responsibility of the European Committee on Crime Problems (CDPC) and the European Committee on Legal Co-operation (CDCJ), since when the fight against corruption has been one of the Council of Europe's priorities.

The fight against corruption was on the agenda of the 2nd Summit of Heads of State and Government of the Council of Europe member States, leading to the adoption of the Twenty Guiding Principles against Corruption.⁹

Much of the Council of Europe's work is carried out in the framework of international treaties. In 1999 the Council of Europe opened two anti-corruption treaties for signature the Criminal Law Convention on Corruption (CETS no.173) and the Civil Law Convention on Corruption (CETS no.174), ratified by 47 and 35 European States respectively. In the same year the Council of Europe established the Group of States against Corruption (GRECO) to monitor States' compliance with the organisation's anti-corruption standards. The GRECO, which comprises 48 European States and the United States of America, works to improve the capacity of its members to fight corruption by monitoring their compliance with Council of Europe anti-corruption standards through a dynamic process of mutual evaluation and peer pressure.

The Committee of Ministers of the Council of Europe also makes recommendations to member states, on subjects such as Codes of Conduct for Public Officials¹⁰ and Rules against Corruption in the Funding of Political Parties and Electoral Campaigns.¹¹

The Council of Europe supports countries in implementing European anti-corruption standards through its technical co-operation and assistance programmes, which are funded both from its own budget and by contributions by countries and organisations such as the EU, Norway Grants, Sweden, Netherlands, Switzerland, and USAID.

Anti-corruption as priority for the CoR and the Congress

The joint work of the CoR and the Council of Europe's Congress of Local and Regional Authorities (hereafter "The Congress") in fighting corruption with the Messina conference (7 May 2010) on "Fighting Corruption at local and regional level", which examined innovative methods for tackling corruption at local level and the need for new instruments for "ethical behaviour and integrity" for local and regional politicians and administrations.

⁸ ACAMS Association of Certified Anti Money Laundering Specialists

⁹ Council of Europe Resolution (97) 24 on the Twenty Guiding Principles for the Fight Against Corruption, adopted on 6 November 1997 at the 101st session of the Committee of Ministers

¹⁰ Council of Europe Recommendation on Codes of Conduct for Public Officials (Recommendation No. R (2000) 10)

¹¹ Council of Europe Recommendation on Common Rules against Corruption in the Funding of Political Parties and Electoral Campaigns (Recommendation Rec(2003)4)

In 2016 the Congress adopted “Preventing corruption and promoting public ethics” as the theme for its 2016 plenary sessions and, at its October session, adopted a Roadmap of activities to ensure that the fight against corruption and the promotion of public ethics at local and regional levels continues to be a top priority. This action plan includes the preparation of several reports on corruption and transparency related themes, the revision and update of the Congress’ 1999 “European Code of Conduct on the political integrity of local and regional representatives” and the strengthening of the Congress cooperation activities to strengthen the capacities of local and regional authorities by promoting good governance, transparency, accountability and ethical behaviour in EaP countries.

The Congress also works with EaP States to reinforce local and regional democracy and set standards in public ethics. In April 2014, the Council of Europe and the EU signed the Programmatic Cooperation Framework (PCF), to support the Eastern Partnership countries (Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine, and Belarus), in fighting corruption and promoting good governance, with objectives such as increasing leadership capacities of local elected representatives and strengthening the capacities of local authorities by promoting good governance, transparency, accountability, ethical behaviour and ways to prevent and combat corruption and fostering citizens’ participation as a means of reinforcing the accountability of local authorities. The PCF is being implemented in two phases: 2015-2017 and 2018-2020. A mid-term evaluation will take place in 2017 and a final evaluation in 2020. The budget for the first implementation phase is €33.8 million. The PCF, which is jointly funded by the EU and the Council of Europe, is implemented by the Council of Europe. In this framework, the Congress organised seminars in 2016 in Armenia, Georgia, the Republic of Moldova and Ukraine.

The CoR’s Commission on Citizenship, Governance, Institutional and External Affairs (CIVEX) has selected the area of anti-corruption as a thematic priority for its annual work programme in 2017 and intends to showcase through various activities the efforts of local and regional authorities, as well as the benefits of cooperation at sub-national level, within and outside the EU.

Anti-Corruption is a policy field with great potential for outlining the role and the concrete contributions of local and regional authorities (LRAs), given their proximity and interactions with citizens, those most affected by corruption, and the immediate economic benefits. Local and regional governments and representatives tend to focus on the allocation of public services such as social welfare, education and the issuing of contracts for essential services such construction and transport. A defined role in the fight against corruption can thus improve the lives of individuals and their communities.

Corruption is also cited as one of the major concerns within Enlargement countries¹² and within the Eastern Partnership¹³ - geographic areas with which the CoR has strong cooperation. The CoR sees the prevention of corruption and the promotion of good governance as a priority in the EU’s relations with its neighbouring countries. Stability and cooperation within and outside the European Union is one of the five political priorities for the current mandate 2015-2020 of the European Committee of the Regions (CoR) and within this context, the CoR set out to ensure that efforts to cooperate with neighbours are founded on cooperation between local and regional authorities.

¹² “Corruption in the Western Balkans: Bribery as Experienced by the Population” United Nations Office on Drugs and Crime (UNODC) Co-financed by the European Commission, report prepared by UNODC Statistics and Surveys Section (SASS) 2011.

¹³ State Of The Fight Against Corruption In The South Caucasus, European Policy Brief, Vahan Asatryan, Arpine Karapetyan, Arzu Abdullayeva and Tamar Pataraiia, August 2015.

A study¹⁴ recently commissioned by the CoR - the first of the series - conducted by the *London School of Economics*, concluded that across each of the EaP countries, certain forms of corruption such as favouritism in public procurement or abuse of power in public office, appear to be more common and significantly more prevalent than others.¹⁵ On the other hand, the interpenetration between the business and political elites were frequently mentioned as an issue in the public procurement processes in Eastern Partnership countries.

Recently adopted CoR opinions, such as that on enlargement strategy, have stressed the importance of the fight against corruption at all levels of government and society and welcomed local action plans for the prevention of corruption prepared by a vast majority of municipalities, along with local social inclusion plans, and calls for them to be implemented properly and monitored appropriately.¹⁶

Joint conference of the CoR and the Congress

Against this backdrop, the joint conference will address the challenges faced in implementing anti-corruption strategies and promoting cooperation at the sub-national level. The event will offer an opportunity to present ongoing work in the field of anti-corruption, and establish common ground between the CoR and Congress in this field. It will also contribute to the thematic reports being prepared by the Congress' Governance Committee and its work on revising the 1999 Code of Conduct.

The event will provide an opportunity for both the CoR and the Congress to present the political benefits associated with action in the field of anti-corruption, and the importance of supporting and coordinating the efforts of local and regional authorities. Partner institutions will be invited to present ongoing work and priorities, legislative and otherwise, for their future work.

14 Preventing Corruption and Promoting Public Ethics at the Local and Regional Level in Eastern Partnership Countries, Research file for the European Committee of the Regions, 27 January 2017.

15 The considered forms of corruption were favouritism in public procurement, conflicts of interest, nepotism, abuse of power in public office, transparency and protection of whistleblowers. .

16 COR-2015-05896