

## CPI Regional Analysis: Western Europe & EU

### **Stagnating anti-corruption efforts, weakening democratic institutions and rising populist rhetoric in Western Europe & European Union**

*The time to deliver on anti-corruption commitments throughout the region is now*

#### **Snapshot of the region**

Fourteen of the top 20 countries on this year's Corruption Perceptions Index (CPI) are from Western Europe and the European Union (EU). With 88 points, Denmark returns as a global leader on the CPI, though its score remains unchanged from last year. In the region, Denmark is closely followed by Finland, Sweden and Switzerland, which each score 85.

At the bottom of the region, Bulgaria scores 42, dropping one point since last year. Bulgaria is followed by Greece (45), which dropped three points since 2017, and Hungary (46), which dropped eight points over the last five years.

With an average regional score of 66 out of 100, Western Europe and the EU are doing far better than other parts of the globe. However, for a region that prides itself on some of the most robust integrity systems in the world, the patchwork of partially overlapping national and EU-level integrity systems presents its own problems and still has a long way to go to tackle corruption effectively.

#### **Corruption and a crisis of democracy**

While legal frameworks and democratic institutions are sound in many Western European and EU countries, there is still significant room for improvement across the region. While there is an EU legislative proposal to improve protections for whistleblowers, there is a question mark over whether it will be agreed by Member States and ever reach the statute books. The region must rally public support for the proposal and strengthen citizens' ability to speak out against corruption.

Events of last year revealed how persistent corruption is in Western Europe and the EU, and how some European democratic institutions are exposed to corruption within their own ranks. An [independent report from the Council of Europe](#) confirmed that members of its Parliamentary Assembly were among the beneficiaries of the [Azerbaijani Laundromat](#) money laundering scheme, an effort by Azerbaijan to whitewash its international image.

In the last few years, several countries have also seen a rise in power of political leaders with populist tendencies, working to raise citizens' fear of targeted groups. In particular, several countries have harnessed anti-immigration sentiment to promote and justify undemocratic principles. These groups have often used digital platforms that lack transparency, and which are open to interference and abuse by foreign agents, to undermine democratic elections and processes. Across Europe, citizens' trust in democracy has been harmed as a consequence.

In fact, [according to the Guardian](#), research shows that one in four Europeans vote for populists, with populist parties more than tripling their votes in the past two decades

In both Hungary and Poland, populist rhetoric is often used to discredit public scrutiny. In both countries, democratic institutions and values are at risk, and the government continually interferes and challenges the independence of both the media and judicial system. There are also several cases where the media is used in both countries to portray activists and independent thinkers as enemies of the nation, which deepens existing divisions among citizens and takes public focus away from politicians.

As a result of concerns about systematic violations of the rule of law, both Hungary and Poland are now subject to EU procedures that could see them stripped of their EU voting rights.

Even top scoring countries like Denmark are not immune to corruption. While the CPI shows the Danish public sector to be one of the cleanest in the world, corruption still exists, as seen with recent scandals involving Danske Bank. Specifically, the Estonian branch of Danske Bank used more than 30 different currencies to launder €200 billion (US\$227 billion) over nearly a decade. One of the most serious cases of transnational money laundering, [money flowed from Russia into the EU through Baltic bank branches using shell companies registered in the UK](#).

At the same time, the EU's commitment to promoting human rights and good governance around the world may strengthen interregional anti-corruption efforts. During a meeting of foreign ministers in Brussels, the Dutch government proposed that the EU overhaul its sanctions regime to allow for targeted sanctions of individuals and entities outside the EU that are involved in serious corruption crimes and human rights abuses. This would be a welcome move if implemented, but one that should not distract from solving problems at home.

### **Improvers**

This year, with stagnating scores throughout the region and most countries only moving one or two points since last year, the United Kingdom (UK) stands out for having improved over time.

Although the UK dropped two points since 2017, it has improved six points since 2012, moving from 74 to 80. However, despite being an overall improver on the CPI, this year marks the first time that the UK declined on the index since 2012, receiving its lowest score since 2016.

Over the past year, the UK experienced a few public sector scandals involving Members of Parliament who were found guilty of taking undeclared holidays paid for by foreign states. In addition, questions over the origin of money used in the EU referendum combined with concerns over the future of Brexit, make future movement of the UK on the CPI unclear.

### **Decliners**

Hungary and Malta have seen the sharpest decline in their respective CPI scores in recent years, allowing corruption to worsen. While Romania and Bulgaria had been making some progress on the CPI in recent years, both witness a decline by a single point in a year that has seen a serious corruption scandal in Bulgaria, and mass anti-corruption protests in Romania. Poland – currently under investigation by the EU over systematic violations of the rule of law – has stagnated.

Hungary decreased by nine points over the last seven years, moving from 55 in 2012 to 46 in 2018. This significant change reflects a deterioration of democracy, as well as a rapidly shrinking space for civil society and independent media. Exemplifying this change, both the Open Society Foundation and

Central European University, founded by philanthropist George Soros, were recently forced out of the country.

In the last few years, Hungary passed legislation that imposed [restrictions on “foreign funded NGOs”](#) and introduced [additional taxation for NGOs](#) that “support immigration”, while making this support a criminal offence. These are all serious infringements of basic civil rights.

In addition, Hungary also passed a law that establishes a [new system of administrative courts](#) and expands the power of the minister of justice to appoint judges. These courts will have jurisdiction over matters of corruption, elections and protests.

At the same time, Hungary faces [allegations of a misuse of EU funds](#), which Hungarian police have yet to investigate. In response to these challenges, our chapter, [Transparency International Hungary](#) is working to provide expert support and research, serve as a resource to investigative journalists and empower citizens to monitor public expenditures.

With a score of 54, Malta decreased by six points over the last three years, moving from 60 in 2015 to 54 in 2018. This significant drop comes as no surprise more than one year after the assassination of journalist Daphne Caruana Galizia, who was killed while reporting on corruption and who posthumously received the [2018 Anti-Corruption Award](#). Malta is also embroiled in scandals involving the Panama Papers and the collapse of Pilatus bank, as well as its “Golden Visa” scheme, which sells Maltese citizenship to wealthy overseas investors. In December 2018, a [Council of Europe report](#) concluded there was a serious rule of law problem in Malta’s judiciary.

In addition, both Romania (47) and Bulgaria (42), which dropped one point apiece on the CPI since last year, are currently monitored by the EU’s Cooperation Verification Mechanism (CVM), which monitors whether both countries are meeting the anti-corruption and judicial reform commitments they made when they became EU members. Despite this measure, both countries have made little progress on judicial reforms and anti-corruption efforts.

In Bulgaria, many citizens distrust political institutions and do not feel well represented. With little control over political party financing and few checks and balances, Bulgaria also lacks an independent and transparent media.

It is often unclear who owns which media outlets in Bulgaria and what political connections they may have. In addition, many outlets are financially dependent on state advertising, which may colour their reporting and affect any criticism they may otherwise provide to government authorities. Our chapter, [Transparency International Bulgaria](#), is working to help monitor elections, engage citizens in speaking out and advocating for stronger anti-corruption measures across the country.

Finally, with a score of 60, Poland remains unchanged on the CPI despite an increase of political influence on the judiciary system and a significant clamp down on free media.

In addition, by changing the judicial framework, refusing to abide by decisions of the Constitutional Tribunal and insisting on appointing judges to the Tribunal, which is unconstitutional, the Polish ruling party is threatening judicial independence. These acts serve to dismantle a system that enables checks and balances, which are vital to democracy and in the public’s best interests.

## Countries to watch

There are several countries to watch on this year's index, including Greece, Czech Republic and Italy, with the latter two also experiencing a wave of populist leaders.

With a score of 59, the Czech Republic is one of the key countries to watch moving forward. Despite an increase of two points since 2017 and eight points since 2014, the Czech Republic experienced a series of recent scandals that paint a different reality on the ground.

Following a complaint submitted by our chapter, [Transparency International Czech Republic](#), Prime Minister Andrej Babiš was found guilty of conflict of interest in relation to his media holdings.

In addition, the chapter filed a complaint against the prime minister with the European Commission to question his ties to Agrofert, a Czech company that operates in agriculture, construction, logistics and other sectors. Babiš is the sole beneficiary of two trust funds that own 100 per cent of the shares of Agrofert, which receives millions of euros in EU subsidies each year. An investigation by the European Commission is ongoing.

Greece fell three points on this year's CPI, moving from 48 points in 2017 to 45 in 2018. However, by contrast, the country improved nine points since 2012. One explanation for this is that since the financial crisis in 2008, the country undertook several structural reforms so as to balance severe austerity measures.

However, despite these structural improvements, progress on anti-corruption has halted in Greece and burdensome bureaucracy is saddling the country. In 2018, a series of scandals undermined anti-corruption efforts, including [improper procurement of medicines by the Greek government](#), where former ministers and prime ministers were accused of wrongdoing.

In addition, the recent appointment of the head of the Hellenic Competition Commission, which oversees the enforcement of anti-trust legislation, raises concerns over conflicts of interest in Greece, given that the appointee is a close advisor to the prime minister. The appointment ultimately challenges the [independence of the institution](#).

With a score of 52, Italy improved by two points since 2017, part of a gradual and sustained ten-point increase since 2012. The passage of the first comprehensive anti-corruption law in 2011 may have led to incremental improvements in the Italian anti-corruption system.

Our chapter, [Transparency International Italia](#), was instrumental in advancing specific legislative proposals on whistle blower protection, statutes of limitation and freedom of information amongst others.

However, although the CPI score seems to reflect these regulatory enhancements, on the ground, a weakening of democratic institutions and decline in [political culture](#) may undermine future anti-corruption efforts in Italy. There are new challenges, particularly at the intersection of where public sector meets private sector, including a lack of lobbying regulations, which enables corruption.

## Recommendations

Stagnation and complacency are not an option for Western Europe and the EU – a region that not only leads, but also sets the bar for other countries that wish to join the EU. To this end, we call on all Western European and EU countries to:

- Enforce the rule of law so that all public powers act within the constraints set out by law, in accordance with the values of democracy and fundamental rights, and under the control of independent and impartial courts.
- Protect whistleblowers so that all citizens can safely report wrongdoing in the public and private spheres.
- Improve legislative transparency and access to information that is required for effective public oversight.
- Ensure a civic space that is safe for civil society to engage in dialogue with governments and authorities without fear of retaliation.
- Protect press freedom and the crucial role that media plays in democracy.

Together with our chapters in Spain, Germany, Belgium and Italy, Transparency International is working to hold delegates of the Parliamentary Assembly of the Council of Europe accountable for their actions in the Azerbaijani Laundromat. Following elections in May, there will also be a new European Parliament and European Commission, and Transparency International is campaigning for these institutions to promote ambitious anti-corruption reforms across the EU.

Together, working with other like-minded organisations and civil society, we can hold governments to account. While democratic institutions are in place across the region, political will and enforcement is missing. It is time for countries in Western Europe and the EU to make good on their anti-corruption commitments and live up to their reputation for being a region that is supposed to embody the gold standard of integrity.