

# EU Budget and transparency

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A well-worn adage among investigative journalists is that the best way to understand a story is to 'follow the money'. Understanding the EU budget by following the money can be very difficult because of the complexity of budgets in general and the EU budget in particular, but most of all because there is little transparency about how the €130 billion which cascades from Brussels each year is spent. This money passes through a multi-layered patchwork of jurisdictions, agencies and programmes that vary greatly in their levels of transparency and accountability. For the most part, the picture is not good, although there are some grounds for optimism about the future.

In 2006 The European Ombudsman put a convincing generalised case for transparency as part of his response to the European Commission's green paper on the European Transparency Initiative (ETI):

*"Transparency (or openness) is an essential aspect of pluralist democracy. It ensures that citizens can have the information they need to participate effectively in the political process and to call public authorities to account. The right of access to documents empowers citizens in relation to the flow of information. It enables them to take the initiative to obtain information, in its original context, that has not yet been put into the public domain".*

On 19 February 2007, the European Parliament adopted a report on the practical implementation of the ETI which states that:

*"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... [Transparency] contributes to strengthening the principles of democracy and respect for fundamental rights... 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".*

The role of civil society is critical both in obtaining budget data and making sense of it.

From my perspective, trying to find out who gets what from the Common Agricultural Policy, things have come a long way since 2000 when, as a political adviser to the then UK Minister of Agriculture, I leaned over my boss's shoulder to look at a single sheet of paper

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prepared by officials that listed the top twenty recipients of EU farm subsidies in the UK. The thought that immediately crossed my mind was this: if the public knew about the six and seven figure annual payouts to rich landowners like Queen Elizabeth II, the Duke of Westminster and the Earl of Buccleuch and to big food companies like Nestlé and Tate & Lyle, would they ever see the CAP in the same way? Talk to most Europeans about the CAP and they think it is all about money to help out small family farmers who are struggling to get by. The reality is that these farmers barely get a look in: 85 percent of EU farm subsidies go to the top 18 per cent of recipients.

Transparency in the EU budget has been advanced farthest in relation to farm subsidy payments, and this is almost entirely the result of the work over the past four years of the journalists, researchers and activists of the farmsubsidy.org network using existing rights of access to information to obtain lists of who gets what. In several cases, the law in question has derived from the European Directive 2003/4/EC on public access to environmental information (also known as the Aarhus Convention). Cross-border collaboration has allowed us to develop a single EU-wide online database of farm payments so that anyone with an internet connection can access the data obtained in a user-friendly way. The online database we maintain currently holds details on 11.5 million payments to 6.3 million recipients in 20 countries worth a total of €64 billion. While this is a great deal of data, it is really just the tip of the iceberg and many countries are still holding out against releasing data. France and Germany have distinguished themselves as the most vehement opponents of budget transparency, particularly when it comes to farm subsidies. As the French newspaper *La Tribune* put it in October 2005, "along with nuclear missile launch codes, the list of the biggest recipients of EU farm subsidies is among the most closely guarded secrets of the French Republic". Even so, this first campaign for EU budget transparency has snowballed across Europe and it is beginning to have a measurable impact on the debate on the future of Europe's farm policies.

Following the rebranding of the EU budget in the 2007-13 financial perspective, the EU's €55 billion in farm payments is currently listed under a broad budget heading called '*Preservation and management of natural resources*'. This description is at best highly misleading, at worst, pure deception. To find out what is really going on, you have to go beyond the spin and dig deep into the details. The same kinds of searching questions that the farmsubsidy.org network is asking regarding the farm payments can - and should - be asked in regard to each area of the EU budget: structural funds, cohesion funds, fisheries subsidies, external action or development aid. The availability of detailed data on the EU budget is enabling European civil society to perform new and potentially powerful oversight functions. Following successful request for access to data on EU fishing subsidies (the Financial Instrument for Fisheries Guidance) we cross-checked the list of fishing vessels that had received large EU subsidies with court records of vessels that have been convicted of illegal fishing, for

example, use of drift nets that kill dolphins and other vulnerable species. We found it was quite common for a vessel to receive subsidy in one year, be convicted of illegal fishing in the next, and then receive more subsidy in the third year. This is all perfectly legal, but it does raise questions about the way EU fishing subsidies are allocated. When the Court of Auditors looked at an EU aid package for the Balkans it found examples of money being spent in ways that had little to do with the stated objectives. In 2003, €2.8 million was allocated under a heading of 'strengthening border protection in Macedonia'. It was supposed to pay for training officials, improving recruitment and buying equipment to check documents. In fact it was all spent on buying vehicles. The reputation of international development policies have been beset by allegations of so-called 'phantom aid': sums of money that sound good when announced during a heads of government summit meeting but end up being spent in the donor country on expensive consultants. It is only by knowing the end beneficiary that we can have any hope of assessing how the money has been spent. Was that multi-million euro grant for 'democracy promotion in Egypt' actually spent on training riot police? Was that EU-funded road ever built?

Very often, the first objective of investigative journalists who delve into budget data is to uncover 'waste, fraud and abuse', not to look at the bigger questions of EU policy and priorities. After all, graft and corruption stories make better headlines than policy analysis. In the early days of farmsubsidy.org, we uncovered plenty of this kind of fairly low-grade story, the most notable being the €180,000 in farm subsidies going to the Dutch Agriculture Minister Cees Veerman who had failed to declare that he owned four farms he held in the Dordogne region of France. Allegations of conflict of interest caused uproar in the Dutch parliament and nearly cost Veerman his job. In the first few years, the biggest stories have been about high level conflicts of interest, very large payments to wealthy individuals and big business and curious recipients of farm subsidies like golf courses, pony clubs, railway companies, airlines, churches and oil rigs. Since there is only so much work that official audit bodies can do, supplementing the efforts of auditors and parliaments with investigative reporting is a good thing. However, if civil society groups involved in budget monitoring are to achieve their potential they must go beyond 'waste, fraud and abuse'. As more data becomes available it will be possible to use payment data for more sophisticated evaluations of the impact of farm payments on the environment, rural employment and living standards and food safety. For example, BirdLife International is mapping farm subsidy data against its own measures of farmland biodiversity, to see whether there is a correlation between subsidy intensity and loss of wildlife, soil erosion and water pollution. Transparency and informed civil society oversight can reach the parts of the EU budget that the Court of Auditors cannot reach.

Despite the obvious benefits of transparency, member states and the Commission alike have fought costly legal battles to keep their citizens in the dark. Even though at the end of 2006 the principle of budget transparency was enshrined in the legal text of the EU Financial

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Regulation, implementation of the new rules has been characterised by delay and backsliding. As things currently stand, we will have to wait until 2009 for details of non-agricultural expenditure relating to the 2007 budget to be published. We will have to wait an additional year before details of agricultural expenditure are published. The lesson is that a high level pledge on budget transparency is not always a guarantee that it will be followed through in practice. Public officials find it hard to conceive of a pressing reason for putting government data into the public domain. They see only potential trouble in doing so. So they take the path of least resistance and keep data to themselves, unless they happen to be challenged by an investigative journalist or a concerned citizen.

The European Ombudsman argues that “moving to a situation in which availability of information is the norm and confidentiality the exception involves a major cultural change.” In a pluralist democracy, investment in comprehensive and functional public information infrastructure has a high rate of return. As such, it should be as high a priority as other more traditional infrastructure investments like roads, railways and telecommunications. In that context, the costs involved in transparency are very modest. In practical terms, the European Parliament has endorsed our view that the Commission should “accept political responsibility for publishing information on beneficiaries of EU funding under all modes of management”. To date, the Commission has resisted this strongly in regard to funds under shared management (around 80 per cent of the budget) and has sought to pass the buck to the member states. The Parliament is stinging in its criticism of the Commission’s half-hearted attempts to provide a ‘web portal’ to member state information sources, pointing out that “the information is so diverse and scattered and of such varying quality that information can hardly be found”. It is regrettable that the farmsubsidy.org network has had to spend most of our effort on getting access to data and cleaning and processing it. This has dramatically reduced our capacity for performing policy-relevant analysis of the data.

Despite these shortcomings, the EU is definitely moving in the right direction. In many cases the practices and aspirations of European Union institutions on transparency are more advanced than at the level of member states (although this could be interpreted as ‘damning with faint praise’). There are some cases of good practice at a national level, for example the Hungarian and Bulgarian governments have recently launched web-based tools for citizens to monitor EU spending, and alert authorities to instances of fraud, corruption or waste. The regional government of Sardinia has embraced web-based transparency policies. The public agency Natural England has published interactive maps relating to landscape conservation and agri-environment policies. Often these initiatives are personal initiatives of individual pro-transparency public officials, rather than the result of widespread adoption of new transparency standards. Such a piece-meal approach can be valuable in allowing innovation and communicating best practice, but it will take a step change if budget transparency will become the rule rather than the exception in Europe.

The European Ombudsman has pointed out that while access to documents held by EU institutions is a right under the EC Treaty (Article 255), EU law does not confer on citizens any general right of access to information about the EU-related activities of member states. Moreover, the government of each member state has the right to veto public access to any document of which it is the author, without giving any reason. The Ombudsman concludes that:

*“For citizens of the Union who want to monitor how the Union’s policies are made and implemented, the current situation thus presents a systemic problem. On the one hand, the exercise of public authority closely connects the national and Union levels. On the other hand, there is a rigid separation of those levels when it comes to the legal framework of transparency. The lack of congruence between how authority is exercised and how it is made accountable constitutes a serious weakness in the democratic structure of the Union”.*

EU institutions have the chance to lead by example and to show that it can be done. If budget transparency becomes a reality for the EU, it will not be long before European citizens demand transparency from their national, regional and local governments too.