



This year it is the 25th Anniversary of Transparency International Belgium

At the occasion of International Anti-Corruption Day the 9th of December, we share with you the celebration of our 25th Anniversary. Transparency International Belgium is 25 years young and one of the oldest chapters of the international movement Transparency International founded in 1993. This movement is the first global organisation dedicated to the combat of corruption and the abuse of power on a global level by promoting the values of integrity, transparency, and accountability for the good of society.

TI Belgium was founded on the March 1, 1995 and is an accredited National Chapter of the TI Movement. At first the name was “Transparency International Brussels” and in 2004 it changed into its current name. TI Belgium was originally the incubator of the TI Europe office, which operates as such since 2008. TI EU was formally founded June 18, 2010. The current articles of association of TI Belgium are dated December 7, 2010.

The separation between TI Belgium and TI Europe as two separate entities changed the nature of our activities and was in some way a restart. Over the years we have changed the core of our activities from research to dialogue and the promotion of good practices regarding ethics in business, banking, and politics.

Now we have achieved a position as a credible partner with stakeholders in politics, law, accountancy, and the corporate sector. We have also set up very active partnerships with the Louvain School of Management and the Vlerick Business School, and we have been focussing on the role of the accountancy and the legal professions in the fight against corruption

We are happy to our 25 years and for what we have achieved. Belgium has a static ranking on the [Corruption Perceptions Index](#) (CPI). One of our aims now is to improve Belgium’s CPI ranking.

Politics and democracy

In 2019 we conducted a survey among national politicians on the positions of Belgian political parties on anti-corruption policy and political integrity. Surveys on ethics in politics is a tradition we have for more than ten years. From 2009 to 2012 we organised surveys that gave politicians – federal, regional, and local level - the opportunity to express their views on measures that promote integrity and transparency. It was framed within the campaign of transparency in politics because of the growing distrust of citizens in the Belgian political world. In May 2012, we published the research report "Evaluation of the National Integrity System Belgium". In this report, the "National Integrity System" (NIS) framework developed by Transparency International was fully applied to Belgium for the first time. The report provided a broad overview of the state of investigations of the many aspects that can have an impact on corruption in Belgium. Alongside the NIS-framework Transparency Internal has developed a “Local Integrity System” (LIS) which can be used for the local level; ‘les communes, de gemeenten’. We have experience with the LIS method and now apply it to a project in Libya with support from the Flemish government. Regarding the views on the actual state of democracy in Belgium, we contribute to the reports of [GRECO](#) and of the EU on the Rule of Law. GRECO is the Group of States against Corruption established in 1999 by the Council of Europe to monitor States’ compliance with the organisation’s anti-corruption standards. Now Belgium has

reached the point that there are certain standards on integrity in place. But, there is a need to improve, for example as recommended in the [Rule of Law Country Report on Belgium](#).

Corporates; transparent reporting and good leadership

Transparency International has a track record of promoting Transparency in Reporting on Anti-Corruption (TRAC) by corporates. Transparency in Corporate Reporting is based on a methodology defined by Transparency International. TI Belgium reported about the transparency of reporting by listed Belgian Companies in the period of 2009 – 2016.

The need for transparency and compliance in reporting is part of [the Belgian Code on Corporate Governance](#). In the drafting of the Royal Decree on this code TI Belgium was the actor to have influenced the text by adding the words “ethics” and “compliance”, words with sustaining impact on good leadership. TI Belgium therefore opts for a dialogue with companies to achieve ethical entrepreneurship and compliance. This is done with its Corporate Members within the TI Belgium Corporate Support Forum. Training sessions on corruption risk mapping have been organized with BECI, VOKA and the CCI's for their respective members.

This need for transparency and compliance is also what underlies our projects on whistleblowing and accountancy and why we combat exporting corruption as evidenced by our contributions to the OECD Progress report 2020 and previous reports assessing enforcement of the OECD Anti-Bribery Convention.

View on the coming years

We are more and more active in our internal network within the TI movement and our growing external network in Belgium. The last 25 years the Belgian and international context have changed a lot. We want to keep on working to erase the still existing taboo on the topics corruption and fraud by pleading for more transparency and integrity. We want to build on what has been achieved and pay more attention to diversity and inclusiveness to reach out to a larger public. The combat of corruption is for the good of society. We want to contribute to that by combatting corruption and promoting good practices.

Whistleblowing; the core of transparency, freedom of speech and democracy

To move forward in Belgium there must be no delay on transposing the EU Directive on Whistleblowing into Belgian legislation and its implementation by all relevant organisations.

We want the transposition to strike a fair balance between protecting the whistle-blower and serving greater ambition. Along with the necessity for whistle-blower protection, whistleblowing should be enshrined as a tool of good governance (integrity and transparency), a manifestation of a more open culture (freedom of expression and information) and a way to strengthen law enforcement.

COVID-19 shows us that society needs to be alert and Speak Up when laws and principles of our society, the boundaries of our democratic society approach zones of moral infringement. Recall a recent [report of Amnesty International](#) on Belgian authorities to the “abandoning” of thousands of elderly people who died in nursing homes during the coronavirus pandemic and did not seek hospital treatment for many who were infected, violating their human rights.

Whistle-blowers need protection, she or he is taking risks to unveil things for the common good, abuses happening, were most of us avoid, close our eyes, and turn away. And it needs no explanation, that abuses cannot be accepted.



In 2021 we will publish our position paper on whistleblowing. The transposition of the EU Directive is the opportunity for a transformative change in Belgium. Whistleblowing is one of the most effective instruments in the fight against corruption. Whistle-blower protection is not an end itself, but a means to an end that is part of a broader ambition. That is, enhancing openness and accountability in

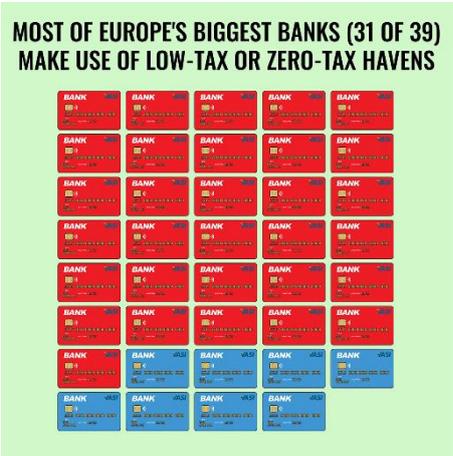
organisations, in the public and in the private sector.

The pillars of our position paper are accessible and easy to use reporting channels and adequate and robust protection for whistle-blowers in all sectors who blow the whistle with ‘reasonable belief’. And we stress the importance of having an institutional embeddedness in place to enforce these rights and principles for lasting guarantees on the protection of whistle-blowers and an open culture in organisations.

Banks and roles in corruption and money laundering

In the second half of this year different angles revealed banks serve fraudulent behaviour. Some months ago there were the [FinCEN files](#) to show from the journalistic angle how major banks [facilitate cross-border corruption](#). In the end of October Transparency International Europe highlighted how the [tax affairs of Europe’s largest banks are immersed in murky waters](#).

The FinCEN files give an insight in the flows of dirty money around the globe and the global financial system’s vulnerability to abuse by criminals and the corrupt. Transparency International EU has examined the [financial data of Europe’s largest banks](#) from 2015 to 2019 and revealed the lengths to which banks go to reduce their tax bills. The majority routinely conduct operations in low-tax or zero-tax jurisdictions, so much so that 11 per cent of banks’ global operations during these years were



effectively tax-free. These revelations have only been possible because, in 2015, the EU required banks to publish their financial data on a country-by-country basis. Country-by-country reporting of financial data is a powerful method for preventing and detecting fishy tax practices and cross-border corruption. Within the EU there are no similar rules in place for other types of international operating businesses, though everyone should pay their fair share of tax in countries where they make their profits. The common good should be above the interests of multinational companies.

Banks have a crucial position and should be havens of ethics and trust. Within the EU legal framework on anti-money laundering and counter terrorist financing so-called gatekeepers must apply measures to prevent

money laundering and terrorist financing. A bank is such a gatekeeper. Traceability of financial information has an important deterrent effect. The EU legal framework provides that obliged entities shall apply customer due diligence requirements when entering a business relationship, i.e. identify and verify the identity of clients, monitor transactions and report suspicious transactions.

This legislation is constantly being revised to mitigate risks relating to money laundering and terrorist financing. Transparency International Belgium has contributed to the response of Transparency International EU on the EU Consultation on the EU Anti Money Laundering Action Plan. In its contribution, Transparency International Belgium highlighted the need that confiscation of assets should be done in accordance with the Principles of the Rule of Law as defined by the European Commission, and that public access to beneficial ownership information (or parts of it) should be done with due respect to privacy and safety concerns and therefore can be limited in exceptional cases.

One thing is clear, ethics and compliance in banking needs enduring attention! Remember the lessons learned from the onset of the financial crisis in 2008.

The Combat of Corruption and the Crucial Role of the Accountancy Profession

Corporate corruption may often be associated with corporate fraud but our project is principally focused on the combat of corruption whether or not associated with fraud. The accountancy professions have too frequently been in the news in the context of cases of company failures, usually where acting in an external audit role. They have been criticized for their perceived failure to qualify the accounts of failing companies or detect fraud. The combat of corruption gets less coverage. At Transparency International Belgium, some three years ago, we set out to examine the perceived role of professional accountants, often in audit roles, to combat corruption.

We started in June 2017 by inviting members **of** the accountancy profession and its stakeholders, including representatives of relevant regulatory authorities, to a symposium to answer [four key questions](#) regarding their crucial role in the fight against corruption. These were addressed from a Belgian perspective in the light of international regulation and standards.



The discussions at the 2017 symposium encouraged us to organize a seminar in December 2019 to examine further the role of the accountancy profession in the combat of corruption and try to draw some conclusions. This was also an opportunity to consider the ‘expectation gap’ that existed between the mandate of the accountancy profession in an audit role versus the management’s and the public’s expectation understanding these roles.

One conclusion was that greater investment should be made in training to develop a more sceptical mindset to address possible corruption and fraud and to make optimal use of existing tools and techniques when applying standards in the audit process. In this context [a number of proposals](#) were put forward. As regards audit standards, techniques, and tools, some relatively minor changes might include more direct reference to corruption. The same might apply to the legislation in this area, principally around that addressing money-laundering.

Greater investment in training also applies to directors, management and audit committees. They are the first in line in combatting corruption in their enterprises. Fighting corruption and other abuses should be part of an up-to-date risk management policy and an internal and external supervision policy. And there should be clear and specific discussions between auditors, management and audit committees on fraud and corruption.

An overall conclusion was that combatting corruption is not so much about adapting the accountants' already extensive toolset but more about their mindset, training and guidance, and their interaction with clients.

Following our seminar last year, we decided that we needed to look deeper at our previous conclusions from some new angles, not least as the environment for the accountancy profession regarding corruption and fraud in Europe has continued to change. The COVID 19 pandemic is being seen as increasing the risk of corruption, particularly in procurement and fraud in terms of state aid. Additionally, Brexit with the increasing risk of a disorderly withdrawal of the UK from the EU and, indeed, its withdrawal itself, may mean that the EU's member states will be called upon to take increased responsibility for market regulation.

This round table last week was conducted under the Chatham House Rule to allow our panellists to speak freely. At this meeting we had interesting speakers who looked at the subject from different angles: those of the accountancy profession, the cultural aspect and the supervisory position. Overall, there was quite a high degree of consensus on the findings of our seminar last year but clearly with some differing views on the future actions necessary in response and their priorities. Though we still need to fully review the conclusions of our round table; we feel that there may now be an opportunity to press for some concrete but relatively minor changes in terms of the relevant legislation and the approach of the accountancy profession and others, particularly in really understanding their clients' businesses. This we will focus on in 2021.

Enforcement; a weak point in Belgium, an urge to improve

When you want to build something, it is nice to have a tool, but that does not yet create the building, the object or achieve the objective. It is the same with laws and rules, having them in place does not create the desired society or level-playing field. Laws and rules need to be enforced to achieve their objectives.

One of the important objectives of TI Belgium for the coming years is, that next to having good laws and rules on for example whistleblowing, combatting corruption, corporate governance, business ethics, integrity, AML and on taxes, **the laws and rules should be really implemented, applied, and enforced in Belgium**. This might often be even more important than coming up with new rules, unless they are based on the proper evaluation of the application of existing judicial and regulatory frameworks.

TI Belgium contributes to the OECD Export Corruption Report. The report of 2020 shows that there is little or no enforcement in Belgium, which is in the same class as Russia, Peru, and Luxembourg.



[Five foreign bribery cases](#) show the importance of changing the way of doing business.

We have also contributed to report of the Council of Europe ([GRECO report](#)), and the European Commission ([Rule of Law Report](#)). These reports give a picture on the strengths and weaknesses of enforcement in Belgium. To define focus points on the improvement of enforcement in Belgium for example the Rule of Law country report on Belgium can be of aid, mentioning:

- Challenges for the justice system, like the availability of sufficient human and financial resources and the level of digitalisation. There is a long-standing shortcoming is the lack of reliable and consistent data on efficiency.
- A legal and institutional framework for combatting corruption is broadly in place, but it is a fragmented framework across different levels of government. Whilst certain rules are in place for members of Parliament and top executive functions, shortcomings remain, and there is currently no general whistle-blower protection regulation in Belgium.

Our observation is, that though the Belgian legal and institutional framework might have a cultural and historical background it needs not to be conducive to poor performance. The weaknesses thereof have also become visible during the current coronavirus pandemic, where Belgium is one of the European countries with the highest rate of infections.

In the coming years we intend to monitor whether there will be progress on enforcement in Belgium. The rule of law is not only up to public authorities and the justice system. It is also in the interest of business of being active in supporting the rule of law, which affects investment decisions and aspects of risk management, the stability of a country and the ethics of business partners. It is in the interest of society.