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Subject:	Corruption as an obstacle to development - Council conclusions (4 May 2023)

Delegations will find in the annex the Council conclusions on corruption as an obstacle to development, as approved by the Council at its 3946th meeting held on 4 May 2023.

Corruption as an obstacle to development

Council conclusions

1. Corruption is a complex and persistent social, political, security, and economic problem that affects all countries and regions in the world, including Europe. Its negative economic impact is estimated to equal nine times global official development assistance. Corruption erodes democracy, trust in institutions, the rule of law and the realisation and enjoyment of human rights. It captures states, undermines state legitimacy, tax collection and the delivery of public services and distorts functioning markets, thereby effectively impeding all areas of sustainable human, economic and social development. Corruption is a key obstacle to eradicating poverty as it hits the poor, and the persons and groups in the most vulnerable situations, the hardest. It exacerbates inequalities and disproportionately affects women, girls and persons with disabilities. Furthermore, corruption supports the existence of organised crime and has a negative impact on security and stability at all levels. For these reasons, the 2030 Agenda for Sustainable Development, in particular its Sustainable Development Goal 16, the New European Consensus on Development, and the NDICI-Global Europe Instrument all address corruption as an obstacle to sustainable development.
2. The COVID-19 pandemic has strained resources and reaffirmed the importance of effective oversight of public spending. Russia's unprovoked and illegal war of aggression against Ukraine has contributed to a global food and energy crisis. In this context, the Council notes the increased urgency of adopting a whole-of-government approach to combatting corruption, whenever and wherever it occurs, to ensure that support reaches those most in need and is used in the most efficient manner.

3. The Council appreciates the significant contributions by the Commission services and the EEAS to combatting corruption through EU external action. This includes through bilateral and regional programmes, support to improved public finance management systems, political and human rights dialogues with partner countries and the EU Human Rights and Democracy Action Plan 2020-2024. The Council recalls on-going discussions on other possible tools to target corruption globally.
4. The Council emphasises that combatting corruption, promoting democratic values and high standards, and ensuring good governance and transparency, are integral parts of the EU and Member States' cooperation with all partner countries and key guiding principles of the Global Gateway.
5. The Council underlines that corruption is one of the costliest non-tariff barriers to global trade, particularly for low and lower-middle income countries, and one of the main obstacles to the creation of a favourable business and investment environment. Trade and private investments can strengthen incentives to reduce corruption by encouraging an open, sustainable, and rules-based trading system, and innovative financing solutions.
6. The Council notes that money laundering, tax evasion and international bribery make up a considerable part of illicit financial flows. Therefore, enforcing greater transparency of company ownership, supporting efforts to trace, freeze and recover stolen assets and strengthen anti-money laundering regimes as well as beneficial ownership transparency and rules on incompatibilities and conflicts of interest, lobbying, and revolving doors are important elements in the fight against corruption.
7. In light of the above, the Council highlights the importance of incorporating a strong anti-corruption perspective in all development efforts, and inter-linked sectors such as health, education, employment, energy security and the fight against climate change. This is especially crucial in public finance management and in contexts where corruption is widespread and identified as a key constraint to sustainable development, such as conflict and crisis, procurement, extractive industries, and large-scale infrastructure projects.

8. The Council welcomes the recent evaluation of EU support to rule of law and anti-corruption in partner countries from 2010-2021, which provides a timely basis for a more ambitious and comprehensive Team Europe approach to tackling corruption. The Council notes in particular the recommendations to elaborate a unified and comprehensive anti-corruption framework that is mainstreamed across sectors, and improve monitoring, evaluation, accountability and learning. The Council underlines that mainstreaming anti-corruption efforts can contribute to improving the everyday lives of citizens by ensuring equal access to vital services, reducing inequality and promoting accountable and inclusive governance.
9. With this in mind, the Council calls on the Commission and the High Representative to take a more strategic, and integrated EU approach to preventing and tackling corruption as an obstacle to poverty eradication and sustainable development. This should include the swift elaboration and distribution of updated guidance on anti-corruption in EU external action. The UN Convention Against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the 2021 OECD Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions and the 2016 OECD Recommendation for Development Co-operation Actors on Managing the Risk of Corruption, as well as other international and European standards, should serve as important benchmarks in this work.
10. The Council emphasises that the human rights-based approach to development is an important tool in the fight against corruption to which both the EU and its Member States are committed, in line with the New European Consensus on Development and as enshrined in the NDICI-Global Europe Regulation. The Council also recalls the importance of implementing the principles of effective development cooperation, which can contribute to reducing corruptive practices and strengthening public institutions, including through public sector expertise, capacity building, technical assistance and knowledge sharing.

11. The Council underlines that renewed efforts to tackle corruption should be based on mutually respectful dialogue, inclusive decision-making processes, human rights and gender equality, while focusing on long-term impact grounded in political economy analysis of local contexts and the key drivers of corruption. Furthermore, the Council underlines the need to integrate lessons learned from successful anti-corruption approaches into all areas of partnerships, based on evidence and best practices, while ensuring policy coherence at all levels and coordination with Member States anti-corruption strategies.
12. The Council encourages the use of innovative and effective technologies to strengthen transparency and reduce the risk of corruption. This includes efforts towards digital transformation, including through the empowerment of citizens, developing digital, independent and autonomous external whistle-blower systems, as well as e-governance and e-procurement systems. These efforts should be scaled up where appropriate, while ensuring safeguards for human rights, including the right to privacy.
13. The Council calls on the Commission services, the EEAS, and the Member States to work closer together in a Team Europe spirit to promote good governance and tackle corruption as an obstacle to development, including through Team Europe Initiatives, the Global Gateway and enhanced policy dialogue with partner countries. In this regard, the Council welcomes in particular the global Team Europe Democracy initiative, with its focus on rule of law and accountability.
14. The Council furthermore calls on the Commission services, the EEAS and the Member States to increase efforts to tackle illicit financial flows (IFFs), including funds obtained through corrupt practices. Efforts to tackle illicit financial flows are needed in countries where they originate as well as in countries of transit and destination. In this regard, the Council welcomes the ongoing work by the Financial Action Task Force in relation to anti-corruption and the Team Europe Initiative to Support Africa in Combating Illicit Financial Flows and Transnational Organized Crime.
15. The Council calls on the Commission services and the EEAS to update the Council regularly on the progress by ensuring that existing reporting mechanisms capture EU measures that contribute to reducing corruption in a broad sense.

16. The Council underlines the crucial role of public institutions, including independent audit institutions, civil society organisations, multilateral actors, human rights defenders, journalists, whistle-blowers, media and private sector entities in strengthening societal resilience against corruption and delivering on the above objectives.
