

TRANSPARENCY DISPATCH

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Welcome to the Luxembourg for Transparency (L4T) newsletter!

We're a newly established nonprofit (asbl) based in Luxembourg, working independently — without partisan, ideological, religious, or commercial ties. What brings us together is a simple belief: Luxembourg's future is stronger when transparency and integrity are the rule, not the exception.

Our goals include:

- *Promoting transparency and integrity across Luxembourg's public and private sectors*
- *Raising awareness about the detrimental effects of corruption through public education, campaigns, publications, and events*
- *Producing and disseminating research and practical tools that strengthen Luxembourg's efforts in preventing and combating corruption*
- *Collaborating closely with partners—from civil society and professionals to public institutions—who share our vision of a just, corruption-free world.*

Each month, we'll share key developments on corruption, integrity, accountability and governance in Luxembourg and beyond: what's changing, what's missing, and where pressure or reform is most needed. You'll also find research insights and updates on our activities and collaborations with civil society, professionals, and public institutions.

If you care about how power is used, how public decisions are made, and how we can do better, this newsletter is for you.

Formatting support: Kaan Kartal Kuyucu

Contact us: newsletter@l4t.lu

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Newsletter Team



Elifsu Yigit
Graduate Associate



Sibel Kocak
Graduate Associate



ADVANCING INTEGRITY FOR A JUST FUTURE
D'INTEGRITÉIT FÉRDEREN FIR ENG GERECHT ZUKUNFT
PROMOUVOIR L'INTÉGRITÉ POUR UN AVENIR JUSTE
INTEGRITÄT FÖRDERN FÜR EINE GERECHTE ZUKUNFT

1. INSIDE LUXEMBOURG'S HOSPITAL ACCOUNTABILITY GAP

From a transparency and accountability perspective, the “Hospital Secrets” investigation - conducted jointly by the Luxembourg Times, Luxemburger Wort and Contacto - highlights a medical sector that often appears closed to public scrutiny, with consequences that can leave patients feeling powerless. The case of Amélia Soares—who was left with a 3.5 cm leg length discrepancy following surgery—illustrates how current practices can allow professional solidarity to overshadow patient safety and learning from error.

Handling of Clinical Errors

The central issue is not only that medical errors occur, but that the systems for recognising and documenting them are weak. In Soares’s case, several specialists reportedly confirmed in private that a “blatant error” had taken place, yet declined to put their assessment in writing. This “unspoken rule” of mutual protection creates a transparency gap: without written, expert confirmation, a patient’s experience remains a personal account rather than evidence that can be examined in court or used to improve standards of care. In practice, this can make accountability and systemic learning extremely difficult.

Institutional Opacity and Oversight Gaps

The response of the Collège Médical, the sector’s regulatory body, raises further governance concerns. When asked for concrete information on its efforts to protect the public, the Collège did not respond to detailed questions or interview requests, instead referring generally to online reports. In addition, the legal framework gives the institution a very broad margin of interpretation over which complaints merit investigation. As a result, many patient grievances may never advance beyond the administrative stage, and the public has limited visibility into how and why such decisions are made.

For those who do attempt to challenge the status quo, financial barriers can be prohibitive.

Establishing medical negligence frequently requires an independent expert report that may cost up to €10,000, putting effective recourse out of reach for many families.

This risks creating a two-tier system in which only those with sufficient resources can realistically pursue their rights. Taken together, these factors suggest a system that, in practice, can prioritise the protection of professional reputation over transparent processes and fair access to remedy.

Strengthening documentation of clinical errors, clarifying oversight criteria, and reducing financial barriers to independent expertise would not only improve public trust but also support the many professionals who are committed to high standards of care. Medical institutions, regulators, and policymakers must work together to identify reforms that protect both patients and the integrity of the profession.

2. RETHINKING THE TRIPARTITE: SELECTIVE LOGIC AND ECONOMIC TRANSPARENCY IN FOCUS

The recent deadlock in Luxembourg’s tripartite negotiations over the minimum wage points to a deeper governance issue: the uneven way in which “economic reality” is invoked to justify different policy choices. The government has argued that wage increases must be limited because growth is stagnating at around 1%. Yet this rationale appears inconsistently applied. In early 2025, the state approved a €195.5 million pay deal for civil servants—a 2.5% overall increase—at a time when the economy was growing by just 0.4%. Such discrepancies give the impression that fiscal constraints are sometimes used as a flexible political argument rather than a transparent, consistently applied standard for all workers.

The traditional tripartite model is also under pressure because the “economic pie” is no longer expanding at the historic average of 3% per year.

When growth is negative or below 1%, distributing resources becomes less a technical exercise and more an openly political contest. In this context, clarity and consistency in public communication become essential to maintaining trust in the system. Transparency challenges are not limited to government alone.

Trade unions, for example, advocate a minimum wage above €3,000, but at the same time oppose greater flexibility for Sunday work that could increase take-home pay—despite surveys indicating that around 80% of workers who currently do not work Sundays would be in favour of the option. These mixed signals on both sides contribute to public confusion about whose interests are being prioritised and on what basis.

For Luxembourg’s governance model to remain credible in a cooling economy, all actors—government, unions, and employers—will need to move toward clearer, more consistent communication on how spending and compromises are decided when growth is limited.

Establishing shared, transparent criteria for when and how “economic reality” guides decisions would not only improve public understanding, but also help rebuild confidence that sacrifices and benefits are being distributed fairly.

To support this effort, stakeholders across sectors should prioritise accessible, evidence-based explanations of major economic negotiations and foster dialogue on how transparency standards should be strengthened in times of low growth.

3. ARCELORMITTAL & THE \$37M BALLROOM QUESTION

The Luxembourg-headquartered steel giant ArcelorMittal is at the centre of an international controversy following reports that it donated \$37 million (€31.67 million) worth of European-produced steel for the construction of a new \$400 million Grand Ballroom at the White House.

From an anti-corruption perspective, the primary concern lies in the appearance of a “quid pro quo” arrangement due to the specific timing of regulatory changes. Just days after the donation was publicly acknowledged, the US government cut tariffs by half on automotive steel exports from ArcelorMittal’s Canadian plant, a move that directly benefits the company’s bottom line. While the White House has officially denied any link between the gift and the tariff adjustment, such chronological proximity between a massive private contribution and a favourable policy shift typically serves as a significant red flag for transparency monitors.

The situation is further complicated by a substantial “transparency gap” regarding the project’s financing. Although the White House frames the \$400 million project as a gift to the nation at “no cost to the taxpayer”, the identities of many donors remain undisclosed to the public.

ArcelorMittal’s own refusal to comment on the report also prevents a clear understanding of the motivations behind such a substantial transfer of value to a foreign head of state.

Furthermore, the legal basis of the project has been challenged; a US district judge recently halted construction, ruling that the president likely lacks the statutory authority to undertake such a massive project without the explicit approval of Congress. This suggests a risk of bypassing established democratic oversight and legislative control over public property.

Finally, for stakeholders in Luxembourg, this case raises questions about corporate social responsibility and the use of resources. The contrast is stark: a \$37 million foreign gift is being made while ArcelorMittal has finalised a deal resulting in 300 job losses in the Grand Duchy, all while having received approximately €20 million in Luxembourgish state aid since 2006. This situation highlights the need for greater oversight of how companies receiving domestic public subsidies manage their global political influence and philanthropic budgets, ensuring that “corporate citizenship” does not serve as a veil for opaque lobbying efforts.

4. MARKET BARRIERS: EU ANTITRUST RAIDS PROBE FERRERO’S CROSS-BORDER SECRECY

The investigation into Ferrero, the Luxembourg-headquartered confectionery giant, focuses on “territorial supply constraints” – a practice where a company allegedly restricts the movement of its products between EU member states

From a governance and transparency perspective, the recent unannounced antitrust raids conducted by the European Commission at the offices of Ferrero Group represent a significant attempt to uncover hidden market distortions. For transparency advocates, this is particularly concerning because such practices can in effect create invisible borders within the single market, preventing the free flow of goods and potentially keeping prices artificially high for consumers through non-transparent trade barriers.

The fact that the European Commission considered it necessary to carry out surprise, unannounced inspections suggests that the usual channels of corporate reporting might have been insufficient to guarantee market integrity.

While the company, which is a major pillar of the Luxembourg economy with over 1,600 local employees, claims to be in a state of “full cooperation”, this seems more of a reactive rather than a proactive stance. For a global leader – now the third-largest in its sector – genuine accountability would involve transparently publishing trade terms and actively demonstrating compliance, rather than waiting for regulatory intervention that carries the risk of fines of up to 10% of global turnover. This case serves as a critical reminder that for Luxembourg-based multinationals, “discretion” must not be allowed to evolve into a lack of market transparency.

5. FISCAL BLIND SPOTS: THE DECADE-LONG OVERSIGHT FAILURE IN THE SOCIAL SECTOR

The recent report from the Court of Auditors on the ASFT social sector reveals a profound failure of institutional oversight. When public spending reaches €667 million annually—a 50% increase in just four years—the need for rigorous, timely control becomes a core requirement of fiscal integrity.

The Collapse of Timely Accountability

The most striking governance failure is the ten-year delay in bringing these findings to light. While a standard audit typically concludes within 12 months, this investigation stalled for a decade, creating a “transparency vacuum” in which hundreds of millions of euros in taxpayer funds were allocated without contemporaneous scrutiny. As the Budget Control Committee has noted, by the time the report was finalised, the figures were already outdated, with current spending likely far exceeding the 2020 data.

A Fragile Control Architecture

The report highlights a serious lack of internal checks, most notably an excessive concentration of responsibility, whereby a single individual was often tasked with verifying all financial agreements. This structural weakness enabled the approval of funding based on incomplete files and inconsistent rules across different ministries. In a transparent system, the “four-eyes principle” and standardised documentation are non-negotiable safeguards; here, their absence opened the door to systemic irregularities.

The “Double Funding” Scandal and Lack of Sanctions

Perhaps the most serious breach of accountability is the discovery of “double funding”, where managers were able to bill two separate ministries for the same service. From a governance standpoint, the response is even more troubling than the practice itself: the entity concerned faced no meaningful sanctions and was merely asked to choose a single ministry for future billing. This absence of deterrence suggests a culture in which exploiting administrative loopholes carries minimal risk.

Modernising for Integrity

The path forward requires more than occasional checks. To restore public trust, Luxembourg needs a digitised, unified framework that breaks down silos between ministries and enables real-time cross-checks. The current legal framework is increasingly described by MPs as “outdated” and “not fit for purpose”.

If the Grand Duchy is to uphold its reputation for financial excellence, it must ensure that the social sector—where essential work is carried out—is governed by systems in which duplication is mechanically impossible and accountability is immediate, not a decade overdue.

6. HUNGARY: A TURNING POINT IN THE FIGHT AGAINST SYSTEMIC CORRUPTION?

Hungary is entering a pivotal phase of institutional renewal following the landslide election victory of Péter Magyar, which has brought 16 years of Viktor Orbán’s administration to an end. The incoming leader has pledged a “sweeping crusade” against what he characterises as “industrial-scale” systemic corruption, in which public funds were allegedly channelled to a wide network of political and business allies.

Under the previous regime, the media landscape was heavily captured, with the state broadcaster (MTVA) and more than 470 outlets operating as a government “propaganda machine”. Persistent rule-of-law concerns and irregularities in public procurement led the European Union to freeze around €35 billion in funding, now tied to 27 robust conditions requiring a clear break with past democratic backsliding.

To rebuild integrity, Magyar has announced the creation of two dedicated watchdog bodies: an Anti-Corruption Office focused on prevention, education and standards, and a National Asset Recovery and Protection Office mandated to coordinate in-depth financial investigations and retroactively audit all public procurements above \$32 million.

If implemented as announced, these institutions could mark a step-change for the global transparency agenda by embedding accountability into the core of the state and creating credible, independent oversight mechanisms.

The decision to join the European Public Prosecutor's Office (EPPO) is especially significant. It introduces a supranational layer of scrutiny over potential fraud involving EU funds, reducing the risk that sensitive cases are derailed by domestic political pressures.

In parallel, the planned separation of the political and operational leadership of the police force addresses a fundamental precondition for any serious anti-corruption strategy: insulating law enforcement from partisan interference.

Equally important is the commitment to restore the independence of public broadcasters and unwind media capture. A pluralistic, free press is a cornerstone of any transparency system, capable of uncovering wrongdoing, informing citizens and sustaining pressure for reform. Finally, the decision to redirect resources away from bodies associated with political intimidation towards genuine fiscal oversight agencies signals a broader shift in the governing philosophy: from the consolidation of power to the strengthening of the rule of law.

Taken together, these measures do not simply reverse past practices; they open the possibility of Hungary becoming a regional example of how entrenched corruption can be confronted through clear political mandates, strong institutions and renewed trust between citizens and the state.

7. A DECADE OF ACCOUNTABILITY? REFLECTING ON 10 YEARS SINCE THE PANAMA PAPERS

A decade has passed since the release of the Panama Papers, a landmark investigation that fundamentally reshaped global understanding of financial secrecy and institutional integrity.

The unprecedented leak of 11.5 million confidential documents from the Panamanian law firm Mossack Fonseca exposed the inner workings of a “shadow financial system” used by members of the global elite—including billionaires, organised criminals and more than 140 politicians—to shield wealth and evade public scrutiny.

By tracing complex financial trails, including some \$2 billion linked to high-level political figures, the investigation revealed a secretive financial architecture that regulators had previously only observed in fragments.

The success of the Panama Papers built on the momentum of previous investigations, most notably the Luxembourg Leaks (LuxLeaks) in 2014, which had already begun to expose “widespread corporate tax avoidance orchestrated through the heart of Europe”.

At its core, the Panama Papers highlighted a profound transparency gap created by the use of shell companies and offshore accounts to circumvent the regulatory standards applied to ordinary citizens. This system enabled meticulous documentation of tax avoidance and the protection of illicit gains on a scale that no single newsroom or national authority could have uncovered alone.

The fact that hundreds of journalists had to operate under conditions of strict confidentiality to prevent the investigation from collapsing underlines the fragility of such efforts and the difficulty of illuminating these hidden financial structures.

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In practical terms, the legacy of the Panama Papers has established a new paradigm for anti-corruption work, centred on radical international collaboration and data sharing. This shift has already produced concrete results: governments around the world have recovered hundreds of millions of euros in lost revenue, and the prosecution of intermediaries and tax evaders has signalled that financial secrecy is no longer a reliable shield against the rule of law.

Looking ahead, the effectiveness of the transparency movement will depend on strong protections for whistleblowers, sustained investment in investigative capacity and the continued institutionalisation of oversight mechanisms that ensure no financial system can remain “built to stay hidden”.

8. PRESENTATION OF L4T'S NEW BOARD OF DIRECTORS

As Luxembourg for Transparency (L4T) continues to build its foundations, we are proud to announce the appointment of three founding members to our Board of Directors, bringing together decades of high-level experience in audit, oversight, investigations and fund governance.

Dr Igors Ludboržs brings over 40 years of senior audit and oversight experience across European and international institutions. A former Member of the European Court of Auditors and past Chair of the European Stability Mechanism's Board of Auditors, he has helped shape EU-wide standards on financial integrity, risk management and accountability. His current role as Vice-Chair (Special Adviser) of the European Commission's Early Detection and Exclusion

System (EDES) Panel, together with extensive UN oversight work and statutory audit practice in Luxembourg, will be central to strengthening our organisation's independence and methodological rigour.

- **Stéphanie Lhomme** brings 25 years of global experience in financial and legal risk consulting, specialising in complex fraud, corruption and AML investigations, asset tracing and compliance programme design. As a Partner at Arendt, and formerly a senior leader at FTI Consulting, Control Risks, Kroll and Big Four firms, she has built and led major forensic and corporate intelligence practices across Europe and Africa. Her track record in advising corporates and financial institutions, pioneering new investigative services and educating the next generation of compliance professionals will help anchor our work in both practice and policy.
- **Joachim Kuske** contributes more than 25 years' hands-on experience in asset management, fund governance and regulatory compliance. An INSEAD and ILA-certified independent director, he serves on the boards of a wide range of investment vehicles and previously held CSSF-approved executive responsibilities at VP Fund Solutions. As Vice-Chair of the Luxembourg Institute of Directors (ILA) and an active participant in regulatory working groups on AML/CFT, he will support the development of robust governance standards and strengthen our engagement with Luxembourg's financial sector.

Together, our founding board members will guide Luxembourg for Transparency's strategic direction, ensure strong internal governance and help us bridge institutions, markets and civil society. Their combined expertise will be instrumental in advancing evidence-based reforms that promote transparency, accountability and integrity in Luxembourg and beyond.

