

The background of the slide features a collage of Euro banknotes, including 500, 100, and 150 Euro denominations. Overlaid on this are several bright yellow stars, reminiscent of the European Union flag. The overall color scheme is a mix of blue, green, and yellow.

Annual reports on the protection of the EU's financial interests ("PIF" Report) and Commission Anti-Fraud Strategy (CAFS): enhanced action to protect the EU budget

FRED2

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Content of the presentation

- The Annual report on the protection of the EU's financial interests and the fight against fraud (PIF Report)
 - Legal basis
 - The sources used to compile the reports
 - The content of the PIF Reports their accompanying documents
- The EU anti-fraud architecture
- The 34th PIF Report
- The Commission Anti-Fraud Strategy and its revised action plan

Why do we prepare the PIF Report?

Article 325 TFEU is at the core of the EU antifraud activities

- EU and MS shall counter fraud and any other illegal activities affecting the EU financial interests (EUFI) through measures which
 - Shall act as a deterrent
 - Be such as to afford effective protection in the MS and in the EU institutions, bodies, offices and agencies
- Same measures to counter fraud affecting the EUFI as those taken to counter fraud affecting their own financial interests
- Coordination
- EP and Council (through ordinary legislative procedure + ECA consulted), adopt the necessary measures

What is the PIF Report?

Article 325§5 TFUE

The Commission, in cooperation with Member States, shall each year submit to the European Parliament and to the Council a report on the measures taken for the implementation of this article

The sources

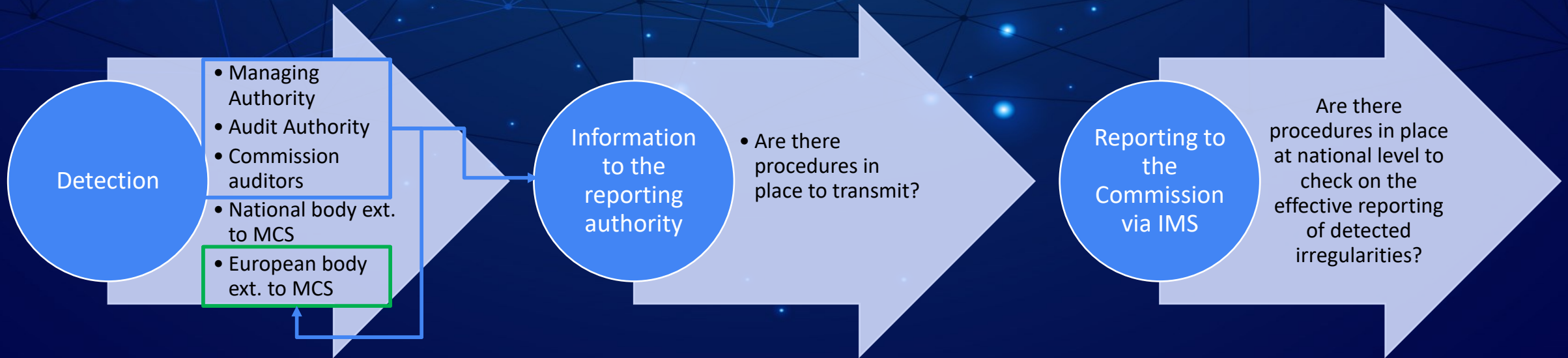
- Contributions from DGs and OLAF's Units
- On-line questionnaire (PI questionnaire) from MS
- Targeted questionnaire (Follow-up on recommendations)
- Irregularities reported by Member States (IMS and OWNRES)
- OLAF Reports findings
- Other official reports from other European institutions or bodies
- Open sources

Policy
Statistics

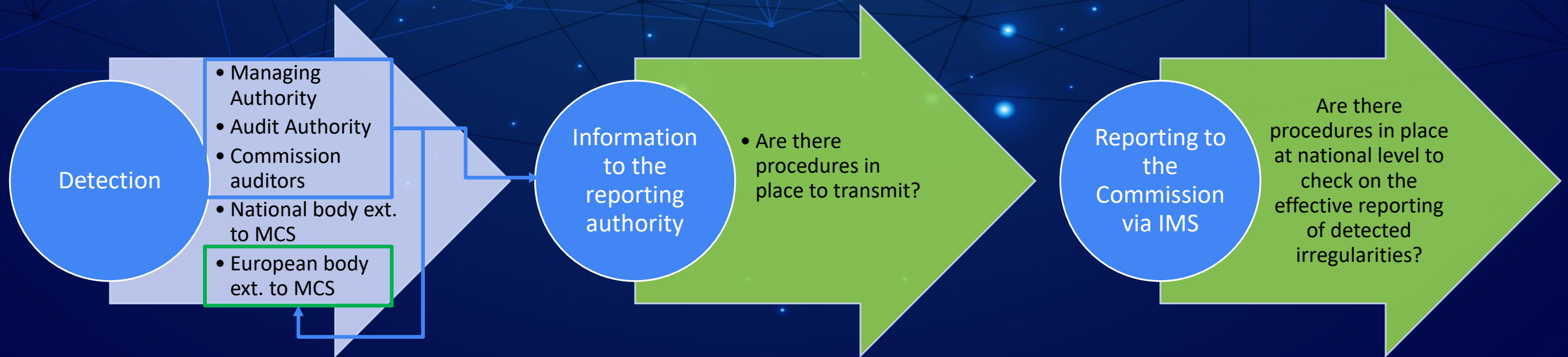
The sources: reporting of irregularities

- The concept of irregularity
- Fraudulent and non fraudulent
- Compulsory reporting
- Derogations
- Estimation of the financial impact of the irregularity to be reported
- The reporting process

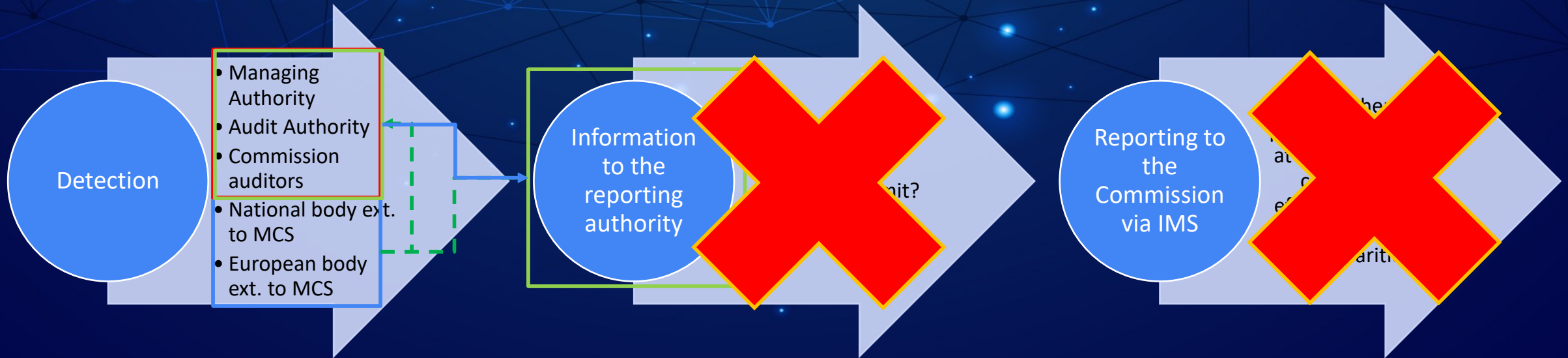
National workflow – authorities involved



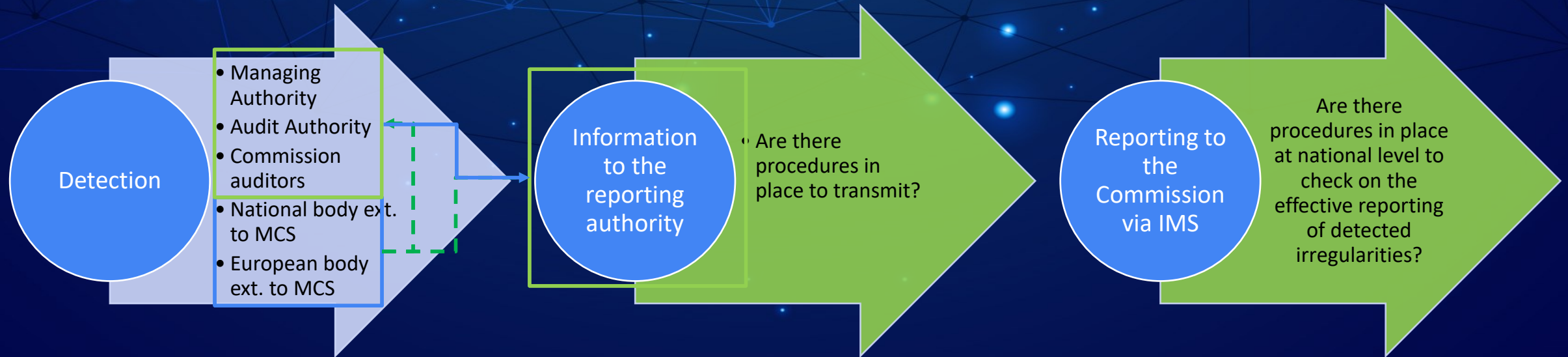
National workflow – authorities involved



National workflow – authorities involved



National workflow – authorities involved



The sources: reporting of irregularities - limitations

Investigation starts in year x

Closure of investigation and end of confidentiality exception in year x+2

Reporting via IMS in year x+2

Investigation runs through year x and x+1

Transmission to national authorities in year x+2

Reporting in PIF Report in year x+3

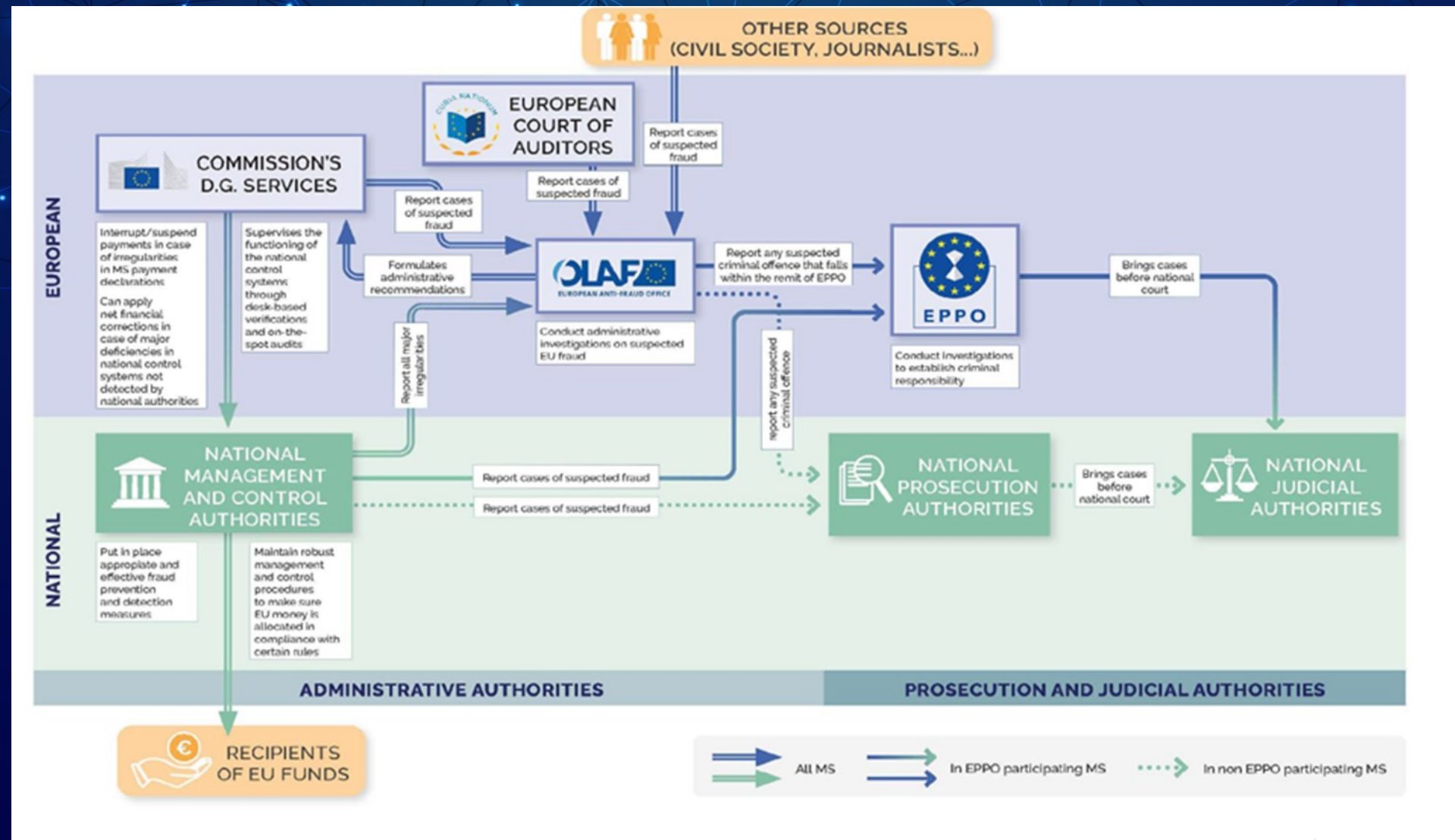
The sources: reporting of irregularities – other limitations

- Derogations
 - Financial thresholds
 - Detections before inclusion in certification to the Commission (not applicable to suspicions of fraud)
- Correct implementation of the rules in general
- Complex sectoral rules

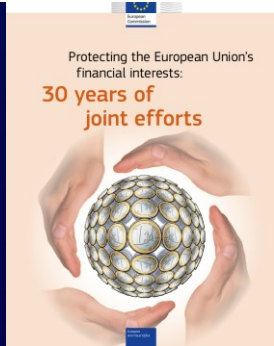
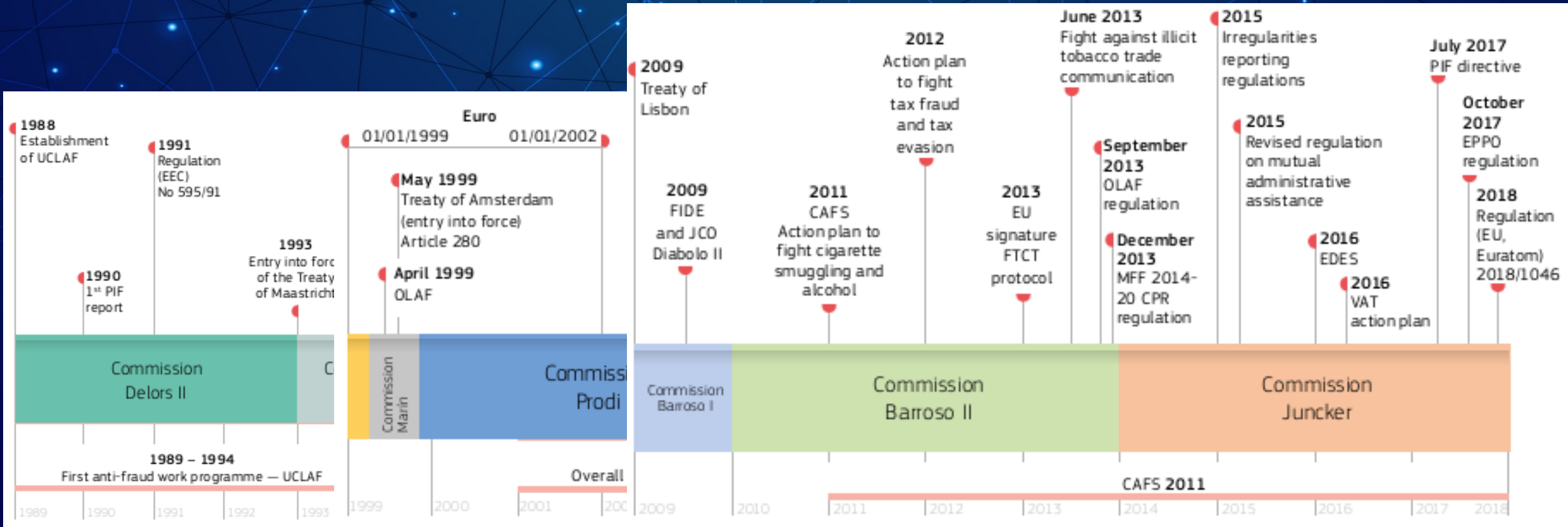
The content of the PIF Reports

- Policy part
- Analytical part
- Conclusions and recommendations
- Accompanied by 5-6 Working Documents
 - UAFP
 - EDES
 - Measures adopted by the Member States
 - Follow-up given to the recommendations in the previous PIF Report
 - Statistical evaluation of the irregularities
 - Implementation of the action plan accompanying the Commission Anti-Fraud Strategy

The EU anti-fraud architecture...



...relying on a continuously evolving legal framework



34th PIF Report



Structure:

1. Introduction
2. Focus on key measure at EU level
3. MS measures to protect the EU's financial interests
4. Fighting irregularities, fraud, corruption and conflict of interests
5. Conclusions and recommendations

[+5 accompanying Staff Working Documents](#)

Key measures at EU level

- Financial Regulation recast
- Implementation of the NRRPs
- Transposition of the PIF Directive
- Revision of the action plan accompanying the CAFS
- Union Anti-Fraud Programme
- EU programmes concerning Customs and Taxation
- European Parliament's resolution on the 2021 PIF Report
- Other initiatives

Member States' measures

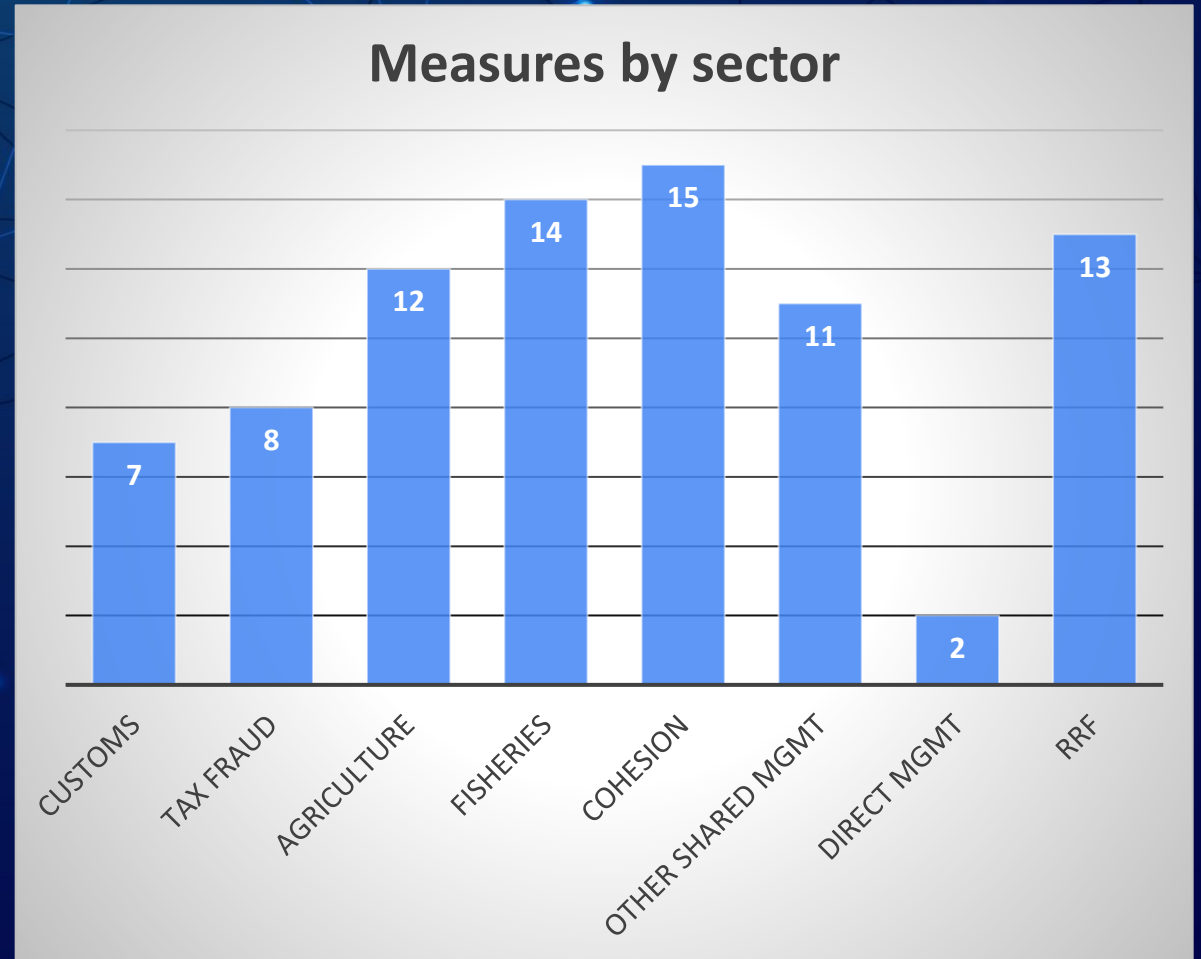
- National anti-fraud strategies
- Anti-fraud measures adopted at national level
- Implementation of the recommendations of the 2021 Commission recommendations to the Member States

Type	Member State																										
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK
National AFS																											
Regional AFS																											
Sectoral national																											
Sectoral regional																											
Anti-corruption																											
Other																											
Field																											
Cohesion																											
Agriculture																											
Fisheries																											
Customs																											
VAT																											
RRF																											
Other																											

YES, NAFS		YES
YES, other AFS		NO
NO, but developing		
NO, no plan		

Member States' measures

- National anti-fraud strategies
- Anti-fraud measures adopted at national level
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Member States' measures

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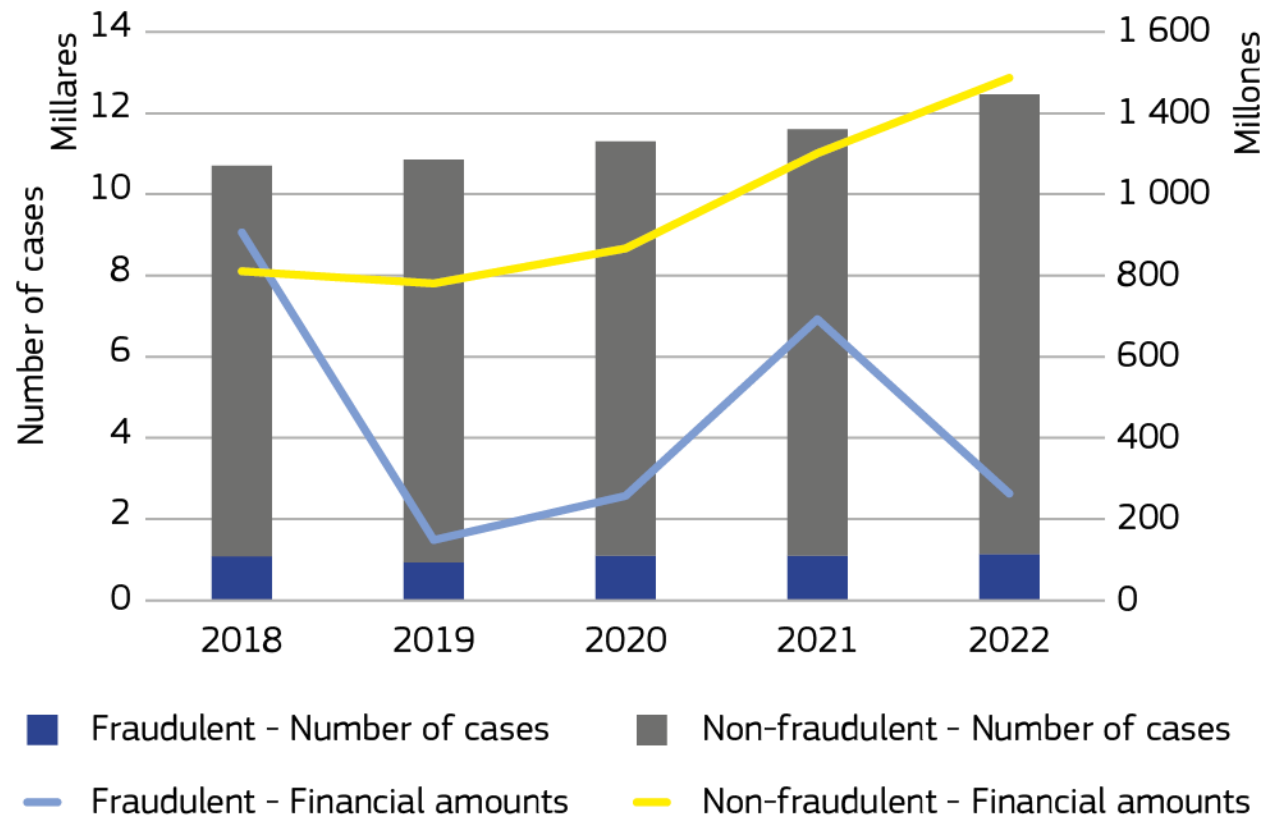
IT System	Member State																											
	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	
EU																												
MS																												
YES, EU level																												
YES, MS level																												
NO																												

Combating irregularities, fraud, corruption and conflict of interests

- The “serious irregularities”
- Sources for this section:
 - Irregularities (and fraud) reported by the Member States (customs, shared management, pre-accession)
 - Recovery orders registered in the Commission’s accounting system
 - OLAF’s annual report
 - EPPO’s annual report
- Results of the analysis
- Organised crime, corruption and conflict of interests

Visualisations

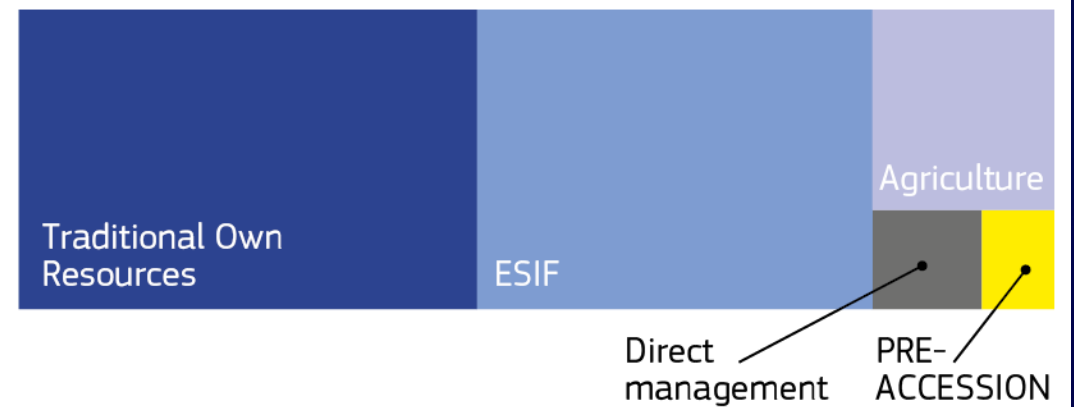
Fraudulent and non-fraudulent irregularities - 2018-2022



Number of reported irregularities by sector - 2022

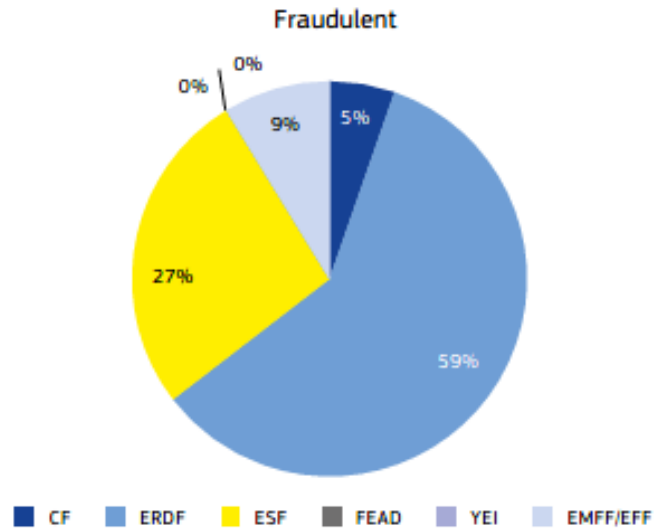


Irregular financial amounts by sector - 2022

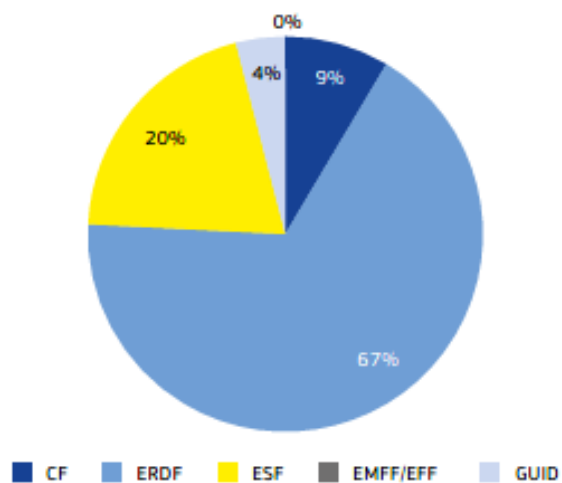


New visualisations

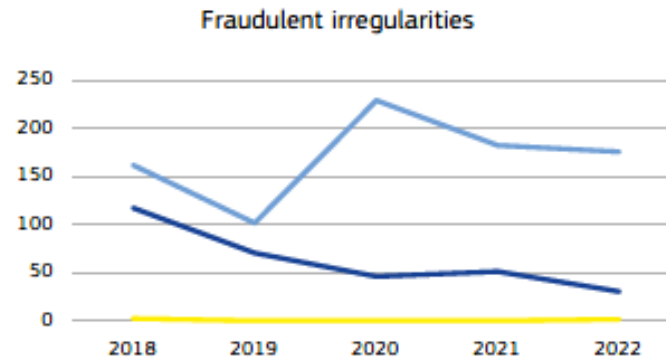
Reported irregularities by fund - 2022



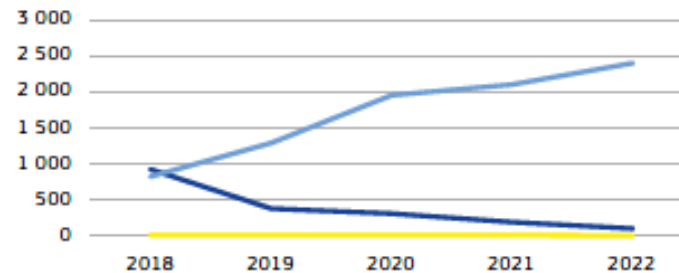
Non-Fraudulent



Reported irregularities by programming period - 2018-2022



Non-Fraudulent irregularities



Payments by type of expenditure - 2022

Type of expenditure	Year 2022 Payments EUR million
Direct payments	37 978
Intervention in agricultural markets	2 881
Rural development	14 928
Total CAP	55 788

FDR and IDR by type of expenditure - 2018-2022

FDR	Type of expenditure	IDR
0.02%	Direct payments	0.06%
0.37%	Intervention in agricultural markets	2.22%
0.12%	Rural development	0.64%
0.06%	Total CAP	0.31%

penditure - 2018-2022

	Direct payments to farmers	Market measures	Rural development
	detected in % of cases		
	22%	0%	9%
	21%	50%	27%
	20%	0%	14%
	17%	0%	0%
	12%	13%	0%
	4%	0%	14%
	2%	13%	7%
	1%	13%	0%
	0%	0%	5%
	0%	13%	12%
	0%	0%	1%
	0%	0%	0%
	0%	0%	0%
	0%	0%	0%

Visualisations

SNAPSHOT 3 - RISKS AND VIOLATIONS IN THE COMMON AGRICULTURAL POLICY (CAP)

Risks and violations depend on the type of measure. For example, applicants for direct payments may request aid for plots of land they do not have the right to use, on the basis of false lease agreements, or they may artificially create the conditions for receiving financial support. Agricultural practices, including those beneficial for the climate and the environment, may warrant more attention with a view to identifying intentional infringements. The same may apply to payment schemes based on the number and type of animals. Violations related to market measures may concern, for example, the withdrawal of agricultural products from the market or the cost, actual implementation or use of investments by producer organisations, such as works for storage sites or the purchase of machinery or equipment. Several complex cases related to the promotion of agricultural products were investigated by OLAF.

In rural development, beneficiaries may, for example, use false invoices, declarations of equipment as new when it is in fact second-hand, manipulated bids in the context of procurement and false information on compliance with conditions for receiving aid. Violations may concern the information the applicant provides in order to get the project selected, to receive advance payment or to meet the criteria for access to a support scheme. The beneficiary may infringe the rules on procurement, request reimbursement for inflated costs or even for non-existent transactions, or ask for reimbursement of costs already funded in another context. The beneficiary may fail to follow the business plan, to use the investment for the intended purpose or to use it at all. Area- and animal-related spending may warrant more attention with a view to identifying intentional infringements.

Combating irregularities, fraud, corruption and conflict of interests

- N° of reported irregularities 12,455 (+7%) - N° of fraudulent irregularities 1,139 (+2%)
- Total irregular amounts EUR 1.77 b (-13%) – financial amounts linked to fraudulent irregularities: EUR 300 m (-62%)
- Some changes in patterns identified in previous years
 - TOR: increase in numbers and amounts, because of non-fraudulent irregularities
 - Agriculture: increase in fraudulent irregularities
 - Cohesion policy: the share of fraudulent irregularities where infringement of public procurement rules is detected increased
 - Pre-accession: Increase in reporting in relation to IPA II (mainly non-fraudulent)
 - Direct expenditure: stable over the period 2018-2022

Conclusions and recommendations

- Understanding fraud in order to fight it more efficiently
 - **Recommendation: improving detection, reporting and follow-up of suspected fraud**
- Innovating in the fight against fraud: the case for digitalisation
 - **Recommendation: Digitalisation of the fight against fraud high on Member States' agenda**
- Strengthening anti-fraud governance
 - **Recommendation: Reinforcing anti-fraud governance in the Member States**

CAFS and its Action Plan

- Commission Anti-fraud Strategy (CAFS) adopted in 2019
- Accompanied by an Action Plan with 63 actions, binding on DGs and EAs
 - 60 out of the 63 actions completed by the end of 2022
- New challenges to protect the EU budget (post pandemic recovery, the war of aggression on Ukraine)
- OLAF's proposal to revise the Action Plan was endorsed by the Commission in several fora (Fraud Prevention and Detection Network, the Group of Resource Directors and the Corporate Management Board)

Revision of the action plan

- **Guiding principles:**
 - Aim for a **targeted** and **high impact Action Plan**
 - Certain **continuity** where a strong wish has been expressed by DGs, while avoiding to repeat actions well on track
- Evaluation of the previous action plan and collection of fraud risks across the Commission
- EP's resolutions on the protection of EU's financial interests and ECA special reports
- More than 200 ideas received from OLAF, DGs and Executive Agencies
- Final selection and formulation of actions by OLAF

➔ **Action Plan revised on 11 July 2023**

Themes of the revised CAFS Action Plan

44 actions aimed at further strengthening the following aspects of the Commission's anti-fraud endeavours:

1. Digitalisation and the use of IT tools to fight fraud
2. Support to Member States in protecting RRF and shared management funds
3. Protection of funds under indirect management and external relations
4. Fight against customs and EU revenue fraud
5. The EU anti-fraud architecture
6. The Commission's anti-fraud governance, coordination and cooperation
7. Culture of ethics and anti-fraud in the Commission

Main novelties and challenges

- Shorter, more targeted and more strategic action plan
- Increased focus on digitalisation
- Holistic approach to ethics and anti-fraud
- Novelties: RRF, Ukraine, rule of law, new own resources, cyber fraud and security, involvement of civil society, protection of investigative journalists, organised crime...
- Challenges:
 - To move the ambitious anti-fraud agenda forward together with limited resources
 - Uneven progress and commitment in Member States

Examples of actions by theme (1)

Theme 1: Foster digitalisation and the use of IT tools to fight fraud

- Actions 1 and 2: Further develop the current and future Arachne
- Action 5: Increase the user-friendliness and use of the Irregularity Management System
- Actions 6 and 7: Improve communication on OLAF cases, notably for the follow-up and monitoring of OLAF cases
- Actions 8 and 10: Set up working groups to explore options for strengthening digital control of plagiarism and external service providers and experts

Examples of actions by theme (2)

Theme 2: Support Member States to reinforce the protection of the Recovery and Resilience Facility, cohesion, agricultural and fisheries fund

- Action 13: Improve the prevention and detection of fraud to the RRF
- Action 14: Encourage Member States to put in place anti-fraud strategies



THANK YOU!