









Procedure file

Basic information		
INI - Own-initiative procedure	2020/2246(INI)	Procedure completed
Protection of the EU's financial interests - combatting fraud - annual report 2019		
Subject 8.70.04 Protecting financial interests of the EU against fraud		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control	 CHINNICI Caterina Shadow rapporteur  HOHLMEIER Monika  CSEH Katalin  PEKSA Mikuláš  ADINOLFI Matteo  CZARNECKI Ryszard  FLANAGAN Luke Ming	13/01/2021
European Commission	Commission DG European Anti-Fraud Office (OLAF)	Commissioner REYNDERS Didier	

Key events			
26/11/2020	Committee referral announced in Parliament		
14/06/2021	Vote in committee		
21/06/2021	Committee report tabled for plenary	A9-0209/2021	
06/07/2021	Results of vote in Parliament		
07/07/2021	Decision by Parliament	T9-0337/2021	Summary

Technical information	
Procedure reference	2020/2246(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/9/04672

Documentation gateway					
Committee draft report		PE692.684	05/05/2021	EP	
Amendments tabled in committee		PE692.936	28/05/2021	EP	
Committee report tabled for plenary, single reading		A9-0209/2021	21/06/2021	EP	
Text adopted by Parliament, single reading		T9-0337/2021	07/07/2021	EP	Summary
Commission response to text adopted in plenary		SP(2021)558	08/11/2021	EC	

Protection of the EU's financial interests - combatting fraud - annual report 2019

The European Parliament adopted by 534 votes to 34, with 124 abstentions, a resolution on the protection of the EU's financial interests - Combatting fraud - Annual report 2019.

Detected fraudulent and non-fraudulent irregularities

Parliament noted that the total number of fraudulent and non-fraudulent irregularities reported in 2019 amounted to 11 726 cases overall (2 % fewer cases than in 2018), and involved a value of approximately EUR 1.6 billion - a 34 % decrease on 2018.

The number of fraudulent irregularities reported in 2019 (939 cases - 8% of the total irregularities) and the corresponding financial amounts (approximately EUR 461.4 million - 28% of the total financial amounts affected by irregularities) decreased significantly compared to 2018.

Revenue own resources fraud

The resolution stated that 425 irregularities were reported as revenue-related fraud in 2019 - 21 % lower than the five-year average of 541 irregularities per year for 2015-2019. In addition, the affected amount of TOR estimated and established (EUR 80 million) in 2019 was 19 % lower than the five-year average of EUR 98 million.

Members expressed deep concern at the extensive impact of VAT fraud on the EU budget as well as national budgets. They deemed it very important to step up the fight against the biggest kind of VAT fraud - missing trader intra-community (MTIC) fraud, which comes at an estimated annual cost of EUR 40-60 billion.

Expenditure fraud

In the case of the Common Agricultural Policy (CAP), the irregularities detected, particularly those of a fraudulent nature, were concentrated in a few Member States. This suggests that differing approaches to the use of criminal law to protect the EU budget or practices for reporting suspected fraud may be a major factor in the differences found between Member States.

Parliament reiterated its call for the definition of maximum amounts for payments to an individual under the first and second pillars of the CAP and the Cohesion Funds. Concerned that CAP subsidies continue to encourage land grabbing by criminal and oligarchic structures, it asked the Commission to set up a complaint mechanism to help farmers and SMEs facing pressure from criminal structures.

Fight against corruption

Parliament stressed the importance of progress on the Commission's legislative and policy initiatives to prevent and combat corruption, as well as of regular monitoring and evaluation of Member States' legal frameworks through the new Rule of Law Report.

Members are very concerned about the findings of the 2020 Rule of Law Report, which highlights concerns about the effectiveness of investigations, prosecutions and adjudication of corruption cases, including high-level corruption cases, in several Member States, for example Bulgaria, Croatia, the Czech Republic, Hungary, Malta and Slovakia. They stressed the need to systematically prosecute high-level corruption through consistent and resolute action.

The resolution stressed that in order to combat corruption effectively and protect the EU's financial interests, the Commission should adopt a holistic, coherent and systematic approach by developing better rules on transparency, incompatibilities and conflicts of interest, internal control mechanisms, illegitimate lobbying and revolving doors scenarios, which can be detrimental to relations between the institutions and interest representatives.

The Commission's new anti-fraud strategy

While welcoming the adoption of the Commission's new anti-fraud strategy on 29 April 2019, Parliament called on the Commission to consider revising its new anti-fraud strategy to fully reflect the functioning of the European Public Prosecutor's Office and its role in the fight against fraud. It stressed the importance of prioritising the development and adoption of National Anti-Fraud Strategies (NAFS) by all Member States, particularly in the context of the new challenges presented by the COVID-19 crisis and the recovery and resilience plans.

Recommendations

Parliament called on the Commission to set up a uniform digital and interoperable system for the collection of comparable data on irregularities and cases of fraud in the Member States, in order to standardise the reporting process and ensure the quality and comparability of the data provided. It stressed the importance of harmonising definitions to obtain comparative data across the EU.

The Commission and Member States are invited to link the irregularity management system to the Early Detection and Exclusion System (EDES) and the Arachne database and to provide access to it by all Member States and the Commission.

Members deplored the fact that there are more than 290 monitoring and reporting systems for the CAP and cohesion funds, which makes it impossible to verify the final beneficiaries of those funds and prevent and investigate fraud and corruption effectively. They called on the Commission and the Member States to establish a harmonised or unified reporting system with timely and accurate data in order to remedy this situation.

The resolution stressed the particular importance of EU and national anti-fraud institutions and bodies in the context of the increase in EU resources through the Recovery and Resilience Facility. It recalled the importance of supporting cooperation between the EU institutions, the European Public Prosecutor's Office, OLAF, EU agencies - notably Europol and Eurojust - and national authorities, to be able to detect and crack down on fraud and corruption more effectively, while avoiding overlapping roles and promoting the exchange of information.

Lastly, Members asked the Commission to provide a clear explanation to Parliament when it decides not to follow any of its recommendations.