

Fighting fraud: 31st Annual Report on the Protection of the EU's financial interests

The European Commission adopted today its 31st annual report on the protection of the European Union's financial interests (PIF report). Several important steps were taken to protect the EU budget from fraud in 2019, the report shows. As the EU prepares to mobilise unprecedented sums to tackle the coronavirus crisis and its consequences, the positive results achieved in recent years provide a solid basis to meet future challenges for European and national authorities in their fight against fraud.

Ville Itälä, Director-General of the European Anti-Fraud Office (OLAF), commented: *"We must ensure that every single euro of the EU budget is spent for its intended purpose. We are well equipped to protect EU taxpayers' money from inefficiencies, irregularities and fraud, but we must do even more to adapt our tools and structures, both at European and national level, to the new situation. The Commission will soon propose new measures to protect the EU budget and the resources invested in the EU's recovery from the coronavirus crisis. OLAF, the European Anti-Fraud Office, will continue to pull its weight. We can rely on OLAF's experience in fighting fraud acquired over the past years and the solid framework of the Commission Anti-Fraud Strategy."*

In 2019, detected fraud and related financial amounts declined in comparison with the previous year. 939 fraudulent irregularities were reported, for a financial value of roughly less than half compared to 2018, confirming an overall declining trend over the last five years. Detected non-fraudulent irregularities remained stable but declined in value by 8%, the 2019 PIF report shows.

According to the report, Member States continued their efforts to strengthen their national systems and procedures, focusing on prevention and detection, but also on measures to enhance transparency, and to fight corruption and conflict of interest. EU institutions continued to counter fraud against both EU revenue and expenditure, including through the investigations of the European Anti-Fraud Office (OLAF), and to improve instruments and policies to protect EU taxpayers' money.

Highlights of progress made in 2019 include:

- The transposition by EU Member States of the Directive on the fight against fraud to the Union's financial interests by means of criminal law (the 'PIF Directive');
- The adoption of the Directive on the protection of persons who report breaches of Union law (the 'Whistleblowing Directive');
- The adoption of the new Commission Anti-Fraud Strategy;
- The appointment of Ms Laura Codruța Kövesi as European Chief Prosecutor.

At national level, Member States adopted a wide array of measures to improve their capabilities to prevent and detect fraud. Most of the reported measures focus on the management and control of EU funds.

As the coronavirus crisis calls for more funding in the years to come, in particular for the health sector, this report also includes an analysis of irregularities in the area of 'investment in health infrastructure'.

The Commission will step up its fraud prevention work to ensure that EU money continues to receive the highest possible level of protection against fraudsters who may try to take advantage of the current situation, concludes the report. Likewise, Member States must not lower their guard against the risks highlighted in the report, the text recommends.

Background:

The EU and its Member States share responsibility for protecting the Union's financial interests and fighting fraud. Member State authorities manage approximately 74% of EU expenditure and collect the EU's traditional own resources. The Commission oversees both of these areas, sets standards and verifies compliance.

Under the Treaty on the Functioning of the European Union (Art 325(5)), the Commission is required to produce an Annual Report on the Protection of the EU's Financial Interests (known as PIF Report), detailing the measures taken at European and national level to counter fraud affecting the EU budget. The report is based on information reported by the Member States, including data on detected irregularities and fraud. The analysis of this information allows assessing which areas are most at risk, thereby helping to better target action at both EU and national level.

The report is available on the [OLAF website](#).

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

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