

## EU budget: The EU's anti-fraud efforts bear fruit in 2020

**The financial impact of detected fraud against the EU budget continued to decline in 2020, according to the annual report on the protection of the European Union's financial interests (PIF report) adopted by the European Commission today. The 1,056 fraudulent irregularities reported in 2020 had a combined financial impact of €374 million, around 20% less than in 2019 and continuing the steady decrease of the last five years. The number of non-fraudulent irregularities remained stable, but declined in value by 6%, according to the report.**

Johannes Hahn, Commissioner for Budget and Administration, said: *"The EU's unprecedented response to the pandemic makes more than €2 trillion available to help Member States recover from the impact of the coronavirus. Working together at the EU and Member State levels to keep this money safe from fraud has never been more important. Working hand-in-hand, all the different components of the EU's anti-fraud architecture provide our defence against the fraudsters: the investigative and analytical work of the European Anti-Fraud Office (OLAF), the prosecutorial powers of the European Public Prosecutor's Office (EPPO), the coordinating role of Eurojust, the operational capacity of Europol, and close cooperation with and between national authorities."*

Highlights of progress made in 2020 and in the first half of 2021 include:

- The start of operations of the European Public Prosecutor's Office
- A revised regulation for OLAF, ensuring effective cooperation with the EPPO and strengthened investigative powers
- Tougher rules on the conditionality of EU budget allocations in cases where breaches of the principles of the rule of law affect the protection of the EU's financial interests
- Good progress on implementing the Commission's Anti-Fraud Strategy, with two thirds of the planned actions implemented and the remaining third ongoing

The PIF report also offers a reflection on the new risks and challenges to the EU's financial interests emerging from the COVID-19 crisis, and the tools to counter them. The Commission and Member States should not lower their guard against these risks, the report concludes, and continue to work hard on improving both fraud prevention and detection.

The 32nd Annual Report on the Protection of the EU's financial interests published today [is available on the OLAF website](#).

## **Background:**

The EU and Member States share responsibility for protecting the EU's financial interests and fighting fraud. Member State authorities manage approximately three quarters 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 the 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 to better target action at both EU and national level.

## **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.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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