

OLAF finds irregularities in EU-funded waste management projects in Hungary

The European Anti-Fraud Office (OLAF) recently finalised an investigation into a complex regional waste management system in Hungary. The investigation concerned four projects. Based on the irregularities established, OLAF recommended the recovery of almost €11 million of EU funding.

OLAF Director-General Ville Itälä said: *"The EU-funded projects spanned over years and were intended to make waste management more efficient and environmentally friendly. However, OLAF's investigators detected planning and design errors, as well as a breach of project objectives. We also found that the positive impact on the environment was lower than expected due to overlaps in the targets of the projects. Issues with the projects led to several fires, with dangerous emissions and a very negative impact on air quality, and to a terrible smell that has been a nuisance to the inhabitants of surrounding municipalities for years".*

The projects included the set up of a mechanical-biological waste treatment unit to produce combustible waste, which was then to be sold for energy production. However, because its quality was too low, a large amount of the waste produced ended up staying on the project site. This led to two serious fires. The first fire also destroyed the EU investment, which was later rebuilt by the beneficiary at their own cost.

Following the first fire and the regular breakdowns of the waste treatment technology, large quantities of untreated biological waste were also disposed on the main waste depot. This, together with the erroneous planning of the capacity of the biological fraction treatment unit, caused an intolerable smell in nearby areas.

As a result of civil demonstrations, and after several failed attempts to improve the situation, the beneficiary finally decided not to use the biological treatment unit anymore and to transport the entire biological fraction (approximately 60% of all communal waste) to a different disposal site, in breach of the project targets and objectives.

OLAF closed its investigation in early November 2022 and recommended that the European Commission recover €10.9 million spent from the EU's budget. OLAF also issued a so-called administrative recommendation for the improvement of checks on the compliance of certain aspects of EU-funded projects and on the fulfilment of their targets.

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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