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OLAF closes cases on EU agricultural funds in Slovakia

The European Anti-Fraud Office (OLAF) closed three administrative investigations in 2020 into possible misuse of EU funds for agriculture in Slovakia. Findings include irregularities in direct payments and systemic weaknesses in national verification procedures.

Under EU funds for agriculture, direct payments are granted to farmers in the form of a per-hectare basic income support. In 2020, OLAF concluded three investigations, which concerned allegations linked to direct payments in Slovakia.

In order to benefit from these subsidies, the applicant needs to comply with “minimum requirements” on the number of hectares of land farmed and on the amount claimed. Also, the applicants need to be active farmers and to have agricultural land at their disposal. The three OLAF investigations looked into direct payment applications made between 2013 and 2019 by several companies.

The first investigation – closed in March 2020 – analysed applications with claims that overlapped on given land plots. The investigation did not confirm any irregular payments, as it found that the land plots, for which entitlement could not be determined beyond doubt by national controllers, were declared ineligible for the given year by the Paying Agency. Subsequently, none of the farmers concerned received payments for the land plot.

The second investigation was closed in June 2020 and focused on applications submitted by one company suspected of intentionally claiming EU payments on ineligible land. The investigation established numerous issues, for example ineligibility of the land because its main use was other than agricultural activity, breach of the obligation to maintain the permanent grassland in good agricultural condition and other irregularities.

The third investigation was closed in December 2020. The investigation identified how certain areas that had been claimed for years by some companies were in fact not covered by legally valid lease contracts.

In addition to the specific payment-related findings, OLAF’s investigations uncovered several weaknesses in the control and management system for direct payments in Slovakia. OLAF found that controls are very limited on whether the disposal of land by an applicant is lawful. While the farmers should be able to prove their right to use the land via for example a lease contract or a document attesting their ownership, this is verified only in the case of overlapping claims – that is, when two or more farmers claim the same plot of land.

OLAF's analysis also revealed that the internal verification procedures adopted by the Slovak national authority in charge of the management of agricultural land under State ownership or land without a known private owner should be improved as regards its transparency and legal certainty. There were also questions whether the process was applied in an efficient and non-discriminatory way.

As a result of the shortcomings in the verification processes, OLAF considers that overpayments could amount to more than one million euros. OLAF has addressed its findings through recommendations to the competent authorities. Two cases were closed with financial and judicial recommendations; the third one was closed with no recommendations but its findings were taken into account in the administrative recommendation, which was issued in relation to the three cases.

OLAF Director-General Ville Itälä said: *"Fair and duly monitored access to EU funds is a precondition to making sure that every cent is spent correctly. OLAF investigates to help redress any irregularities – but our long-standing expertise also means that we can assist the competent national authorities in addressing complex matters in this field. Together, we work to protect EU taxpayers' money."*

OLAF worked closely with the competent national administrative and judicial authorities and with EUROJUST. All persons concerned were given the opportunity to comment on facts concerning them before conclusions were drawn up. It will now be for the competent EU and national authorities to examine and decide on the implementation of OLAF's recommendations. Meanwhile, the presumption of innocence of all persons concerned shall prevail.

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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