

OLAF in 2019: investigations stop fraud across borders and sectors

2019 marked 20 years since the creation of the European Anti-Fraud Office (OLAF). As the OLAF report 2019 shows, the Office has been working hard to investigate and stop increasingly complex cross-border fraud schemes affecting humanitarian aid, the environment, agricultural and regional development funds. From uncovering corruption to halting smuggling and counterfeit products, OLAF has made a real difference in protecting the EU budget and European citizens in many domains.

"Detect, protect, investigate: for 20 years, OLAF has put its unique expertise to the benefit of the EU, ensuring that taxpayers' money is properly spent and fighting against fraud, corruption, smuggling and counterfeiting. We keep abreast of fraud trends and we adapt to the ever-changing fraud patterns that seek to take advantage of the money that Europe makes available to achieve its priorities. OLAF's success is a crucial asset for Europe as the eyes of fraudsters turn towards the 2021-2027 budget with its 1.8 trillion euro designed to power Europe's recovery from the consequences of the COVID-19 pandemic. We have already observed a growing trend building up over the last few years in fraud involving EU funds for environmental and sustainable projects. The focus chapter in our annual report shows OLAF's growing work in tackling environmental fraud. This is particularly timely, as the Green Deal is a key part of the EU's recovery effort" said OLAF Director-General Ville Itälä.

OLAF's investigative performance in 2019 in numbers:

- OLAF **concluded 181 investigations**, issuing **254 recommendations** to the relevant national and EU authorities;
- OLAF recommended the **recovery of €485 million** to the EU budget;
- OLAF opened **223 new investigations**.

Trends in anti-fraud investigations:

The report identifies the main trends that have emerged or continued in 2019:

- collusion and manipulation of **procurement**;
- **cross-border schemes** that make detection more difficult;
- frequent targeting of **projects in third countries**;
- continued targeting of **research funding**;
- **smuggling and counterfeiting**, involving complex cross-border networks.

Complex, cross-border fraud schemes

The Report published today shows the large variety of fraud schemes uncovered by OLAF's investigations concluded in 2019. For example, €3.3 million was recommended for recovery after OLAF successfully uncovered a complex attempt to undermine a procurement and tendering process for the purchase of knitting machinery financed by the European Regional Development Fund. Buyers and suppliers had colluded in four different EU-funded projects to sell and buy machines at an inflated price and siphon money off EU funds and then launder it. Also in 2019, OLAF concluded an investigation with a recommendation to recover nearly €1.5 million that was meant to provide emergency assistance to civilians affected by the conflict in Syria but were instead pocketed by former staff of an NGO through a sophisticated fraud scheme.

Fraud that harms the environment

As sustainable development, tackling climate change and protecting the environment are key priorities for the European Union, fraudsters are ready to exploit any opportunity. OLAF investigations have increasingly focused on fraud related to environmental projects or projects with an environmental impact. As part of the so-called Dieselgate, for example, OLAF uncovered how EU money meant for research to reduce vehicle emissions was instead used to develop an engine on which the notorious 'defeat device' circumventing EU rules on emissions was deployed. Throughout 2019, OLAF investigations have tackled trade in endangered species and illegal logging and import into the EU of wood and timber, sometimes from protected forests. They have uncovered international trade schemes of illicit biodiesel, fraud against forest fire detection funds, and several cases focusing on water and waste management. One case concluded in 2019 involves faking green credentials in order to obtain EU funding.

Tobacco smuggling

Last year, OLAF has helped national authorities seize more than 251.4 million smuggled cigarettes. In 2019 OLAF also concluded a number of investigations into suspicious water pipe tobacco consignments that had entered an EU Member State. The related loss in revenue was estimated at around € 14 million – making water pipe tobacco smuggling a very lucrative business for smugglers.

Working with partners, improving anti-fraud tools

OLAF continues to invest in the cooperation with national authorities of EU Member States and international partners alike. An operation built on OLAF intelligence, with the support from Spanish customs and cooperation with the Colombian and Mexican authorities led to the seizure of 400 tonnes of counterfeit shampoo originating from China, enough to fill several swimming pools. In this spirit, OLAF worked on a number of new arrangements with international bodies and EU and non-EU national authorities over 2019. An Administrative Cooperation Arrangement with the European Court of Auditors was signed. Preventing fraud remained key for OLAF – and the Office is still at the forefront of fraud prevention as it strives to ensure that the new EU budget is protected

from fraudsters. OLAF was instrumental in the adoption of the new Commission Anti-Fraud Strategy in April 2019.

To read the full report, please click [here](#).

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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