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**COMMISSION STAFF WORKING DOCUMENT**

**Annual overview with information on the results of the Union anti-fraud programme in  
2022**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN  
PARLIAMENT**

**34th Annual Report on the protection of the European Union's financial interests and  
the fight against fraud - 2022**

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## 1 Introduction

The fight against fraud to protect the EU's financial interests is a shared responsibility for Member States and the EU. It is thus in the interest of the EU, and of EU taxpayers more generally, that national and regional authorities are sufficiently equipped to carry out this important mission. This is why the EU has supported national anti-fraud capacities for 16 years with the three successive Hercule programmes.

### 1.1 Context

The European Parliament and the Council adopted Regulation (EU) 2021/785 setting up the UAFP on 29 April 2021<sup>1</sup>. This legal act became applicable retroactively as of 1 January 2021.

The UAFP combines three different, previously separated activities, but at its core, it builds on the success of the Hercule III programme. The UAFP provides a single framework, bringing together:

- (i) the Hercule funding part;
- (ii) the financing of the Anti-Fraud Information System (AFIS, supporting Member States in providing mutual assistance in customs and agricultural matters); and
- (iii) the Irregularity Management System (IMS, for the reporting of irregularities, including fraud, in cases related to the shared-management funds and the pre-accession-assistance funds<sup>2</sup>).

This single framework increases synergies between its strands and economises on resources. For example, it provides financial flexibility to reallocate funding within the programme.

An annual Commission implementing decision sets out the financing of the UAFP and the annual work programme (AWP). This single legal act provides for funding for all eligible actions supported by the programme, and for the financing of the AFIS and the IMS.

The UAFP is based on Articles 33 and 325 of the Treaty on the Functioning of the European Union (TFEU). It is set up for a period of 7 years, from 2021 to 2027, in line with the MFF laid down in Council Regulation (EU, Euratom) 2020/2093<sup>3</sup>.

The UAFP pursues two general objectives. First, it aims to protect the EU's financial interests. Second, it aims to support mutual assistance between the administrative authorities of the Member States and cooperation between these authorities and the Commission to ensure that the law on customs and agricultural matters is correctly applied.

The programme pursues three specific objectives:

1. to prevent and combat fraud, corruption and any other illegal activities affecting the financial interests of the EU;
2. to support the reporting of irregularities, including fraud, with regard to the shared management funds and the pre-accession assistance funds of the EU budget; and

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<sup>1</sup> OJ L 172, 17.5.2021, p. 110-122. Link: (<http://data.europa.eu/eli/reg/2021/785/oj>).

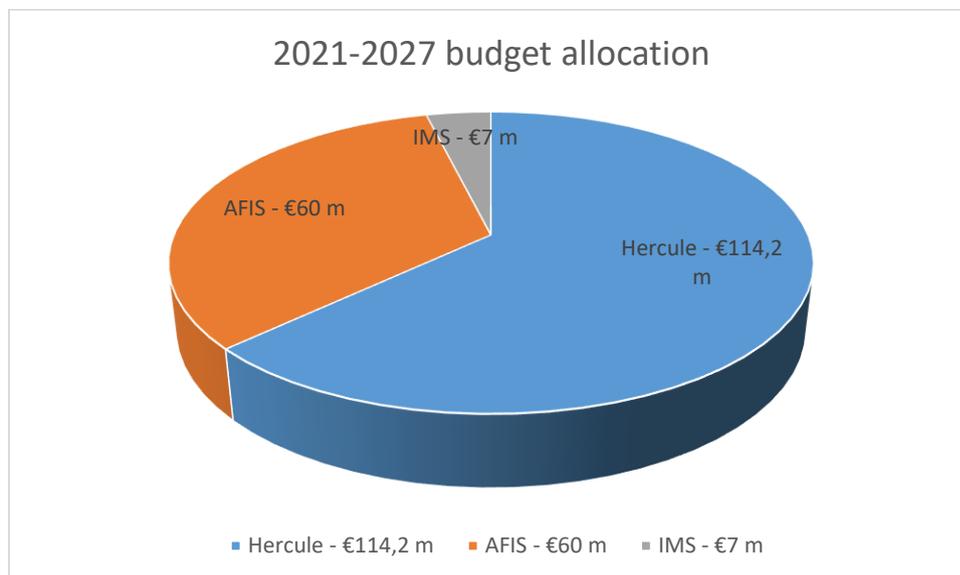
<sup>2</sup> See Chapter 4 for more details, please see Chapter 4 of the present SWD.

<sup>3</sup> Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433433I, 22.12.2020, p. 11).

3. to provide tools for information exchange and support for operational activities in the field of mutual administrative assistance in customs and agricultural matters.

To implement the UAFP, the EU has allocated EUR 181 207 000 in current prices for the period from 2021 to 2027, as shown in Graph 1.

**Graph 1 – Budget allocation**



## 1.2 Implementation methodology

The first component of the programme provides the Member States with targeted assistance in achieving their obligations to protect the EU's financial interests. This component will support the purchase of specialised anti-fraud equipment and tools, specific trainings as well as targeted conferences and studies.

The Commission implements this component by:

1. awarding grants following calls for proposals;
2. concluding public-procurement contracts following calls for tenders;
3. entering into administrative arrangements with the Commission's Joint Research Centre (JRC);
4. reimbursing costs incurred by representatives from eligible countries who participate in training and operational activities; and
5. offering targeted support to relevant international organisations actively helping to protect the EU's financial interests.

Under the second component, the Commission maintains the IMS and makes it available to Member States to facilitate their compliance with the obligation (laid down in various sectorial pieces of legislation) to report detected irregularities.

The third component consists of (i) the operation and maintenance of the AFIS platform for the exchange of mutual-assistance information; and (ii) supported activities, such as joint customs operations, courses, and preparatory or evaluation meetings for operational action.

In practice, the programme is implemented under direct management. The European Anti-Fraud Office (OLAF) is the lead service for programme implementation.

The UAFP Regulation identifies four categories of eligible entities:

1. public authorities that can help achieve a UAFP objective and are established:
  - i) in a Member State or an overseas country or territory associated with the UAFP;
  - ii) in a third country associated with the UAFP under the conditions specified in Article 4 of the UAFP Regulation; or,
  - iii) in a third country not associated with the UAFP under the conditions specified in Article 10(3) of the UAFP Regulation.
2. research and educational institutes and non-profit making entities that can help to achieve the objectives of the UAFP and have been established and operating for at least 1 year:
  - i) in a Member State;
  - ii) in a third country associated with the UAFP under the conditions specified in Article 4 of the UAFP Regulation; or
  - iii) in a third country not associated with the UAFP under the conditions specified in Article 10(3) of the UAFP Regulation.
3. any legal entity created under Union law; or,
4. any international organisation.

### 1.3 Purpose and scope of this overview

Article 12(3) of Regulation (EU) 2021/785 obliges the Commission to report annually on the performance of the programme to the European Parliament and to the Council as part of its annual report on the protection of the EU’s financial interests – fight against fraud. Article 12(3) also stipulates that when discussing the UAFP, the European Parliament may make recommendations for the AWP, and that the Commission must duly take these into account.

To this end, this overview covers: (i) information on actions for which financial commitments were made under the 2022 Financing Decision and AWP<sup>4</sup>, adopted on 25 February 2022; and (ii) the results of actions finalised in 2022 but for which financial commitments were made under the Hercule III and the Union Anti-fraud programmes in previous years.

The overview also contains information on AFIS and IMS activities for which financial commitments were made under the same 2022 AWP.

## 1 UAFP budget implementation in 2022

To implement the UAFP in 2022, the budgetary authority had allocated EUR 24.04 million in commitment appropriations and EUR 2.54 million in payment appropriations. The programme is financed under item 03.03 of the EU budget, as shown in Table 1 (split by year).

**Table 1: Financial programming in 2021-2027**

	(in EUR)							Programme total
	2021	2022	2023	2024	2025	2026	2027	
<b>Total</b>	<b>24,055,021</b>	<b>24,371,021</b>	<b>24,852,023</b>	<b>25,508,023</b>	<b>26,353,026</b>	<b>27,404,026</b>	<b>28,678,028</b>	<b>181,221,168</b>

Table 2 shows the commitments made under the available budget for 2022, broken down by the programme's three components.

**Table 2: Available budget and commitments made in 2022**

TYPES OF ELIGIBLE ACTIONS (2021)		BUDGET (EUR)	COMMITTED (EUR)	COMMITTED (%)
<b>COMPONENT 1: PROTECTION OF THE EU'S FINANCIAL INTERESTS</b>				
<b>TECHNICAL ASSISTANCE</b>				
Grants: technical assistance	Grants	9 500 000	9 578 008	101%
IT databases	Procurement	715 000	707 360	98.9%
IT tools and tobacco analysis	Procurement	760 000	733 673	96.5%
<b>ANTI-FRAUD TRAINING</b>				
Grants: anti-fraud training	Grants	1 100 000	1 076 935	97.9%
Procured conferences	Procurement	1 350 000	1 165 845	86.4%
Digital forensics and analyst training	Procurement	1 800 000	1 799 543	100%
FCTC <sup>5</sup>	Grants	200 034	0 <sup>6</sup>	0%
<b>TOTAL COMPONENT 1</b>		<b>15 425 034</b>	<b>15 175 260<sup>7</sup></b>	<b>98.4%</b>
<b>COMPONENT 2: AFIS PLATFORM</b>				
IT studies, development and maintenance	Procurement	3 200 000	3 754 627,17	117%
Production services	Procurement	2 600 000	1 749 767,60	67.3%
Technical assistance, training, coordination and quality-control services	Procurement	722 000	231 235,18	32%
Acquisition, maintenance and updating of software and hardware, and related IT services	Procurement	1 189 721	968 770,61	81%
Funds co-delegated to the Directorate-General for Taxation and Customs Union (DG TAXUD)	Procurement	239 246	239 246,27	100%
Contingency			1 065 508,32	
<b>TOTAL COMPONENT 2</b>		<b>8 009 153</b>	<b>8 009 153</b>	<b>100%</b>
<b>COMPONENT 3: IMS TOOL</b>				
Hardware and software	Procurement	0	0	0%
Development and maintenance	Procurement	934 325	907 344,95	97,1%

<sup>5</sup> Financial support to the Secretariat of the World Health Organization Framework Convention on Tobacco Control (FCTC), in its functions related to the Protocol to Eliminate Illicit Trade in Tobacco Products, and to other activities organised by the Secretariat in connection with the fight against illicit trade in tobacco products.

<sup>6</sup> Following internal consultations, DG BUDG allocated to a co-delegated budget line the necessary funds to pay the FCTC annual contribution.

<sup>7</sup> EUR 113 896 were transferred to DG COMM and DG DIGIT for communication and IT-support annual fees.

Production services	Procurement	0	0	0%
Support and training	Procurement	0	0	0%
Contingency			26 980,05	
<b>TOTAL COMPONENT 3</b>		<b>934 325</b>	<b>934 325</b>	<b>100%</b>
<b>GRAND TOTAL</b>		<b>24 368 999</b>	<b>24 118 738</b>	<b>99%</b>

## 2.1 Activities to prevent and combat fraud, corruption and any other illegal activities undermining the financial interests of the EU (as in the former Hercule III programme)

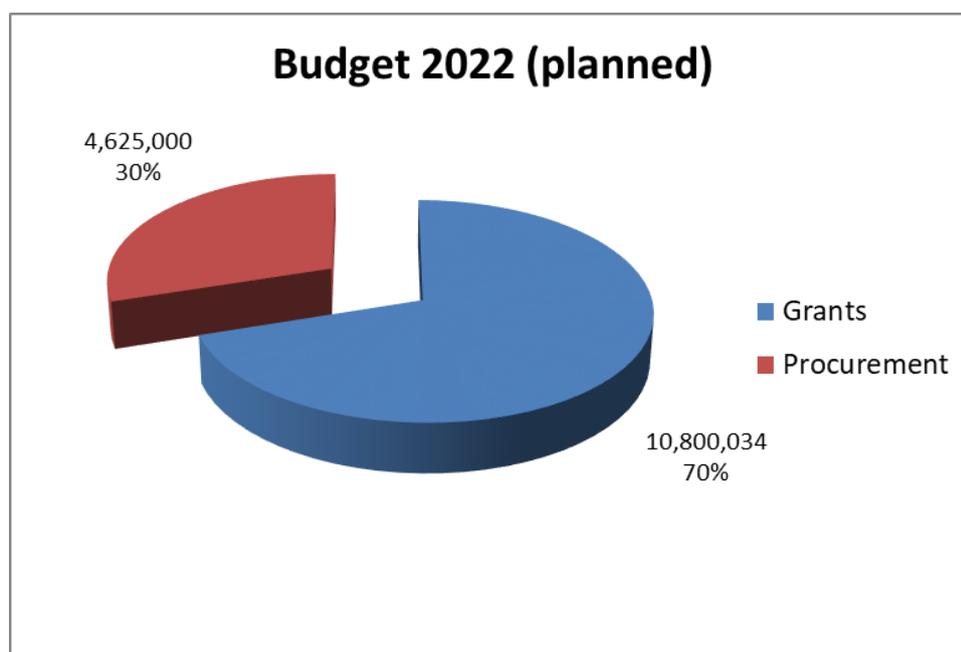
In 2022, the UAFP's second year of implementation, the available commitment appropriations for the programme's first strand (formerly Hercule) were used to: (i) finance granted projects; and (ii) conclude specific contracts (procurement) and administrative arrangements for providing access to commercial databases, specialised IT tools and specific training and conference events, in line with the activities included in the adopted AWP for 2022<sup>8</sup>.

The commitment amounts earmarked for the 2022 granting cycle (approximately EUR 10.8 million) were implemented by signing contracts for the awarded grant files and paying pre-financing.

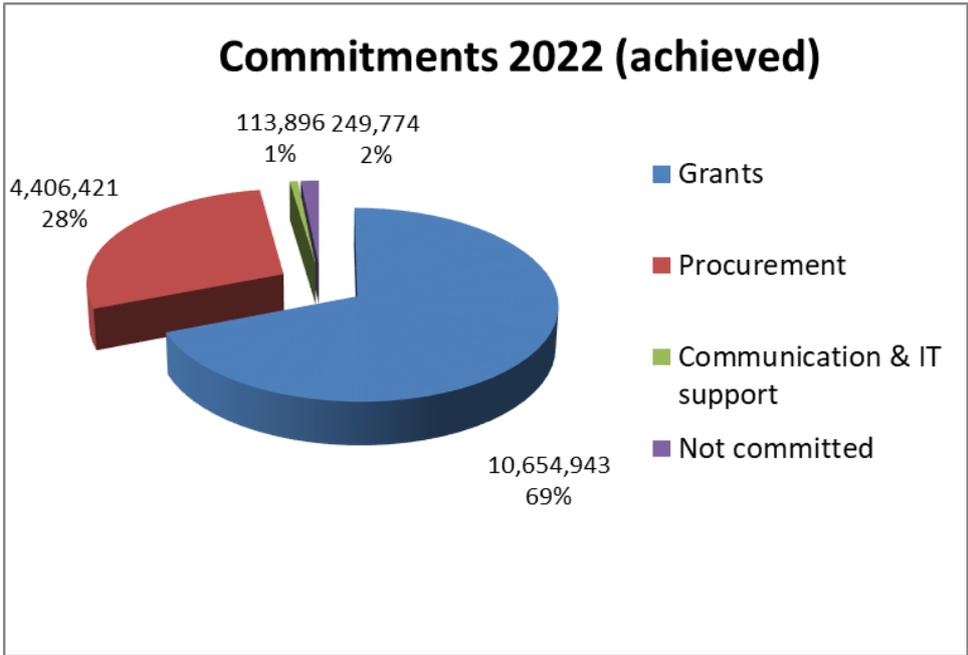
Following a successful publication and evaluation of the 2022 'technical assistance call for proposals', a small unused amount earmarked for anti-fraud training in the 2022 budget (around 0.5% of the annual budget) has been transferred to this specific call, where a reserve list had been established.

Payments under the grant agreements and under some of the procurement contracts signed in 2022 will be reported at a later stage than the present report, since these payments will only be made in the course of 2023 and in the following years.

### Graph 2: Breakdown of the UAFP's (Hercule component) planned budget and achieved commitments in 2022 by type of financial support (grants and procurement)



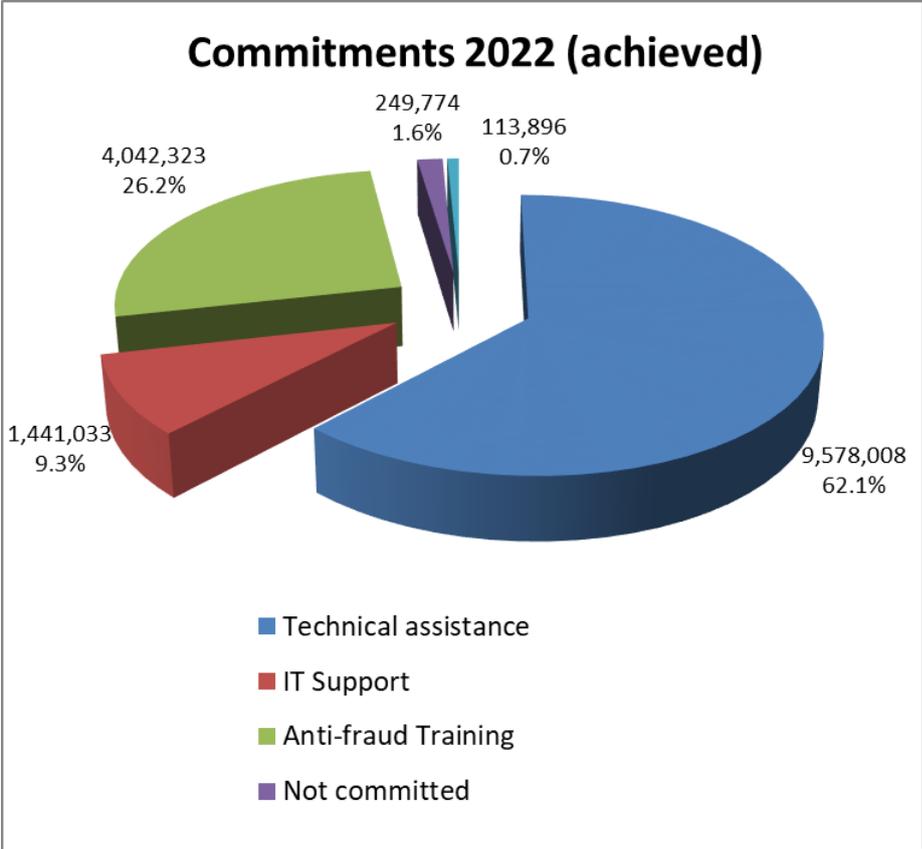
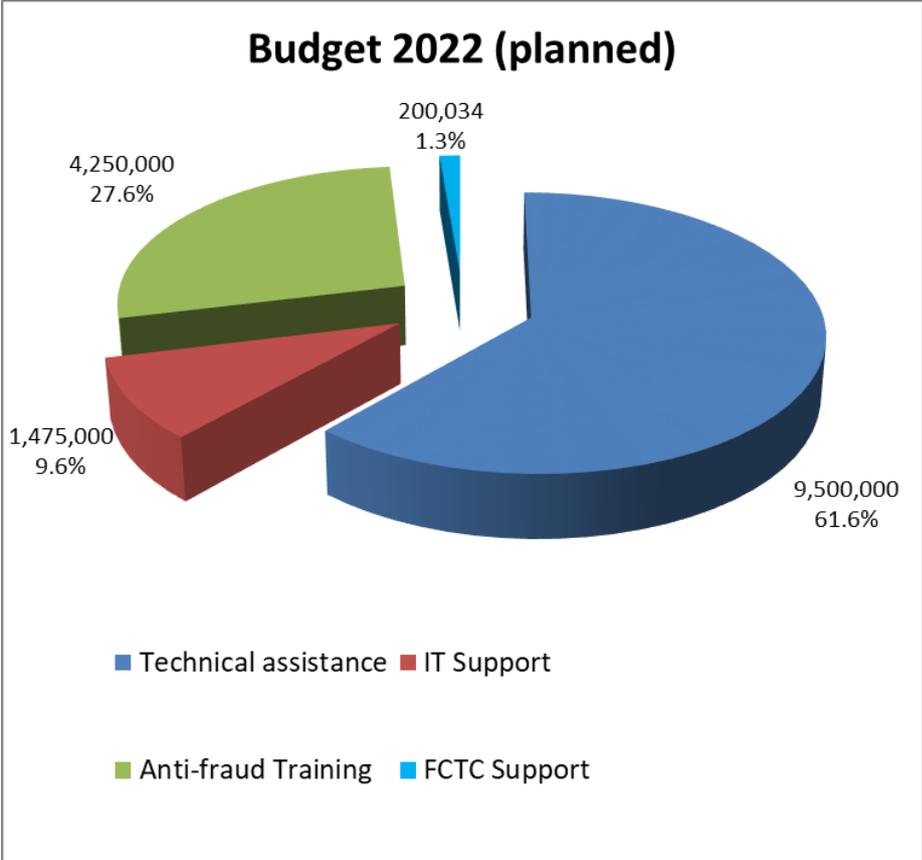
<sup>8</sup> Commission Implementing Decision, C(2022) 1139 final of 25.02.2022.



Graph 3 provides a breakdown of the planned budget and commitments for 2022 by type of action. Technical assistance actions under Regulation (EU) 2021/785 encompass: (i) technical assistance for grant activities; and (ii) IT support (databases and IT tools).

Training actions include: (i) grant activities under calls for proposals for training, conferences, staff exchanges and studies; and (ii) procured conferences and specialised training.

**Graph 3: UAFP (Hercule component) budget and commitments in 2022 of eligible actions**



### 1.1.1 Grants

Grants are direct financial contributions to finance an action intended to help achieve an EU policy objective. The overall UAFP budget allocated to grants in 2022 was EUR 10.6 million. Following calls for proposals inviting applicants to submit proposals for actions that help achieve the programme's objectives, grants are evaluated and awarded. The beneficiary of a grant becomes the legal and economic owner of the goods or services purchased with grant financing.

In March 2022, the Commission published two calls for proposals on its Funding and Tenders Portal.

The two 2022 calls covered the following topics:

1. technical assistance, with an indicative budget of EUR 9.5 million; and
2. training, conferences, staff exchanges and studies, with an indicative budget of EUR 1.1 million.

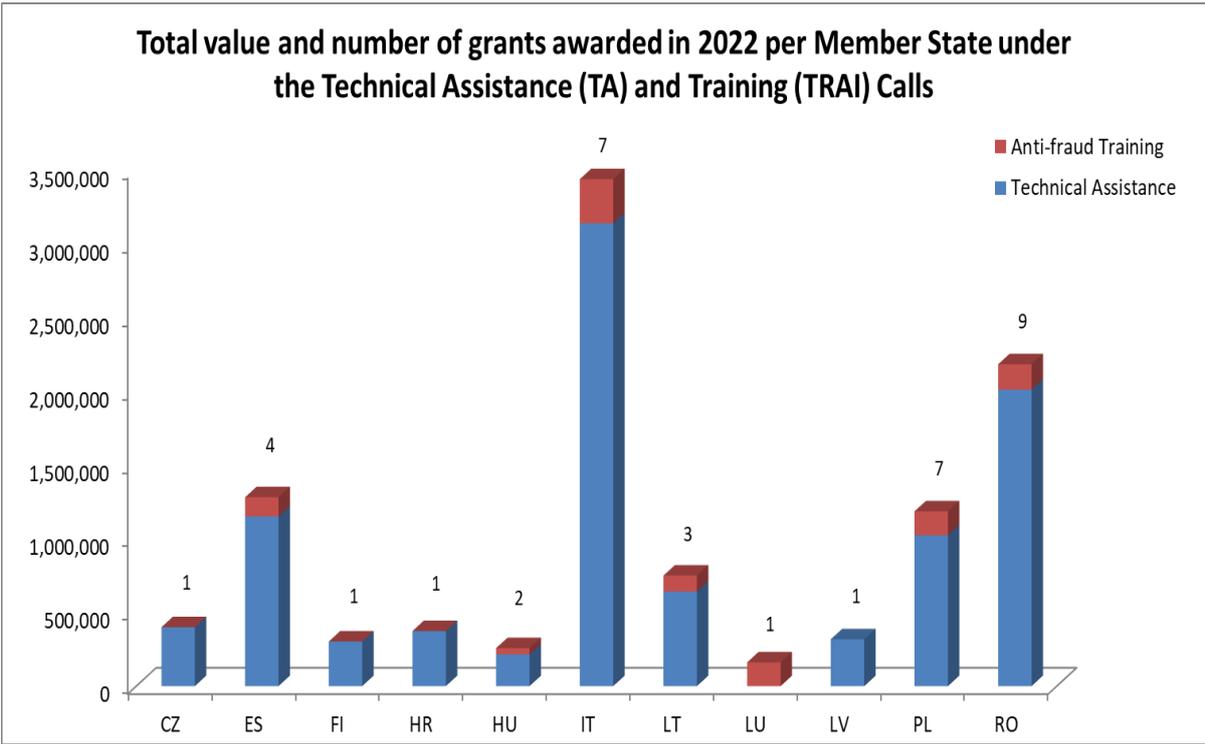
The deadline to submit applications was 24 May 2022 for Technical Assistance (TA) and 14 June 2022 for Training (TRAI). The Commission received a total of 65 applications originating from 14 Member States. First, each application was assessed on its eligibility or on a possible exclusion. Then, a dedicated evaluation committee with Commission expert staff members assessed the content of each application. The committee evaluated the following four award criteria:

1. conformity with the objectives of the UAFP;
2. quality of the proposal;
3. value for money; and
4. added value for the protection of the EU's financial interests.

The evaluation process was finalised end 2022 and all applicants were informed of its outcome by the end of December 2022.

Graph 4 gives an overview of the total value and number of grants for technical assistance and training awarded in 2022, by Member State. The graph shows that grants have been awarded to applicants from 11 Member States.

**Graph 4: UAFP (Hercule component) commitments (in EUR) and number of grants in 2022 by Member State and by activity sector**



a) *Call for proposals for technical assistance*

The 2022 budget for technical assistance grants was EUR 9.5 million. It was available to fund actions proposed by national and regional authorities for the following types of activities:

1. purchasing and maintaining investigation and surveillance tools and methods used in the fight against irregularities, fraud and corruption perpetrated against the financial interests of the EU, including specialised training needed to operate the investigation tools;
2. purchasing digital-forensics hardware including equipment and software, mobile forensic tools and computer forensic collaborative systems used in the fight against (fraudulent) irregularities, fraud and corruption detrimental to the EU’s financial interests;
3. purchasing data-analytics technologies and data including the acquisition and maintenance of: (i) commercial specialised databases; (ii) data-analysis platforms capable of running analyses in big-data environments, risk and predictive analyses, and data-mining tools; and (iii) systems supported by artificial intelligence used in the fight against irregularities, fraudulent activities and corruption detrimental to the EU’s financial interests; and
4. purchasing equipment for the detection of illicit trade<sup>9</sup> to strengthen beneficiaries’ operational and technical capacity to detect smuggled and

<sup>9</sup> OLAF, in close cooperation with DG TAXUD, ensured that there was no overlap with projects submitted for support under the new Customs Control Equipment Instrument (CCEI).

counterfeited goods, including cigarettes and tobacco, imported into the EU with the intention of evading value added tax, customs duties and/or excise taxes.

By the deadline of 24 May 2022, the Commission received 46 applications from 13 Member States. The total (cost) of the proposed actions was EUR 22.9 million and the requested funding (UAFP financial support) amounted to EUR 18.6 million (or more than double the available budget). Following the evaluation committee's recommendation, the authorising officer decided to award grants for 24 actions and to place 11 proposals on a reserve list (see Table 1 in Annex I).

All applicants were informed of the outcome of the evaluation procedure in November 2022. The overall amount approved for technical assistance grants was EUR 9.4 million. One more grant was awarded from the reserve list, following the availability of a small unused amount initially earmarked for procured activities. Grants were awarded for the purchase of investigation equipment (including forensics equipment), data-analysis systems, IT tools and detection equipment. The UAFP grants financed 80% of the eligible costs of the actions.

Table 1 in Annex I provides an overview of the beneficiaries, project titles, grant amounts, and co-financing rates.

To best describe the implementation of technical assistance grants in 2022, a selection of examples of finalised projects is presented in Chapter 3.

*b) Call for proposals for training, conferences, staff exchanges and studies*

The UAFP provides grants to beneficiaries for organising targeted specialised trainings, conferences and staff exchanges. These activities aim to strengthen cross-border cooperation and networking activities between experts and to facilitate the exchange of best practices on protecting the financial interests of the EU.

The following four types of activities were proposed for funding, with an indicative budget of EUR 1.1 million:

1. specialised training sessions to improve investigation and data-analysis abilities by acquiring new skills and knowledge of specialised methodologies and techniques;
2. conferences, workshops and seminars to: (i) facilitate the exchange of information, experience and best practices, including in the field of data analysis; (ii) create networks and improve coordination between Member States, candidate countries, other third countries, EU institutions and international organisations; (iii) facilitate multidisciplinary cooperation between anti-fraud practitioners and academics on protecting the EU's financial interests, including support to associations for European criminal law and for the protection of the EU's financial interests; and (iv) raise the awareness of the judiciary and other legal professionals of this matter;
3. staff exchanges between national and regional administrations (including candidate and neighbouring countries) to help further develop, improve and update staff's competences in protecting the EU's financial interests; and

4. developing comparative law studies and organising activities to raise awareness among the judiciary and other branches of the legal profession on protecting the EU's financial interests, including the dissemination of relevant scientific knowledge through periodical publications.

The call received 19 applications from eight Member States. The total amount of requested grants was EUR 1.3 million. The number of applications is higher compared to the previous year marked by the COVID-19 pandemic circumstances. Two applicants withdrawn their proposals.

Twelve applications were selected for an award under this call, for an overall amount of approximately EUR 1 million, mostly receiving a co-financing rate of 80% of the eligible costs<sup>10</sup>.

Grants were awarded for, amongst others: (i) organizing conferences and trainings for enhancing the capacities of police and customs authorities in data analysis, investigations of frauds against the EU budget, fighting cigarette smuggling, the cooperation between the national authorities and the EPPO, preventing and combatting corruption in public procurement; (ii) developing tools to prevent fraud in the use of EU funds; and (iii) carrying out studies on combatting cyber-VAT fraud and customs fraud, gathering electronic evidence for administrative proceedings and OLAF investigations, corporate criminal liability.

Table 4 in gives an overview of the awarded grants and the corresponding co-financing rates.

#### 1.1.2 Procurement

About 30% of the 2022 budget allocated to the first component of the UAFP (EUR 4 625 000) was allocated to fund activities by concluding procurement contracts linked to the protection of the EU's financial interests.

In 2022, the Commission concluded specific contracts under existing framework contracts for technical assistance support and training activities. The purchased equipment, tools and services were made available to UAFP beneficiaries (mainly Member State authorities).

##### *a) IT support: databases, IT tools and analyses of samples from tobacco seizures*

###### *i. Databases*

In 2022, the overall amount committed to procured contracts was EUR 707 360. The programme provides funds for the procurement of subscriptions to commercial databases, on behalf of law enforcement authorities in Member States, to support operations and investigations, in particular in the area of protecting the EU's financial interests.

The Commission procures and manages the access to these databases enabling substantial economies of scale and a common data framework. Relevant staff are trained to ensure optimal

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<sup>10</sup> The maximum co-financing rate is 80% for the training grants, but in exceptional and duly justified cases, the Commission may award a grant up to 90% of eligible costs. One project was awarded a 90% co-financing rate. See Table 4 of Annex I.

usage. OLAF staff also uses these databases for operational activities jointly undertaken with their Member State partners and for their own investigations<sup>11</sup>.

In 2022, the programme provided Member States with access to commercial databases, such as worldwide trade statistics, detailed company information and global vessel movements. The databases were highly used by customs and other law-enforcement authorities, supporting both investigations and risk analyses. Table 3 in Annex I gives an overview of the contracts awarded in 2022.

#### ii. Development of specific IT tools for data analysis with the JRC

In 2022, OLAF and the JRC continued working together under the administrative arrangement for Customs Anti-Fraud Enabling technologies (CAFET)<sup>12</sup>.

CAFET is part of a wider effort to provide knowledge to and facilitate the work of Member States' customs services to use data and analytical approaches effectively and efficiently in their anti-fraud activities. In line with the objectives of the Union Anti-Fraud Programme, the ultimate beneficiaries of this project are customs authorities in the Member States. In 2022, the UAFP allocated EUR 505 200 under the CAFET umbrella.

#### Work package 1: Automated Monitoring Tool (AMT)

By linking a subset of Eurostat's COMEXT database with information from customs declarations and the Commission's tariff database (TARIC), the AMT algorithm identifies patterns and long-term trends in EU imports. The AMT provides estimates of 'cleaned average' prices by product code, from a given exporting country into the EU and, in some instances, these estimates can be further broken down by Member State. Any import that deviates substantially from these long-term trends is flagged as anomalous. AMT results are shared with users in interactive, read-only displays (dashboards) providing the results of predefined queries on the COMEXT-subset.

The number of AMT users reached almost 3 500 in 2022, with 2 000 of them regularly retrieving information on long-term trends and further analyses of potential undervaluation.

In 2022, new research started into a possible new price estimate, using 12 months of COMEXT data. Work also began to investigate the potential of using surveillance data to calculate a price estimate.

#### Work package 2: Container-movement analytics

Container-movement analytics and analyses of potential origin fraud (ConTraffic) have been further consolidated and developed. In the first eight months of 2022, ConTraffic averaged 65 user logins. Most of the users were from Belgium, Spain, European Commission, Finland, The Netherlands, Ireland and Italy.

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<sup>11</sup> The use of databases made by OLAF staff is paid from the administrative budget of the Commission.

<sup>12</sup> Originally funded by the Hercule III programme, the initial AA was signed at the end of 2017 between OLAF and the JRC to provide 'scientific and technical support in advancing the EU's customs anti-fraud data-analytics capacity'. The current AA runs from 2021 to 2023 and consists of five work packages.

Checks on potential origin detected that about 2% of the analysed goods/items had a mismatching origin. Based on these mismatches, OLAF identified 118 possible signals of anomalies and communicated these to Member States' customs services.

In 2022 work concentrated on supporting the transfer of this analysis from ConTraffic where it has developed on a pilot basis (involving 7 MS in 2022), into the AFIS environment.

#### Work package 3: Tobacco track and trace analytics (T&T)

Preliminary work has explored the potential of the T&T data to contribute to anti-fraud activities.

#### Work package 4: e-Commerce

Data availability remains a problem in 2022, and no analysis was undertaken under this work package.

#### Work package 5: Other analytical tools and exploratory work

This work package brings together activities related to the development of smaller analytical tools or new analyses of potential interest, based on experience from previous AAs, interaction with Member States and OLAF operational activities.

In 2022, research continued into the possibility to analyse and compare the textual descriptions of imports with their declared commodity codes, to identify potential cases of misdescription fraud.

#### Outreach

CAFET is intended to support the analytical activities of Member State authorities and OLAF to combat fraud. It continues work on well-known and to some extent already researched fraud-control problems, such as undervaluation (via AMT) and misdescription of origin (via container-movement analysis). However, it has also started new research into problems such as illicit tobacco trade and product misdescription fraud, which have been identified as priorities by Member States.

Opportunities for communication and network building with Member States remained limited during 2022. Plans were made to provide a series of webinars in the first half of 2023, starting to re-engage with MS analysts and customs officers on the more mature projects (AMT and Container-movement analytics). As in previous years, progress updates were provided at the regular meetings of the Expert Group on Mutual Assistance in Customs Matters.

#### iii. Tobacco analyses (TOBLAB)

In order to help Member States in their efforts to combat the illicit trade in tobacco products, OLAF takes the view that Member States' authorities should have access to independent state-of-the-art specialised testing facilities of tobacco products for investigative purposes.

For that purpose, the Commission's Joint Research Centre (JRC) in Geel (Belgium) set up in 2016 a laboratory for the analysis of tobacco products, TOBLAB, financed by the previous Hercule III programme.

A close cooperation between TOBLAB and Member States' customs laboratories and law enforcement authorities is considered as leading to the most efficient and cost-effective use of the testing facilities needed.

Member States and OLAF can submit requests for analysis of tobacco products using a dedicated IT application (ToSMA) administered by OLAF on the Anti-Fraud Information System (AFIS) platform. In the period from 13 July 2021 to 12 July 2022, the JRC processed 80 requests from 10 Member States for analysis of seized cigarettes and raw/fine-cut tobacco samples. It was possible to draw connections between cigarettes seized in various places in the EU at various moments (42 samples could be connected to previous seizures).

The JRC maintains a repository of commercially available cigarettes purchased at licensed tobacconists across the world. The repository now contains more than 1100 tobacco products from more than 70 countries.

The annual Administrative Agreement (AA) with the JRC in Geel was renewed in 2022 with programme funding amounting to EUR 226 208.

*b) Procured conferences*

The programme also finances high-level conferences and training activities focused on the protection of the EU's financial interests organised by the Commission. Eight high-level events took place, financed by the 2022 programme budget. The overall budget available for procured conferences was EUR 1.35 million.

Table 5 in Annex I provides an overview of the events that took place under the 2022 budget.

*c) Procured digital forensics and analysts training*

The digital forensics and analysts training (DFAT), organised by OLAF aims to strengthen law-enforcement agencies' ability to combat fraud, including cigarette smuggling and counterfeiting. It provides improved detection skills to extract and use data from digital devices.

This annual training helped create a network of certified digital-forensics specialists, starting back in 2007.

Investigations related to EU funds have become more complex, with more data that need to be processed. This has led to a growing need to train digital analysts. To address this need, courses for analysts were added to the original digital-forensics training (DFT) since 2018. The aim is to improve digital forensics investigations by ensuring that data are processed in a way that strengthens the quality, accuracy and efficiency of investigations related to EU funds.

Financed by the 2022 budget, 2 training sessions (one physical in October 2022 and one virtual in April-May 2023) were organised, with 68 experienced trainers delivering a total of 29 courses for 524 participants. The various subjects proposed covered the most requested by Member State authorities, such as advanced 'Windows' forensics, open-source intelligence, operational analysis, etc. The 2022 budget committed for these trainings was EUR 1 799 543.

## **2 UAFP (Hercule component) - achievements in 2022**

Since the first grants for the UAFP were awarded only in March 2022 (due to the late adoption of the programme's legal basis), few tangible results are already available. Consequently, this section provides an overview of the main results achieved by beneficiaries implementing grants awarded under Hercule III and of the outcomes of the procured projects financed by the UAFP and finalised in 2022.

Beneficiaries report on the outcomes of grant projects in the final technical report they submit with their final payment requests. Final technical reports also describe issues encountered during the implementation of the action, such as delays or staff changes. The reports set out how these issues were resolved and list possible impacts on the outcome of a project.

Beneficiaries of UAFP/Hercule technical assistance grants are requested to submit a final implementation questionnaire one year after the grant contract's closing date. This questionnaire contains information on the results achieved by using the equipment and the beneficiary's assessment of the equipment's contribution to achieving the programme's objectives.

The reported results, largely on Hercule III technical assistance, illustrate how the purchased technical equipment, such as detection tools, enabled the beneficiaries to seize substantial amounts of smuggled cigarettes, counterfeit goods and tobacco products. National authorities reported that equipment to support investigations, such as communication equipment, cameras, IT tools and forensic soft- and hardware, facilitated the lawful gathering of evidence during operations supporting investigations aimed at protecting the EU's revenues, expenditures and assets.

Beneficiaries of grants for training activities (conferences, seminars and training sessions) also carried out participant surveys to measure the relevance, quality and overall user satisfaction of the event. The findings of these surveys are included in the final technical report submitted at the end of the action.

Training activities finalised in 2022 concerned a wide range of disciplines and topics, such as: (i) the integration of academics and practitioners' knowledge of corruption risks by means of studies, training material and toolkit for practitioners; (ii) increase of the effectiveness of combatting organised fraud, especially cigarette smuggling and counterfeiting in the area of Schengen border through the exchange of knowledge and experience between specialized law enforcement agencies; (iii) methodologies for detecting and investigating environmental crimes detrimental to the EU's financial interests; and (iv) strengthening cooperation and control models in the field of prevention of fraud undermining the EU's own resources.

Most of the training projects were targeted at representatives of government departments responsible for managing EU funds and law-enforcement agencies (police, customs). Nevertheless, the participation of students, professionals, non-governmental organisations and educational institutions was also noteworthy.

A total of 450 persons attended anti-fraud trainings and conferences and OLAF received 279 event evaluation forms.

The feedback received was overwhelmingly positive, with about 90% of the participants assessing the events as excellent or good.

### **3.1 Examples of technical assistance projects funded under the Hercule III programme and finalised in 2022**

A grant to the **Financial Administration of the Republic of Slovenia** for the purchase of an x-ray scanner, reinforced the inspections performed in the Slovenian maritime cargo port, and improved the quality of the evidence gathered during operations and investigations related to suspicions or allegations of fraud, corruption and other illegal activities against the EU financial interests. The illegal activities targeted were: illicit drugs, infringements of intellectual property rights, evasion of custom duties or other levies. In the first year of use of the new equipment two international investigations started as a result of seizures discovered with the scanner. Among other items, seizures of 584 kg of cocaine, 216 kg of heroine, 1 655 kg smuggled commercial goods, 570 710 items of goods infringing intellectual property of an estimated value of over 20 million EUR were reported.

**Forensic Science Division of the Greek Ministry** of Citizen Protection received, through the proposal submitted by European and Development Programmes Management Agency, a grant in order to extend the capacity of digital evidence examination through the procurement of specialized hardware and forensic software and relevant trainings of police personnel. The digital forensic data acquisition and analysis system is designed to handle cases with large amounts of data. The equipment was assigned to members of the department of Digital Evidence Examination and has been operational since July 2020. The cases involved concerned counterfeit products, banking fraud and fraud against national expenditures. The damages linked to these cases are estimated to be more than EUR 24 million.

The capacity of the **National Revenue Agency of Bulgaria** to perform computer investigations improved significantly through the purchase of specialised IT-forensic equipment and software. The acquired equipment and software increased the quality of the evidence collected in electronic form, used for detection of tax evasion. The delivered equipment has been used to secure and analyse evidence in electronic form in the course of 28 proceedings during the first 12 months of use. As a result of the closed proceedings there have been established evaded taxes by the taxable persons in the total amount of over EUR 370 000, with approximately EUR 330 000 in pending proceedings. As a result of the proceedings, two notifications to the public prosecutor's office were sent, for the purpose of initiating criminal proceedings.

The **National Customs Board of Latvia (SRS)** modernised its Automatic Number Plate Recognition System, and secured its expansion at customs control points and border crossing points by replacing obsolete equipment with new equipment. The equipment increases the detection capabilities of the SRS, ensuring more targeted controls and increased efficiency. It is expected that the quality and accuracy of the data from the improved system will improve from 48% to 95%. Likewise, the system now allows for an increased capacity of data exchange. The ANPRS of Latvia has been interlinked with similar systems in Lithuania and Estonia, and plans to include Poland are ongoing. This modernisation contributes to the improvement of

customs controls in all three Baltic States. Access by the State Border Guard and State Police has now been enabled. Sharing of data with other law enforcement agencies contributed to better border management and to increased protection of the EU financial interests, the fight against smuggling, in particular of cigarette and tobacco smuggling.

The **Italian Ministry of Economy and Finance** purchased equipment to create an IT platform, Integrated National Anti-Fraud Platform to collect data from certified national sources and from European sources through a central system. This data collection by only public administrations has the goal of supporting national and transnational investigations. The tool was put online in 2021 and collects data from the chamber of commerce, court of auditors, the revenue agency, Ministry of Economy and Finance and the European Commission, composing a sort of 'registry' of EU funds. A three-day training took place for more than 100 representatives from Italian Regions and Ministries as well as delegates from BG, LV, LT, RO and SL attended.

The **Public Service of Federal Finances, Belgium (SPF Finances, BE)** have procured a high-performance backscatter X-Ray Scanner to deploy at the Port of Antwerp. The aim of the purchase is the prevention of cigarette and tobacco smuggling by increasing detection of illegal transport of goods. Belgium has traditionally been a transit country used by criminal organisations in the movement of smuggled cigarettes. A reinforcement of the detection capacity at the port should enable more efficient and targeted customs inspections. The number of detections is expected to rise as of its first year of deployment.

The **Customs and Excise Department (DAIIEE) (ES), dependent on the State Agency for Tax Administration (AEAT)** carried out a project entitled TOBAX, the purchase of handheld backscattering X-ray devices. This purchase of equipment has become an essential part of the new inspection model that the AEAT is implementing in Barcelona and Algeciras. New non-intrusive inspection protocols have been defined and the operating personnel involved have been familiarized with the use of the newly acquired Tobacco detection instruments. TOBAX has a very fast and discreet deployment, versatility and mobility, the deterrent effect in inspections playing a decisive role. TOBAX also represents an important milestone in the integration and interoperability of the mobile detection devices. Laying the foundations for future integration of mobile equipment.

The **National Anticorruption Directorate of Romania** purchased specialised technical equipment designed for forensic and surveillance activities. The equipment purchased in order to increase the capacity in the field of covert mobile surveillance (dissimulated audio-video recorders, transmitters and the two adapted cars) enables the technical teams to carry out surveillance of targets. 42 workstations were equipped with software applications having special technical features, connected in a closed internal network with no link to the internet, in accordance with the applicable national legal framework and requirements. These will enhance the IT connection between the Central Structure of the DNA and the 14 Territorial Units and,

respectively, between the DNA and the National Communications Interception Centre, in this specific field, allowing the DNA investigators to directly enforce the technical surveillance warrants.

**Provincial Police Headquarters in Gdansk** has reported that the Pomeranian Police of Poland have purchased two cars equipped with night vision and thermal binoculars, flashlights and endoscopes. One car is especially equipped with camouflaged technical means for observation. Also, the service has procured a raman spectrometer and contraband detection scanner to assist with a more efficient identification of substances including tobacco. The beneficiary informs that both cars with all equipment were used for observation and suspects identification in several cases related to VAT fraud and connected with criminal group dealing with tax crimes. Police officers expect to collect evidence more efficiently, which will automatically result in an increase in the number of operational activities and investigations carried out by them. Since the police also perform tasks commissioned by other services, such as the Public Prosecutor's Office, the Border Guard or the Customs Service, their cooperation will be more fruitful, bringing even more tangible benefits to the protection of Union interests.

### 3.2 Examples of training projects funded under the Hercule III programme and finalised in 2022

An overview of the training events finalised in 2022 (for which grants had been awarded under the Hercule III programme) is given in Annex I, Tables 6 (Training, conferences and staff exchange) and 7 (Legal training and studies).

Examples of projects for training and conferences that ended and were reported on in 2022:

**The Hungarian National Institute of Criminology (OKRI)** implemented the project entitled '*Corruption risk, risk of corruption? Distinguishing criteria between petty and high-ranking corruption*' - CRITCOR from January 2021 to March 2022. The project intended to contribute to preventing and repressing corruption in the EU Member States. Experts from Portugal, Germany, Italy, the Netherlands, UK, Poland, the Czech Republic and Romania participated in the project to deliver training based on case studies in EU Member States to legal practitioners dealing with crimes of corruption. The project aimed to make the knowledge and integrated analysis of domestic and foreign good practices available to professionals who can provide meaningful assistance in the effective prosecution, detection and finding of adequate criminal law instruments for corruption offenses. OKRI organized successful workshops, training sessions and the final conference with a broad perspective, in terms of knowledge and participants also. The results of the project including studies, training material and toolkit for practitioners are available on the project website (<https://critcor.okri.hu/>).

As a main conclusion, it can be drawn that the topic of corruption is very complex, and though in some aspects, it differs from country to country, the main features of the phenomenon have very much in common, so it is worth analysing it on international level. On the other hand, it can also be stated that the indicators of the petty and high-ranking corruption and the

distinctive points of them are far from evident. As the certain legislation differs from country to country, it is difficult to find fully common points, because the language of law and the language of criminology are not the same. Whilst law thinks in certain legislation points and pre-described sanctions, criminology as a science will always determine problems as “phenomena”.

The project brought together a network of academic experts and law enforcement practitioners to exchange experiences and good practices of prevention of corruption and to critically analyse the various experiences and practices using the existing theories. The project may also stimulate more interdisciplinary and innovative research, and more evidence-based and socially oriented corruption prevention. The added value of CRITCOR is the integration of academics and practitioners’ knowledge as well as the exchange and integration of knowledge and expertise from various European countries and in various legal contexts. In the long term, the outcome of the training and the toolkit could strengthen the proactivity of the practitioners, therefore, police officers and prosecutors would be more effective in investigating corruption cases.

The SAFE Foundation (<https://www.safe-europe.eu>) in Italy implemented the project **RUNNER - ‘dRone UNit Network against Environmental cRime’**. Environmental crimes are widely recognized among the most profitable forms of transnational crime, with a monetary value estimated at EUR 18-25 billion per year, most likely the fourth largest criminal area after drugs, counterfeits and human trafficking. These crimes are typically conducted by large, organized crime groups that operate globally with the assistance of legal business structures and within an environment characterized by corruption and money laundering. Illicit waste trafficking (IWT) represents an increasingly threatening crime to citizens' well-being and the financial interests of the European Union alike. In this context, the RUNNER workshop that took place in March 2022 promoted the networking and encouraged the exchange of information between local and national Law Enforcement Agencies (LEAs), practitioners and technology companies in the effort to scale-up investigative methodologies against environmental offenders also through the use of technological tools (Unmanned Aerial Vehicles, Artificial Intelligence and others) to support data gathering and analysis.

To maximise the audience and bring the workshop discussion to a more institutional level, the RUNNER workshop has been jointly organised with the EU funded project OPFA-WASTE (funded under the ISF programme) bringing together speakers both from the public and private sector for the three-day workshop.

In parallel, a joint effort from both projects allowed for the drafting of Operational Guidelines targeting LEAs and practitioners, to better present best practices for investigation on IWT cases. The workshop itself provided excellent information and networking for all individuals who took part in the event, which gave better knowledge on how to tackle the growing problem of illicit waste trafficking and represented an outstanding arena to discuss the draft Operational Guidelines and collect feedbacks for their finalisation.

**The Regional Police Headquarters in Lublin (Poland)** carried out the project '*Safe Europe - together against fraud on the external border of the EU*'. The general objective of the project was to increase the effectiveness of combating organized frauds, especially cigarette smuggling and counterfeiting around Schengen border through the exchange of knowledge and experience between specialized law enforcement agencies from Poland, Romania and Ukraine and through improving the abilities in investigations on smuggling and counterfeiting tobacco products.

The main event was a six-day seminar in Poland on combating cigarette smuggling and counterfeiting. The seminar took place in September 2021, and was attended by 40 representatives of police, border guards and customs services involved in combating cigarette smuggling and counterfeiting in Poland, Romania, and Ukraine.

In the short-term perspective, the project allowed its participants to exchange best practices, learn solutions and working methods, and to enrich their professional knowledge, which will facilitate their investigations. A long-lasting and effective cooperation between the project participants is developed. In the long-term perspective, the prevention activities and investigations regarding the phenomenon of smuggling and counterfeiting of cigarettes will be more effective, more criminals will be arrested, more illegal cigarettes factories will be dismantled in the EU external border and finally the financial interests of the EU will be better protected.

Examples of projects for legal training and studies that ended and were reported on in 2022:

**The University of Giessen** in Germany carried out a legal research study within the project FRAUDCOM.EU – '*EU anti-fraud laws. A commentary. Article by article*'. The project aimed to write a detailed large-scale commentary for the three main sources of EU anti-fraud secondary law: the PIF Directive, the OLAF Regulation and the investigative procedural parts (Articles 26-33) of the EPPO Regulation<sup>13</sup>.

The purpose of this commentary is to provide a comprehensive explanation of the three secondary legislation acts concerned. To this end, the relevant case law of the courts (above all the ECJ) has been systematically evaluated. A further objective was the review and utilisation of the large body of literature that has been published in the field of combating fraud in the EU in recent decades.

The commentary provides an in-depth explanation of the individual legal provisions of the EU secondary law and includes an overview of the national regulations in the EU Member

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<sup>13</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law.  
Regulation (EU, EURATOM) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999.  
Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO').

States and the UK. In addition, the commentary also provides the reader with very in-depth insights into the respective subject matter.

The commentary will significantly improve the protection of the financial interests of the EU, because due to its thorough and systematic presentation of EU anti-fraud law, it makes the application of the law considerably easier and also provides important impetus for the further development of this area of law. As far as the application of the law is concerned, the commentary will be a useful tool for practitioners in this field as an everyday, tangible work: prosecutors, investigators, defence lawyers, authorities and courts. As far as the further development of the law is concerned, the commentary, due to its profound systematic analysis, brings significant added value, because the commentary not only tries to answer all questions about secondary law, but also because it provides suggestions for improving the law in this area.

The commentary will be published by a professional publisher as a hardcopy and as an e-book ([www.fraudcom.eu](http://www.fraudcom.eu)) in 2023. The e-book will be available in libraries free of charge.

VIRTEU (*'VAT fraud: Interdisciplinary Research on Tax crimes in the European Union'*) was a legal research project conducted by **the Coventry University** in the United Kingdom from April 2020 to June 2022. It aimed at exploring the interconnections between tax crimes and corruption to unravel the intimate relationships that exist between fraudulent and corrupt practices in the area of taxation with a focus on VAT fraud, which poses a direct threat to the European Union's financial interests. The project comprised both an interdisciplinary and a comparative approach with focus on Bulgaria, Denmark, Greece, Italy, the Netherlands, and the United Kingdom.

The project aimed at identifying both institutional and sectoral vulnerabilities. Furthermore, corrupt practices are characterized by obscured and secretive conduct; this represents a problem when attempting to expose the inner workings of criminality. The research also focused on the crucial role played by whistleblowers in detecting and unveiling these forms of conduct, as well as on the necessity of implementing effective measures to protect, award, and empower whistleblowers.

The outcomes of the project have provided original perspectives on the interconnections between tax crimes and corruption, to demonstrate the critical role whistleblowers play in unveiling such forms of conduct, and in facilitating the strengthening of law enforcement bodies and the general awareness of the public through a wide range of accessible resources and recommendations that have been developed as a result of the project.

VIRTEU was successfully concluded with an online final international conference. A series of recommendations for law enforcement officials in the form of an e-technical paper were disseminated. The results are available on the project's website (<https://www.virteu.com/>) and the Corporate Crime Observatory, which will serve as a long-term repository for the project research outcomes ([www.corporatecrime.co.uk/virteu](http://www.corporatecrime.co.uk/virteu)). In addition, the research findings have led to a special issue journal entitled "*Tax Evasion, Corruption and the Distortion of Justice*" published in the Duke University's journal *Law and Contemporary Problems* in open access (<https://scholarship.law.duke.edu/lcp/vol85/iss4/>). A publication of

a book entitled "*Compliance, avoidance, and evasion in taxation: The role of professional enablers*" is forthcoming based on the VIRTEU project outcomes.

**The University of Perugia** in Italy conducted the legal research project DRAMP (*Diversion, Restorative and Mediation Procedures in PIF crimes*). The comparative legal study provides a compendium of information about diversion and dispute resolution measures alternative to criminal procedures (ADR) that are applicable in the Member States in cases of fraud offences, specifically offences affecting the financial interests of the EU (the so called “PIF crimes”) falling within the competence of the EPPO<sup>14</sup>.

The study analysed the different national legislative solutions and which types of simplified procedures set forth in national legal systems are applicable in cases of PIF crimes. Relevant national rules on alternative dispute settlement procedures and diversion of 21 European States were published on the project’s website ([www.dramp.eu](http://www.dramp.eu)). Furthermore, national reports on the application of alternative procedures in 17 national legal systems were elaborated and published. An international conference took place in April 2022.

The outcomes of the project contribute to the efficient functioning of the EPPO and foster the implementation of Article 40 of the EPPO Regulation, by giving a compendium on the alternative procedures of Member States. The study can enhance effectiveness of investigation and develop a cost effective approach that envisages swifter and more efficient solutions in certain cases of financial crimes, with the recovery of the amounts defrauded to the EU budget.

### 3.3 Examples of procured access to external databases

In 2022, the Commission procured access to commercial databases for use by law-enforcement authorities of the Member States. Databases containing trade information, company data or vessel movements provide essential operational information for autonomous or joint investigations carried out by Member States with OLAF. These databases also provide input for risk analyses and intelligence used by customs authorities to target checks.

Member-State customs services use a commercial database of **worldwide trade statistics**.

The database is used primarily to find indications that goods that are subject to anti-dumping or countervailing measures may have been transhipped in a third country by replacing the container, the exporter and the country of origin of the goods.

The data downloaded monthly from the database feeds into an online tool. It includes the quantities and values of certain goods imported to a Member State from non-EU countries.

In this way, the database can support investigations into transshipment, evasion of anti-dumping or countervailing duties, misdescription of country of origin, exporter or container swapping, and undervaluation.

<sup>14</sup> The DRAMP project took the start from the consideration that Regulation 2017/1939 implementing enhanced cooperation on the establishment of the European Public Prosecutor Office (EPPO Regulation) makes a specific reference to ‘simplified prosecution procedures’ which the European Delegated Prosecutor may propose to the competent Permanent Chamber as long as this is ‘in accordance with the conditions provided for in national law’, as stated in Article 40 and in Recital 82 of the EPPO Regulation.

One Member State reported using the database reports as an indicative and comparable index mainly to identify undervaluation fraud involving goods.

Another Member State feeds information from this database into its domestic risk-analysis tool to assist customs officers dealing with customs declarations in the initial assessment of the accuracy of these documents, i.e. whether the goods appearing on customs declarations could be undervalued.

Member State customs authorities use a database on **vessel information and movements** in combination with other databases, to support risk analysis and intelligence related to worldwide commercial vessel operations. It is regularly used to check the actual routes of vessels to cross-verify the origin of the goods in containers, for instance when fraud in the form of evasion of anti-dumping and/or countervailing duties is detected.

The database also contains ownership information of a vessel.

The database is also used in the customs-clearance phase to detect potentially suspicious cases of import transactions. Moreover, it is regularly used to monitor vessels transporting cargo containers directed to the EU customs territory to help identify risky shipments (e.g. related to the smuggling of tobacco products) and to set corresponding risk profiles.

In 2021, use of the above database helped ensure vessels' compliance with applicable legislation. Even though it is not directly linked to the programme's objectives, the database also played part in seizures of around 1.7 tonnes of cocaine and 20 tonnes of cannabis (with a value of around EUR 400 million).

A database with **information on companies** is considered an important tool in investigations carried out by Member States' customs authorities related to fraud undermining the financial interests of the EU.

One particularly useful characteristic of this database is that it enables Member State authorities to create risk profiles and to verify certain information on companies, company structures and beneficiary owners, also against other sources of data/information. They may trace companies and gather intelligence to support relevant customs investigations of particular interest.

For example, in 2022, one Member State identified a suspicious case of caviar import worth around EUR 2.3 million by cross-checking the links between domestic and foreign companies.

The database was also used to determine the customs debt on suspicious import consignments using a specific customs procedure (CP 42). This procedure allows importers to obtain a VAT import exemption when goods are imported from outside the EU into a Member State. However, this can be misused to evade customs duties and VAT by subsequently transporting the goods to another Member State. The database was also instrumental in detecting fake exports from the EU to a certain third-country company.

### 3 IMS – implementation in 2022

#### 4.1 Main activities

To protect the EU's financial interests, EU law (see below) requires Member States managing EU spending under shared management and countries benefiting from pre-accession assistance to notify the Commission of any irregularities (including suspected and proven fraud) detected in areas where the EU provides financial support.

To facilitate the reporting of irregularities, the IMS has been developed and put at the disposal of the Member States and other beneficiary countries. This dedicated electronic system is being used by 35 countries.

Member States, candidate countries and other non-EU countries have set up a hierarchical reporting structure with multiple levels of responsibility. Around 700 reporting organisations, covering over 3 000 IMS users, are responsible for the timely reporting of irregularities.

The reporting workflow includes multiple hierarchical levels and various roles within the same level to ensure that several quality checks are performed before the reports are sent to the Commission.

Reporting authorities have responsibilities in one or more of the following fields:

<b>FIELD</b>	<b>EU FUND</b>
Agriculture	European Agricultural Guarantee Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD) , European Agricultural Guarantee and Guidance Fund – Guidance Section (GUID)
Asylum	Asylum, Migration and Integration Fund (AMIF), Internal Security Fund (ISF)
Cohesion	Cohesion Fund (CF), European Globalisation Adjustment Fund (EGF), European Regional Development Fund (ERDF), European Social Fund (ESF), Youth Employment Initiative (YEI)
Fisheries	European Fisheries Fund (EFF), European Maritime and Fisheries Fund (EMFF), Financial Instrument on Fisheries Guidance (FIFG)
Most deprived	Fund for European Aid to the Most Deprived (FEAD)
Neighbourhood	Cross-border Cooperation – European Neighbourhood Policy (CBC-ENP)
Pre-accession	Instrument for Structural Policies for Pre-Accession, Poland and Hungary: Assistance for Restructuring their Economies, Rural Development, Regional Development, Special Accession Programme for Agriculture and Rural Development, Transition Facility, Turkish Instrument for Pre-Accession Assistance, and others
Recovery, Resilience	Recovery and Resilience Facility (RRF)

Reporting authorities provide information on:

- who committed the irregularity/fraud (persons involved);

- the support measure such as fund, programme, project, budget line;
- the financial impact (expenditure and irregular/fraudulent amount);
- how the irregularity/fraud was committed;
- when the irregularity/fraud was committed;
- where the irregularity/fraud was committed;
- how the irregularity/fraud was detected; and
- what administrative, judicial or penal follow-up sanctions were imposed.

#### **4.2 What does the AWP involve?**

The 2022 AWP has a budget of EUR 934 325 dedicated to maintenance, IT development, and studies. The full amount for 2022 was committed.

#### **4.3 Maintenance and development**

In 2022, four releases were developed, allowing business managers to manage codelist values, to improve the B2B services and fix a number of identified issues.

#### **4.4 Studies**

The IMS is based on software dating back to 2014 which is approaching the end of its lifetime. In recent years, the European Parliament and the European Court of Auditors have repeatedly called for improvements to the IMS.

A study was commissioned (contract signed on 15 November 2021) to explore the potential of the IMS, not least because of the ongoing discussion on the digitalisation of the fight against fraud and the interoperability of relevant IT tools at EU and Member State level. The study should also help better understand user needs and preferences, how data quality can be improved and what the IT options are. The contract was signed in November 2021 and the study was completed in May 2022.

### **4 AFIS – implementation in 2022**

Under the programme’s third strand (AFIS), thirteen platform releases – consisting of several combined application releases –, thirty-three releases for the new version of the Import, Export and Transit directory and several other application releases and fixes were developed in 2022, totalling more than seventy releases. Among these were several major releases:

1. a first version of the fraud analytical platform;
2. a new version of the Automated Monitoring Tool, with completely renewed visuals;
3. a business-to-business service for financial intelligence units in the Customs Information System;
4. a technical upgrade of the data warehouse to the new Cloudera platform; and
5. the Customs Information System started to exchange intellectual property right data with the World Customs Organization.

In 2022, AFIS also supported 10 joint customs operations.

## **5 Communication**

The successful implementation of the programme and the achievement of its objectives require a structured approach to inform potential beneficiaries on funding opportunities as best as possible.

On an annual basis, the Commission also disseminates information on the achievements and the results of the actions that received funding, for example by means of this document.

On information, communication and visibility, Article 15(2) of the UAFP Regulation states:

‘The Commission shall on a regular basis implement information and communication actions relating to the Programme, to actions taken pursuant to the Programme and to the results obtained. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, insofar as those priorities are related to the objectives referred to in Article 2.’

### **6.1 Informing potential applicants**

For the anti-fraud component (Hercule), the full texts of the calls’ documents and the related templates are made available on the Commission’s Funding and Tenders Portal.

Potential applicants were also informed about the publication of 2022 calls via emails sent to the Delegates of the Working Party on Combating Fraud of the European Council (GAF), the members of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF), the Anti-Fraud Coordination Services (AFCOS), the network of associations for European criminal law and for the protection of the EU’s financial interests, and to the Expert Group on Mutual Assistance in Customs Matters (EMAC).

### **6.2 Dissemination of results**

Disseminating the results of technical assistance projects (Hercule) is not always possible since most of the achievements relate to investigations for which information often cannot be disclosed.

The results of training activities were disseminated by distributing electronic and/or paper reports summarising the events. Some beneficiaries posted the recorded event(s) and the projects’ outputs on their websites or created dedicated websites to disseminate results and conclusions.

For the IMS, there is, in particular, the follow-up that is given to IMS notifications, either by the reporting Member State or by the Commission services involved in the financial follow-up of identified financial irregularities or cases of fraud detrimental to the EU’s financial interests. OLAF reports within the Commission on the performance of the tool and the received notifications. It also reports annually to the European Parliament and the public.

There is no specific dissemination of results stemming from the use of the AFIS platform, except for the annual activity reporting by OLAF and the programme statements disseminated by the Commission. In this reporting, the (yearly) number of information items on mutual administrative assistance made available in the relevant AFIS applications is communicated as a performance indicator.

### **6.3 Workshop for grant beneficiaries**

The 2022 UAFP budget financed a dedicated workshop for beneficiaries of Union Anti-fraud programme, as well as Hercule III anti-fraud training grants. The event took place in Freiburg, Germany, in April 2023 and was co-organised with the Max Planck Institute for the Study of Crime, Security and Law (MPI-CSL).

The event brought together around 40 university professors and lecturers specialised in the protection of the Unions's financial interests and in European criminal law, either in their capacities as beneficiaries of Hercule/UAFP grants for legal studies, or as representatives of many national associations for European criminal law and for the protection of the EU's financial interests (PIF Associations). In addition, the workshop was attended by 21 Member States representatives.

The event provided the stage for sharing the findings of 20 projectes (both finalised and ongoing) financed by the UAFP and the previous Hercule III programme and share best practices and lessons learnt in the implementation of this type of research-based grants.

Besides the added-value of the high-level academic content presented, the participants also warmly welcomed this OLAF initiative as it enabled networking and future cooperation.

### **6.4 Visibility of EU funding**

On information, communication and visibility, Article 15(1) of the UAFP Regulation states:

'Except where there is a risk of compromising the effective performance of anti-fraud and customs operational activities, the recipients of Union funding shall acknowledge the origin of those funds and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.'

Equipment purchased under grant projects for technical assistance is often labelled with logos or stickers referring to EU/Commission funding (except for covert equipment and operations). When possible, beneficiary organisations disseminate information about purchased equipment on project websites or press releases, mentioning the support from EU funding.

Under the training type of actions, all beneficiaries of grants were requested to mention the support from the UAFP (or Hercule for previous grants), where applicable:

1. in every publication (title page) or related material developed (e.g. studies, booklets, newsletters and leaflets);
2. in electronic information (e.g. websites, audiovisual material, videos and software);
3. at information events (conferences and seminars); and
4. by creating a link from their website to the programme's site.

This aspect of EU-support visibility is not applicable to AFIS and IMS components, as no similar grant projects are implemented.

## **6 Feedback from programme participants**

As indicated in Section 3, beneficiaries of UAFP/Hercule grants for trainings, conferences and seminars carry out surveys among the participants to collect information on the perceived quality and relevance of the event attended. According to the final reports received in 2022 for the training grants, a total number of 516 participants attended activities co-financed by Hercule.

The Commission received 286 completed questionnaires, which reflected, in the assessments done, a high level of satisfaction. The feedback received was overwhelmingly positive, with nearly 91% of the participants assessing the events as excellent or good. Participants appreciated the opportunities for cooperation and exchange of information offered by the training events and considered that the activities had a practical impact on their daily work.

Based on the feedback results, it can be concluded that the events have largely met their objectives and have helped increase awareness on the risks to which the EU's financial interests are exposed.

For technical assistance grants, the beneficiaries provide feedback on the programme in the final technical report. The satisfaction question concerns the suitability of the purchased equipment and tools for the needs of the organisation. In 2022, more than 95% of beneficiaries reported an excellent level of satisfaction and about 5% reported a good level of satisfaction.

For the use of the IMS tool, the Commission (OLAF) holds a yearly survey on the satisfaction rate expressed by the users on the use of the tool and the support received. The latest IMS users' feedback concerning 2022 usage showed a satisfaction level of 82%.

For the AFIS platform, used for information exchange, there is no specific reporting on feedback from participants or beneficiaries. OLAF has the task to keep the platform up to date and running. OLAF registers as a performance indicator the number of information items on mutual administrative assistance made available in the relevant AFIS applications: the Customs Information System, the Customs File Identification Database, and the Mutual Assistance System.

## **7 Conclusions and way forward**

The UAFP builds on the well-established foundations laid by 16 years of implementing the successive Hercule programmes. It is developing into an important and effective tool in protecting the financial interests of the EU. The increased potential of the new programme is also a consequence of the increased agility and coherence resulting from combining the three previously isolated components that today make up the UAFP.

Despite the disruption caused by the recent pandemic and the switch to a new programming framework, the support provided by the Commission under the three components of the UAFP continued to prove its efficiency and added-value.

On the anti-fraud component (i.e. the former Hercule programme) specifically, the tangible results outlined above demonstrate that in 2022, the funding provided under the operational programmes (both the UAFP and the previous Hercule III) played an important part in preventing and combating fraud, corruption and other illegal activities undermining the financial interests of the EU. This means that the programmes helped protect taxpayers' money from being diverted from its purpose. Some of the equipment financed also produced positive results in other areas, such as detecting large shipments of drugs.

The programme continues to adapt to the evolving anti-fraud priorities with a stronger focus of support on the expenditure side. This shift in focus reflects the new instrument dedicated specifically for Member States' customs authorities (Customs Control Equipment Instrument) and the increased EU budget with its new forms of expenditure.

The programme is also aligning more strongly with the Commission's anti-fraud strategy. This strategy was revised in 2019 and places a much larger focus on the collection and use of data for anti-fraud purposes.

Future activities financed under the anti-fraud component will aim to emphasise cross-border cooperation in the anti-fraud area and complementarity and interoperability with equipment/tools purchased under other EU-funded programmes. Importantly, the programme is also supporting the digital transition of Member State administrations (for example by helping them to learn how to use advanced tools for data analysis).