

Fraudsters target water infrastructure projects: OLAF closes several cases

The European Anti-Fraud Office (OLAF) has investigated several cases of alleged fraud and irregularities that targeted EU funds meant for water infrastructure and wastewater modernisation projects. Over €19.5 million were defrauded from EU taxpayer's money, OLAF investigators found.

OLAF Director-General Ville Itälä said: "*OLAF has concluded four investigations on modernisation projects for water and wastewater facilities. Findings ranged from submission of false documents or failure to meet the eligibility criteria for EU funding, to treatment facilities that were constructed but never worked. These type of facilities are meant to supply clean water and protect citizens and the environment from contamination. The fact that OLAF has uncovered these suspected frauds means that money can be returned to the EU budget and used for the benefit of citizens, not for making fraudsters rich. In total more than €19.5 million were recommended for recovery for the four cases.*"

Fraud of this kind can have a direct impact on public health. Effective water infrastructure systems provide clean drinking water and help safeguard against waterborne and sewage-related diseases as well as possible toxic chemicals. If not maintained, they can lead to contamination of water that can make people sick or pollute local rivers and streams.

One case concerned the implementation of a local project in Bulgaria. OLAF's investigation found that a wastewater treatment plant that was completed in 2012 as part of the project had in fact never started operating. The facility was meant to clean and remove contaminants from wastewater, now instead posing a risk to public health and the environment. Upon closure of the investigation, €4.8 million were recommended for recovery.

A second case looked into the procurement process for works in a project designed to modernise water supply and wastewater infrastructure in Romania. The investigation focused in particular on the authenticity of documents submitted within the public tender procedures. OLAF investigators found evidence of alleged fraud committed by the contractors in the project and upon closure of the case, €6.5 million were recommended for recovery. A judicial recommendation was also submitted to the Romanian authorities.

A third case concerned a project aimed at improving drinking water quality in a Hungarian town. OLAF found evidence suggesting that the treatment technology, despite being a condition of the EU financing, was fundamentally unchanged and had no effect on the quality of the drinking water. The case was closed with a recommendation to recover over €1.3 million from the project partners.

The fourth and earliest case looked into another water and wastewater project in Bulgaria. After a tip off from an anonymous source, OLAF investigated five major construction and supervision contracts within the scope of the project. Evidence discovered during the investigation suggested that false documents had been submitted during the award process and that subsequent substandard work had been approved during the implementation phase. A total of €6.9 million were recommended for recovery and a judicial recommendation was sent to the Bulgarian authorities.

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

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

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