

OLAF in 2021: Exposing and preventing fraud

In 2021 the European Anti-Fraud Office (OLAF) recommended over half a billion euro to be recovered to the EU budget. Detecting and investigating increasingly adaptable fraudsters, and working on preventing fraud against the EU's multi-billion Recovery and Resilience Facility, OLAF continued to protect the EU budget despite the continuous challenges posed by the pandemic.

The OLAF Report 2021 published today unveils emerging fraud trends on a wide range of issues and also investigations and operations with a special focus on fraud schemes damaging the environment – from an afforestation project that never happened to a collapsed pipeline for drinking water – as well as important frauds in the field of customs and waste smuggling.

Commenting on the publication of OLAF's annual report for 2021, OLAF Director-General Ville Itälä said: *"OLAF had again excellent investigative results last year, providing its contribution to the protection of the EU's financial interests by recommending the recovery of more than half a billion euro lost in fraud and irregularities.*

Prevention is the most effective tool that we have, and it is at the heart of the work of OLAF and the EU institutions. On top of its investigations, in 2021 OLAF contributed to develop safeguards against frauds that could target the Recovery and Resilience Facility, which will see over €720 billion invested to ensure Europe's green and digital transition. Human health and safety, and the environment, are increasingly collateral damage of fraud schemes. As OLAF's report points out, this is all the more relevant in the light of the increase in EU funding allocated to the green transition.

Fraudsters continued to try to take advantage of COVID-19 – when all eyes were focused on the vaccine roll-out, we exposed the fraudsters' scam attempts as they tried to approach national authorities with bogus offers of vaccines worth over €16 billion.

2021 was an important year for OLAF also because we worked hard on preparing detailed information to send to the European Public Prosecutor's Office (EPPO). This detection work is important for the EPPO, which opened at least 85 cases following information from OLAF. All of this has kept OLAF's staff very busy. I am proud of OLAF's service to Europeans."

OLAF's investigative performance in 2021:

- OLAF **concluded 212 investigations**, issuing **294 recommendations** to the relevant national and EU authorities.
- OLAF recommended the **recovery of €527.4 million** to the EU budget.
- OLAF opened **234 new investigations**, following **1,110 communications received and analysed by its experts**.

Fraudsters kept benefiting from the pandemic and became even more sophisticated and adaptable. On expenditure, the most worrying phenomenon has been the infiltration by organised criminal groups through patterns of administrative irregularities, such as double funding, conflict of interest, manipulation of tenders, and other means.

OLAF continued to investigate cases of misconduct and non-compliance with the rules by members and staff of EU institutions, bodies, offices and agencies, contributing in this manner to promote the highest standards of public service in the EU.

In relation to revenue, fraudsters coped with increased difficulties in moving large quantities of goods by breaking up shipments of goods into smaller consignments. Complex patterns of shell companies established in many jurisdictions, including outside the EU, served to cover undervaluation and origin fraud. New fraud schemes have emerged in relation to COVID-19, the green transition, and waste management.

Fraud targeting green projects and digitalisation

At least 37% of the EU's Recovery and Resilience Facility money will go towards facilitating the EU's green transition. In 2021, OLAF detected and investigated cases that show how fraudsters also targeted green projects as well as funding for digitalisation, another pillar of NextGenerationEU funding. These cases and patterns feed into OLAF's analysis and future investigations, which will help protect the EU's Recovery and Resilience Facility going forward. Examples in the 2021 OLAF report include cases of fraud against funding for software projects, alternatives to pesticides, forests, and more environmentally friendly aircrafts. Smuggling across borders can also negatively impact Europe's green ambitions: as the report shows, OLAF has been active against waste trafficking, the smuggling of illicit refrigerant gases, and illicit pesticides.

Preventing fraud and protecting the EU's recovery money

Preventing losses to revenue and preventing fraud in expenditure is the most effective way of ensuring that every euro is well spent. In the past year, OLAF has continued to also focus on prevention. One of the cases presented in the 2021 OLAF report shows how OLAF's investigators uncovered a potential misuse of no less than €330 million – and recommended stopping it before it could take place. OLAF's fraud prevention experts have also worked on the Recovery and Resilience Facility in 2021. A dedicated task force screened national plans for adequate measures to prevent fraud and reported directly to

colleagues at the European Commission who were in charge of approving the National Recovery and Resilience Plans of the EU's 27 Member States.

Fake offers of vaccines against COVID-19

In February 2021, OLAF issued a clear public warning against possible scams related to COVID-19 vaccines. OLAF had been receiving information from governmental sources in EU Member States about offers by alleged intermediaries to sell large quantities of vaccines, mostly of the kind approved for use in the EU. The aim of the fraudsters – as OLAF established – was to convince public authorities to make large down payments to secure the sale, and to disappear with the money. All these different scam attempts represented almost 1.2 billion vaccine doses for a total asking price of over €16.4 billion. OLAF's intervention helped expose these fake offers, preventing huge losses to public finances and protecting the vaccine roll-out.

Tobacco smuggling

Tobacco products account for a large share of the smuggled or counterfeit goods targeted by OLAF each year. 2021 was no different: OLAF and its partners stopped a total of 437 million illicit cigarettes from entering the EU market. The amount is made up of 93 million cigarettes smuggled into the EU; 253 million cigarettes impounded outside its borders; and 91 million cigarettes illegally produced at sites across the EU. OLAF also helped national authorities confiscate a total of 372 tonnes of raw tobacco. These actions are estimated to have saved EU Member States €90 million in lost revenue.

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.

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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