



Brussels, 14.7.2016
SWD(2016) 238 final

COMMISSION STAFF WORKING DOCUMENT

Annual overview with information on the results of the Hercule III Programme in 2015

Accompanying the document

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

**Protection of the European Union's financial interests - Fight against Fraud
2015 Annual Report**

{ COM(2016) 472 final }
{ SWD(2016) 234 final }
{ SWD(2016) 235 final }
{ SWD(2016) 236 final }
{ SWD(2016) 237 final }
{ SWD(2016) 239 final }

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1. Introduction

1.1 Hercule III Programme

The aim of the Hercule III Programme (hereinafter referred to as “the Programme”) is to protect the financial interests of the European Union by fighting fraud, corruption and other irregularities. The Programme provides support to national and regional administrations in Member States which “*promote the strengthening of action at Union level to protect the financial interests of the Union*”. The financial support mostly consists of grants awarded to the competent authorities in the Member States to strengthen their operational capacity to carry out investigation into activities detrimental to the Union’s financial interests. The financial support is used for the purchase of technical equipment, such as x-rays scanners, soft- and hardware for digital forensics examinations or the purchase of sniffer dogs. To a lesser extent, the Programme also serves to finance trainings and conferences for Member States’ authorities.

The Programme’s legal basis¹ requires the Commission to adopt an annual work programme for the implementation of the Programme and to submit a report² on the main results and achievements every year to the European Parliament and to the Council.

This is the second annual overview of the achievements and results and its structure is based on the second annual work programme³.

The Programme is the only instrument **specifically** dedicated to protecting the Union’s financial interests and is administered by the European Anti-Fraud Office (OLAF), which, in the field of anti-fraud policy operates as a Directorate-General of the European Commission.

The general objective of the Programme “*shall be to protect the financial interests of the Union thus enhancing the competitiveness of the Union's economy and ensuring the protection of the taxpayers' money*”⁴, whereas the Programme’s specific objective shall be “*to prevent and combat fraud, corruption and any other illegal activities affecting the financial interests of the Union*”⁵. The five operational objectives⁶ of the Programme are described in section 3 of this report, together with an overview of the main results of the actions carried out under the Programme and the contribution the actions made to achieving the operational objectives.

1.2 Hercule III: eligible actions, beneficiaries and budget

There are three types of eligible actions⁷ supported by the Programme:

1. “Technical Assistance”⁸: this type relates to support aimed at providing specific knowledge, equipment and information technology tools to national authorities as well as providing specific databases and IT tools facilitating data access and analysis;

¹ Regulation 250/2015 of the European Parliament and of the Council of 26 February 2015, OJ L 84 of 20 March 2015. The Regulation entered into force on 21 March 2015 and was applicable from 1 January 2015 onwards. Article 13 of this Regulation (Monitoring and Evaluation) requires the Commission “*to provide the European Parliament and the Council, on an annual basis, with information on the implementation of the Programme, including on the achievement of the objectives of the Programme and the results*”.

² Article 13 of Regulation 250/2015.

³ The second annual work programme was adopted by Financing Decision C(2015)2234 final of 8 April 2015.

⁴ Article 3 of Regulation 250/2015.

⁵ Article 4 of Regulation 250/2015.

⁶ Article 5 of Regulation 250/2015.

⁷ Article 8 of Regulation 250/2015.

⁸ It is important to underline that “Technical Assistance” as defined in Regulation 250/2015 differs from the term “Technical Assistance” used in Article 121 (7) of Commission Delegated Regulation (EU) 1268/2012 of 29 October on the Rules of Application (RAP) of Regulation 966/2012 (Financial Regulation - FR) , which defines Technical Assistance as “*support and*

2. “Training”, which relates to support for training activities, conferences and legal studies focused on the protection of the Union’s financial interests. This type includes legal training and studies;
3. “Any other action”: actions necessary for attaining the general, the specific and the operational objectives of the Programme.

The Programme’s beneficiaries⁹ are:

1. National or regional administrations of a Member State;
2. Research and educational institutes and non-profit-making entities in the Member States.

Both shall “*promote the strengthening of action at Union level to protect the financial interests of the Union*”. Costs incurred for persons from third countries to enable their participation in an event organised with funding from the Programme, such as conferences, seminars or training, can be considered eligible for funding under certain conditions.

The budget for the implementation of the Programme in 2015 amounted to EUR 14 million in commitment appropriations and EUR 12.4 million in payment appropriations and is financed under item 24.0201 of the European Union budget for 2015¹⁰.

1.3 Purpose and scope of this overview

The annual overview is intended to fulfil the requirement under Article 13.1 of Regulation (EU) 250/2015 to “*provide the European Parliament and the Council, on an annual basis, with information on the implementation of the Programme, including on the achievement of the objectives of the Programme and the results*”. To that end, this overview covers information on actions for which financial commitments were made under the 2015 work programme (section 2) as well as the results of actions that were finalised in 2015, but committed under the Hercule Programmes in previous years (section 3).

capacity-building activities necessary for the implementation of a programme or an action, in particular preparatory, management, monitoring, evaluation, audit and control activities”.

⁹ Article 7 of Regulation 250/2015 determines the geographical scope of the Programme. The participation of national and regional administrations from third countries (including EEA countries and Switzerland) in the Programme is subject to an agreement between the respective third countries and the Union on the former’s participation in Union Programmes. For the time being, no such agreement is in force.

¹⁰ OJ L 69 of 13 March 2015, p. 1425-1427.

2. Budget implementation in 2015

The budget for the implementation of the Programme amounted to EUR 14 million in commitment appropriations. Table 1 gives an overview of the available **budget** and the **commitments** made in 2015.

Table 1: Available budget and commitments made in 2015

TYPES OF ELIGIBLE ACTIONS 2015		BUDGET ¹¹	COMMIT ¹²	%
TECHNICAL ASSISTANCE (min. 70%)		10 250 000	11 138 180	109
Grants: Cigarettes and Investigation support	Grants	8 050 000	9 135 794	114
IT Databases	Procurement	1 450 000	1 277 386	88
Tobacco analysis (JRC)	Procurement	225 000	225 000	100
IT Data analysis (JRC)	Procurement	525 000	500 000	95
ANTI-FRAUD TRAINING (max. 25%)		3 650 000	2 728 624	75
Grants: Anti-fraud training	Grants	900 000	870 557	97
Procured conferences	Procurement	1 100 000	369 344	34
Digital Forensics Training sessions	Procurement	1 000 000	881 523	88
Grants: Legal Training and Studies	Grants	500 000	457 200	91
Procured study	Procurement	150 000	150 000	100
OTHER ACTIONS (max. 5%)		167 100	120 638	72
Questions Eurobarometer Survey	Procurement	125 000	120 638	97
P.M.	P.M.	42 100	0	0
TOTAL 2015		14 067 100	13 987 442	99

The information in the table above only relates to commitments. The **payments** under the grant agreements and most of the contracts committed in 2015 cannot be reported as most of the payments will only be made in 2016 and beyond.

2.1 Budget implementation by type of financial intervention

The Programme was implemented by making use of **public procurement** (contracts) and **grants** ("financial interventions"¹³). The Commission concluded contracts¹⁴ for the purchase of goods or services, such as access to databases, the development of IT-systems or the organisation of training and conferences. The contracts were concluded on the basis of existing framework contracts (FWC)¹⁵, the purpose of which is to establish the terms governing specific contracts to be awarded during a given period. In 2015, the overall amount spent on contracts was EUR 3 523 891 (as shown in graph 1).

¹¹ The budget corresponds to the Summary Table in the Annual Work Programme 2015 as adopted by the Financing Decision 2015 (C(2015)2234 of 8 April 2015).

¹² Commitments cover the total costs in 2015 of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year (Article 7, FR). The total amount for the commitments cannot exceed the budget allocated in the Financing Decision. The amounts are rounded.

¹³ Article 10 of Regulation 250/2015.

¹⁴ In particular Title V of Regulation 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union (Financial Regulation – FR), OJ L 298 of 26 October 2012. Title V (Articles 101-120) determines the rules on public procurement, whereas Title VI (Articles 121-137) contains the rules in relation to the award of grants. The annual work programme was implemented on the basis of the FR and RAP adopted in 2012, even though the grants were concluded in 2016, after the entry into force of Regulation (EU, EURATOM) 2015/1929 of 28 October 2015 amending Regulation (EU, Euratom) 966/2012 and Commission Delegated Regulation (EU) 2015/2462 of 30 October 2015, amending Delegated Regulation (EU) 1268/2012.

¹⁵ Article 101 (2) FR.

Grants are direct financial contributions to finance an action intended to help achieving a Union policy objective. The overall budget spent on grants was EUR 10 463 551. Grants are awarded following a Call for Proposals, inviting applicants to submit a proposal for an action that, in the case of the Hercule Programme, contributes to the achievement of the Programme's objectives. The beneficiary of a grant becomes the legal and economic owner of the goods or services that are purchased with the help of the grant. Under the Programme, grants may cover up to 80% of the eligible costs¹⁶ of the action. In 2015, the Commission twice used the possibility to award a grant covering 90% of the eligible costs¹⁷.

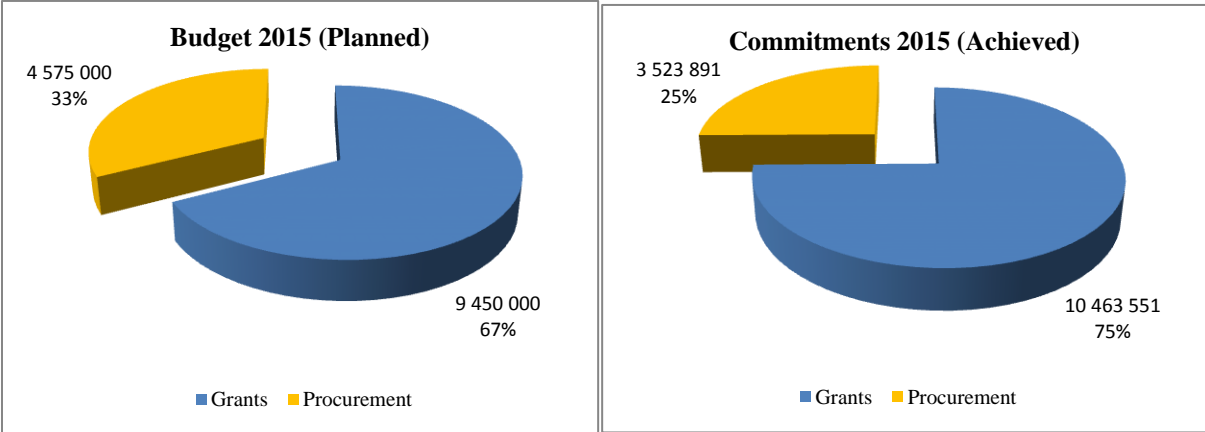
In June 2015, the Commission launched three Calls for Proposals for Technical Assistance, Legal Training and Training & Conferences with as deadline September 2015. The Commission published a notice on the Calls in the Official Journal¹⁸ and on its website. Moreover, it informed the members of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF) and invited them to inform potential applicants in Member State country about the Programme's funding opportunities. The Commission received 141 applications¹⁹ that were subsequently examined by three different Evaluation Committees. Each application was examined on the basis of four sets of criteria²⁰ that were listed in the technical specifications of the Call and ranked on the basis of the score it obtained on the following award criteria:

- Added value of the application for the protection of the financial interests of the Union;
- Conformity with the operational objectives of the Programme;
- Quality;
- Value for money.

The examination of the applications eventually led to the award of 38 grants²¹ at the beginning of 2016.

Graph 1 below gives a breakdown of the budget (planned) and achieved commitments in 2015 by type of financial intervention (grants and procurement).

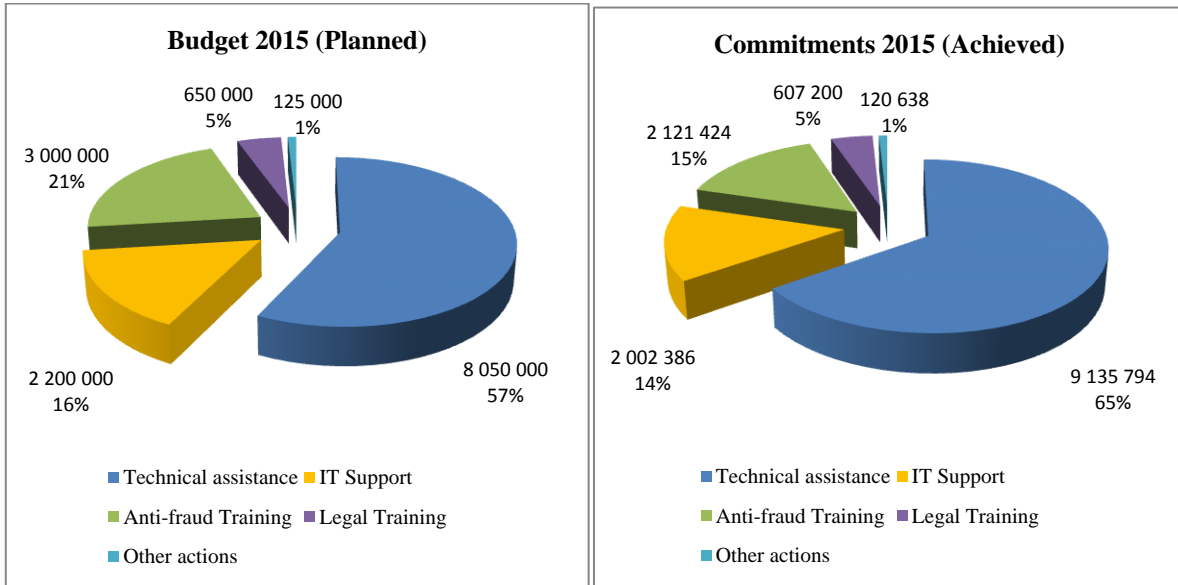
Graph 1: Hercule III budget and commitments in 2015 by type of financial intervention



¹⁶ Article 10 (4) of Regulation 250/2015.
¹⁷ The Commission may award a grant covering up to 90% of the eligible costs in "exceptional and duly justified cases". The annual work programme 2015 contained the criteria as required under Article 11 of Regulation 250/2015 for the definition of these cases and applicants for a Technical Assistance and a Legal Training grant were given the possibility to indicate whether or not their applications should be considered for the maximum co-financing percentage of 90%. The Commission received 99 applications for Technical Assistance and Legal Training grants, 29 applicants requested a 90% funding.
¹⁸ OJ C243 of 24 July 2015, p. 2.
¹⁹ Technical Assistance: 79; Legal Training: 20 and Training & Conferences: 42.
²⁰ Eligibility, exclusion, selection and award criteria.
²¹ Technical Assistance: 17; Legal Training: 8 and Training & Conferences: 13.

2.2 Budget implementation by type of eligible action

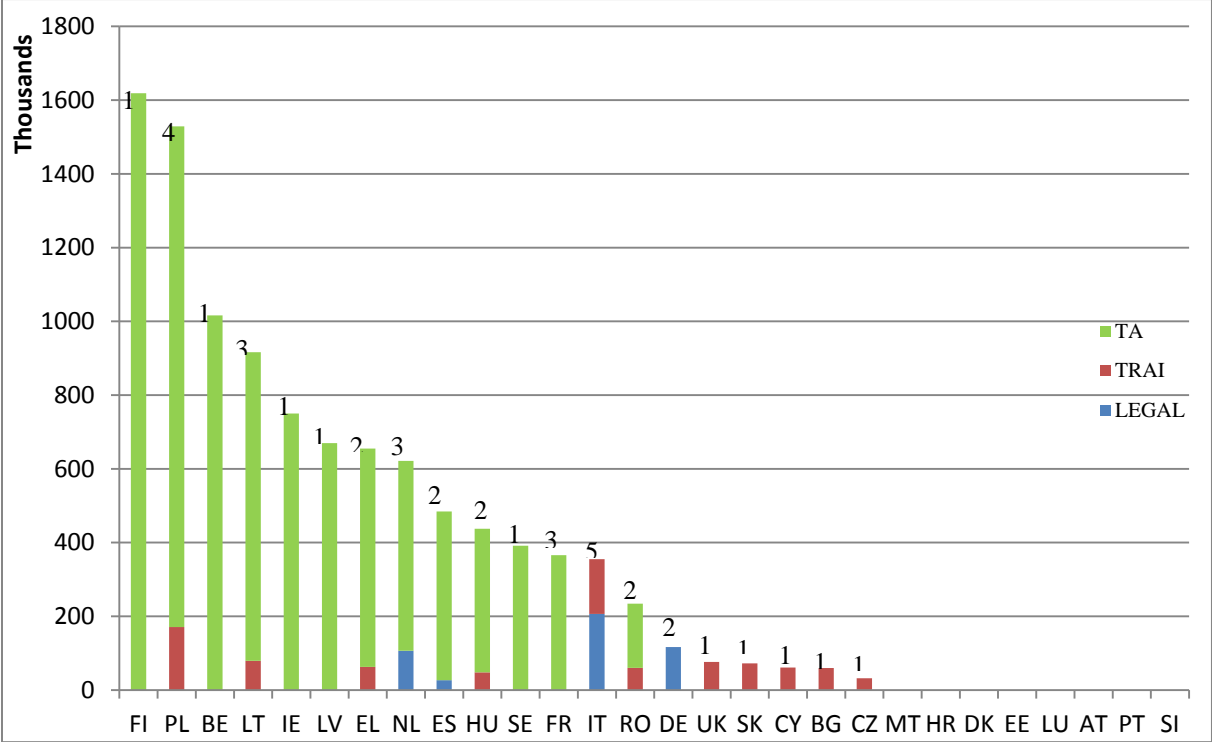
Graph 2 below gives a breakdown of the budget (planned) and achieved commitments in 2015 by type of action. The "Technical Assistance" actions identified in Regulation 250/2014 encompass "Technical Assistance" activities as well as "IT-support", whereas the "Training Actions" include "Anti-fraud Training" and "Legal Training". The planned budget for technical assistance represented 73% of the total and the commitments represented 79%. These percentages are well above the minimum percentage to be spent on technical assistance actions as provided for in the annex to Regulation 250/2014.



Graph 2: Hercule III budget and commitments in 2015 by type of eligible action

Graph 3 gives an overview of the committed budget as well as the number of awarded **grants** for technical assistance (TA) and training actions (Anti-fraud training (TRAI) and Legal training (LEGAL) in 2015. The information is broken down by Member State.

Graph 3: Hercule III commitments (in EUR 1 000) and number of grants in 2015 by Member State and by sector of activity



2.2.1 Technical Assistance grants

The budget for technical assistance grants was EUR 8 050000 and was available for funding actions submitted by national and regional authorities in the Member States within the framework of a Call for Proposals organised in June 2015. The grants enabled its beneficiaries to purchase and instal special equipment and tools needed in the fight against fraud affecting the financial interests of the Union. This support included tools and devices for the fight against cigarette smuggling and counterfeiting. Examples of actions for which funding could be requested were²²:

1. The purchase and maintenance of investigation tools and methods, including specialised training to operate these tools, such as scanners or equipment to monitor communications;
2. The purchase and maintenance of devices and animals to carry out inspections of containers, trucks, railway wagons and vehicles at the Union’s external borders to detect smuggled and counterfeited goods;
3. The purchase, maintenance and interconnection of systems for the recognition of vehicle number plates (Automated Number Plate Recognition Systems – ANPRS) or container codes. Specialised training needed to operate these systems is included;
4. The purchase of services to support Member States’ capacity to store and destroy seized cigarettes.

²² See section 6 of the specifications of the Call: http://ec.europa.eu/anti_fraud/policy/hercule-iii/index_en.htm

The Commission received 79 applications from 22 Member States by the deadline of 1 September 2015. The total budget of the proposed actions was EUR 43 million and the requested financial support amounted to EUR 35 million. This amount exceeded the available budget of EUR 8 million 4.5 times. The high number of applications led to a short delay in the evaluation procedure about which the applicants were notified by e-mail at the beginning of December 2015. The Evaluation Committee set up for the examination of the applications adopted its recommendations in February 2016 and the decision to award a grant to 17 applications was adopted end February 2016. All applicants were informed on the outcome of the evaluation procedure and the reasons that led to the acceptance or rejection of their application. The overall amount for the grants was of EUR 9.1 million²³. The average co-financing percentage for the awarded grants amounted to 81% of the eligible costs²⁴ of the action. The grants were awarded for the purchase of investigation equipment (including forensics equipment), the purchase of x-rays scanners, the purchase and training of sniffer dogs and Automated Number Plate Recognition Systems (ANPRS). Table 1 in Annex 1 gives an overview of the grants and co-financing rate, the beneficiaries and the supported action.

2.2.2 IT Support: Databases, IT-tools and analyses of samples from tobacco seizures

Databases

The Programme provides funds to procure databases or subscription to databases for law enforcement authorities in the Member States in order to support their operations and investigations. The Commission procures and manages the access to databases thus enabling substantial economies of scale. OLAF staff also use these databases for their investigations. In 2015, the databases were purchased by making use of specific contracts under framework contracts that have been concluded in 2012²⁵ and 2013²⁶. Table 4 in Annex I gives an overview of the awarded contracts in 2015.

Development of specific IT tools for data analyses

Two projects for the analysis of “big data” that were initiated under the Hercule II Programme were continued in 2015. The Automated Monitoring Tool (AMT, for an amount of EUR 240 000) and Container Traffic (CONTRAFFIC, for an amount of EUR 260 000) projects are carried out by the Institute for the Protection and Security of the Citizen of the Joint Research Centre (JRC) in Ispra (Italy) under administrative arrangements. These two projects provide the appropriate tools in order to support investigations that need data and analyses on trade flows and container movements (current and past), providing more realistic and effective scenarios for joint customs operations.

The AMT generates automated alerts for outliers in trade data and can be used to monitor trade flows relevant for intelligence analyses and targeted controls by Member State customs. The AMT has improved authorities’ ability to detect the undervaluation of imported goods and made them more efficient, freeing up human resources and time for other investigation work. However, the AMT is only expected to reach its full potential with improvements that aim at reducing the number of “false positive” alerts. These improvements have only started under the Hercule III Programme and will be continued in 2016.

²³ This amount was higher than the earmarked budget in the annual work programme. At the end of 2015, appropriations that were not committed for other types of eligible actions were transferred to technical assistance.

²⁴ The maximum co-financing percentage is 80%, but the Commission may award in exceptional and duly justified cases a grant covering up to 90% of the eligible costs. Around one third of the applicants in 2015 applied for a “90%-grant”. Following a careful examination of the reasons put forward by the applicants and taken account of the available budget, only one applicant eventually was awarded a grant covering 90% of the eligible costs.

²⁵ OLAF/2012/D5/022 for manifest data.

²⁶ OLAF/2013/D5/023 for trade data, OLAF/2013/D5/021 and OLAF/2013/D5/022 for company data.

The CONTRAFFIC Single Administrative Document (CONTRAFFIC-SAD) analysis system is a pilot project run by the Commission (OLAF and JRC) in collaboration with customs authorities in Member States. The aim of the project is to evaluate the feasibility and to demonstrate the effectiveness of using Container Status Messages data to identify imports of containerized goods where the origin country is wrongly declared. The project is based on the CONTRAFFIC technology developed at the JRC in collaboration with OLAF over the last 10 years. The administrative arrangement for the CONTRAFFIC project was renewed in 2015 and runs until the end of July 2016. Section 3 contains examples of the results obtained in 2015 with the AMT and CONTRAFFIC tools.

Tobacco analyses

The work programme provided for financial support to enable Member States' customs to carry out an additional analysis of samples taken from cigarettes and tobacco seizures. Under the Hercule II Programme, these analyses were carried out by a laboratory in Scotland. In 2015, the Commission concluded an administrative arrangement for an amount of EUR 225 000 with the JRC's Institute for Reference Materials and Measurements in Geel (Belgium) for carrying out chemical analyses on samples from tobacco seizures at the request of Member States. Under this new administrative arrangement, it will be possible to extend the number and type of chemical and molecular analyses carried out on samples of tobacco seizures in order to determine its chemical profile and other distinctive features. The information is compared to profiles from a reference database in order to help with the identification of the origin of the seizure and to check the authenticity of the tobacco if customs had any doubts following, for example, the conditions under which the tobacco was traded and seized. The development of the reference database started in 2011 and the number of profiles of both seizures as well as profiles from legally traded tobacco products continued increasing and facilitates the identification of counterfeits or smuggled tobacco. The JRC's expertise in the identification of the authenticity of other agricultural products, such as olive oil or wine, was particularly useful for the enhancement of this reference database and the different types of chemical and molecular analyses.

2.2.3 Conferences, seminars and digital forensic training

Conferences organised under grants

The training activities supported under the Programme aim at providing grants to beneficiaries in the Member States for the organisation of targeted specialised and risk analysis training workshops, seminars and conferences. This training is also intended to create networks between Member States, candidate countries, other third countries and international public organisations in order to facilitate exchange of information, experience and best practices. The objectives of these activities are:

- A more effective fight against smuggling and counterfeiting of tobacco products, via the built in of recognised new methods, enhanced cooperation and networking among police officers and customs officials from different member states, and exchange of experience and knowledge;
- An enhanced awareness of whistleblowing by supporting legislators in drafting legislation related to whistleblowing and by making recommendations on how to protect whistleblowers and how to investigate their report;
- Improvement in the prevention and investigation of fraud and other illegal activities by enhancing transnational and multi-disciplinary cooperation, strengthening cross-

border co-operation, and facilitating exchange of information, experience and best practice via the creation of networks.

Following a Call for Proposals launched in June 2015, the Commission received 42 applications from 16 Member States by the deadline of 29 September 2015. The aggregated budget of the 42 applications amounted to EUR 3.6 million, and the Commission was asked to contribute EUR 2.9 million, whereas only EUR 0.9 was available. The Commission awarded 13 grants for an amount of EUR 870 557, with 29 applications being rejected. Table 5 in Annex 1 gives an overview of the grants and co-financing rate, the beneficiaries and the supported action.

Conferences organised under procurement

The Programme also gives financial support for the organisation by the Commission (OLAF) of high-level conferences and ad-hoc training activities focused on protection of the Union's financial interests. The Commission used the services of one firm²⁷ specialised in organising events under framework service contracts for the organisation of its conferences. The overall budget for conferences under procurement was EUR 1.1 million.

Table 6 in Annex 1 provides an overview of the three events that were procured by the Commission in 2015. The conferences under procurement i.e. the organisation of the Task Group Cigarettes, the training seminar of the OLAF Anti-Fraud Communicators' Network (OAFCN) and training seminars for AFCOS members.

Training organised under procurement: Computer forensics training

The Commission signed a specific contract for the organisation of twelve digital forensic training courses during a two-week training session in September and October 2015. The training was organised in Zagreb by a service provider²⁸ under a framework service contract concluded in 2013. The target audience consisted of staff employed by national or regional administrations of the Member States and third countries which promote stronger action to protect the Union's financial interests. The training courses were given by 27 trainers and were attended by 174 participants.

The training session consisted of 5 basic and seven specialised and advanced courses in digital forensics designed to enable the participants to improve their skills and competences in tools and software used to retrieve and secure data from computers, tablets, mobile phones or any other digital devices. The courses were developed by an international organisation of computer forensic experts²⁹, which also provided the trainers and ensured the quality control. At the end of the training sessions, the participants had to pass an exam to assess the newly acquired skills and competences. Most participants succeeded in passing these tests. The training sessions also gave the participants an opportunity to network and to exchange information and best practices in relation to computer forensic examinations.

Overall, the 2015 training costs amounted to EUR 881 523, which included the training itself, accommodation as well as the travel costs for the participants

2.2.4 Legal training and studies

The legal training and studies is a part of the training actions which aims at enhancing the degree of development of the specific legal and judicial protection of the Union's financial interests by promoting comparative law analyses. The following actions are supported:

²⁷ MCI Benelux S.A located in Brussels

²⁸ Insig2 Ltd, Zagreb, Croatia.

²⁹ International Association of Computer Investigative Specialists (IACIS), a US based association

1. Development of high-profile research activities, including studies in comparative law;
2. Improvement of the cooperation between practitioners and academics (through actions such as conferences, seminars and workshops), including the organisation of the annual meeting of the Presidents of the Associations for European Criminal Law and for the Protection of the Union's financial interests;
3. Awareness raising of the judiciary and other branches of the legal profession for the protection of the financial interests of the Union, including the publication of scientific knowledge concerning the protection of the Union's financial interests.

The Commission received 20 applications from 10 Member States by the deadline in September 2015. The aggregated budget of the 20 actions amounted to EUR 1.6 million and the Commission was asked to contribute for an amount of EUR 1.3 million (80% co-funding), where EUR 500 000 was available. The Commission decided to award a grant to 8 applications for an overall amount of EUR 457 200 with an average co-financing rate of 73%. The grants were awarded amongst others for the organisation of conferences on the European Public Prosecutor, investigation and sanctions in the VAT fraud as well as on the publication of a periodical on the protection of the Union's financial interests. Table 8 in Annex 1 gives an overview of the awarded grants in 2015.

3. Achievements 2015

This section provides an overview of the main results achieved by the Programme's grant beneficiaries by using the equipment and services purchased with financial support from the Programme. As condition for the final payment, beneficiaries have to submit a final technical report that gives a summary of the achievements of the action for which a grant was provided. The beneficiaries shall report on the contribution the action made to the achievement of the Programme's objectives. For technical assistance grants, information shall be provided on, for example, the number and value of seizures made with the newly purchased equipment, the number of persons under investigation or arrested and an estimate of the (prevented) losses to the national and the Union's budget.

For conferences, seminars and training events, the beneficiaries have to indicate the results of a mandatory survey amongst the participants to measuring the relevance and quality of the event. The final report shall clearly indicate how the action contributed to the achievement of the Programme's objectives. The report shall also address any problems that occurred during the implementation of the action, such as delays in procurement procedures. This section mainly discusses the results as reported in the final reports of grants that were awarded before 2015, but they will be discussed in the light of the new Programme's operational objectives³⁰.

Most of the beneficiaries of technical assistance grants can only report modest results by the closing date of an agreement due to the limited amount of time the technical equipment was operational. For this reason, beneficiaries have to submit a final implementation report one year after the closing date of the action to enable the reporting of substantial reports. This requirement was introduced at the end of the Hercule II Programme (2007-2013), and in 2015, the Commission started receiving the first final implementation reports. Although this requirement is relatively new these reports provide an important insight in how the technical equipment is used and in the results it generates. Some of the final implementation reports are used to illustrate the achievements and contribution to the protection of the financial interests of the EU a year after the finalisation of a project (see the boxes below under the subchapters 3.3 and 3.4). The first final implementation reports vary in detail and quality of information

³⁰ The final payments were made from payment appropriations made available under the new Programme.

they provide and additional efforts by the beneficiaries are needed to improve the quality of reporting and promptness of submitting final implementation reports.

The next sections give detailed information on the achievements in relation to each specific objectives.

3.1 Improving the prevention and investigation of fraud and other illegal activities beyond current levels by enhancing transnational and multi-disciplinary cooperation³¹

The results of the activities undertaken in all of types of actions contributed to achieving this operational objective. The specialised anti-fraud trainings ensured a far-reaching anti-fraud and anti-corruption campaign across the EU and allowed a wide dissemination of anti-fraud measures affecting the EU's financial interests. The training seminars covered a wide range of disciplines, from fraud prevention and detection to combating the counterfeiting of cigarettes and tobacco and focus on laws and practices to prevent fraud with EU funds.

The main results of these actions are:

- better understanding of modi operandi and knowledge obtained in the field of preventing and combating fraud detrimental to the EU's financial interests;
- specific skills in prevention, detection and investigation in the fight against fraud;
- input for further development and improvement of the activities of national organisations, including legislative work;
- dissemination of information about the latest developments, methods, techniques in the field of the fight against fraud and corruption; and
- background information obtained through networks established between organisations.

Two examples of conferences and their results finalised 2015 are given below. A comprehensive overview of the finalised training events is given in Annex 1, table 7 (training) and table 9 (legal training).

The National Tax and Customs Administration of Hungary (NTCA) organised a conference entitled "Three-day conference and practical training to exchange experience on detection of illicit tobacco shipments and other contraband on road border crossing points of the EU's eastern border". It took place in Debrecen (Hungary) from 20 and 22 October 2015, and was addressed mainly to law enforcement and customs officers from nine Member States (BG, ET, FI, HU, LT, LV, PL, RO and SK), one candidate country (RS) and two third countries (UA, MD).

The conference contributed to:

- new and strengthened interpersonal relations that facilitate closer and more successful cooperation among the related authorities of different member states and other relevant countries;
- an exchange of experience and knowledge in the field of to detect illicit consignments of tobacco, cigarettes and other smuggled goods at the EU's internal and external borders;
- a more effective fight against cigarette smuggling, through the use of of recognised new methods.

³¹ This operational objective corresponds to the requirements set out in Article 1(2)(a) of Decision 804/2004/EC of 21 April 2004 establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests, OJ L 143 of 30 April 2004, as amended by Decision 878/2007/EC of 23 July 2007, OJ L 193 of 25 July 2007.

3.2 Increasing the protection of the financial interests of the Union against fraud by facilitating the exchange of information, experiences and best practices, including staff exchanges³²

The Training and Legal training activities in particular contributed to achieving this objective, though the exchange of information through the AMT and CONTRAFFIC tools increasingly support customs in drawing up risk analyses as the basis for their targeted controls.

The Romanian Institute for Public Policy organised a conference on the topic of "Effective coordination of control systems for preventing fraud with Structural Funds in New EU Member States", which took place in May 2015 in Bucharest, Romania. The key objective of the conference was to disseminate the results of the comparative study undertaken by the Institute on the control systems for preventing fraud and identifying potential fraud. The event facilitated sharing of experience between the control agencies from Romania, Bulgaria and Croatia in working towards achieving effective mechanisms/procedures for fraud risk assessment, particularly in the area of public procurements carried out in EU funded projects for the new financial cycle (2014 – 2020). The Romanian key institutions involved in combating fraud (DLAF Romania, ministries and prosecutors responsible for investigations of EU funds) agreed to establish a calendar of meetings in order to continue the exchange of information and best practices.

The annual AFCOS seminar organised by OLAF took place in Belgrade (Serbia) from 17 to 19 June 2015. The objective was to gather AFCOS representatives from the candidate and potential candidate countries and some of the Member States, to present the work of OLAF and AFCOS, to discuss challenges relevant to mutual cooperation and coordination and to share experience and best practices. It aimed also at improving the operational cooperation between partners, at documenting and sharing anonymous case studies, at recommending specific actions, and at creating a forum for stakeholders' discussions.

3.3 Strengthening the fight against fraud and other illegal activities by providing technical and operational support to national investigation, and in particular customs and law enforcement, authorities³³

The Programme provided grants for the purchase of technical equipment to be used by investigation, custom and law enforcement in order to:

- ensure better technical equipment across the EU and increasing compatibility to facilitate cross-border cooperation and achieve procurement savings;
- make efficient use of the equipment acquired;
- facilitate joint operations and international support for operations;
- better disclose offences and higher quality evidence used in courts proceedings.

The grants also cover expenditure for the maintenance of equipment as well as specific technical training for operational staff to ensure its optimal usage and management. Beneficiaries of technical assistance grants have started reporting in a final implementation report on the results one year after the closing date of the agreement, thus enabling a better overview and understanding of the longer term impact of the Programme. Beneficiaries report for example on the number and amount of cigarettes and tobacco seizures, estimates of the

³² Article 1(2)(b) and Article 1(a)(a)(iii) of Decision 804/2004/EC.

³³ Article 1(2)(c) of Decision 804/2004/EC.

prevented losses to the national and the Union's budget, the emergence of new fraud schemes, the detection of networks of organised crime (OC) groups or the number of arrests made. This information contributes to improving the transparency of the Programme's implementation, for as far as this transparency does not endanger on-going operations and investigations, and helps identifying the strengths and weaknesses of the Programme's implementation.

The Commission received reports on the implementation of grants that were funded under the Hercule II budgets of previous years. Even though it is difficult and sometime impossible to establish a direct causal relationship between the grant on the one hand and the results achieved with the equipment purchased with financial support from the grant on the other hand, it can certainly be assumed that without the financial support a substantially lower number of arrests, seizures and convictions would have been made. The seizures made with the help of x-rays scanners for example allow for a clear demonstration of this relationship, whereas this relationship is more difficult to demonstrate for support given for the purchase of digital forensics software or devices to monitor vehicles or persons suspected of involvement in illicit activities. The equipment enabled the beneficiary's staff to improve the overall efficiency and effectiveness of the operations they carried out in support of investigations to protect the Union's financial interests, though it remains difficult for some actions to quantify these results for all operations. In other cases, tangible results on the use of Hercule funded equipment can be reported, as shown in the examples below. The examples below demonstrate how tangible and measurable results were achieved thanks to the Hercule funded equipment.

Irish customs received a grant from in February 2014 for the procurement of an x-ray scanner, detector dogs (including training and supplies) and static surveillance cameras. These are used at Cork and Dublin Airports, Dublin Port and border areas.

The scanner was used to scan 28 000 items in Cork Airport. It led to seizures of more than 200 000 smuggled cigarettes and more than 150 luxury goods for which VAT was not declared. The scans also resulted in seizures of drugs and weapons.

The sniffer dogs were used in detecting at least three major consignment of tobacco smuggling, leading to the seizure of around 32 million smuggled cigarettes at Dublin Port. Furthermore, the dogs detected 19 kilograms of cannabis and 15 kilograms of cocaine at the same location. The dogs at Dublin Airport were used more than 1 000 times and enabled the detection of, amongst others, large amounts of cigarettes (130 000 cigarettes) and tobacco, including 2 000 kilograms of unprocessed tobacco.

The Lublin Regional Police (Poland) purchased a car, special cameras as well as a computer for processing documents and information. This equipment was needed for surveillance activities along the Polish and Union's eastern border. The proximity of third countries with low duties on tobacco products makes that smuggling of these goods occurs frequently in the region. The equipment enabled the beneficiary to investigate more than 30 cases involving the Union's financial interests, mostly cases of tobacco smuggling into the EU. The investigations led to the seizure of almost 6 million of cigarettes, almost 10 tons of tobacco leafs and the arrest of 16 persons. Additionally, the equipment was used in operations in support of investigations into suspected fraud with Union subsidies in the structural funds.

Examples of procured access to external databases

The Commission procured access to external databases for use by law enforcement authorities in the Member States. The trade information, company data or container movements, provide

essential operational information for investigators in the Member States and OLAF and are used as input for risk analyses used by customs to target their controls.

- A commercial database of **worldwide trade statistics** with aggregated figures is used by both the Member States and OLAF to analyse **trade flows**, identify potentially suspicious trade and cross-check allegations of customs fraud. A product was being transhipped from a far eastern country via a second far eastern country to the EU. The transshipment was intended to disguise both origin and the type of product. Around 300 containers could not initially be traced. Knowing that the transshipment country recorded the imports/exports and in combination with other information from different sources, the movements could be identified and a substantial amount of revenue recovered.
- As part of the Automated Monitoring Tool (AMT) suite of results, weighted monthly average prices, known as fair prices, calculated per product, origin and destination, are now being produced on a regular basis. They are based on sound statistical principles. The algorithms used have been peer reviewed and published. The results are now available for Member States to use as they see fit and the methodology is available to anyone for review. One use of the fair prices is in the identification of possible undervaluation at import, with a consequent loss of revenue to the EU. Since customs duty is normally a percentage of value, the use of fair prices can be made in support of risk analyses and investigations, which may prevent losses to the EU budget.
- Information related to the movements of vessels and containers has contributed to many successful investigations in the context of international cigarette smuggling and counterfeiting and anti-dumping investigations led by Member States authorities. A database providing information on vessels and their movements was used by the Member States customs services involved in controls and risk analyses of goods carried by sea. This tool has played a key role in the analysis of fraud patterns and the identification of sensitive areas in connection with transshipment traffic having a significant impact on the protection of the EU's financial interests.

3.4 Limiting the currently known exposure of the financial interests of the Union to fraud, corruption and other illegal activities with a view to reducing the development of an illegal economy in key risk areas such as organised fraud, including cigarette smuggling and counterfeiting³⁴

Several actions contributed to achieving this objective in 2015. The widespread availability of illicit tobacco within the EU has led to the loss of considerable tax and duty revenues (losses to the EU and Member States' budgets as a result of cigarette smuggling are estimated to be at least EUR 10 billion per year³⁵). One feature of the illicit market for cigarettes in the EU is the significant quantity of counterfeit products available at a lower cost than the genuine products.

The Lithuanian Financial Crime Investigation Service (FCIS), a part of the Ministry of Interior, received a grant for the purchase of intelligence equipment for use in VAT-related investigations involving several Member States, as well as other types of financial crimes, affecting either the financial interests of the EU or the national budget.

In the project's final implementation report, the beneficiary gave several detailed examples of the investigations carried out with this equipment, such as the detection of a (suspected) fraud of more than EUR 250 000 related to the implementation of a project supported under EU funds. In another example, an organised crime group evaded paying EUR 1 million in VAT

³⁴ Article 1(2)(e) of Decision 804/2004/EC.

³⁵ COM(2013)324 final of 6 June 2013: Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products – A comprehensive EU strategy.

duties. The beneficiary reported on several operations where it could not yet quantify the damages to the national and Union's budget, as it was still examining the case, but the amounts involved were expected to be even higher. The examples gave an illustration of fraudulent activities involving persons and groups active in several Member States that led to investigations lasting for a year or even longer.

As part of its fight against tobacco smuggling, the Slovak Financial Administration procured technical equipment, such as night vision devices and a waterproof videoscope, which are used to enter cavities (fuel tank of a vehicle, for example) for the detection of hidden goods. The grant also covered maintenance costs as well as training to enable staff to operate the equipment. In its final implementation report, the beneficiary reported on the seizure of more than 2 million of cigarettes and other tobacco products, luxury goods, drugs, etc. Slovakia's Customs Offices and Criminal Office mostly use the equipment in their operations to protect national and EU's financial interests, but it has also been used by other law enforcement agencies. For example, in June 2015, NAKA (national criminal agency) confiscated 25 kilograms of drugs.

20th Task Group Cigarettes Conference organised by OLAF in October 2015 in Bratislava. During 3 days, customs and law enforcement officials from all the Member States, candidate countries, third countries and international organisations were brought together. The objective was to exchange views and information on the smuggling of tobacco products, and to plan future actions to fight against it. This kind of conference encourages Member States to improve operational cooperation by sharing analytical information and intelligence among their customs authorities and relevant EU institutions, bodies, agencies and competent offices.

3.5 Enhancing the degree of development of the specific legal and judicial protection of the financial interests of the Union against fraud by promoting comparative law analysis³⁶

This operational objective is mainly achieved through legal training grants that are awarded to comparative law studies, legal conferences and seminars and publications. The conferences were attended by prosecutors, lawyers, investigators, police officers, academics, researchers, national civil servants, as well as members and officials of the EU institutions. The purpose of these conferences and seminars was to promote the dissemination of legal information on the latest developments in the area of fraud prevention and the fight against fraud, and constituted a good forum for discussion of future legislative solutions in the field of the protection of the EU financial interests. The Programme continued funding the publication of “eucrim – The European Criminal Law Associations’ Forum, which was published four times in 2015 by the German Max Planck Institute. This periodical addressed current developments in the protection of the EU's financial interests and the activities of OLAF, the latest developments in relation to the EU criminal policy, threats to the EU internal market and VAT fraud, as well as judicial control of the prosecutors’ activities. It is printed in 2000 copies and distributed to universities, libraries, courts, law enforcement authorities and individual subscribers. The articles are published on the internet as well³⁷.

³⁶ Article 1a (b) (vii) of Decision 804/2004/EC.

³⁷ <https://eucrim.mpicc.de/index.php>

4. Communication

The successful implementation of the programme required the further development of a structured way to inform potential beneficiaries of the programme on funding opportunities, and to provide answers to questions from (potential) beneficiaries by means of four different functional email boxes³⁸. Moreover, the Commission is required³⁹ to disseminate information on the achievements and the results of the actions that received funding.

4.1 Informing potential applicants

Notices concerning the launch of Calls for Proposals were published in the Official Journal⁴⁰ and the full texts of the documents were made available on the Commission's website⁴¹. The professional networks were actively informed. Potential applicants were also informed via e-mails sent to the members of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF), the OLAF Anti-Fraud Communicators Network (OAFCN) and European Judicial Training Network (EJTN). A short notice of the three Calls was published in "eucrim" issue 2/2015. The training Call was also published in the news section of the e-Justice Portal.

4.2 Dissemination of results

The dissemination of the results of actions under Hercule programme, in particular technical assistance, is rather sensitive as most of the achievements relate to investigations for which information cannot be disclosed. The dissemination on training activities was made through the distribution of electronic and/or paper reports summarising the event. Some beneficiaries posted the training materials on their websites or created dedicated websites.

4.3 Publicity

Under the training type of actions, all beneficiaries of grants were requested to mention the support from the Hercule III programme:

- In every publication (title page) or related material developed (e.g. studies, booklets, newsletters, leaflets);
- In electronic information (e.g. websites, audio-visual material, videos, software) and;
- At information events (conferences, seminars);
- Insert a link from their website to the Hercule III programme's site.

The Commission continued its efforts to improve the readability of the website with information on the Hercule Programmes. Beneficiaries of technical assistance grants were requested to mention the Hercule support in their reports and any other document or press release that reported on the results: press releases issued following seizures of counterfeited or smuggled cigarettes made with Hercule funded equipment, for example, should refer to the Union's funding. There is no requirement to include a reference to Hercule funding on equipment purchased with a grant, in particular if this might endanger operations or investigations.

³⁸ The four functional mailboxes consist of a general e-mailbox for the Hercule III programme and dedicated email boxes for Technical Assistance, Anti-fraud Training and Legal Training.

³⁹ Article 13 (1) of Regulation 250/2015: *The Commission shall on an on-going basis disseminate, including on relevant websites, the results of the activities supported under the Programme to increase transparency on the use of the funds*".

⁴⁰ OJ C 227 of 17 July 2015, p. 11.

⁴¹ http://ec.europa.eu/anti_fraud/about-us/funding/index_en.htm.

5. Feedback from participants of the programme

As indicated in section 3.1, beneficiaries of grants for conferences have to carry out surveys among the participants to collect information on the perceived quality and relevance of the event. The total number of participants to the events in 2015 was almost 1700, who were all requested to fill in an evaluation form with questions on the event's relevance for their professional activities, the quality of the organisation and the speakers or the venue and other issues. The Commission received 1 401 questionnaires (83% response rate) expressing a high rate of satisfaction: more than 95% of the participants considered the event good or excellent. The feedback also confirmed that the events were attended, in general, by an audience as targeted by the organisers. Moreover, the informal feedback collected by Commission staff attending the events as well as the qualitative comments transmitted in the evaluation forms helped in the identification of issues for improvement, such as conference logistics, prior information on cancellations or the requirement that the trainers have the necessary pedagogical, linguistic and cross-cultural skills.

6. Conclusions and way forward

The results above show that the implementation of the Programme in 2015 and the results reported by the beneficiaries of grants were overall successful. The improved reporting on the results has led to a better understanding of the impact of the Union's interventions and allowed for an increased transparency. The reporting demonstrates the existence of a link between the actions undertaken within the Programme and the protection of the Union's financial interests, though the modest size of the Programme should be taken into account in this respect. The revised reporting requirements were introduced three years ago and now start yielding interesting findings on the achievements of the Programme, in particular in the technical assistance area. The findings in the final implementation reports will be used for the upcoming mid-term evaluation of the Programme, which is scheduled for the end of 2017. For 2016, the Commission will aim at further enhancing the quality of the reporting on the Programme and it will also simplify and streamline, inasmuch as possible, the administrative procedures that applicants and grant beneficiaries have to comply with to secure funding under the Programme.

Annex 1: Grants and contracts awarded and finalised under the 2015 Financing Decision

Table 1 - **Technical Assistance** grants awarded under the 2015 Financing Decision

	MS	Beneficiary	Subject	Awarded Grant in Euro	Co-fin %
1	NL	FIOD-Fiscale Inlichtingen en Opsporingsdienst	Upgrade existing monitoring equipment	514 818	80
2	BE	Belgian Customs	Mobile scanner	1 016 000	80
3	FI	Tulli-Finnish Customs	Mobile scanner	1 618 800	80
4	FR	SNDJ-Service National de Douane Judiciaire	High-performance audio and video recording equipment	90 959	80
5	FR	Direction Nationale du Renseignement et des Enquêtes douanières	Automated Number Plate Recognition System (ANPRS)	150 355	80
6	HU	Special Service for National Security – SSNS	Monitoring equipment, hard- and software for the collection and analysis of different types of data.	669 870	80
7	LV	State Revenue Service – SRS	Equipment for the monitoring of communications	391 332	80
8	SE	Tull-Swedish Customs	Technical equipment and a car for the monitoring of communications	174 178	80
9	RO	DNA-National Anti-Corruption Directorate	Digital forensic hard- and software	457 382	80
10	LT	Customs	Upgrade and extension of existing ANPRS	549 252	80
11	LT	Customs Criminal Service	Digital forensic hard- and software	124 730	80
12	PL	Customs Białystok	ANPRS for cross-border operations	288 110	80
13	IE	Office of the Revenue Commissioners	Scanner	999 882	80
14	ES	Guardia Civil	Extension of monitoring equipment for communications	358 236	80
15	FR	DGDDI	Mobile scanner	750 000	80
16	PL	Customs Chamber Olsztyn	Fixed scanner	389 600	80
17	EL	Customs-Ministry of Finance	ANPRS	639 651	90
Total				9 183 155	81

Table 2 - **Technical Assistance** grants finalised in 2015

	MS	Beneficiary	Subject	Amount paid	Amount paid as % to initial commitment ⁴²
1	SE	National Bureau of Investigation - NBI	Equipment for monitoring communications	199 316	99
2	PL	National Police Headquarter	Purchase of the Computer Forensics Laboratory equipment for the Central Bureau of Investigation	307 346	98
3	PL	Customs Chamber	Implementation of the Criminal Analysis in the Customs Service	153 422	83
4	ES	Guardia Civil	Improving Electronic Undercover Surveillance (IMEUS)	163 499	99
5	LV	State Revenue Service of the Republic of Latvia	Technical support for the purchase of special technical equipment for customs control	44 986	76
6	PL	Ministry of Finance	Purchase and modernization of the technical equipment	186 957	88
7	RO	General Inspectorate of Romanian Border Police - GIRP	Providing equipments for investigation actions for CIT Unit	11 245	100
8	HU	Special Service for National Security - SSNS	Modernising the technical background of crime detection	192 696	95
9	EE	Estonian Tax and Customs Board under the Ministry of Finance of Republic of Estonia	Investigation technical support	111 885	82
10	PT	Autoridade Tributária e Aduaneira - AT - Direção de Serviços de Gestão dos Recursos Financeiros	Container scanner for Sines Port	765 070	70
11	EL	Directorate General of Customs and Excise - Ministry of Economy and Finance	Cigarette detector dogs	28 229	67
12	ES	Guardia Civil - GC - Fiscal and Borders Command	Sniffer dogs and a mobile x-ray scanners	152 405	94
13	IT	Guardia di Finanza	H.E.PH.A.E.S.T.U.S – Digital Forensics equipment and software	451 945	90
14	HU	Special Service for National Security - SSNS	Service Provider Capacity Building: purchase of technical equipment	290 871	85
15	HU	Special Service for National Security - SSNS	Purchase of GSM monitoring systems	156 313	99
16	LT	Customs Department under the Ministry of Finance of the Republic of Lithuania	Strengthening of operational capacities of Lithuanian customs in preventing and detecting of illicit tobacco products flow into the EU	167 718	96
17	SK	Financial Directorate of the Slovak Republic	Purchase of technical equipment for the detection of illicit Consignments of tobacco products	248 723	100
18	PT	Autoridade Tributária e Aduaneira - AT - Direção de Serviços de Gestão dos Recursos Financeiros	Equipment for monitoring vehicles	9 946	100
19	PL	Komenda Wojewodzka Policji w Lublinie - KWP w Lublinie	Technical support for the Lublin police in the scope of fighting the cigarette smuggling and counterfeiting on the Eastern border of the EU	30 736	63
20	IE	Office of the Revenue Commissioners	Procurement of equipment	50 355	27
21	SK	Financial Directorate of the Slovak Republic	Purchase of technical equipment for the specialized units of Financial Administration of the Slovak Republic for detecting presence of cigarettes and tobacco	46 713	74

⁴² Final payment as percentage of the amount of the grant that was awarded following the examination of the beneficiary's application.

22	RO	Brasov County Police Inspectorate	Fraud investigations in Braşov County with professional software and equipment	57 821	99
23	RO	Brasov County Police Inspectorate	Fraud investigation in Brasov County with specialised trained dogs	10 772	97
24	PL	Komenda Wojewodzka Policji w Olsztynie	Strengthening the operational capacity of the warmia–mazury police through the construction of the system to combat and prevent tobacco related crime.	168 289	94
25	RO	Dambovita County Police Inspectorate - DCPI	Strengthening the Operational Capacity of Dâmbovita County Police Inspectorate by Purchasing the Latest Technology Used to Combat Fraud	50 593	99
26	LV	Corruption Prevention and Combating Bureau - KNAB	Improving Surveillance and Analytical Capabilities	264 483	97
27	PL	Regional Police Headquarters Gdansk	Support for the Provincial Police Headquarters in Gdansk for the investigation and evidence collecting process regarding crimes against the financial interests of the EU	123 694	99
28	CY	Cyprus Police	Tech-Assist Cypol	29 420	100
29	BE	Service Public Fédéral Finances - Administration des douanes et accises	Technical Assistance to strengthen the capacity of customs in preventing and combating of fraud affecting the financial interests of the Union ("Investigation Support")	2 215	16
30	HU	National Tax and Customs Administration of Hungary	Technical development for a more effective fight against cigarette-related abuses	77 321	85
31	PL	Regional Police Headquarters in Lublin - KWP	Together safer in Europe - technical assistance for the Lublin police	101 809	85
32	FR	French Customs	Purchase technical equipment	37 233	88
Total				4 694 296	85

Table 3 – Technical Assistance final Implementation reports received in 2015 (new in 2015)

	FD	MS	Beneficiary	Subject	Results
1	2015	RO	Anticorruption General Directorate	AGD technical endowment for implementing the provisions of the Joint National Action Plan for preventing and countering tax evasion	Substantial improvement of the beneficiary's operational capacity leading to the dismantling of organised crime groups active in activities perpetrated against the Union's financial interests.
2	2015	BE	Belgian Customs and Excise Administration	Scanners	Seizure of large amounts of smuggled cigarettes and drugs.
3	2015	PL	Ministry of Finance, Treasury Intelligence Dept.	Purchase and modernisation of technical equipment	Strengthened operational capacity of the beneficiary enabling the seizure of large amounts of cigarettes, tobacco, drugs, illegal fuel imports. Several arrests and important sum of prevented losses.
4	2015	IT	Guardia di Finanza	Implementation of Mobile Forensics tools in the fight against frauds	Data analyses contributed to investigations into money laundering, VAT evasion, smuggling as well as EU-expenditures. Several arrests made.
5	2015	DE	Bundesministerium der Finanzen	Scanners Germany	Scans of more than 15 000 units, 16 of which were "hits" leading to the seizure of tobacco, drugs, alcohol and more than 6 million cigarettes.
6	2015	HU	National Tax and Customs Administration of Hungary	Strengthening the eastern border section of Hungary: purchase of technical equipment	Improvement of the beneficiary's operational capacity in support of investigations, leading to seizure of almost 300 000 boxes of cigarettes, drugs, counterfeited goods, together with the arrest of several suspects.
7	2015	PL	Customs Chamber in Olsztyn	Purchase of an x-ray scanner and a videoscope	Seizure of more than 500 000 cigarettes in 2013-2014
8	2015	HU	Special Service for National Security - SSNS	Enhancing the efficiency of the fight against smuggling and counterfeiting of tobacco products in the territory of Hungary through strengthening the service provider capacity of SSNS	Improvement of the beneficiary's operational capacity that eventually led to the dismantling of Europe's largest illegal tobacco factory, seizures of substantial amounts of smuggled cigarettes as well as the dismantling of illegal car imports and VAT carousels.
9	2015	HU	Special Service for National Security - SSNS	Preparing SSNS to meet the new generation requirements	Strengthening of the beneficiary's capacity to carry out analyses on samples from tobacco seizures: comprehensive report on the results to identify the nature and origin of large numbers of cigarettes.
10	2015	FR	Laboratoire de Marseille Service commun des Laboratoires	Lutte contre la contrebande et la contrefaçon de cigarettes	Strengthening of the beneficiary's capacity to carry out analyses on samples from tobacco seizures: comprehensive report on the results to identify the nature and origin of large numbers of cigarettes.
11	2015	HU	National Tax and Customs Administration of Hungary	Strengthening the fight against fraud and cigarette smuggling and counterfeiting at the external border section of Hungary	See above: final implementation report covered two actions initiated in different years.

Table 4 - Databases that were contracted under the Hercule III budget in 2015

	Name	Content	Commitment in Euro ⁴³
1	NTELX	Information on ship manifests	502 386
2	GTA	Global Trade Atlas: trade statistics data	200 000
3	GRS	Global Reference Solution: contains basic company information from all over the world and gives information on links between companies	575 000
	D&B reporting system	Dun & Bradstreet: Financial details of companies all over the world	
Total committed under 2015 budget			1 277 386

Table 5 – Anti-Fraud Training & Conferences grants awarded in 2015

	MS	Beneficiary	Subject	Commitments in Euro	Co-fin %
1	IT	Presidency of Council of Ministers – Department of European Policies	Cooperation project in the anti-fraud sector – conference and the series of the roundtables	88 572	80
2	IT	Italian Carabinieri	Operational approaches of fighting frauds in the European agricultural and food sectors	59 676	80
3	UK	Royal United Services Institute (RUSI)	Conference on Organised Crime and illicit Trade in Europe	76 130	80
4	CY	European University Cyprus	Financial Investigation Coordination in Cyprus	60 909	80
5	PL	Polish Guard Headquarters	Crime analysis as tool to combat illegal international trade and to fight against smuggling of excise goods aimed at fraud prevention affecting the financial interests of the European Union	80 881	80
6	EL	Hellenic School of Judges	Fraud against the EU by illegal subsidies in agricultural products and tobacco smuggling	62 681	80
7	CZ	Transparency International	Towards better Fraud Risk Management in EU funds	32 078	80
8	LT	Mykolas Romeris University	International anti-fraud training of VAT fraud prevention as EU's financial stability support measure	79 135	80
9	HU	Transparency International Hungary	Knowledge and experience sharing on the use of the red flag signalling tool for cleaner and more transparent EU spending	47 988	80
10	PL	Ministry of Finance, Treasury Intelligence Department	'Chasing beyond borders' – joint training of Polish Treasury Intelligence and Czech Custom Service	89 978	80

⁴³ The commitment made for the NTELX database contains an amount of EUR 101 386 to cover exchange rate fluctuations on the payment of contracts concluded in 2014 and 2015.

11	RO	Ministry of Internal Affairs	Enhancing the capacity of the Romanian Ministry of Internal Affairs to prevent and investigate frauds affecting financial interests of the European Union, through training and partnership	60 192	80
12	SK	Financial Directorate of the Slovak Republic	Training focused on increasing the effectiveness of customs controls in the fight against fraud and detection of illegal practices in the smuggling and counterfeiting of tobacco and tobacco products at the external border and inland by using available technical and communications means	72 569	80
13	BG	National Revenue Agency	“Increasing NRA’s administrative capacity in the intra-community trade control by improving the interaction between the EU member states’ administrations in combating tax fraud”	59 768	80
Total				870 557	80

Table 6 – Anti-Fraud Training & Conferences Procured Conferences organised by the Commission in 2015

	Dates	Conference Title	Location	No of participants	Amount paid in Euro
1	12-15 October 2015	20 th Task Group Cigarettes Conference	Bratislava Slovakia	90	139 245
<u>Objectives:</u> Discussion on the actual situation of cigarette smuggling and planning future actions to fight against it. Exchange of information, best practices and anti-fraud methods, techniques and modus operandi, Improved operational cooperation with partners					
2	2-4 December 2015	13 th OAFCN Training Seminar (Bi-annual)	Luxembourg Luxembourg	80	72 973
<u>Objectives:</u> Foster communication on fraud prevention					
3	17-19 June 2015	AFCOS Seminar	Belgrade Serbia	60	78 419
<u>Objectives:</u> To gather AFCOS representatives from the candidate and potential candidate countries and some of the Member States, to present the work of OLAF and AFCOS, to discuss challenges relevant to mutual cooperation and coordination and to share experience and best practices.					
Total				230	290 637

Table 7 - Anti-Fraud Training & Conferences grants finalised in 2015

	MS	Beneficiary	Title	Partici pants	Total paid	Amount paid as % to initial commitment ⁴⁴
1	RO	Călărași County Police Inspectorate	Together, fighting against smuggled cigarettes and tobacco	198	11 923	28
2	RO	Anticorruption General Directorate	Trainings for Anticorruption General Directorate officers on covert audio/video equipment	75	30 899	41
3	CZ	General Directorate of Customs	Special course for K-9 teams in the area of prevention of tobacco and tobacco product smuggling	35	24 287	49
4	IT	Presidency of Council of Ministers, Department of European Policies	National anti-fraud database: Computer tool (IT) for prevent fraud against the Union's financial interest with collaboration of the law enforcement staff and with the national and regional authorities	406	56 682	82
5	PL	Voivodship Headquarters of the Police in Bialystok - KWP	Grants-STOP-Manipulation	106	32 992	72
6	LT	Customs Department under the Ministry of Finance of Republic of Lithuania	Strengthening of operational capacities of Lithuanian customs in preventing and detecting of illicit tobacco products flow into EU: Operators training on interpretation of images generated by X-Ray scanning devices	21	3 484	41
7	IT	Agenzia delle Dogane e dei Monopoli	X-SAFT: Advanced X-ray Scanner Anti-Fraud Training	85	128 056	77
8	SK	Financial Directorate of the Slovak Republic	Teamwork of customs officers of mobile units in the detection of illegal transport of tobacco products in the Carpathian Euroregion	113	48 682	65
9	LT	The Financial Crime Investigation Service (FCIS)	Towards more effective cross-border cooperation against fraud affecting the financial interests of the Union	38	7 725	72
10	IT	Istituto Europeo per lo Sviluppo Socio Economico	EU funded actions: rules, laws and best practices sharing in the field of fraud prevention	88	62 572	82
11	IT	Agenzia Veneta per i Pagamenti in Agricoltura - Avepa	A new leaf - Agricultural networking exchanging witnesses and leading Experiences	294	115 633	98
12	LV	State Revenue Service of the Republic of Latvia	Seminar on detection and prevention of VAT Fraud	55	12 659	52
TOTAL				1 514	535 592	70

⁴⁴ Final payment as percentage of the amount of the grant that was awarded following the examination of the beneficiary's application.

Table 8 - **Legal** Training & Studies grants awarded in 2015

	MS	Beneficiary	Subject	Commitments in Euro	Co-fin %
1	DE	Max Planck Society for the Advancement of Science	<i>Periodical publication</i> eucrim: The European Criminal Law Associations' Forum - publication of a periodical on the protection of the EU's financial interests	63 307	80
2	NL	Utrecht University, School of Law, Utrech Center for Regulation and Enforcement in Europe/RENFORCE	<i>Comparative study</i> Investigatory powers and procedural safeguards: Improving OLAF's legislative framework through a comparison with other EU law enforcement authorities	75 163	80
3	IT	Centro di Diritto Penale Europeo	<i>Comparative study and workshop</i> Preparing the environment for the EPPO: Fostering mutual trust by improving existing common legal heritage and enhancing common legal understanding. Preliminary study and guidelines for a model "framework curriculum" for legal training of practitioners in the PIF sector	103 976	86
4	IT	University of Bologna - Center for Research and Training for the Public Sector - European School of Advanced Fiscal Studies	<i>Comparative study and conference</i> Investigations and Sanctions for VAT frauds: Fundamental Principles and Comparison across EU Member States	59 579	80
5	IT	Transparency International Italia	<i>Comparative study</i> Impact of statute of limitations in corruption cases affecting EU Financial Interests – A European Comparison	43 041	80
6	NL	Stichting T.M.C. Asser Instituut	<i>Conference</i> High level event on the establishment of a European Public Prosecutor's Office (EPPO): Legal challenges and remaining questions	31 658	80
7	DE	Academy of European Law	<i>Conference</i> Annual Forum on Combating Corruption in the EU 2016 - Transnational cooperation between judicial and administrative authorities to better protect the EU's financial interests	53 477	80
8	ES	Institute of Fiscal Studies	<i>Comparative study</i> Implementing new measures in the fight against tobacco smuggling	27 000	30
Total				457 201	74

Table 9 - Legal grants finalised in 2015

MS	Beneficiary	Title	N° of part.	Total paid	Amount paid as % to initial commitment ⁴⁵	
1	DE	European Law Academy (ERA)	<i>Conference:</i> Annual Forum on Combating Corruption in the EU 2015: Freezing, Confiscation and Handing over of Proceeds of Crime	40	38 832	72
2	RO	Association Institute for Public Policy	<i>Comparative study and conference</i> Effective coordination of control systems for preventing fraud with Structural Funds in New EU Member States	196	28 122	61
3	DE	Max Planck Society for the Advancement of Science	<i>Periodical publication</i> eucrim: The European Criminal Law Associations' Forum - periodical on the protection of the EU's financial interests	N/A	44 519	74
4	FR	Association de Recherches Pénales Européennes	<i>Conference</i> Le contrôle judiciaire du Parquet européen : Nécessité, Modèles, Enjeux	57	22 209	71
5	NL	The Hague University of Applied Sciences	<i>Seminar</i> Negotiated Settlements for Corruption offences: A European Perspective	15	18 769	100
6	ES	ESADE Foundation	<i>Comparative study, publication and seminar</i> Avoiding Fraud in Cohesion Policy 2014-2020	119	117 108	100
7	DE	Rheinische Friedrich Wilhelms University of Bonn	<i>Conference</i> The European Public prosecutor's office and the prosecutor general in federal states – what lessons can the EU learn from the Swiss model?	62	16 577	64
Total			489	286 136	81	

⁴⁵ Final payment as percentage of the amount of the grant that was awarded following the examination of the beneficiary's application.