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## **COMMISSION STAFF WORKING DOCUMENT**

**Measures adopted by the Member States to protect the EU's financial interests in 2021  
Implementation of Art. 325 TFEU**

*Accompanying the document*

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

**33rd Annual Report on the protection of the European Union's financial interests and  
the fight against fraud - 2021**

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## **1. PROTECTING THE EU'S FINANCIAL INTERESTS**

The protection of the EU's financial interests is a shared responsibility between the European institutions and the Member States, which contribute to the largest part of the EU budget, collect the Traditional Own Resources on behalf of the EU, but also manage directly about two thirds of its expenditure.

Under article 325, paragraph 2, of the Treaty on the Functioning of the European Union (TFEU) "Member States shall take the same measures to counter fraud affecting the financial interests of the Union as they take to counter fraud affecting their own financial interests".

According to paragraph 5 of the same Treaty article, the "Commission, in cooperation with Member States, shall each year submit to the European Parliament and to the Council a report on the measures taken for the implementation of this Article".

To compile this document and gather the necessary information to prepare the aforementioned report, the Commission has requested Member States to report up to three measures, which they considered as the most important for the protection of the EU financial interests. They were reported through an online questionnaire ('the PIF Questionnaire', made available in every EU language) using the web platform EU Survey. Their replies are compiled in section 3 of this document.

Member States were also given the possibility to briefly describe additional measures, if they deemed necessary. Seven Member States did so. Such contributions are compiled in section 4 of this document.

Ten Member States also reported case studies in various sector of the protection of the EU financial interests. They are collected in chapter 5.

## **2. OVERVIEW OF THE MEASURES TAKEN BY MEMBER STATES IN 2021**

Member States reported 73 measures in 2021 on the protection of the EU's financial interests and the fight against fraud. As Member States were invited to report a maximum of three (most important) anti-fraud measures, this document therefore offers a good, albeit non-exhaustive, overview of trends and priorities in the anti-fraud measures implemented by Member States. The number of measures effectively reported would be higher, if one considers that Member States may report 'single' or 'package' measures. The latter usually encompasses a number of instruments adopted at the same time and to pursue the same objective. On the total number of reported measures, 31 (42%) consisted of 'package' measures.

As a reflection of 2021's key priorities, eight Member States<sup>1</sup> reported measures with regard to the European Public Prosecutor's Office (EPPO), either in relation to the implementation of the Council Regulation (EU) 2017/1939<sup>2</sup> or measures that will further strengthen and enhance future cooperation.

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<sup>1</sup> Belgium, Czechia, Germany, Spain, France, Italy, Latvia and Romania.

<sup>2</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office.

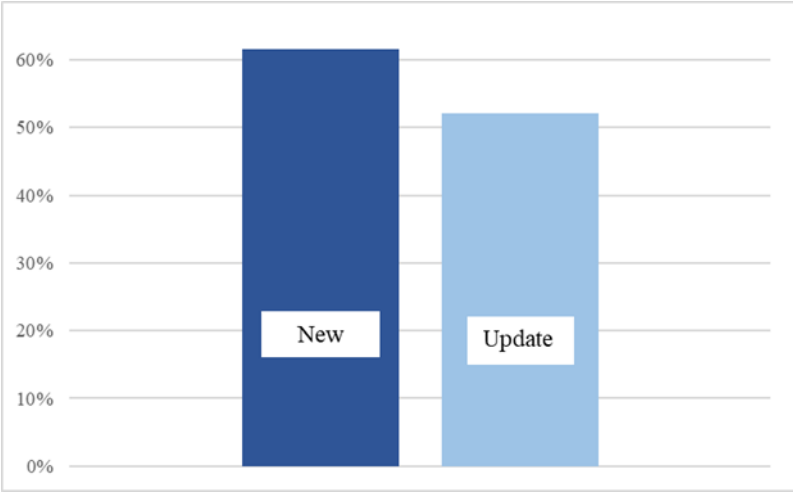


Another recurring theme was the Recovery and Resilience Facility (RRF). Member States reported implementations of recovery and resilience plans and measures, which ensure monitoring and controlling of the related funding.

Furthermore, six Member States<sup>3</sup> reported the (further) transposition of, in particular, three directives Directive (EU) 2017/1371 ('PIF Directive'), Directive (EU) 2018/1673 and Directive (EU) 2015/849.

As showed in figure 1, Member States reported more measures, which were newly adopted than updated or amended measures. Some measures were both updated and new.

**Figure 1 - New Measures vs Updated Measures reported**



Reported measures are categorised under four different groups: legislative, administrative, organisational and operational.

A **legislative** measure is an act adopted by a legislative body or having legal force.

An **administrative** measure is a legal act adopted by an administrative body to implement actions provided for by legislative acts.

An **organisational** measure is a decision or any other non-legislative act taken to change the organisational setting of an administration or body whose tasks and activities related to the protection of the EU's financial interests.

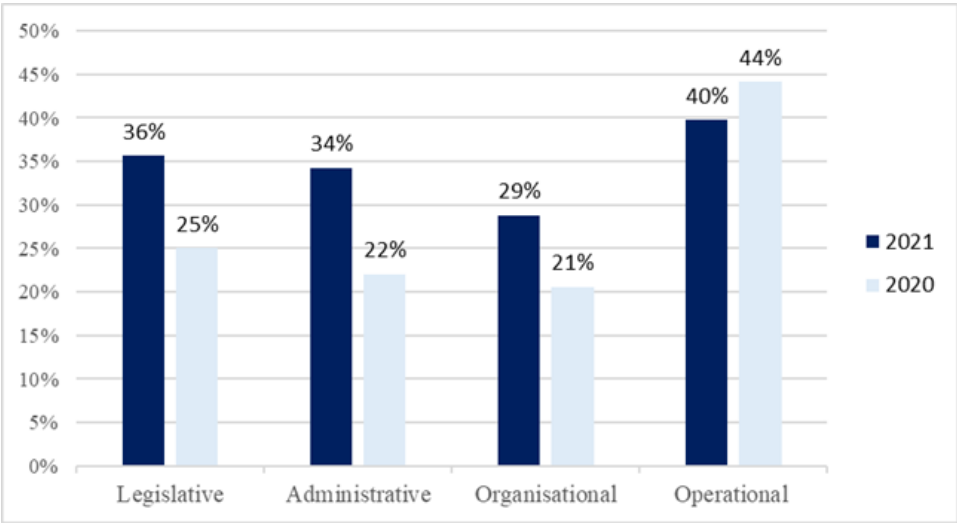
An **operational** measure is any action undertaken by an administration or body whose tasks and activities related to the protection of the EU's financial interests, which have a direct impact on its operations.

In 2021, Member States the distribution of the reported measures by category is more even than in previous years. Measures focused on an operational level, followed closely by

<sup>3</sup> Belgium, Estonia, Ireland, Greece, Italy and Lithuania.

legislative measures (36%), were the most reported and were present in 40% of the reported initiatives<sup>4</sup>, as showed in Figure 2 with a comparison to the data from 2020.

**Figure 2 - Distribution of reported measures by type**



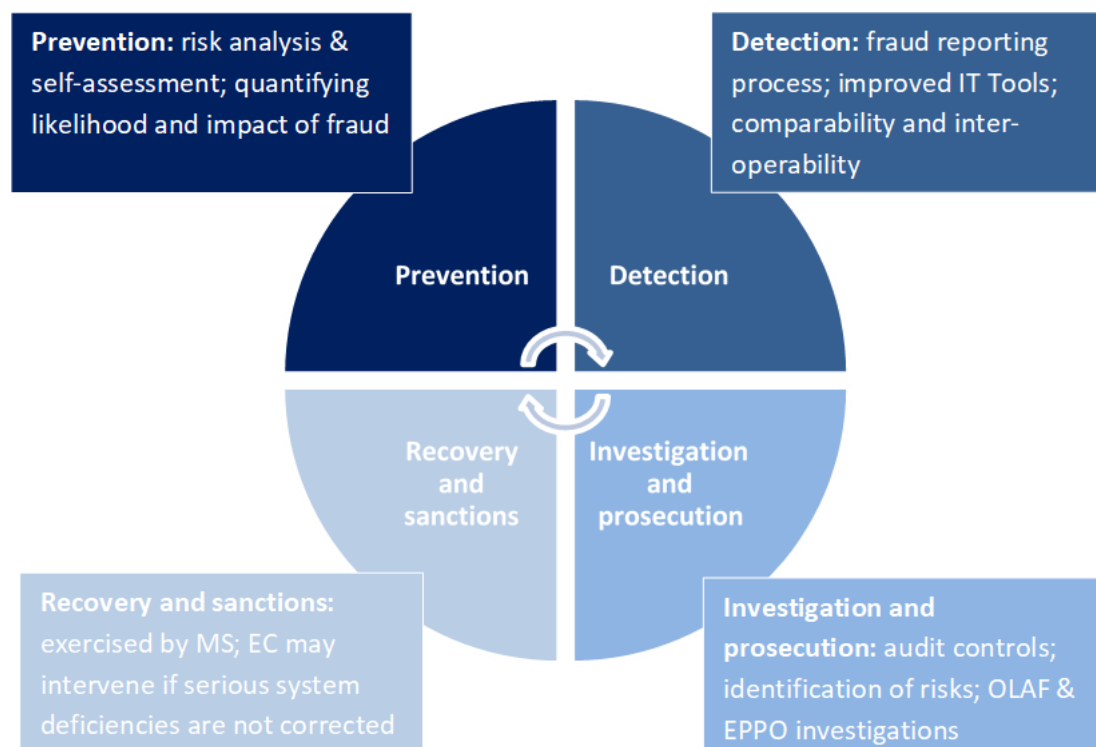
**2.1. Anti-fraud measures adopted by the Member States and the anti-fraud cycle**

The fight against fraud can be truly effective if it follows a holistic and comprehensive approach and covers all stages of the anti-fraud cycle, as the protection of the EU’s financial interests is ensured by a plurality of players and a multiplicity of processes and stages, which are deeply interconnected and influence one another.

This approach towards fighting fraud is exemplified in **Figure 3**.

<sup>4</sup> When reporting a package of measures, more than one category can be included in that package.

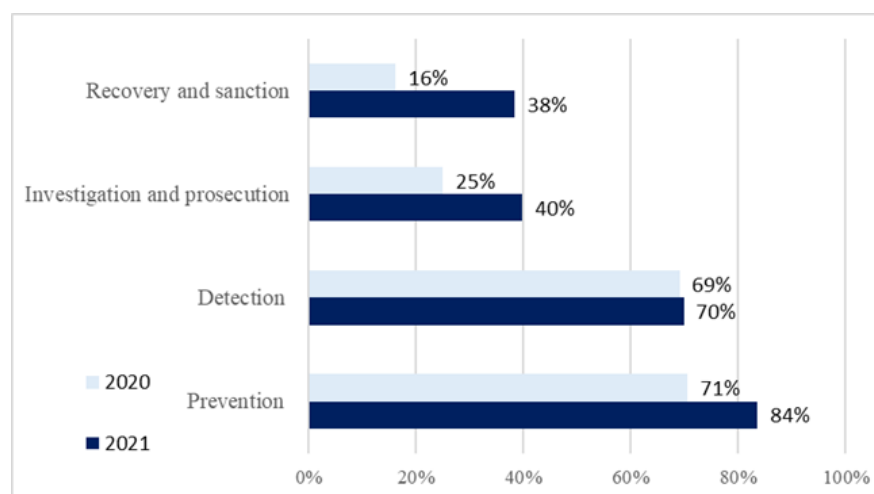
**Figure 3 – The anti-fraud cycle**



In the PIF Questionnaire, Member States were asked to indicate which steps of the anti-fraud cycle are targeted by the reported measures.

Member States measures covered the entire anti-fraud cycle, although, similarly to previous years, they focussed in particular on fraud prevention (around 84%) and detection (around 70%). Investigation and in particular reparation (sanctions and recovery) were targeted in fewer measures as showed in **Figure 4**. Although in comparison to last years, the number of measures, which covered investigations or sanctions and recovery, has been increasing.

**Figure 4 - Reported measures and steps of the anti-fraud cycle**

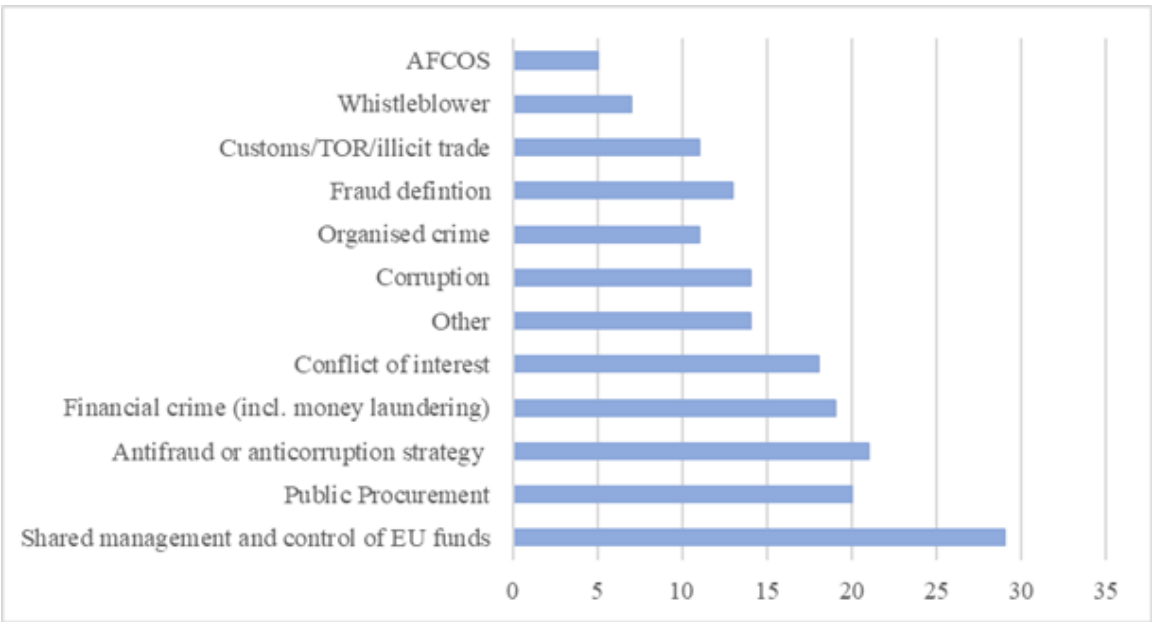


Several of these measures are a direct consequence of rules and guidelines developed at EU level for the setting up of the management and control systems (MCS). The steps related to “investigation and prosecution” and “recovery and sanctions”, which fall into domains closely linked to the States’ sovereign sphere (law enforcement and justice), are usually less touched by these initiatives. However, in comparison to previous years, measures related to “investigation and prosecution” and “recovery and sanctions” have increased (direct comparison to the data from 2020). One cause for this development may be the further implementation of enhanced cooperation with EPPO.

When reporting the adopted measures, Member States also indicate specific areas, which they address. A measure can address more than one area at the same time.

**Figure 5** shows the areas addressed by the reported measures.

**Figure 5 - Measures by area addressed**



Similarly to previous years, most reported measures concern “Shared management and control of EU funds”. Many measures reported in 2021 also covered “Public Procurement”. Additionally, particular attention was given to “Antifraud or anticorruption strategies” and “Financial crime”.

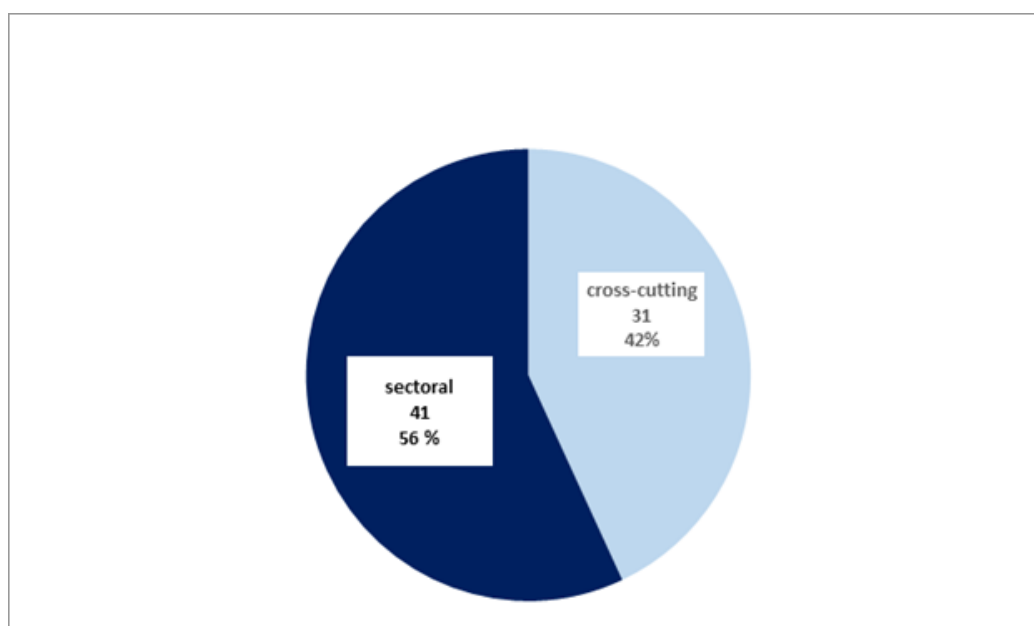
**Figure 6** further breaks down the same information by Member State and by area concerned.

**Figure 6 - Number of measures reported by area and by Member State**

Member State	No of measure	Public Procurement	Financial crime (incl. money laundering)	Corruption	Organised crime	Conflict of interest	Fraud definition	AFCOS	Whistleblower	Customs/TOR/illicit trade	Shared management and control of EU funds	Antifraud or anticorruption strategy	Other
Austria	3	1	1		1	1						1	2
Belgium	3	1		2			1	2					1
Bulgaria	3	2					2	2				2	
Czech Republic	3	2		1		1	1						1
Estonia	3			1			2			1		1	1
Finland	1			1									1
Germany	3	1					2					1	1
Hungary	3	1		1	1					1			1
Ireland	2	1	1			1		1		1			
Italy	3	2	2	2	1					1		2	2
Latvia	3	1	1				1	1	1				1
Lithuania	3		2			2		1		1		2	
Luxembourg	1							1					
Malta	1												1
Netherlands	3	2										3	
Poland	3	1	1			1						1	
Portugal	3	1	1	1						1			1
Romania	3	1	3	1	1	1				1		2	
Slovakia	3	1	1	1			1				1	1	1
Slovenia	3		2							1		2	1
Spain	3			1			1	1	1				1
Sweden	3			1		1	1	1	1	1		3	1
France	2												2
Croatia	3	1	1	1			1	1		1	1	1	1
Denmark	3					1						2	1
Cyprus	3			1			1	2				1	1
Greece	3	1	1	1	1	1	1	1	1	1		2	1
TOTAL	73	20	19	14	11	18	13	5	7	11	29	21	14
% of total	100%	27%	26%	19%	15%	25%	18%	7%	10%	15%	40%	29%	19%

Figure 7 shows the share of the reported measures, which cover specific sectors of the EU budget, and the share that, on the other hand, have a cross-cutting nature.

**Figure 7 - Sectoral measures vs cross-cutting measures**



**Figure 8** breaks down this information by Member State.

**Figure 8 - Cross-cutting vs sectoral measures by Member State**

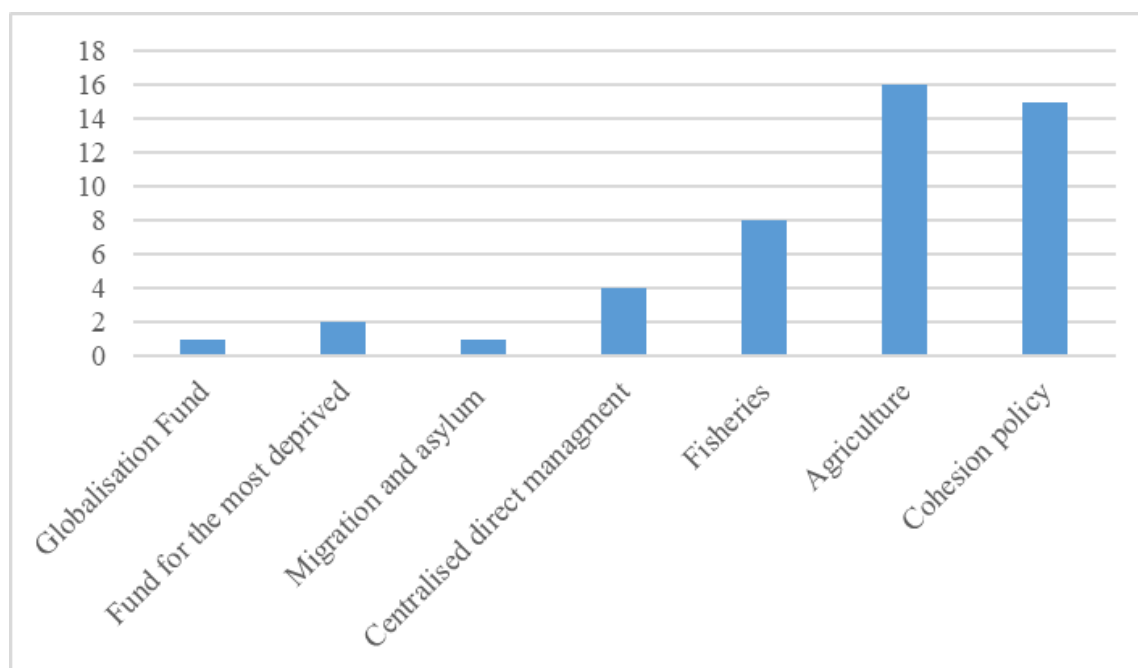
Country	Horizontal	Sectoral	TOTAL
Austria	1	2	3
Belgium	1	2	3
Bulgaria	1	2	3
Czech Republic	2	1	3
Estonia	1	2	3
Finland	1		1
Germany		3	3
Hungary	1	2	3
Ireland	1	1	2
Italy	2	1	3
Latvia	1	2	3
Lithuania	3		3
Luxembourg	1		1
Malta	1		1
Netherlands		3	3
Poland		3	3
Portugal	3		3
Romania	3		3
Slovakia		3	3
Slovenia	1	2	3
Spain	2	1	3
Sweden	2	1	3
France		2	2
Greece	2	1	3
Denmark	not indicated	2	3
Croatia	1	2	3
Cyprus	0	3	3
TOTAL	31	41	73

Among the sectoral measures reported, 29 relate to various expenditure sectors and 16 to revenue.<sup>5</sup> **Figure 9** shows that the majority of adopted measures in expenditure sectors largely relates to agriculture, followed by cohesion and fisheries.

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<sup>5</sup> Bearing in mind that some measures relate to various expenditure sectors and to revenue.

**Figure 9 - Sectoral measures: expenditure**



## **2.2. Training organised by Member States on the Irregularity Management System (IMS)**

The Irregularity Management System (IMS) is an IT system developed and maintained by OLAF on behalf of the Commission, to facilitate the reporting by Member States of irregularities in the area of shared management, in line with sectoral legislation.

Such reporting is one of the main information sources for the Commission to prepare the annual report on the protection of the EU’s financial interests and the fight against fraud.

As of 2016, OLAF implemented a ‘train the trainer’ policy. The PIF Questionnaire requests Member States to indicate how many training sessions have been organised in the reporting year, and how many people were trained in the use of the system.

As shown in **Figure 10**, ten Member States reported having organised 198 IMS training sessions in their countries and indicated 276 participants.

**Figure 10 - IMS training in 2021**

Member State	Number of training sessions	Number of trainees
Bulgaria	8	10
Germany	175	175
Croatia	6	16

Italy	<b>5</b>	<b>12</b>
Hungary	<b>1</b>	<b>12</b>
Poland	<b>2</b>	<b>48</b>
Sweden	<b>1</b>	<b>3</b>
<b>TOTAL</b>	<b>198</b>	<b>276</b>



### 3. ANTI-FRAUD MEASURES BY MEMBER STATES

#### 3.1. Belgium

##### 3.1.1. Horizontal: Transposition of Directive (EU) 2017/1371 ('PIF Directive') into Belgian law

In 2021, Belgium reported the Act of 17 February 2021 which lays down various provisions in the area of justice: first, Chapter 4, which transposes Directive (EU) 2017/1371 ('PIF Directive') into national law and, secondly, Section 2 of Chapter 2, which adds Chapter IVter 'The European Prosecutor and the European Delegated Prosecutors' to the Code of Criminal Procedure.

This measure ensures that the penalties for corruption are in line with the PIF Directive and that the powers and procedures of the European Prosecutor and the European Delegated Prosecutors are laid down in the Code of Criminal Procedure. The anti-corruption measure, which ensures that the penalties are consistent with those applied in the rest of the EU, has been applied in the public sector of public procurement.

The Act of 17 February 2021 also added Chapter XXIV bis 'European Public Prosecutor's Office' to the General Act on Customs and Excise Duties of 18 July 1977.

This amendment to the national customs legislation ensures effective cooperation between the customs authorities and the European Public Prosecutor's Office in the fight against fraud involving traditional own resources of the EU budget.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Corruption: Increased penalties, Definition of powers and procedures of the European and European Delegated Prosecutors, Customs: traditional own resources of the EU budget	Single	Legislative	A	Powers, Financial penalties, Criminal sanctions (more criminal sanctions)	To enforce the rules in line with developments in EU law	H
Recovery and sanction							

##### 3.1.2. Expenditure – Cohesion policy: Cross-cutting measure to clarify or consolidate existing rules

Belgium reported that in 2021, implementing the Recovery and Resilience Facility (RRF) involved the selection of 20 investment or reform projects and establishing a system for monitoring the achievement of milestones and targets, in addition to the absence of serious irregularities (such as fraud, corruption, conflicts of interest and double funding). The managing authority for the Brussels-Capital Region ERDF Programme has set up a targeted risk management exercise for the implementation of the RRF and a system for detecting, preventing and penalising serious irregularities among the projects selected.

The RRF is a new fund involving large sums of money that risk being targeted by fraudsters, which would have a significant impact on the EU budget and its reputation. A handbook on the implementation of the RRF has been drafted and distributed. This document sets out to project holders their duties as beneficiaries of the fund and details the arrangements for implementing the RRF Regulation (Regulation (EU) 2021/241 of 12 February 2021 establishing a Recovery and Resilience Facility).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Public Procurement, Corruption, Conflict of interest, Fraud definition	Single	Administrative	N	Management of funds, Monitoring/desk checks, Audit checklist, Irregularities reporting	To clarify or consolidate existing rules, Cross-cutting measure, multi-agency measure/ measure with impact on various bodies	S: Cohesion policy
Detection							

### 3.1.3. Expenditure – Agriculture: Participation in the SmartPro CAP project and further development of anti-fraud policy within the Department of Agricultures and Fisheries

The Flemish paying agency for agricultural funds is one of the project partners of the SmartPro CAP project running between 1 January 2021 and 31 March 2022 and is funded through Hercule III. The project focuses on the sound management of financial resources and the fight against fraud using data and new technologies (such as Arachne, data-driven risk analyses, etc.) within the non-IACS rural measures.

Participating in the SmartPro CAP project does not only provide inspiration and input for the further development of anti-fraud policy within the Department of Agriculture and Fisheries [Departement Landbouw en Visserij], it also creates opportunities for cooperation, initially with other project partners (Estonia, Veneto and Croatia), but also, by extension, with other Member States following the publication of the final project manual in March 2022.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Fraud definition, Shared management and control of EU funds, Antifraud or anticorruption strategy	Package	Administrative	Update	Eligibility criteria, Management of funds, Monitoring/desk checks, On the spot checks	To clarify or consolidate existing rules, To enhance existing measure	S: Agriculture
Detection							
Investigation and prosecution			Organisational	Update	Competence, Inter-agency cooperation	Neutral on resources	
			Operational	Update	IT tools, Flagging practice, Risk indicators	Enhanced coordination, Enhanced information flow, Targeting of investigations, Enhanced ex-ante controls	

## 3.2. Bulgaria

### 3.2.1. Sectoral – all areas of Expenditure: Round table on increasing the effectiveness of criminal and administrative proceedings concerning offences and infringements affecting resources from the European Structural and Investment Funds (ESIF)

In 2021, Bulgaria reported a round table organised and held by the AFCOS Directorate. The event was attended by 43 representatives of nine regional directorates of the Bulgarian Ministry of the Interior, the Directorate-General for Combating Organised Crime and the Directorate-General for the National Police, as well as representatives of managing authorities, the Supreme Prosecutor's Office of Cassation, the European Public Prosecutor's Office and the AFCOS Directorate.

It allowed staff of specialised bodies to exchange experiences, by presenting and discussing the European and national mechanisms for combating irregularities and fraud in the use of EU resources, and by sharing good practices for crime detection and investigation.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest, Fraud definition, Shared management and control of EU funds	Single	Organisational	N	Inter- agency cooperation, General trainings, Fraud awareness trainings	Neutral on resources	S: Agriculture, Cohesion policy, Centralised direct management, Fund for the most deprived, Globalisation Fund, Migration and asylum
Detection							
Investigation and prosecution							

### 3.2.2. Expenditure – Centralised direct management and Fund for the most deprived: To enhance existing rules

In 2021, Bulgaria reported about an update of the methodology for carrying out specific audit activities to verify procedures for the selection of contractors by beneficiaries and compliance with State aid rules.

The measure is in line with the Guidance from the European Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis, published in OJ C 108, 1.4.2020. Including additional methodological guidance provides auditors with more detailed information on the circumstances to look out for when carrying out checks and guidelines for detecting irregularities and fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest, Fraud definition, shared management and control of EU funds	Single	Administrative	Update	Monitoring/desk checks, Audit checklist	To enhance existing measure	S: Cohesion policy, Fund for the most deprived
Detection							

### 3.2.3. Horizontal: Organisation and coordination of Bulgaria’s participation in the EU Recovery and Resilience Facility

In 2021, Bulgaria reported the Council of Ministers Decision No 568/2021 on the organisation and coordination of Bulgaria’s participation in the EU Recovery and Resilience Facility (RRF). It included the designation of the authorities and bodies responsible and of the central coordination unit for the facility at national level. A list of their main responsibilities and functions is included too.

The RRF will support the actions taken by Member States to address the economic and social consequences of the COVID-19 pandemic, as well as their attempts to build more resilient public systems and national economies. The decision designates the authorities and bodies responsible for matters related to Bulgaria’s participation in the RRF, and sets out their powers.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds	Single	Administrative	N	Management of funds	Cross-cutting measure, multi-agency measure/ measure with impact on various bodies	H
Detection							
Recovery and sanction							

### 3.3. Czechia

#### 3.3.1. Revenue – Customs: Change of tariff classification at release for free circulation

In 2021, Czechia changed the tariff classification at the release for free circulation. They created a report in the AVR system, a report on customs data. Additionally, a new risk identification tool to perform post-clearance checks was created.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Detection	Collection of EU traditional own resources (protection of EU financial interests)	Single	Operational	N	Risk indicators	Targeting of checks	S
Recovery and sanction							

#### 3.3.2. Horizontal – Cross-cutting measure and to enhance existing measure

In 2021, Czechia prepared and implemented the Methodological Instruction No 10 of the Minister for Regional Development on the ‘Guidance document for managing calls for tender and assessing and selecting projects for the 2014-2020 programming period’, as regards supplementing the procedures for verifying the eligibility of an applicant in light of the limitations stemming from Act No 159/2006 on Conflicts of Interest.

The Methodological Instruction No 10 was prepared on the basis of European Commission audit No REGC414CZ0133. In response to the Commission’s recommendation under Finding 1, the Czech Republic undertook as an addition to the methodological framework an obligation for managing authorities to comply with the provisions of Section 4c of Act No 159/2006 on conflicts of interest when granting support from the European Structural and Investment Funds, focusing particularly on trust funds.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest	Package	Administrative	Update	To enhance existing measure, Cross-cutting measure, multi-agency measure/ measure with impact on various bodies, Other: Response to the above mentioned audit finding.	Enhanced coordination, Targeting of checks	H
			Operational		The procedures for verifying the eligibility of an applicant in light of the limitations stemming from the Conflict of Interest Act have been supplemented.		

### 3.3.3. Horizontal – Transfer of criminal cases for supervision to the European Public Prosecutor’s Office (EPPO)

In 2021, Czechia achieved synergies between the Public Prosecutor’s Office and the European Public Prosecutor’s Office (EPPO) by transferring criminal cases for supervision. They implemented the necessary action to ensure activities of the EPPO and exercise of its powers in the Czech Republic as of June 2021. The Public Prosecutor’s Office has ensured that ongoing criminal cases related to protecting the EU’s financial interests are submitted to the EPPO for decisions to be taken on transferring them to the relevant EPPO Delegated Prosecutors.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Detection Investigation and prosecution	Public procurement, Financial crime (including money laundering), Organised crime	Single	Organisational	N	Competence, Inter-agency cooperation, Transferring specific criminal cases for supervision to the European Delegated Prosecutors, Submission of criminal cases related to protecting the EU’s financial interests to the EPPO	Neutral on resources	H

## 3.4. Denmark

### 3.4.1. Update on the paying agency’s fraud prevention

In 2021, Denmark, in connection with the Common Agricultural Policy, has brought together both the paying agency’s own experiences and external analyses. In this context, internal documents and work procedures have been updated and adjusted. It also included revising a list of red flags. This process has resulted in an updated overview over the paying agency’s fraud prevention and serves as a conclusion.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention Detection	Shared management and control of EU funds	Package	Administrative	Update	Management of funds; Monitoring/desk checks	To clarify or consolidate existing rules; To enhance existing measure	S: Agriculture
			Organisational	N	Competence	Increased resources	
			Operational	N	Risk indicators	Enhanced information flow; Targeting of checks; Enhanced ex-ante	

### 3.4.2. Follow-up to criticism from the National Audit Office

In spring 2021, the Danish Fisheries Agency [Fiskeristyrelsen] reviewed a number of cases in which the legal adviser to the Danish Government [Kammeradvokaten] had identified signs that could indicate fraud. Two cases were reported to the police, but concerned breaches of Section 12 of the Act on the Maritime and Fisheries Fund rather than fraud. The measure is a follow-up to criticism from the National Audit Office of Denmark.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Antifraud or anticorruption strategy	Package	Administrative	not indicated	Investigation; Penalty	Other: Follow-up to the criticism from the National Audit Office	not indicated
Recovery and sanction							

### 3.4.3. Detection of double funding

In 2021, Denmark reported the integration of data from the compensation schemes with data from the Agency's reporting data with a view to detecting double funding (due to COVID 19). The administrative checks have been expanded with additional questions to ensure that participating.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest; Shared management and control of EU funds	Single	Administrative	N	Eligibility criteria; Management of funds; Monitoring/desk checks	To clarify or consolidate existing rules; Cross-cutting measure, multi-agency measure/measure with impact on various bodies	S: Cohesion policy
Detection							

## 3.5. Germany

### 3.5.1. Expenditure – Agriculture and Fisheries: Uniform strategy for dealing with conflicts of interest

In 2021, Germany set up a working group on conflicts of interest to formulate a uniform strategy for dealing with conflicts of interest. The working group on conflicts of interest for the 14 EAFG/EAFRD paying agencies in Germany was set up, with the involvement of the coordinating body in the Federal Ministry of Food and Agriculture (BMEL), in order to formulate a uniform strategy for dealing with conflicts of interest. Planned adoption of the strategy by the managing authorities for the Fisheries Fund. The working group on conflicts of interest for paying agencies aims to formulate a common strategy for preventing and detecting conflicts of interest, which will be implemented internally by the paying agencies taking into account Germany's federal system. The strategy is based among other things on the Commission Guidance on the avoidance and management of conflicts of interest under the Financial Regulation. Adoption of the strategy by the managing authorities of the Fisheries Fund is also planned.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest	Single	Administrative	New + Update	Management of funds; Monitoring/desk checks; Working group on conflicts of interest for paying agencies with the aim of formulating a common strategy for preventing and detecting conflicts of interest	To clarify or consolidate existing rules; To enhance existing measure	S: Agriculture, Fisheries
Detection							

*3.5.2. Cohesion policy: Updating management and control structures put in place by the Saarland ERDF managing authority*

In 2021, Germany updated the management and control structures put in place by the Saarland ERDF managing authority (notification of this measure as representative of the measures taken by the German ERDF managing authorities) in order to be in line with the Commission Guidance on the avoidance and management of conflicts of interest under the Financial Regulation (2021/C 121/01) of 9 April 2021.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement; shared management and control of EU funds	Package	Administrative	Update	Management of funds; Monitoring/desk checks	To clarify or consolidate existing rules; To enhance existing measure	S: Cohesion Policy
Detection							

*3.5.3. Revenue – Tax Fraud: Amendments and new provisions of the Turnover Tax Act to be in line with developments in EU law*

In 2021, Germany reported regarding the Turnover Tax Act (UStG):

- (1) Amendment of the existing provisions on the liability of electronic interface operators with regard to online trading of goods, and of record-keeping obligations (§§ 25e and 22f UStG). The purpose of the rules is to protect honest traders from distortions of competition and safeguard VAT revenue.
- (2) Restriction of a VAT identification number issued where a risk to VAT revenue is suspected, including in other EU Member States (§ 27a(1), first to third sentences, UStG).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Single	Legislative	New + Amendment	Other administrative penalties	To enforce the rules in line with developments in EU law	S

### **3.6. Estonia**

*3.6.1. Expenditure – Cohesion policy: To enforce the rules in line with developments in EU law*

In 2021, Estonia reported arrangements for implementing the recovery and resilience plan and general conditions for granting support. The regulation adopted establishes the national implementation rules of the recovery and resilience plan referred to in Article 18 (1) of Regulation (EU) No 2021/241 of the European Parliament and of the Council. It established clear grounds for recovery upon the detection of fraud, a right to recover if there has been fraud, corruption, or a conflict of interest. The regulation also ensures the requirements of Directive 2015/849 on the beneficial owners.

When implementing the RRF, the obligation to assess possible risks in the project implementation in the following categories: double funding, target group risks including fraud

and conflict of interest, state aid, and ensuring competition, must be met. To assess the risks, the Managing Authority has prepared a separate risk table with an assessment model. The completed risk assessment together with the mitigating activities is an important input in coordinating the conditions for granting support/contract conditions.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest	Package	Legislative	N	Competences, Powers, Recovery	To enforce the rules in line with developments in EU law	S: Cohesion Policy
			Administrative	N	Eligibility criteria, Management of funds	Implementation of RRF: assessing possible risks in the project implementation.	

*3.6.2. Horizontal – Combating corruption in public sector and preventing conflicts of interest involving Ministers, their Advisers and for Officials in Liaison with Lobbyists*

The government of Estonia approved on 18 March 2021 the Ministry of Justice's Guidelines for the prevention of conflicts of interest for ministers and their advisers and for officials in liaison with lobbyists. Ministers and their advisers are senior officials entrusted with the formulation of state policy, in the case of ministers, with the functions of the executive branch of the government, including the appointment and supervision of persons for important positions in the state. Therefore, it is crucial that ministers and those who advise them have high ethical standards and the ability to avoid situations of corruption and conflicts of interest.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Corruption, Conflict of Interest, Antifraud or anticorruption strategy	Single	Organisational	N	Competence	Neutral on resources	H

*3.6.3. Revenue – Customs and Tax fraud: New working group to tackle more efficiently alcohol and tobacco excise fraud*

In 2021, Estonia reported the establishment of a separate working group within the Tax and Customs Board to tackle more efficiently alcohol and tobacco excise fraud. The Working group consists of staff from different departments (intelligence, customs, investigation, tax, and tax audit). The aim of the working group is to coordinate national supervision, tax compliance, and investigative activities.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Customs/TOR/illicit trade	Single	Operational	N	Flagging practice, Risk indicators, Increased number of checks	Enhanced coordination, Enhanced cooperation, Enhanced information flow, Targeting of checks, Targeting of investigations, Enhanced ex-ant controls	S
Detection							
Investigation and							
Recovery and sanction							



### 3.7. Ireland

#### 3.7.1. Horizontal: To clarify or consolidate existing rules

In 2021, Ireland reported the enactment of the Criminal Justice (Theft and Fraud Offences (Amendment) Act 2021 on 18 March 2021, which came into effect on 14 April 2021. This Act gives full effect to 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. The offences of money laundering and corruption are provided for in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 & Criminal Justice (Corruption Offences) Act 2018.

Directive 2017/1371 replaces the 1995 Convention and 1996 & 1997 Protocols, which were given effect in Part 6 of the Criminal Justice (Theft and Fraud Offences) Act 2001. The 2021 Act updates the 2001 legislation in line with the 2017 Directive. Regarding criminal sanctions (g) the Criminal Justice (Theft and Fraud Offences) (Amendment) Act 2021 amended existing provisions and provided for an expanded definition of fraud affecting the Union's financial interests and a new offence of misappropriation. The maximum penalties did not require amendment.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Financial crime (including money laundering), Fraud definition	Single	Legislative	Amendment	Criminal sanctions: Amendment of existing provisions and provided for an expanded definition of fraud affecting the Union's financial interests and a new offence of misappropriation.	To clarify or consolidate existing rules	H
Investigation and prosecution							

#### 3.7.2. Revenue – Customs: 808 additional full-time equivalent staff to safeguard the EU border and protect the Customs Union from illegal trade

In 2021, Ireland reported that between 2018 and 2021, 808 additional full-time equivalent staff were sanctioned and assigned to Brexit-related roles at Ireland's frontiers to, inter alia, safeguard the EU border and protect the Customs Union from illegal trade while facilitating legitimate business activity. In addition, revenue invested significantly in the same period in infrastructure, IT systems and customs capability building. This measure relates to the 'areas' of smuggling/illicit trade and organised crime.

Due to the UK departure from the EU, investment was needed in infrastructure, IT systems and in HR to manage the significant increase in third country trade and to facilitate legitimate trade, increase EU border protection, address the heightened risk to the EU's financial interests and help prevent and detect any potential fraud. The deployment of 808 additional staff to frontier management posts, 160 of which were deployed in 2021, ensures that the necessary increased customs controls can be carried out on new third country routes, protecting the EU financial interests.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Organised crime, Customs/TOR/illegal trade	Single	Operational	N	Increased number of checks	Targeting of checks	S
Detection							

### 3.8. Greece

#### 3.8.1. Expenditure – Cohesion policy: establishment of a Management and Control System for actions and projects under the Recovery and Resilience Fund (RRF)

In 2021, Greece reported the establishment of a Management and Control System for actions and projects under the Recovery and Resilience Fund (RRF), pursuant to Regulation (EU) 2021/241. It provides proportionate measures to combat fraud, corruption and double funding and the effective avoidance of conflicts of interest. Additionally, they prepared a Manual of Procedures and an Anti-Corruption and Anti-Fraud Strategy, approved by Decision 139614/10-11-2021 of the Director of the Special Service for the Coordination of the RRF. The main pillars of the strategy are prevention, detection and effective response. The strategy also sets targets and is specified by means of further actions where necessary.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Corruption, Conflict of interest, Fraud definition, Shared management and control of EU funds	Package	Legislative	N	Competences, Recovery, Financial penalties, Other administrative penalties	To clarify or consolidate existing rules, To enforce the rules in line with developments in EU law	S: Cohesion Policy
Detection			Administrative	N	Management of funds, Monitoring/desk checks, On the spot checks, Audit checklist	To clarify or consolidate existing rules	
Recovery and sanction							

#### 3.8.2. Horizontal: To clarify or consolidate existing rules

In 2021, Greece reported the Ministerial Decision No 126082/11-10-2021 which lays down the procedures for carrying out audits within the remit of the Independent Department for Extraordinary Audits of Co-financed Programmes, which falls under the Directorate-General for Audit of Co-financed Programmes, Secretariat-General for Fiscal Policy, Ministry of Finance (Greek Government Gazette, Series II, No 4897/22-10-2021). Issued by the National Transparency Authority/AFCOS of a manual for handling complaints relating to programmes involving EU funds.

The purpose of the Ministerial Decision is to lay down the rules for the conduct of audits by the Independent Department for Extraordinary Audits of Co-financed Programmes, which falls under the Directorate-General for Audit of Co-financed Programmes. The Independent Department for Extraordinary Audits of Co-financed Programmes carries out extraordinary audits to investigate irregularities in OPs or actions co-financed by the EU or the EEA Grants. The audits are conducted following a complaint (if the complaint is assessed as requiring investigation) or following an audit order issued by the Minister for Finance, the National Transparency Authority or the European Commission.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	AFCOS, Whistleblower, Shared management and control of EU funds, Antifraud or anticorruption strategy	Package	Legislative	N	Competences, Definition of a specific topic, Recovery, Financial penalties	To clarify or consolidate existing rules	H
Recovery and sanction			Administrative	Update	Investigation	To clarify or consolidate existing rules	

### 3.8.3. Horizontal: Prevention and suppression of money laundering and terrorist financing

In 2021, Greece reported the adoption of a new law, Law 4816/2021 on prevention and suppression of money laundering and terrorist financing and the amendment of Law 4557/2018 – Transposition of Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law, acceleration of the administration of justice and other urgent provisions.

The purpose of Chapter B is to improve and streamline the existing legislative framework to combat money laundering through criminal law by transposing Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law (OJ L 284). Chapter C aims to speed up the administration of justice and to make it easier for citizens to seek judicial protection.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Organised crime, Customs/Tor/illit trade	Single	Legislative	A	Competences, Powers, Definition of a specific topic, Other administrative penalties, Criminal sanctions	To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							
Recovery and sanction							

## 3.9. Spain

### 3.9.1. Horizontal: A National Anti-Fraud Strategy for Spain

In 2020, Spain (AFCOS) prepared and presented to the Commission the project “A National Anti-Fraud Strategy for Spain”. The Commission pre-selected the project on 4 January 2021 and approved it for financing by the Technical Support Instrument on 2 March 2021.

This project aims to comply with the recommendations made by the European Commission in the 2018 and in the 2020 PIF Report, and by the Special Report No. 6/2019 of the European Court of Auditors. The project, kick-off meeting of which took place on 22 October 2021, is currently ongoing with technical assistance of the OECD. It has an execution period of 19 months and aims to prepare a National Anti-Fraud Strategy that comprehensively includes the four steps of the anti-fraud cycle (prevention, detection, investigation and recovery/sanction).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Single	Operational	N	IT tools; Risk indicators; Structured cooperation with law enforcement; Structured cooperation with judicial authorities; Other measures for prevention, detection, investigation, recovery and sanction	Enhanced coordination Enhanced cooperation; Enhanced information flow; Targeting of checks; Targeting of investigations; Enhanced ex-ante controls; Enhanced ex-post controls	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### 3.9.2. Horizontal: Enhanced Cooperation with the European Public Prosecutor's Office ('EPPO')

In 2021, Spain reported the approval of Organic Law 9/2021, of 1 July, on the application of the Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO'). As one of the 22 countries that participates in the work of protecting the EU budget against fraud, using the so-called "Enhanced Cooperation Procedure", Spain approved in 2021 the above-mentioned Organic Law. It contains rules of application of Regulation (EU) 2017/1939 to the Spanish legal system, completing its provisions and regulating a special procedure for investigations by the delegated European Prosecutors for those crimes whose competence corresponds to them according to the European rules.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Adaptation of procedures to European regulations	Single	Legislative	N	Competences, Powers, Procedures	To enforce the rules in line with developments in EU law	H

### 3.9.3. Expenditure – Centralised direct management: Establishment of a Recovery, Transformation and Resilience Plan Management System

In 2021, Spain approved a Ministerial Order (HFP/1030/2021) establishing the Recovery, Transformation and Resilience Plan Management System, and a Ministerial Order (HFP/1031/2021) establishing the procedure and format of the information which will be provided by the Entities of the State, Autonomous Community and Local Public Sector. It enables monitoring compliance with milestones and objectives, budget and accounting execution of the measures of the components of the Recovery, Transformation and Resilience Plan.

- Article 6 of the Ministerial Order HFP/1030/2021 reinforces mechanisms for prevention, detection and correction of fraud, corruption and conflicts of interests. Additionally, it establishes an obligation for all entities participating in the execution of measures of the plan to have an "Anti-fraud Measures Plan".
- The Ministerial Order HFP/1031/2021 aims to design a system of management and to monitor information in order to comply efficiently and with legal certainty to the requirements that the Recovery, Transformation and Resilience Plan entails.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Corruption (within Public Procurement: public and private sector); Conflict of interest Fraud definition; AFCOS; Whistle-blowers	Package	Legislative	N	Competences, Definition of a specific topic, Recovery	To enforce the rules in line with developments in EU law	S: Centralised direct management
Detection							
Recovery and sanction							

## 3.10. France

### 3.10.1. Sectoral – Revenue (Customs and Tax fraud) and Expenditure – Agriculture, Fisheries, Cohesion Policy and Centralised direct

*management: A national anti-fraud strategy devoted to combating fraud affecting the financial interests of the EU*

In 2021, France reported that it has drawn up a national anti-fraud strategy that, for the first time, is exclusively devoted to combating fraud affecting the financial interests of the European Union. In line with the European Commission’s recommendations, France has adopted a strategy laying down the main areas which the national policy combating fraud against the EU budget will focus on for the next six years. It was drawn up in coordination with the national institutions concerned (directorates of central authorities, the management, audit and control authorities for European funds, administrative and judicial investigative offices, judicial authorities and courts of auditors). The European institutions and the European Public Prosecutor’s Office also took part in drawing up the measures concerned.

The strategy is based on three objectives:

- (1) preventing fraud through improved risk management;
- (2) detecting fraud by enhanced data collection, sharing and processing;
- (3) prosecuting and punishing fraud by improved administrative and judicial coordination.

It is backed up by a road map that lays down for the next three years (2022-2024) the 39 specific measures that will be carried out by the authorities and public bodies. They will concern in terms of prevention, factoring the risk of fraud into internal control policies, making staff responsible for combating fraud more professional and raising awareness as to corruption risks. In terms of detection, they will concern enhancing the collection, sharing and processing of available data. In terms of the prosecution and punishment of fraud, measures will enhance the effectiveness of OLAF’s investigations, improve the effectiveness of judicial investigations by a better understanding of the issues involved in combating fraud against the EU budget. Regular exchanges with the European Public Prosecutor’s Office will be organised aiming for a more effective response to reporting of fraud, raising awareness of the risks of fraud against the interests of the EU in courts of auditors and boosting collection of amounts owed.

The *Mission interministérielle de coordination anti-fraude* (MICAF, the Inter-Ministerial Anti-fraud Coordination Office) will monitor implementation of the road map.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Package	Operational	New + Update	IT tools ("IT data feeding", "Other IT"), Web reporting/Hotline, Flagging practice, Risk indicators, Increased number of checks, Structured cooperation with law enforcement, Structured cooperation with judicial authorities	Enhanced coordination; Enhanced cooperation; Enhanced information flow; Targeting of checks; Targeting of investigations; Enhanced ex-ante controls; Enhanced ex-post controls	S: Agriculture; Fisheries; Cohesion policy; Expenditure; Centralised direct management
Detection							
Investigation and prosecution							
Recovery and sanction							

*3.10.2. Revenue (Customs and Tax fraud) and Expenditure – Agriculture, Fisheries, Cohesion Policy and Centralised direct management: Updated guidelines on the anti-corruption policy framework*

In 2021, France reported that the Agence française anticorruption (AFA, the French Anti-corruption Agency) has published new guidelines updating the anti-corruption policy framework. The AFA is responsible for drawing up guidelines to help public and private-sector entities prevent and detect corruption risks. These guidelines were published in the

Official Journal of the French Republic on 12 January 2021 and are available on the Agency’s website. The AFA’s first guidelines were published on 22 December 2017.

The AFA has published new guidelines updating the anti-corruption policy framework. The recommendations break down into three parts:

- (1) the first part consists of general provisions concerning the anti-corruption programme as it applies to all players, focused on three areas: the management team’s commitment, awareness of the corruption risks to which the entity is exposed (mapping the entity’s risks), and management of those risks by way of prevention, detection and corrective measures;
- (2) the second part concerns companies: the guidelines encourage the companies concerned to set up a single whistleblowing report reception system and explain the role of internal control and accounting controls;
- (3) the third part addresses public-sector entities: a section on prevention lists what is expected of an anti-corruption code of conduct and emphasises the importance of training and awareness raising; the sections on detection and corrective action highlight the need to direct existing programmes towards combating risks of corruption.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Package	Operational	Update	Web reporting/Hotline; Risk indicators	Targeting of investigations; Enhanced ex-ante controls; Enhanced ex-post controls	S: Agriculture, Fisheries, Cohesion policy, Centralised direct management
Detection							

**3.11. Croatia**

*3.11.1. Anti-Corruption Strategy for 2021-2030*

In 2021, Croatia laid down their Anti-Corruption Strategy for 2021-2030, which sets out the strategic objectives in the area of the fight against corruption for the period concerned and focuses in particular on the prevention of corruption. Each of the strategic objectives is accompanied by a range of measures which concern different priority sectoral areas such as public administration, the political system, the judiciary, economy, public finance, health, science, etc. The Strategy sets out 95 measures, which are elaborated in Action Plans.

The Strategy is divided into five main specific objectives:

- (1) Strengthening the institutional and normative anti-corruption framework;
- (2) Increasing the transparency and openness of the work of public authorities;
- (3) Improving integrity and conflict management systems;
- (4) Strengthening the anti-corruption potential of the public procurement system;
- (5) Raising public awareness of the harms of corruption, the need to report irregularities and enhance transparency.

The measures under the objectives relate inter alia to the protection of whistle-blowers and the prevention of irregularities and fraud in the use of ESI Funds.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public Procurement, Corruption, Conflict of interest, Whistleblower, Shared management and control of EU funds, Antifraud or anticorruption strategy	Single	Administrative	Update	Increase in transparency with regard to the work of public authorities, Strengthening Anti-Corruption Framework, Improving Integrity, Raising public awareness concerning harms of corruption	Cross-cutting measure, multi-agency measure/ measure with impact on various bodies	H

### 3.11.2. Improvement of the anti-fraud legal framework and of the Paying Agency's procedures

In 2021, Croatia improved the anti-fraud legal framework and amended as well as improved the Paying Agency's procedures and internal control system. The Rules on the implementation of measures under the Rural Development Programme of the Republic of Croatia for 2014-2020 were updated, and a provision was adopted under which, in the event of confirmation of charges of suspected fraud, the beneficiary's application is rejected.

Where a judicial authority confirms fraud charges, the Paying Agency is to reject the beneficiary's application and exclude the beneficiary from participating in the aid award procedure in the calendar year in which the grounds for exclusion were established and in the following calendar year. In case of falsified documents, submission of false information, artificial creation of conditions or confirmed suspicion of fraud by the competent (judicial) authority.

With regard to the Paying Agency, it amended its procedures and working methods for internal controls relating to the detection, prevention and sanctioning of irregularities and fraud. The Paying Agency's checklists for verification of the eligibility of beneficiaries and projects have been amended in accordance with the amendments to the Rules.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds	package	Legislative	Amendment	Recovery, Criminal sanctions, Role of Paying Agency to reject beneficiary from aid award procedure	To clarify or consolidate existing rules, To remedy flaws	S: Agriculture
Recovery and sanction			Administrative	Update	Monitoring/desk checks, On the spot checks, Investigation, Penalty, Recovery	To clarify or consolidate existing rules, To enhance existing measure	

### 3.11.3. Implementation of the project 'Acquiring of equipment and tools for e-Forensics and training of officials', funded by the European Social Fund

In 2021, Croatia reported with the development of IT business support services, a growing need for e-forensic tools in tax supervision and the fight against tax fraud, as there is an increase in data manipulation through specially designed (malicious) programmes aimed at reducing revenue and tax obligations. The plan is to buy four sets of specialised equipment and software tools as well as carry out training on methods and techniques for the use of e-forensic equipment and tools in the process of monitoring and combating tax fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Financial crime (including money laundering), Fraud definition	package	Organisational	N	Reorganisation of existing bodies, Inter-agency cooperation, General trainings, Fraud awareness trainings	Increased resources	S: Tax Fraud
Investigation and prosecution			Operational	N	IT tools ("IT data feeding", "Other IT"), Risk indicators, Increased number of checks, Structured cooperation with law enforcement	Enhanced coordination, Enhanced cooperation, Enhanced coordination, Enhanced cooperation, Enhanced ex-post controls	

### 3.12. Italy

#### 3.12.1. Horizontal: To enforce the rules in line with developments in EU law with regard to money laundering

In 2021, Italy reported the Legislative Decree No 195 of 8 November 2021, which entered into force on 15 December 2021. It transposed Directive (EU) 2018/1673 on combating money laundering by criminal law. Now due to amendments to the Criminal Code introduced by the Decree, criminal negligence and minor offences (where such offences are punishable by a term of imprisonment of between six months and one year) may also constitute predicate offences for the offences of money laundering (Article 648-bis of the Criminal Code (CC)), self-laundering (Article 648-ter.1 CC), use of money, property or benefits of unlawful origin (Article 648-ter CC) and handling the proceeds of crime (Article 648 CC).

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Investigation and prosecution	Financial crime (including money laundering)	Single	Legislative	N	Competences	To enforce the rules in line with developments in EU law	H
Recovery and sanction							

#### 3.12.2. Horizontal: To enforce the rules in line with developments in EU law with regard to cooperation on the establishment of the European Public Prosecutor's Office (EPPO)

In 2021, Italy reported another Legislative Decree the Legislative Decree No 9 of 2 February 2021, 'Provisions to align national law with Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (EPPO). It was published in the Official Gazette of 5 February 2021 and entered into force on 6 February 2021. The Decree contains rules on determining the number of European Delegated Prosecutors (EDPs), defining the division of tasks and the geographical distribution of the EDPs' work, and making changes to the organisation of the judiciary with regard to the appointment and operation of the EDPs. As regards cooperation with EPPO, the Guardia di Finanza has issued its operational units with specific guidance.

Regarding the prevention of corruption in public procurement persons performing duties or activities corresponding to those of public officials and persons entrusted with a public service in countries that are not part of the European Union if the act harms the financial interests of the European Union, were included in the category of persons punishable for international corruption.



Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Detection	Public procurement, Financial crime (including money laundering), Organised crime, Corruption, Customs/TOR/illegal trade, Shared management and control of EU funds, Antifraud or anticorruption strategy	Package	Legislative	N	Competences, Powers	To enforce the rules in line with developments in EU law	H
Investigation and prosecution			Operational	N	Structured cooperation with judicial authorities	Targeting of investigations	

*3.12.3. Sectoral: Expenditure – Agriculture, Fisheries and Cohesion policy: Memorandum of Understanding on prevention, identification and prosecution of unlawful activities under programmes covered by the National Recovery and Resilience Plan (NRRP)*

In 2021, Italy enacted the Decree-Law No 77 of 31 May 2021 on ‘Governance of the National Recovery and Resilience Plan and initial measures to reinforce administrative structures and speed up and streamline procedures’. On the basis of this Decree-Law, on 17 December 2021, the Guardia di Finanza signed a Memorandum of Understanding with the General National Accounts Department on preventing, identifying and prosecuting unlawful activities under programmes covered by the National Recovery and Resilience Plan (NRRP). Guidance was sent to the operational units by means of Circular No 363288 dated 18 December 2021.

Public authorities managing activities under the NRRP can now sign specific memoranda of understanding with the Guardia di Finanza with the intention to increase activities to monitor, prevent and fight corruption and fraud, amongst other things. These authorities are also responsible for recovering sums that have been unduly used or subject to fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Corruption, Shared management and control of EU, Antifraud or anticorruption strategy	Package	Legislative	N	Powers, Recovery	To clarify or consolidate existing rules	S: Agriculture, Fisheries, Cohesion policy
Detection			Organisational	N	Reorganisation of existing bodies, Competence	Neutral on resources	
			Operational	N	IT tools, Structured cooperation with law enforcement	Enhanced coordination, Enhanced cooperation, Enhanced information flow, Targeting of checks, Targeting of investigations, Enhanced ex-ante controls, Enhanced ex-post controls	
Recovery and sanction							

### 3.13. Cyprus

*3.13.1. Sectoral: Expenditure – Agriculture: Policies on Anti-Fraud, Conflict of Interest, Whistle-blower protection*

In 2021, Cyprus established procedures for reporting and managing the fight against fraud. In addition, they established measures to protect the witness of public interest and/or the persons involved, as well as against retaliation in the workplace.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Corruption, Conflict of interest, Fraud definition, Shared management and control of EU funds, Antifraud or anticorruption strategy	Package	Administrative	Update	Management of funds, Monitoring/desk checks, Investigation, Irregularities reporting	To clarify or consolidate existing rules, To enhance existing measure	S: Agriculture
Detection							

### 3.13.2. Sectoral: Expenditure – Agriculture: Training and staff awareness

In 2021, Cyprus organized various trainings aimed at raising awareness of the risk of fraud among staff, make them recognize red flags and what actions to take.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fraud definition	Single	Organisational	Update	Fraud awareness trainings	Neutral on resources	S: Agriculture
Detection							

### 3.13.3. Sectoral: Revenue – Customs: Combating the smuggling of duty free goods

In 2021, the Customs & Excise Department in Cyprus increased and intensified the controls at the entry and exit points of the Republic of Cyprus in the ports and airports. In addition, they also intensified controls at the crossing points from the occupied to the free areas and conducted controls in premises, warehouses and houses for the seizure of duty free goods or any other goods infringing customs legislation.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Customs/TOR/illicit trade	Single	Operational	Update	Increased number of checks	Targeting of checks, Targeting of investigations, Combating smuggling	S
Detection							
Investigation and							
Recovery and sanction							

## 3.14. Latvia

### 3.14.1. Horizontal: To enforce the rules in line with developments in EU law

In 2021, Latvia reported the adoption of the law on assistance to OLAF and a corresponding manual of procedures for implementation of this law. The purpose is to ensure effective assistance to OLAF in administrative investigations. The law stipulates that the Ministry of Finance as AFCOS shall provide assistance to OLAF in the capacity of the competent authority within the meaning of Regulation No 883/2013. The Ministry of Finance as AFCOS is also responsible for providing information on bank accounts to OLAF.

The relevant law gives AFCOS rights to participate and provide assistance in on-the-spot checks carried out by OLAF, rights to request information or documents at the disposal of private persons within the scope of the administrative investigation case, and rights to request and receive information on bank accounts within the scope of the administrative investigation case. It also foresees possibility to impose a legal obligation on the private person in case of refusal to cooperate.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	AFCOS	Package	Legislative	N	Competences, Powers, Other administrative penalties	To enforce the rules in line with developments in EU law	H
Investigation and prosecution			Administrative	N	On the spot checks, Investigation	To clarify or consolidate existing rules	

### 3.14.2. Sectoral: Expenditure – Agriculture: New electronic tool to ensure transparency and to simplify the process of purchase of machinery and equipment by farmers

In 2021, Latvia reported the development of an electronic tool – a “Catalogue of machinery and equipment” – which ensures transparency and simplifies the process of purchasing machinery and equipment by farmers with regard to the measure “Investments in tangible assets” financed by the EAFRD. A catalogue replaces the procurement procedure. Its application will reduce the possibility of fraudulent procurement, including the risk of conflict of interest. The main information contained in the catalogue (technical offers with specifications and prices) are authorized representatives of manufacturers or manufacturers themselves.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest	Single	Legislative	New + Amendment	Other: Electronic tool - "Catalog of machinery and equipment" has been developed, which replaces the conducting of procurement procedures.	To reduce the possibility of fictitious (fraudulent) procurement, including the risk of conflict of interest.	S: Agriculture

### 3.14.3. Sectoral: Revenue – Tax fraud: Improved detection of criminal offences in the area of tax fraud

In 2021, Latvia reported amendments to the Criminal Law: a separate legal qualification of fraud cases when a non-executed transaction is included in a VAT declaration. In addition, the purchase of special equipment and software by the Tax Compliance Incentive Department to retrieve data from storage devices sufficient for initiating criminal proceedings. Consequently, the number of initiated criminal proceedings in the area of tax fraud will increase; the state will be able to recover the amount of damage caused and start a criminal prosecution.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral	
Detection	Financial crime (including money laundering), Fraud definition, Antifraud or anticorruption strategy	Package	Legislative	Amendment	Recovery	To clarify or consolidate existing rules, To remedy flaws	S	
Investigation and prosecution			Organisational	N	Competence	Decreased resources		
Recovery and sanction								

### 3.15. Lithuania

#### 3.15.1. Horizontal: Establishment of the Centre of Excellence in the Prevention of Money Laundering (AML Centre)

In 2021, Lithuania reported following the recommendations of the International Monetary Fund, the European Commission, the Committee of Experts on the Evaluation of Measures to Combat Money Laundering and the Financing of Terrorism and MONEYVAL, the establishment of the Centre of Excellence in the Prevention of Money Laundering (AML Centre) on 17 May 2021. On 14 October 2021, the Prosecutor General's Office, Ministry of the Interior, Financial Crime Investigation, Service, Police Department, State Tax Inspectorate and Special Investigation Service and the AML Centre signed cooperation agreements aimed at strengthening the protection of the national financial system against its use for money laundering and other financial crimes.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Organised crime, Customs/ToR/illicit trade	Single	Organisational	N	Competence, Inter-agency cooperation, General trainings, Fraud awareness trainings, Simplification of procedures	Increased resources	H
Detection							
Investigation and prosecution							
Recovery and sanction							

#### 3.15.2. Horizontal: To clarify or consolidate existing rules and to enforce the rules in line with developments in EU law

In 2021, Lithuania reported amendments to the Criminal Code of the Republic of Lithuania to be in line with the requirements of Directive (EU) 2017/1371 and Directive (EU) 2015/849. Under Article 216 of the Criminal Code (CC) two additional elements have been included - participation in criminal activity and the intention to facilitate another person to avoid the legal consequences of a criminal activity. Article 189 (Acquisition or realisation of proceeds of crime) was amended too.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering); Organised crime; Shared management and control of EU funds	Single	Legislative	Amendment	Definition of a specific topic, Recovery	To clarify or consolidate existing rules, To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							
Recovery and sanction							

#### 3.15.3. Horizontal: Adapting to changing circumstances and ensuring a smooth process for the administration of EU funds

In 2021, Lithuania reported amendments to its legislation in order to allocate functions between the institutions "On the division of responsibilities and functions between the institutions in the implementation of the Operational Programme for Investments of European

Union Funds 2014-2020 and in preparation for the implementation of the European Union Funds Investment Programme 2021-2027". This amendment will ensure more efficient work and encourages a full understanding of the issue in order to make the right decisions.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fraud definiton, Whistle-blowers, Shared management and control of EU funds	Single	Legislative	Amendment	Powers	Ensure smooth processes for the administration of EU funds	H
Detection							

**3.16. Luxembourg**

*3.16.1. Horizontal: Increase of human resources at AFCOS Luxembourg*

In 2021, Luxembourg reported an increase of human resources at AFCOS Luxembourg to strengthen the team. The Luxembourg AFCOS team needed to be reinforced to ensure adequate coordination in the fight against fraud and the protection of EU financial interests.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	AFCOS	Single	Organisational	Update	Reorganisation of existing bodies	Increased resources	H

**3.17. Hungary**

*3.17.1. Horizontal: Various anti-corruption activities by the Public Procurement Authority*

In 2021, Hungary reported anti-corruption activities by the Public Procurement Authority.

Activities covered the public procurement market, in particular,

- helping to put e-procurement into action;
- examining the legality of public procurements: verifying the legality of notices; verifying the legality of negotiated procedures without publication; verifying the performance and amendment of the public procurement contracts concluded;
- providing information and organising training;
- actions to increase transparency, e.g. code of ethics;
- and organizational measures by the Authority.

The Public Procurement Authority’s control activities play a key role in increasing the transparency of public procurements, aiming at a transparent use of public money, including EU funds.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Corruption	Package	Organisational	New + Update	Inter-agency cooperation; General trainings; Establishment and maintenance of an organisation based on integrity	Neutral on resources	H
Detection							
			Operational	New + Update	IT tools, increased number of checks, Code of ethics for public procurement	Enhanced coordination, Enhanced information flow, Targeting of checks, Enhanced ex-ante controls, Enhanced ex-post controls	

### 3.17.2. Sectoral: Revenue – Customs: Measures in the field of customs by the National Tax and Customs Administration

In 2021, Hungary undertook various measures in the field of customs by the National Tax and Customs Administration:

- Publication of the 2022 plan for post-release checks and the definition of the 2022 annual audit exercise.
- Reorganization of the Customs Department, creation of the Coordination and Methodology Unit (VFO-KMO), which will conduct real time interventions and analysis of risk factors.
- Patrolling activities have been regrouped into a single organizational unit as part of the Law Enforcement Plan. The unit has also been given the powers to perform customs checks.
- Plan for the development of video-surveillance and imaging systems at the Schengen border crossing points.

By securing EU and domestic budget revenues and strengthening the deterrent effect, organised, centrally coordinated, risk assessment-based control activities will contribute greatly towards the protection of the Union’s financial interests and the fight against fraud.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Customs/TOR/illegal trade; Antifraud or anticorruption strategy;	Package	Legislative	A	Powers	Improved detection of goods with non-Community status	S
Detection			Administrative	N	On the spot checks, Investigation	Effective management of ex-post risks for basic customs procedures and strengthening the integrity-based approach of staff.	
			Organisational	N	Reorganisation of existing bodies, Competence, Inter-agency cooperation	A new, risk assessment-based, approach to cooperation between law enforcement, customs and excise, and tax administrations, shall ensure the protection of budget revenues, the regularisation of the economy, and to strengthen a fair market and the economy.	

### 3.17.3. Sectoral – Expenditure: Agriculture, Fisheries and Cohesion policy: Compilation of a case repository for cases of irregularities classified as ‘suspected fraud’ during the 2014–2020

In 2021, Hungary reported the compilation of a case repository for cases of irregularities classified as ‘suspected fraud’ during the 2014-2020 programming period, illustrating the experiences of the managing authorities and the good practices to be applied.

The case repository assists the work of staff dealing with irregularities and checks so as to increase the effectiveness of the Member State’s anti-fraud activities and ensure that as much

support as possible is used in line with the rules and with the objectives of the operational programmes. The case repository contains cases of irregularities classified as ‘suspected fraud’ during the 2014–2020 programming period, the experiences of the managing authorities, and examples of AFCOS cases.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest, Fraud definition	Single	Operational	N	Flagging practice, Risk indicators	Enhanced cooperation; Enhanced information flow; Enhanced ex-ante controls	S: Agriculture, Fisheries, Cohesion policy
Detection							

### 3.18. Malta

#### 3.18.1. Horizontal: Update on the National Anti-Fraud and Corruption Strategy (NAFCS)

In 2021, Malta finalized the update to the 2008 NAFCS. The updated NAFCS was tabled in parliament in the second half of H1-2021. The updated strategy includes 23 action points related to strengthening the fight against fraud and corruption through, amongst others:

- Training;
- Communication campaigns;
- Information Technology tools;
- A risk assessment on a national level; and
- The enhancement of networks for collaboration between national authorities and with international partners.

Its aim is to continue to provide for a normative, institutional and operational framework for the effective and efficient fight against fraud and corruption. The action plan, spanning over three years, with specific time frames for the implementation of each action point, aims to enhance the strategic objectives of the NAFCS, namely:

- (1) Capacity building;
- (2) Communication strategy;
- (3) Maximization of national co-operation; and
- (4) Maximization of EU and international co-operation.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Single	Administrative	Update	Update on the NAFCS	To enhance existing measure	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### 3.19. Netherlands

#### 3.19.1. Sectoral: Expenditure – Cohesion policy: Fraud Risk Assessment

In 2021, the Netherlands reported a Fraud Risk Assessment carried out on 14 June 2021. The results were recorded in a final note, which was discussed and adopted on 8 July 2021.

Arachne is primarily designed to review parties' cohesiveness using 'surrounding view'. Check for financial difficulties (inter alia bankruptcy). Matching with other funds is constrained by limited use by other entities. The Netherlands Chamber of Commerce (KvK) and Company Info are used as additional sources of information.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest, Shared management and control of EU funds	Single	Operational	Update	Risk indicators	Enhanced information flow, Targeting of checks	S: Cohesion policy

#### 3.19.2. Sectoral: Expenditure – Cohesion policy: Updating of checklists

In 2021, the Netherlands reported that checklists have been updated and adjusted. They are used to implement project grants to reflect REACT-related aspects.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest, Shared management and control of EU funds	Single	Operational	Update	Risk indicators, Increased number of checks	Targeting of checks, Enhanced ex-ante controls	S: Cohesion policy

#### 3.19.3. Sectoral: Revenue – Customs: New e-commerce team which assesses and processes all e-commerce declarations

The Netherlands reported that a new dedicated e-commerce team was set up by Customs in 2021 to assess and process all e-commerce declarations. E-commerce is an important element which requires a good overview. This is done by a dedicated team which focuses solely on this task.



Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU funds	Single	Organisational	N	creation of a more robust organisation for this growing process	Neutral on resources	S

### 3.20. Austria

#### 3.20.1. Horizontal: Detection and deactivation of dummy companies

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Organised crime	Package	Organisational	N	Reorganisation of existing bodies, Inter-agency cooperation, Fraud awareness trainings	Neutral on resources	H
Detection							
			Operational	N	IT tools, Risk indicators, Structured cooperation with law enforcement	Enhanced cooperation, Enhanced information flow, Targeting of checks	

#### 3.20.2. Sectoral: Expenditure – Cohesion policy: Monitoring and ensuring the proper use of funds and the notification of identified irregularities

In 2021, Austria reported an update to their administrative measures: The high density of verifications pursuant to Article 125(4) of Regulation 1303/2013 for the 2014-2020 programming period serves to prevent irregularities. The verification procedure allows the administrative bodies to check all the expenditure submitted by the beneficiary. In addition, the entire funding process is depicted in a central database, including the settlement process. The Arachne data-mining pool, provided by the Commission, is also used for risk evaluation and risk analysis.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest, shared management and control of EU funds, Antifraud or anticorruption strategy	Package	Administrative	Update	Eligibility criteria, Management of funds, On the spot checks, Irregularities reporting, Recovery	Cross-cutting measure, multi-agency measure/ measure with impact on various bodies, Monitoring the proper use of funds and the notification of identified irregularities	S: Cohesion policy
Detection							
Recovery and sanction			Operational	Update	IT tools: central database depicts the entire funding process and use of the Arachne data-mining tool	Enhanced information flow, Targeting of checks	

#### 3.20.3. Sectoral: Revenue – Fraud: Combating benefit fraud

In 2021, Austria reported combating social benefit fraud through the task force on social benefit fraud ('TF SOLBE') BK ('Federal Criminal Police Office') Department 7. Results in the fight against social benefit fraud depend on the respective human resources.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reason for measure / expected results	Horizontal / sectoral
Prevention	Antifraud or anticorruption strategy	Package	Organisational	N + Update	Inter- agency cooperation, General trainings, Fraud awareness trainings, Priority measures (various targeted checks)	Results in the fight against benefit fraud depend on the respective human resources.	S: Migration and asylum
Detection							
Investigation and prosecution			Operational	N + Update	Web reporting/Hotline, Increased number of checks, Structured cooperation with law enforcement, Structured cooperation with judicial authorities	Enhanced coordination, Enhanced cooperation, Enhanced information flow, Targeting of checks	

### 3.21. Poland

#### 3.21.1. Sectoral: Expenditure – Cohesion policy: IT application that collects data about specific entities or individuals in one place

In 2021, Poland reported a new IT application called SKANER, enabling the user to search information about specific entities and persons with regard to personal and capital links in one place. The purpose of this IT application is to obtain information on entities and individuals from different data sources. Access to information through a single application helps to better protect the EU's financial interests and fight fraud, as it significantly improves the verification process when selecting projects for co-financing, concluding grant agreements and addenda to those agreements, as well as carrying out the final accounting for projects and controls.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest, Shared management and control of EU funds	Single	Operational	N	IT tools, Risk indicators, Increased number of checks	Enhanced coordination, Enhanced information flow, Targeting of checks, Enhanced ex-ante controls	S: Cohesion policy
Detection							

#### 3.21.2. Sectoral: Revenue – Tax Fraud: Introduction of warning letters by the Head of the National Revenue Administration

In 2021, Poland reported a new competence of the Head of the National Revenue Administration: the ability to send warning letters informing taxpayers that goods or services supplied to them or to their trading partners may involve at least one supplier acting as a 'missing trader'. The warning letters will be a tool to combat VAT fraud (carousel fraud). This tool complements other solutions already in place (e.g. the right to block the account of a qualified entity in order to safeguard the financial interests of the state). It will tighten up the tax system, safeguard the financial interests of the State, improve the certainty of economic transactions and increase the competitiveness of goods supplied by honest entrepreneurs.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Organised crime	Single	Legislative	Amendment	Competences, Powers	To clarify or consolidate existing rules, To remedy flaws	S

### 3.21.3. Sectoral: Expenditure – Agriculture: Recovery procedure under the Common Agricultural Policy

In 2021, Poland reported the adoption of a recovery procedure under the Common Agricultural Policy. The introduction of periodic lists of cases registered in the debtor’s ledger whose balance exceeds EUR 1.000.000 and cases if the limitation period expires in the course of the respective year. The list will be sent every three months to recovery units who can take the necessary measures to suspend the limitation period and recover undue payments or overpayments.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
	Recovery procedure under the Common Agricultural Policy.	Single	Operational	N	Recovery procedure	Enhanced coordination, Enhanced cooperation	S: Agriculture
Recovery and sanction							

## 3.22. Portugal

### 3.22.1. Horizontal: Implementation of the National Anti-Corruption Strategy 2020-2024

In 2021, Portugal reported the adoption of measures set out in the 2020-2024 National Anti-Corruption Strategy, approved by the Resolution of the Council of Ministers No 37/2021 of 6 April 2021. The Law No 94/2021 of 21 December 2021 approves measures set out in the National Anti-Corruption Strategy. It amends the Criminal Code, the Code of Criminal Procedure and related laws with regard to offences committed by holders of political office in the exercise of their duties (crimes de responsabilidade). The aim is to strengthen the criminalisation of corruption committed by holders of political office. The strategy includes amendments to the Criminal Code, the Code of Criminal Procedure and related laws with regard to offences committed by holders of political office in exercise of their duties.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Whistleblower, Antifraud or anticorruption strategy	Package	Legislative	Amendment	Criminal sanctions; Offences committed by holders of political office in the exercise of their duties, as well as the corresponding penalties and the respective effects.	To clarify or consolidate existing rules, Strengthen the criminalisation of corruption by holders of political office	H
Detection							
Investigation and prosecution							
Recovery and sanction							

### 3.22.2. Horizontal: Special public procurement measures to improve transparency in pre-contractual procedures

In 2021, Portugal reported the creation of an independent committee that assesses pre-contractual procedures relating to the implementation of projects financed using European funding. Now contracts concluded as a result of any procedures covered by the special public procurement measures, and if the contract value is less than EUR 750.000 must be submitted in electronic format to the Court of Auditors within 10 days after the contract was signed,

accompanied by the respective administrative file. The submission is a pre-requisite that the contract comes into effect.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Corruption, Shared management and control of EU funds, Measures to enhance transparency	Single	Legislative	N	Financial penalties	To clarify or consolidate existing rules	H
			Operational	N	Increased number of checks, Creation of an independent committee which oversees and assesses the pre-contractual phase of public contracts linked to European funding.	Enhanced ex-ante controls, Improved transparency of pre-contractual procedures	

### 3.22.3. Horizontal: Joining the early detection and exclusion system (EDES)

In 2021, Portugal reported that the MA of the OP for the North region (NORTE 2020) has indicated that, in accordance with Article 135 of Regulation No 2018/1046 of the European Parliament and of the Council, it joined the early detection and exclusion system in 2021. The aim of the system is to identify persons or entities that pose a risk to the financial interests of the European Union or that are in one of the exclusion situations referred to in Article 136 of the same Regulation.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Fraud flagging system	Single	Operational	N	Flagging practice	Enhanced ex-ante controls	H

## 3.23. Romania

### 3.23.1. Horizontal: Institutional framework for collaboration with the EPPO

In 2021, Romania adopted the Law No 6/2021 establishing measures for the implementation of Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office (EPPO). This legislative act implements the EPPO Regulation by means of measures for the organisation of the relevant national institutions through measures for detecting, investigating and prosecuting PIF offences.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Shared management and control of EU funds	Single	Legislative	New + Amendment	Competences, Powers, Definition of a specific topic	To clarify or consolidate existing rules, To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							

*3.23.2. Horizontal: Establishment of measures to facilitate the use of financial information and financial analysis for prevention, detection, investigation or prosecution of certain criminal offences*

In 2021, Romania reported the Government Ordinance No 9/2021, which establishes measures to facilitate the use of financial information and financial analysis for the prevention, detection, investigation or prosecution of certain criminal offences. This Order facilitates access for competent authorities to financial information, financial analysis and bank account information and cooperation between the National Office for the Prevention and Combating of Money Laundering and the Financial Intelligence Units of other Member States of the European Union.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Shared management and control of EU funds	Single	Legislative	N	Competences, Definition of a specific topic	Access to centralised register of accounts and facilitation of information between MS; To enforce the rules in line with developments in EU law	H
Detection							
Investigation and prosecution							

*3.23.3. Horizontal: Approval of National Anti-Corruption Strategy 2021-2025*

In 2021, Romania reported the enactment of the Government Decision No 1269/2021 approving the National Anti-Corruption Strategy 2021-2025 and related documents. The NAS 2021-2025 is a continuation of the criminal policy in the fight against corruption developed in Romania since 2001. It creates inter-institutional collaboration mechanisms and specific objectives to fight corruption affecting the EU's financial interests. In this context, the new programmatic document preserves and promotes the approach and mechanisms created by previous anti-corruption strategies.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Financial crime (including money laundering), Organised crime, Corruption, Conflict of interest, Whistle-blowers, Antifraud or anticorruption strategy	Single	Legislative	N	Integrity, Fight against corruption and fraud	Development and approval of the NAS 2021-2025 is a natural step both nationally and internationally in terms of the implementation of anti-corruption instruments	H

### 3.24. Slovenia

*3.24.1. Sectoral: Revenue – Customs and Tax fraud: Enhanced supervision on TOR and VAT losses*

In 2021, Slovenia reported two measures from the Financial Admin of the Republic of Slovenia (FARS). Firstly, the enhanced supervision on TOR and VAT losses, due to undervaluation of import goods in connection with the customs procedure 42. Abuse happens when importer declare lower value of goods on import in order to pay less custom duties and,

at the same time importer also abuse custom procedures 42 by not paying VAT on the supply of goods to another Member State. Secondly, an update on risk management in the field of customs, excise and environmental regulations (No.5/2021) has been conducted.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Customs/ToR/illicit trade, Shared management and control of EU	Package	Administrative	Update	Monitoring/desk checks, On the spot checks, Audit checklist, Irregularities reporting	To clarify or consolidate existing rules, To enhance existing measure	S
Detection			Operational	Update	Risk indicators, Increased number of checks	Targeting of checks, Targeting of investigations, Enhanced ex-ante controls, Enhanced ex-post controls	

### 3.24.2. Addition of red flags to the ARSKTRP's Manual

In 2021, Slovenia reported that the Agency for Agricultural Markets and Rural Development (ARSKTRP) introduced new indicators of fraud (red flags) as well as artificial creation of conditions for the three areas in the ARKSTRP's Manual of indicators of fraud and artificial creation of conditions. Definitions of ex-ante controls for preventing the same have been entered and a provision for assessments of gross, net and target risk too. The red flags mainly relate to areas of forged documents (including bills etc.), false declarations by beneficiaries and various ways of creating artificial conditions with a view to receiving undue funds from the Government Office for Development and EU Cohesion Policy: reports on operational measure-institutional cooperation [sic].

The introduction of red flags for fraud and artificial creation of conditions for the missing areas of work, together with the definition of ex-ante (preventive) controls, significantly reduces the risk that fraud and artificial creation of conditions will occur. They form part of the checklists of verifications. They are ex-ante controls before authorisation is granted for the disbursement of funds to beneficiaries, and are designed to check the most likely scenarios for fraud and artificial creation of conditions, which makes them highly effective. The implementation of ex-ante (preventive) controls on the basis of red flags means that the eligibility of disbursements is monitored and damage to the EU budget is prevented, i.e. the EU's financial interests are protected.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU, Antifraud or anticorruption strategy	Single	Operational	Update	IT tools, Flagging practice, Risk indicators, Structured cooperation with law enforcement, Structured cooperation with judicial authorities	Enhanced coordination, Enhanced cooperation, Enhanced information flow, Targeting of checks, Targeting of investigations, Enhanced ex-ante controls, Enhanced ex-post controls	S: Agriculture
Detection							
Recovery and sanction							

### 3.24.3. Adoption of the Rules on the Register of providers of exchange services

In 2021, the Office for Money Laundering Prevention in Slovenia reported the adoption of the Rules on the register of providers of exchange services between virtual currencies and fiat

currencies as well as custodian wallet providers. In addition, this register was also established. The Ministry of the Interior – European Fund Service reported on Public Procurement measures. It should enhance more effective monitoring of the implementation of measures to prevent money laundering and the financing of terrorism at providers of exchange services between virtual currencies and fiat currencies as well as custodian wallet providers.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering)	Single	Organisational	New + Update	Competence, General trainings, Fraud awareness trainings	Neutral on resources	H
Detection							
Investigation and prosecution							

### 3.25. Slovakia

#### 3.25.1. Sectoral: Expenditure – Fisheries and Cohesion Policy: Protecting ESI funds through an amendment of the Act no. 292/2014 Coll.

In 2021, Slovakia reported the Amendment of the Act no. 292/2014 Coll. on the shares received from European Structural and Investment Funds (ESI funds). It sets the rules for provision of received shares from ESI funds. The aim of the amendment is to reduce the administrative burden on beneficiaries and bodies involved in the management and control system of ESI funds and in addition, to increase the transparency by extending the scope of data which is going to be gathered and then published. Another element introduced through this amendment with regard to the protection of the EU's financial interests is an improved protection of the confidential information on proceedings contained in the reports on detected irregularities.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected	Horizontal / sectoral
Prevention	Shared management and control of EU funds, Other: transparency measure, irregularity reporting (at the national level)	Single	Legislative	Amendment	Modification and improvement of existing processes	To clarify or consolidate existing rules	S: Fisheries, Cohesion policy
Detection							

#### 3.25.2. Sectoral: Revenue – Customs and Tax fraud: Launch of a software tool to improve the process and outputs of customs analysis

In 2021, Slovakia launched software tool to improve the process and outputs of customs analysis with an impact to more effective performance of post-release controls and the introduction of targeted pre-release measures. The effective and targeted pre/post - release controls have a positive impact on the customs payments assessment and thus on a better protection of the EU's financial interests.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Customs/TOR/illicit trade, Antifraud or anticorruption strategy	Package	Organisational	Update + Amendment	Simplification of procedures	Increased resources	S
Detection							
Recovery and sanction							

### 3.25.3. Sectoral: Expenditure – Agriculture: Implementing an IT system into Rural Development Program (RDP) projects

In 2021, Slovakia reported the implementation of elements of an IT system into Rural Development Program (RDP) projects. The following activities are already carried out electronically: submission of an application for the Non-repayable Financial Contribution (NFC), public procurement, evaluation of applications for NFC, verification of conflicts of interest. The digitalisation and introduction of independent controls greatly limits the possibilities for manipulation in processes, which have thus been significantly made more transparent.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Public procurement, Conflict of interest, Management and control system of RDP 2014-2020	Package	Administrative	New + Amendment	Management of funds, Monitoring/desk checks	Measures related to Audit check	S: Agriculture
Detection							

## 3.26. Finland

### 3.26.1. Horizontal: A national anti-corruption strategy

In May 2021, the Finnish government adopted an anti-corruption strategy for 2020-2023, which aims at engaging public administration and political players in fighting corruption efficiently, encouraging the identification of corruption and the transparency of decision-making, improving authorities' possibilities of holding accountable those guilty of corruption and making it easier to draw up a national corruption report. The strategy contains six development areas and 77 measures. It will also protect public funds against corruption and concerns all ministries, regional administration and political players.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Corruption; National anti-corruption strategy with a Government Resolution OM/2021/68, including an action programme for 2020-2023	Package	Administrative	New + Update	Monitoring/desk checks, Investigation	To clarify or consolidate existing rules; To enhance existing measure; Cross-cutting measure; Multi-agency measure/measure with impact on various bodies; Strengthening the role of internal control and risk management, including internal audit	H
Detection			Organisational	New + Update	Inter-agency cooperation; General trainings	Neutral on resources	
Investigation and prosecution			Operational	New + Update	Risk indicators; Strengthening the role of internal control and risk management, including internal audit	Enhanced coordination, Enhanced cooperation, Enhanced information flow, Targeting of checks, Targeting of investigations, Enhanced ex-ante controls, Enhanced ex-post controls	
Recovery and sanction							



### 3.27. Sweden

#### 3.27.1. Horizontal: Annual work of the Swedish Council for the Protection of the European Union's Financial Interests (SEFI council)

In 2021, Sweden reported on the annual work of the Swedish Council for the Protection of the European Union's Financial Interests (SEFI council). It is an ongoing measure to protect EU financial interests in Sweden and responsible for coordinating initiatives in Sweden against fraud and other abuse of EU-related funds. The Swedish Economic Crime Authority is responsible for the Council's offices. The Council enhances the cooperation between the 20 agencies that are implementing EU-programmes in Sweden and that are responsible for the NGEU measures. The Council has also organised seminars on a number of anti-fraud issues to increase awareness and knowledge in the agencies.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Conflict of interest, AFCOS, Whistleblower, Customs/ToR/illicit trade, Shared management and control of EU, Antifraud or anticorruption strategy	Package	Organisational	Update	Inter-agency cooperation, General trainings, Fraud awareness trainings	Increased resources	H
Detection			Operational	Update	Structured cooperation with law enforcement	Enhanced cooperation, Enhanced coordination, Enhanced information flow	
Investigation and prosecution							
Recovery and sanction							

#### 3.27.2. Sectoral: Revenue – Customs and Expenditure: Agriculture and Fisheries: New working group on fraud issues in the Swedish Board of Agriculture & mandatory training for employees working with distribution of EU funds

In 2021, the Swedish Board of Agriculture has set up a working group on fraud issues and also initiated a mandatory training for employees working with distribution of EU funds within the agency's area of responsibility. Additional agencies have been invited to participate in the training measures and in total around 430 employees have attended.

It is important that the national agencies responsible for the management of EU funds have the necessary knowledge both on agency and individual level to be able to prevent and discover potential fraud against EU financial interests, and one of the measures to reach that knowledge is to educate employees at relevant positions within the agency. Also, to coordinate the work on the fight against fraud is an important step to strengthen the agency's work on a macro level and make it more efficient.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Shared management and control of EU	Package	Administrative	Update	Management of funds, Investigation, Irregularities reporting	To clarify or consolidate existing rules, To enhance existing measure	S: Agriculture, Fisheries
Detection			Organisational	Update	Inter-agency cooperation, General trainings, fraud awareness trainings	Increased resources	
Investigation and prosecution			Operational	Update	Flagging practice	Enhanced cooperation, Enhanced information flow	
Recovery and sanction							

*3.27.3. Horizontal: Inquiry by Swedish Government to investigate the efficiency of the management of EU related funds in Sweden*

In December 2020 the Swedish Government initiated a public inquiry (dir. 2021:109) to investigate if the management of EU related funds in Sweden are effective and efficient regarding organisational structures, shared responsibilities etc. The inquiry is charged with proposing measures to strengthening the organisational structures and the efficient management of EU funds in Sweden.

The evaluation of how Swedish authorities ensure an effective and efficient use of EU funds in Sweden is expected to generate proposals on how to further strengthen the protection of EU financial interests in Sweden and increase the efficiency and transparency of the management of EU-funds in Sweden.

Anti-fraud cycle steps	Area covered	Single / Package	Type of Measure	New / Amendment	Scope	Reasons for measure / expected results	Horizontal / sectoral
Prevention	Financial crime (including money laundering), Organised crime, Fraud definition, Shared management and control of EU funds	Single	Administrative	N	Investigation	To clarify or consolidate existing rules, To enhance existing measure, Cross-cutting measure, multi-agency measure/measure with impact on various bodies	H
Detection							
Investigation and prosecution							
Recovery and sanction							

## **4. ADDITIONAL MEASURES REPORTED BY THE MEMBER STATES**

### **4.1. Germany: Performance of a fraud risk assessment and support for the operational work of the EPPO**

The 'BMAS' (Federal Ministry of Labour and Social Affairs) performed the fraud risk assessment recommended in the Commission Guidance Note on Fraud Risk Assessment and Effective and Proportionate Anti-Fraud Measures by the ESF managing authority (MA) for the federal ESF programme. As part of the fraud risk assessment exercise, the impact of common fraud risks and the likelihood of them occurring are assessed and the measures required to assess the risks are described. This measure was already notified for 2020 and finalized in 2021.

The 'BMF' (Federal Ministry of Finance) was in charge of preparation of and support for the operational work of the European Public Prosecutor's Office in Germany by establishing contacts between the European Delegated Prosecutors and the competent national authorities to clarify future cooperation issues (including contact persons, reporting channels, IT interfaces).

### **4.2. Belgium**

#### *4.2.1. Efforts regarding ERDF and ESF*

ERDF and ESF in Wallonia: As part of the implementation of the RRF, an inter-federal monitoring committee, in which Wallonia takes part, and a working group (involving the Ministry of the Wallonia-Brussels Federation [Ministère de la Fédération Wallonie-Bruxelles] and the ESF Agency [Agence FSE]) have been set up. They shall share experiences, information and best practices (in particular in terms of anti-fraud and control strategy) and ensure proper coordination between their constituent bodies.

ESF in the German-speaking Community: The Ministry of the German-speaking Community [Ministerium der Deutschsprachigen Gemeinschaft] has drawn up a manual on the internal control system that ensures the effectiveness of risk management and safeguards the Ministry's budget. Using this manual, the Ministry audited IT systems (SAP, etc.), procurement processes (procurement, public procurement, etc.) and payment and closing procedures in 2021. These measures systematically apply to the financial management of European funds (such as the ESF). In 2021, the ESF managing authority carried out checks on copies of the supporting documents for each project. In 2021, the ESF audit authority carried out on-the-spot checks relating to the 2019 and 2020 expenditure of ESF projects and the 2019 financial year of the ESF managing authority.

ESF in Brussels-Capital Region: Training was given to the team of front-line inspectors and the managers of the management and control system of the managing authority (audit, good practice, ethics and risk management), organised by BDO (November 2021). The integration of partner declaration and controls into a computerised management tool – Mon Actiris Partenaires / Mijn Actiris Partners (MAP) was reported with the aim of simplification of the monitoring of qualitative and financial data.

ESF in Flanders: A referral to inspection services if necessary was introduced and a web application for time recording with built-in checks reported.

#### *4.2.2. Measures reported by the Department of Agriculture and Fisheries as well as the Federal Public Finance Service*

The department of Agriculture and Fisheries relaunched a newsletter on risk management, integrity and the fight against fraud within the Department of Agriculture and Fisheries.

The Federal Public Service Finance (Service Public Fédéral Finances / Federale Overheidsdienst Financien) reported the addition of subparagraph 5 to Article 61(1) of the VAT Code (Code de la taxe sur la valeur ajoutée / Wetboek van de belasting over de toegevoegde waarde). In accordance with which invoices, copies of invoices and other documents held electronically by the taxable person may be sent directly via an electronic platform when required by the tax authorities during an inspection. This facilitates checks by officials, who are no longer obliged to conduct an on-the-spot visit to retrieve this data.

#### **4.3. Estonia: Public Procurement register possibilities and training programmes**

Within the framework of the supervision of public procurement (PP), in the supervision inspection reports prepared in 2021, the officials of the Ministry of Finance have informed the contracting authorities of the possibility to organize small procurements in the PP register. It regards small contracts, which are below the PP simple threshold in terms of value and therefore are not required by law to be published in the PP register.

Within the PP supervision and PP training framework, the Ministry of Finance has recommended the use of this option. The measure will increase transparency and controllability in PPs.

Starting from 2021 the supplementing of the search for contracts in the PP register will make it easier to search in the register for data on procurement contracts, including the data on breaches of contracts – i.e. transparency increases. There is now the possibility for contracting authorities to confirm the absence of conflict of interest in the PP register - the aim is to simplify the work of the contracting authority and reduce bureaucracy. The PP subpage on the Ministry of Finance's website contains the guidelines for procuring audit services published in 2021.

Estonia reported, in addition, that it participates together with Latvia and Lithuania in a three-year training program for investigators, prosecutors, and judges dealing with financial and economic crimes. The Tax and Customs Board organized another training on anti-fraud - CEPOL's excise fraud training - in cooperation with the Academy of Security Sciences. It took place in Estonia and 30 officials from different EU countries participated. The overall aim of the training was to enhance the fight against excise fraud by improving the knowledge on the existing patterns in excise fraud in general, by exchanging good practices of excise investigations, and by facilitating the use of financial investigative techniques in excise cases. Particular attention was brought to the illegal tobacco trade.

Furthermore, the Customs Department of Tax and Customs Board started regular follow-up analysis of X-ray pictures. The focus of the activity is to identify knowledge gaps of X-ray operators and find additional suspicious vehicles/goods. Risk mitigating activities are planned according to key findings of the analysis.

#### **4.4. Spain: Procedures by the Management Authorities of the Shared Management Funds in the area of fraud prevention and conflict of interest**

Some of the main measures that have been adopted by the Management Authorities of the Shared Management Funds during 2021 are highlighted below:

- The ERDF Management Authority has established a system for communicating alerts by e-mail to the Intermediate Bodies, in those cases in which the MA receives information from other Intermediate Bodies about cases of fraud that could be of interest to the rest.
- The Responsible Authority of the AMIF and Intermediate Body of the ISF, has taken measures in the area of conflicts of interest, by means of expanding the people that must sign the declaration of no conflict of interest, as well as the description of the procedure to be followed when a risk of conflict of interest is detected. This Authority is also working on defining an Anti-Fraud Strategy for AMIF and ISF.
- The Responsible Authority of the ISF and Delegated Authority of the AMIF has developed a tool for the self-evaluation of fraud risk.
- Regarding agricultural funds (EAFG and EAFRD), regulations on fraud and conflict of interest have been developed and training in this area is provided.
- The Management Authority for European Territorial Cooperation Programs is implementing a system of alert indicators, common to all programmes. Among other additional requirements, it has included administrative verifications on 100% of the expenses, the obligation of at least one on-the-spot check in the life of the project and a quality control plan that allows verifying the functioning of the control systems.

#### **4.5. Latvia**

##### *4.5.1. Cooperation with the European Public Prosecutor's Office and Educational activities*

AFCOS, EPPO and EU funds authorities together elaborated, “Methodology on reporting suspected fraud cases to the EPPO”, which allowed EU funds administration authorities to cooperate with the EPPO during investigations and in the framework of initial consultations, thus working preventively on fraud risk assessment. In addition, AFCOS, EPPO, EU funds authorities and law enforcement authorities worked together on the development of “Methodology on typologies of crimes that can cause damage to the EU's financial interests”. The document will provide an update on red flags of fraud, which will allow for a more effective prevention of fraud.

Educational activities:

- The Competition Council educated EU fund supervisors about compliance within competition law in two educational events in 2021.
- The State Administration School, in cooperation with the Procurement Monitoring Bureau, Ministry of Finance Audit body, Corruption Prevention and Combating Bureau and the Competition Council developed the e-learning training course “Conflict of Interest and Cartels in Public Procurement”.
- AFCOS organized trainings for the AFCOS network on the anti-fraud topic and organized the conference "Building anti-fraud crowd immunity".
- The Corruption Prevention and Combating Bureau organized two trainings - “Financial Investigation” and “Financial Analysis” in which national law enforcement and prosecution institutions participated.
- Central Finance and Contracting Agency has conducted trainings for beneficiaries and officials on the issues of conflict of interest, irregularities, fraud prevention and breaches of completion regulations.

#### 4.5.2. *Other measures*

In 2021, the Prosecutor's Office transferred three criminal cases to the court:

- Case on charges against six persons for fraudulent activities committed by an organized group by misleading EU funds authorities and illegally receiving EUR 4 268 615.44 (OLAF assisted the national investigation).
- Case on charges against three persons on fraudulent activities, illegally receiving EUR 238,353.51 from EU funds, as well as the provision of false information about the final beneficiary.
- Case on charges against one person for attempt to receive the amount of EUR 35 026.78 from EU funds.

In addition, Latvia reported that the State Audit Office published the audit report “Effectiveness of investigations and trials of the criminal offences in the economic and financial area”. The reports provide recommendations to improve the investigation of financial and economic crimes and to reduce the length of criminal proceedings.

#### **4.6. Hungary**

##### *4.6.1. Enhanced the cooperation within the National Tax and Customs Administration's Criminal Affairs Directorate and updated training course*

The effectiveness of operational cooperation within the remit of the National Tax and Customs Administration's Criminal Affairs Directorate was improved. Developing communication and the exchange of information so as to improve the effectiveness of cooperation between the bodies and authorities involved in performing checks on EU support, and to that end improving the effectiveness of operational cooperation by developing the evaluation and analytical skills of financial investigators. In addition, Hungary reported the update of an e-learning curriculum for the training course on fraud recognition and prevention to be attended every 3 years by staff working in field of the paying agency of the Hungarian State Treasury's central office and the Government Offices, entitled ‘From stupidity to fraud – Anti-fraud refresher training’.

#### **4.7. Romania: Approval of the National Strategy against Organised Crime 2021-2024 and the National Strategy for the recovery for criminal assets for the period 2021-2025**

The Government Decision No 930/1 September 2021 approved the National Strategy against Organised Crime 2021-2024, is a horizontal, legislative and single measure. The decision covers the fraud prevention, fraud detection, research and prosecution, recovery and sanctioning of the anti-fraud cycle. It shall effectively prevent and counter risks, threats and vulnerabilities within organised crime. The strategy includes strategic objectives and lines of action aimed at strengthening measures to combat the phenomenon by law enforcement bodies, as well as preventing organised crime and making society more resilient to this scourge. The strategy will be implemented through an action plan comprising specific activities and projects, and monitoring will be carried out by a committee set up for this purpose.

The adoption of the national strategy for the recovery of criminal assets for the period 2021-2025 with the title, 'Crime is not profitable!' (Government Decision No 917 of 25 August 2021), which relates to the area of fraud prevention, fraud detection, investigation and prosecution as well as recovery and sanctioning. The responsible and sustainable identification, administration and exploitation of assets frozen and confiscated during criminal proceedings, aimed at preventing crime and reusing criminal assets for social purposes and strengthening institutions dedicated to the fight against high-level corruption and organised crime. The Strategy is a catalyst for the efforts and commitment of the Romanian Government to increase the national capacity to respond to crime, establishing an efficient recovery process for recovering criminal assets. The document aims to effectively and fully identify assets linked to criminal offences, optimise the management of frozen and confiscated assets and reuse criminal proceeds for social purposes.

## **5. CASE STUDIES REPORTED BY MEMBER STATES**

### **5.1. Belgium: Cohesion policy, European Regional Development Fund: Failure to publicly advertise a procurement**

The Managing Authority of the ERDF Programme of the Brussels-Capital Region oversees all public contracts which are awarded as part of expenditure. The MA asks project leaders to provide it with the package of documents related to the award and performance of such contracts, so that the control can be carried out effectively. In the present case, the financed project involved a single item of expenditure, i.e. insulation work on a roof for energy performance in a public building. The project leader decided to entrust an architect with the procurement. Given the amount of expense, a publicly advertised call for tenders should have been chosen while the architect went on without advertising it. The Managing Authority became aware of this misconduct as soon as the first supporting documents were submitted and informed the project owner that such an irregularity was penalised at the rate of 100% in accordance with the Decision of the Commission of 14 May 2019. Consequently, it was up to the project owner to find a solution to make the presented expenditure eligible for the subsidy, otherwise the grants would be withdrawn.

In his letter, the project owner renounced the subsidy and explained to the Managing Authority that he had communicated twice to the architect that a procurement procedure must be used, once prior to tendering the contract and once in the course of the process. However, the architect proceeded without full publicity. As a result, serious suspicions of wrongdoing have arisen against the architect and the project owner terminated his contract with the architect due to loss of confidence. In the latest news, legal proceedings against the architect have been initiated.

By reporting this case, the Managing Authority for the ERDF Programme of the Brussels-Capital Region wishes to draw to the European Commission's attention that a significant number of irregularities and/or detected fraud has not been reported to the Commission because they were detected at an early stage by the MA; even before they could have an impact on the budget of the European Union. Although these cases represent a considerable amount of work of the Managing Authorities, unfortunately they are however not taken into account when estimating the efficiency of the anti-fraud and anti-corruption system.

### **5.2. Bulgaria: ESIF funds – misappropriation of EU funds in connection with improving the energy efficiency of a micro-enterprise**

Having been notified of a suspicion of fraud in the use of ESIF funds in connection with improving the energy efficiency of a micro-enterprise, a preliminary check was carried out on the beneficiary company, its owners and its managers. The check revealed: a lack of any real activity, suspicious financial transactions (significant loans received with an unidentified origin of funds from physical persons), and the conclusion of several successive special pledges with assets provided as collateral which were acquired by financing the project under the operational programme. A competent authority then initiated a check. It officially identified additional evidence in support of the suspicion of illegal activity: the micro-enterprise was not in operation, the assets acquired under the project were not being used and were in the possession of other persons, the energy efficiency objectives set out in the business plan were not being met. All the material and case reports were submitted to the competent Public Prosecutor's Office.



### **5.3. Estonia**

#### *5.3.1. Combined cargo cigarette smuggling*

In February 2021, the Investigation Department of the Tax and Customs Board revealed and consequently terminated the activities of a group consisting of six persons who provided transportation services for illegal cigarettes. Illegal cigarettes were smuggled in 2020 from Latvia via Estonia to Belgium and France by combining different types of cargo (land and sea). Before loading cigarettes on a trailer in Latvia, cover goods (plastic packages and boxes) and consignment documents (CMR) in the name of random companies were organized in Estonia. After loading the cigarettes in Latvia, the trailer was transported to the port of Paldiski in Estonia, then transported by sea to German ports and from there with an Estonian truck to a destination in Belgium or France. The group handled more than 18 million illegal cigarettes, of which 9.6 million were seized in Estonia and 8.4 million in Germany.

#### *5.3.2. Illegal cigarette trading as family income*

In April 2021, the Investigation Department of the Tax and Customs Board revealed and terminated the activities of a group of four persons handling approximately 5 million illegal cigarettes in the period from March to April 2021. The cigarettes were delivered to Estonia by a Latvian driver transporting legal goods. In Estonia, three members of one family were engaged in the further illegal storage and resale of cigarettes. A total of 1.8 million smuggled cigarettes were found in searches following the detention of suspects.

### **5.4. Ireland: Irish Custom's operational response to the UK's exit from the EU**

The UK's exit from the EU fundamentally changed the trading environment between Ireland and Great Britain and necessitated significant operational change and the assignment of additional resources in order to facilitate legitimate trade, increase EU border protection, address the heightened risk to the EU's financial interests and help prevent and detect any potential fraud. From 1 January 2021, Revenue ensured that the full trade facilitation regime and appropriate oversight and intervention regime for UK traffic in line with the UCC requirements was in place and operational. Between 2018 and 2021, over 800 additional staff were sanctioned for customs and frontier management work. This ensured that the necessary increased customs controls could be carried out on new third country routes and increased third country traffic, protecting the EU financial interests from smuggling/illicit trade and organised crime.

Revenue's trade facilitation and customs enforcement operating model moved to a 24/7 basis in the most impacted ports and airports, providing relevant support to facilitate legitimate trade and ensuring that Ireland protects the integrity of the Single Market and the Customs Union and ensures compliance with the overarching UCC legal framework and other similar frameworks.

In 2021, there was an increase in direct maritime traffic from EU ports to Irish Ports due to the new Customs controls in place post Brexit. This resulted in an increase in both the number of ships and the variety of routes available to criminal gangs to smuggle illicit tobacco products into Ireland. Revenue's trade facilitation and customs enforcement operating model move to a 24/7 basis ensured a comprehensive response to this development. Revenue monitors trends in the illicit tobacco trade on an ongoing basis, adjusts its actions and redeploys its resources in response to new developments or methodologies employed by the criminal gangs involved.

The results have been significant, in 2020, €273 million in customs duties were collected. In 2021 this rose to €526 million (of which €215 million was on GB imports). In 2020, Revenue processed 1.8 million customs declarations. In 2021, Ireland processed 25.4 million declarations (of which 18.2 million were from the UK). Between 2020 and 2021, the deployment of additional frontline staff contributed to significant increases in detections. There was a 26% increase in the number of cigarettes seized and over 400% increase in the volume of tobacco seized. In addition, there was a 24% increase in the volume of drugs seized in 2021.

#### **5.5. Greece: Participation of the Financial Police Directorate in Operation OPSON organised by EUROPOL and INTERPOL, with the support of OLAF**

The Financial Police Directorate participated in the Operation OPSON organised by EUROPOL and INTERPOL, with the support of OLAF, to tackle food fraud in general and, more specifically, the trafficking of counterfeit/fake and low-quality food and beverages.

The individual objectives of the operation are:

- To protect public health;
- To prevent trafficking in counterfeit/fake food and beverages;
- To identify and dismantle groups involved in organised crime and trading in counterfeit and low-quality food;
- To strengthen international cooperation;
- To strengthen cooperation at national level between law enforcement authorities and food inspection services;
- To strengthen cooperation with private partners from the food and beverages industry; and
- To strengthen cooperation with EUROPOL, INTERPOL and other international organisations.

The Hellenic Police, and in particular the Financial Police Directorate, participated in Operation OPSON X and in the individual targeted actions relating to wine and alcoholic beverages, as well as honey and products made from honey.

Operation OPSON X (December 2020 to June 2021) involved law enforcement authorities from 72 countries around the world (EU Member States, other European countries and countries in Africa, America, Asia and the Middle East), with the support of the European Anti-Fraud Office (OLAF), the European Commission's Directorate-General for Health and Food Safety (DG SANTE) and the European Union Intellectual Property Office (EUIPO). As a result of OPSON X, more than 68 000 checks were carried out, 42 criminal organisations were dismantled, 663 people were arrested and more than 15 000 tonnes of illegal and dangerous goods worth approximately EUR 53 million were seized.

#### **5.6. Croatia: Customs case: Detection of cigarette smuggling at the external border of the EU**

On October 12, 2021, Regional Customs Office Osijek submitted a criminal charge to the Municipal State Attorney's Office against a citizen of the Republic of Serbia for the criminal offence of Avoiding Customs Surveillance Measures under Article 257 of the Criminal Code. In the relevant case, at the entrance to the Republic of Croatia, a truck driver attempted to

smuggle 490 200 pieces of different types of cigarettes: Karelias, Marlboro, Lucky Strike, Winston, Davidoff. The cigarettes were found hidden in a semi-trailer in the cargo area, among goods in bulk: wheat. The goods were confiscated and the truck with the semi-trailer were confiscated too as a measure to secure the incurred excise debt. Excise duty in the amount of 467 719.60 HRK was collected.

## **5.7. Italy**

### *5.7.1. Guardia di Finanza - Customs and VAT fraud on imports of healthcare equipment*

The Guardia di Finanza's Special Unit for Revenue carried out a risk assessment of conduct which was potentially harmful to the EU's financial interests, focusing on imports of tungsten electrodes, which are subject to a specific customs procedure if they originate in China. This assessment led to the launch of an investigation by the Provincial Headquarters in Genoa, which revealed that the goods in question had not been produced in Thailand (duty of 6%) but rather originated in China (duty of 63.5%). This led to the avoidance of EUR 245 850 in sums due (EUR 201 518 in duties and EUR 44 332 in VAT). The respective company was reported to the EPPO, they agreed with the findings put forward and obtained an order for preventive seizure from the Judge for Preliminary Investigations at the Court of Genoa with a view to directly confiscating the proceeds of the offence.

### *5.7.2. Guardia di Finanza - Cohesion, EAFRD: corruption, extortion and fraud relating to public funds*

The Bari unit of the financial and economic police (PEF), part of the Guardia di Finanza, carried out an investigation which revealed that an agronomist, hired by an agricultural holding to promote a wooded area as a tourist/leisure destination, was asked for money by a local public official in order to join the 2014-2020 RDP for the Apulia region, co-financed by the EU. The investigation revealed that a business committee comprising local public officials and businesspeople in the forestry sector was unlawfully obtaining aid in exchange for bribes. In the course of the investigation: 26 funding applications were checked, revealing that EUR 2 763 345.30 was obtained unlawfully; 19 individuals were referred to the local MA and four legal persons were flagged as having administrative responsibility for the entity. Proposals were made to carry out preventive seizures equating to around EUR 4.7 million and the funds unlawfully received were reported to the Court of Auditors as lost public revenue.

### *5.7.3. Customs and Monopolies Agency (ADM) - EREBO Project*

As part of the EREBO project, the Customs and Monopolies Agency monitored shipments of goods from Greece to Italy under customs procedure 42. This revealed that 'missing traders' were making fraudulent use of the customs procedure and thus causing losses to the public purse in terms of lost own resources and VAT.

## **5.8. Latvia: Prohibited agreement (cartel) on the conditions for participation in public and private procurements in Latvia between ten largest construction companies**

On July 30, 2021, the Competition Council adopted a decision about a long-term prohibited agreement on the conditions of participation in public and private procurements in Latvia between ten construction companies, where 54% of the negotiated procurements were procurements with EU co-funding. Procurements also varied in size, with the smallest contract amount being less than one million euro and the largest over EUR 100 million. A

total of EUR 16 652 027.40 was imposed in fines on ten companies for breaching the Competition Law.

The Competition Council is a member of the AFCOS network. Its purpose is to ensure the possibility to every market participant to perform its economic activities in free and fair competition environment as well as to promote competition development in all sectors of national economy for the benefit of all society. The Competition Council has a right to conduct investigations with regard to the violations of the Competition Law and impose legal obligations and fines.

The relevant case began when the Competition Council received information and materials from the Corruption Prevention and Combating Bureau (KNAB), which indicated the existence of a cartel (prohibited agreement between market participants). The transcripts of the audio recordings contained information that in the period at least from 16 January 2015 until 7 June 2018 twelve meetings of the representatives of the largest construction companies in Latvia took place in two different meeting places. From the negotiations during the meeting, as well as from other materials received from the KNAB, it could be concluded that the participants of the meeting, representing the largest construction companies in Latvia, for the purpose of implementing the prohibited agreement divided themselves into two groups. During the meetings, the participants, speaking about the objects of public and private procurements, conceptually allocated them to one of the groups established by the participants or to a specific participant.

Participants agreed on the distribution of different types of procurements (public, private, including EU co-financed procurements), trying to split them up so that the total amounts between the two groups would be as similar as possible and, inter alia:

The participation in the procurement has been discussed or, conversely, non-participation in the procurement - formal participation of any participant(s) ("cover offers") in the respective Procurement.

The potential winner or the participant who would be entitled to the specific procurement was selected. During the meeting, participants discussed more than 90 procurements (of which the Competition Council was able to identify around 70 procurements): They included construction, reconstruction, development of technical projects of educational institutions, shopping centers, medical institutions, sports grounds, stadiums, law enforcement agencies, radioactive waste and storage facilities, infrastructure objects.

### **5.9. Lithuania: One man's trash is another man's business**

In 2021, the Financial Crime Investigation Service under the Ministry of the Republic of Lithuania launched a pre-trial investigation on the basis of criminal intelligence on the group of potentially interconnected natural persons, representing legal entities actually managed by them, with a view to illegally obtaining the European Union support funds. They concealed the actual suppliers and the price of the equipment to be procured, as well as the fact that the equipment was not new but used. The value of the project was EUR 1 995 682 and the amount of support allocated to the project was EUR 898 057.

The investigation established that the company's manager, knowing that the company did not have funds to purchase the plastic washing and recycling equipment provided for in the project, acquired, by means of personal and business relations, used equipment and through the companies controlled by related persons. They unjustifiably increased the price of the purchased equipment in order to avoid the obligation to contribute to the implementation of the project with own funds. During the pre-trial investigation, it was identified that the plastic

washing equipment was purchased from a company registered in Lithuania. The plastic recycling equipment consisting of several parts was purchased from Italy- and Malaysia-registered companies through an Estonia-registered company which was actually controlled by a Lithuanian citizen.

Once it has been established that this was not the only project implemented by the company who is subject to this investigation, the processing of payment claims and the payment of support funds for other projects implemented by the company was suspended in cooperation with the Lithuanian Business Support Agency, and additional checks of these projects have been carried out.

The representatives of the beneficiary and the equipment supplier have been delivered notices of suspicion under this pre-trial investigation.

#### **5.10. Romania: EAGF funds: Fraud of EUR 850 000 - European agricultural funds allocated to tomato production**

DNA (National Anticorruption Directorate) cooperated, through a joint investigation team, with the Public Prosecutor's Office in Enna (Italy), OLAF and EUROJUST. On 6 December they indicted five natural persons (Italian citizens) and five legal persons (commercial companies set up in RO by the individual defendants) for committing the offences of using or presenting in bad faith false, inaccurate or incomplete documents or statements, if the act resulted in the wrongful acquisition of EU funds, the use in bad faith of assets or credit enjoyed by the company, for a purpose contrary to its interests or for their own benefit, or in order to benefit another company in which they had direct or indirect interests, it falls under the formation of an organised criminal group and the commission of forgeries.

The five Italian citizens set up in Romania five companies through which in 2017-2018, using false documents, they fraudulently obtained non-repayable agricultural funds of RON 3 902 207 (approximately EUR 850 000) granted by APIA for the cultivation and marketing of tomatoes. The fraudulent actions were committed in an organised, coordinated and identical manner by the five defendants for all five companies. The companies leased land, which they did not even visit and which was unsuitable for tomato cultivation. They submitted false documents stating that they met the conditions for obtaining funds for tomato cultivation (quality and compliance documents, false invoices attesting to purchases of tomato seeds, false documents attesting to the marketing of tomato production, false documents concerning transport of tomatoes).

In reality however, the defendants did not purchase the quantity of seeds they indicated, did not grow anything and did not sell any tomatoes. The evidence gathered showed that the companies in question had no activity, no employees, prior to obtaining the financing they had a turnover of RON 0, had no properties and no records in the 2017 annual accounts, and no payments or receipts from other companies were identified. It was clear that their sole purpose was to fraudulently obtain EU funds. The money obtained through the financing received from APIA was circulated from the subsidy accounts opened in the names of the companies, to their current accounts and then to the current accounts of the accused individuals. Subsequently, these amounts were withdrawn in cash through an ATM in Italy, were then used for payments made by the defendants through POS to various traders, or the payments were made to third persons. Precautionary seizures were ordered in order to recover the damages, and certificates in accordance with Regulation (EU) 2018/1805 were sent with the purpose of seizure to the Italian prosecutors, who are investigating the above-mentioned accused persons in Italy.