

2018 report on protection of the EU's financial interests – Fight against fraud

In October 2019, the European Commission published its annual report on the fight against fraud affecting EU financial interests in 2018. In total, 11 638 fraudulent and non-fraudulent irregularities were reported to the Commission in 2018, 25 % fewer than in 2017. They involved approximately €2.5 billion, a value that remained stable in comparison with 2017. The Committee on Budgetary Control has adopted a report on the Commission's annual report, which is due to be voted during the July plenary session.

Background

According to Article 325(5) of the Treaty on the Functioning of the European Union, the Commission is mandated to report each year on how it collaborates with the Member States to ensure sound management of EU funds and to combat fraud affecting EU financial interests. The Commission depends on the cooperation of national authorities and the data they submit, since they collect nearly all the EU's revenue. Approximately 80 % of the EU's expenditure is [managed](#) at national level, through shared management of EU programmes.

European Commission report for 2018

According to the Commission's [report](#), 11 638 fraudulent and non-fraudulent irregularities were reported to the Commission in 2018, 25 % fewer than in 2017. They involved approximately €2.5 billion, stable in comparison with the previous year. Overall, 1 152 irregularities (+0.4 %) were reported as fraudulent (i.e. about 10 % of all irregularities detected and reported), involving about €1 197.2 million (+183 %) covering both expenditure and revenue irregularities. The reasons for the sharp increase in 2018 relate to cohesion policy. According to the Commission, this increase is due, to a large extent, to two fraudulent irregularities involving very high sums detected by Slovakia. In general, [cohesion policy and regional development policy](#) are considered to be the policy areas most affected by fraudulent behaviour. In 2018, the European Anti-Fraud Office (OLAF) [opened](#) 219 investigations and concluded 167, recommending financial recoveries worth €371 million. At the end of 2018, some 414 investigations were ongoing.

Budgetary Control Committee report

The European Parliament's Committee on Budgetary Control (CONT) adopted its [report](#) on 7 May 2020, which has now been tabled for a vote during the July plenary session. The report regrets that the amounts involved in fraudulent irregularities increased by 183 %. CONT is also concerned about new patterns of fraud methods with a strong transnational dimension. It notes with concern the [European Court of Auditors' conclusions](#) that the Commission has an insufficient level of insight into the scale, nature and causes of fraud. CONT calls on the Commission to carry out comprehensive checks to ensure the full transparency and quality of data reported by the Member States in the Irregularity Management System (IMS). CONT regrets that many Member States do not have specific laws against organised crime, and urges them to cooperate more closely as regards exchanges of information. It criticises cases of misuse of European structural and investment funds in Czechia, Hungary, Greece, Poland, Romania and Italy, stressing that 'such fraud is at the expense of small family businesses who need the subsidies the most'. However, fraudulent irregularities affected only 0.71 % of payments in 2018.

Own-initiative report: [2019/2128\(INI\)](#); Committee responsible: CONT; Rapporteur: Joachim Kuhs (ID, Germany).

