



Plenary sitting

A9-0330/2021

22.11.2021

REPORT

on the impact of organised crime on own resources of the EU and on the misuse of EU funds with a particular focus on shared management from an auditing and control perspective
(2020/2221(INI))

Committee on Budgetary Control

Rapporteur: Tomáš Zdechovský

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT	18
OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS	25
INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE.....	31
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE	32

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the impact of organised crime on own resources of the EU and on the misuse of EU funds with a particular focus on shared management from an auditing and control perspective
(2020/2221(INI))**

The European Parliament,

- having regard to Articles 310, 317 and 325 of the Treaty on the Functioning of the European Union (TFEU),
- having regard 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 (PIF Directive)¹,
- having regard to Directive (EU) 2018/843 of the European Parliament and the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU²,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012³,
- having regard to the OLAF Reports 2019 and 2020, and the 2019 and 2020 Activity Reports of the OLAF Supervisory Committee,
- having regard to Special Report No 01/2019 of the European Court of Auditors (ECA) entitled 'Fighting fraud in EU spending: action needed',
- having regard to Special Report No 06/2019 of the ECA entitled 'Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination',
- having regard to Special Report No 13/2021 of the ECA entitled 'EU efforts to combat money laundering in the banking sector are fragmented and implementation is insufficient',
- having regard to the Commission communication of 28 April 2019 entitled 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget' (COM(2019)0196) and the accompanying staff working document entitled 'Fraud risk

¹ OJ L 198, 28.7.2017, p. 29.

² OJ L 156, 19.6.2018, p. 43.

³ OJ L 193, 30.7.2018, p. 1.

assessment' (SWD(2019)0171),

- having regard to the report from the Commission to the European Parliament and the Council of 3 September 2020 entitled '31st Annual Report on the protection of the European Union's financial interests – Fight against fraud – 2019' (PIF Report) (COM(2020)0363) and the accompanying staff working documents (SWD(2020)0156, SWD(2020)0157, SWD(2020)0158, SWD(2020)0159 and SWD(2020)0160),
- having regard to its legislative resolution of 29 April 2021 on the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council establishing the Union Anti-Fraud Programme and repealing Regulation (EU) No 250/2014⁴,
- having regard to Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office⁵,
- having regard to Decision (EU) 2019/1798 of the European Parliament and of the Council of 23 October 2019 appointing the European Chief Prosecutor of the European Public Prosecutor's Office⁶,
- having regard to Article 5(3) of the Treaty on European Union (TEU) and Protocol (No 2) on the application of the principles of subsidiarity and proportionality,
- having regard to the 2019 report of the Organisation for Economic Co-operation and Development (OECD) entitled 'Fraud and corruption in European Structural and Investment Funds – a spotlight on common schemes and preventive actions'⁷,
- having regard to the Guidelines on National Anti-Fraud Strategies developed by a working group of Member States' experts, directed and coordinated by the Fraud Prevention, Reporting and Analysis unit in the European Anti-Fraud Office (OLAF)⁸, published on 13 December 2016,
- having regard to the Commission communication of 14 April 2021 entitled 'The EU Strategy to tackle Organised Crime 2021-2025' (COM(2021)0170),
- having regard to the study published by the European Parliament's Directorate-General for Internal Policies on 7 July 2021 entitled 'The Impact of Organised Crime on the EU's Financial Interests',
- having regard to the Commission's package of four legislative proposals to harmonise the EU's rules on anti-money laundering and countering the financing of terrorism (AML/CFT), published on 20 July 2021,
- having regard to its resolution of 7 July 2021 on the protection of the EU's financial

⁴ Texts adopted, P9_TA(2021)0149.

⁵ OJ L 283, 31.10.2017, p. 1.

⁶ OJ L 274, 28.10.2019, p. 1.

⁷ <https://www.oecd.org/gov/ethics/prevention-fraud-corruption-european-funds.pdf>

⁸ <https://ec.europa.eu/sfc/sites/default/files/EN-ORI-General%20Guidelines%20on%20National%20Anti-Fraud%20Strategies%20ARES%282016%296943965.pdf>

- interests – combating fraud – annual report 2019⁹,
- having regard to Rule 54 of its Rules of Procedure,
 - having regard to the opinions of the Committee on Agriculture and Rural Development and the Committee on Civil Liberties, Justice and Home Affairs,
 - having regard to the report of the Committee on Budgetary Control (A9-0330/2021),
- A. whereas financial and economic crime involves corruption, fraud, coercion, violence, collusion, obstruction and intimidation for unlawful gain, with monies of illegal origin being concealed by means of money laundering and, possibly, used for further unlawful purposes, including the financing of terrorism;
- B. whereas, according to the ECA, fraud prevention has not received enough attention and the Commission lacks comprehensive information on the scale, nature and causes of fraud;
- C. whereas a rising number of organised crime groups are active in the EU, often with cross-border reach; whereas the phenomenon is increasingly complex with new criminal markets and new ways of operating that are emerging due to globalisation and new technologies; whereas Mafia-style organisations are particularly active in their attempts to intercept EU funds in various Member States;
- D. whereas technology brings new detection and monitoring capabilities, rendering the work of investigators more effective and enabling the design of smarter enforcement measures;

EU funds impacted by organised crime

1. Stresses that organised crime has demonstrated a high degree of infiltration into the social, political, economic, financial, entrepreneurial and administrative structure of Member States, as well as an ability to launder in the legal economy the huge proceeds of crimes including those committed against the EU's financial interests, thus representing a serious threat to EU citizens' liberties; stresses, against that background, that organised crime represents a serious threat to democracy and the rule of law, and that the fight against corruption and the infiltration of the legal economy by organised crime is essential to guaranteeing equal treatment before the law, protecting citizens' rights and welfare, preventing abuses and ensuring the accountability of public office-holders; believes that a common, coordinated response from the EU and its Member States is necessary;² Notes that revenue fraud is an area in which the harm done by organised crime is particularly significant, including customs fraud; notes that fraud is a substantial component of revenue fraud; notes that this type of fraud is often committed by falsifying import declarations, using fraudulent documents to declare goods, and falsely declaring the origin of goods to circumvent EU anti-dumping duties; notes that the ECA recently highlighted shortcomings in customs controls legislation and its application, which result in insufficient harmonisation, risk assessment and information

⁹ Texts adopted, P9_TA(2021)0337.

exchange across the Union and between Member States; is concerned that this creates opportunities for organised crime to exploit weaknesses in the current system and defraud the Union and its Member States of income; notes that customs fraud is also frequently committed by under-declaring the value of goods imported into the EU, by which fraudsters can avoid paying higher rates of import duties; notes that the undervaluation schemes investigated by OLAF in recent years mainly concern goods imported from China; welcomes the work done by OLAF in investigating these cases, which has reduced the estimated EU budget losses from over EUR 1 billion in 2017 to EUR 180 million 2020¹⁰; underlines that despite these positive developments, efforts to fight undervaluation fraud must continue, as fraud schemes are evolving to develop new patterns, in particular in the area of e-commerce;

3. Notes that value-added tax (VAT) fraud is another major component of revenue fraud; notes that VAT fraud is defined as avoiding the payment of VAT or fraudulently claiming repayments of VAT from national authorities following an illicit chain of transactions; notes that the most common forms of VAT fraud are missing trader intra-Community fraud, e-commerce fraud, and fraud against customs procedure 42; points out that the fuel sector is one of the sectors most at risk from VAT fraud, whereby criminal networks abuse VAT exemption rules and price differences between different types of fuel, resulting in huge losses in tax revenue; is concerned by the fact that criminal groups have been proven to exchange knowledge, information and intelligence in the area of VAT fraud, making extensive use of new technologies, alternative cryptocurrencies and shortcomings in legal business structures to enhance and conceal their criminal activities, thereby generating multi-billion euro profits from VAT fraud; highlights the fact that, according to Europol's European Union Serious and Organised Crime Threat Assessment (SOCTA) 2021, VAT fraud is committed by people with good knowledge of the VAT system, legislation and tax procedures; finds regrettable the systemic weaknesses of the current intra-Community VAT system and the insufficient exchange of information between Member States;
4. Expresses its regret that subsidies are an area affected by fraud on the expenditure side of the Union budget; notes with deep concern that, according to Europol reports, the number of such cases has steadily increased over the years; notes that subsidy fraud happens in many areas of EU spending, such as agriculture policy, cohesion policy, research and development and environmental policy; notes with concern that fraudulent applications for EU grants and tenders are usually based on false declarations, progress reports and invoices; points out that many such fraudulent activities are carried out by organised crime gangs, including mafia-style gangs;
5. Notes that besides the obvious dangers to public policy and public security presented by the forms of violence which are typical of criminal organisations, organised crime may cause equally serious problems in the form of penetration into the legal economy and associated conduct which corrupts public officials, with the consequent infiltration of institutions and public administrations; reiterates its call for the EU to become a full member of the Group of States against Corruption (GRECO) without delay; underlines the necessity to provide sufficient resources for the judiciary system and to use all available tools in a coherent manner across Member States to detect and tackle fraud

¹⁰ The OLAF report 2020.

and financial as well as economic crime;

6. Highlights that the common agricultural policy (CAP) is the largest item in the EU budget, representing 31 % of total budgetary expenditure for the 2021-2027 period; stresses that it is vital for the CAP control systems at EU and national level to work properly to ensure that the financial interests of the EU and its citizens are effectively protected against any misuse of EU funds; takes note of the special impact of organised crime in the misuse of CAP funds; reiterates its concern that the current structure of CAP subsidies incentivises land grabbing by criminal and oligarchic structures; stresses that oligarchic structures, in comparison with organised crime gangs, are equally or more financially detrimental to the CAP, and that the identification of these structures is essential to protect genuine farmers; underlines that farmers must be protected from intimidation by criminal gangs who seek to claim subsidies for their land; stresses that limited transparency in combination with corruption enables criminal organisations to keep their actions out of sight and prevent EU funding from reaching its intended beneficiaries; reiterates that the development of proper Union-level legal instruments against land grabbing and the enabling of effective information sharing are crucial in this regard; reiterates firmly the need for improved cooperation between the Commission and the Member States;
7. Stresses that the establishment of a centralised interoperable database with standardised and high-quality data displaying the direct and ultimate beneficiaries of EU subsidies is crucial in order to identify fraudsters, criminal networks and oligarchical structures, and to prevent them from misusing EU funds; highlights that such a database would substantially boost the capability of law enforcement to recover misused funds; underlines that in order to create such a database, the interoperability between existing national and EU-level databases must be improved; calls on the Commission and the Member States to cooperate in creating such a centralised database in line with the rulings of the European Court of Justice; emphasises that information must be of adequate quality and available in a standardised format, so that it can be exchanged and aggregated in an automated way; underlines that beneficiaries must have a unique identifier that ensures their traceability across Member States and funds, independent of management method; highlights that the use of new technologies, such as comprehensive digital land registers, is essential in enhancing transparency, effective data collection and risk mitigation, thereby ultimately reducing opportunities for fraudsters; welcomes the Commission's efforts to expand the use of such technologies and calls on all Member States to speed up the implementation of these solutions; points to the need for greater scrutiny by the Commission or the relevant agencies, including with regard to livestock, and, in particular, as regards the funds granted per head of cattle, the actual existence of which must be properly verified;
8. Points out that the concentration of agricultural income support is mainly driven by area-based direct payments; underlines the need for more targeted support and a better balance between large and small beneficiaries at Member State level; regrets that capping remains voluntary in the new CAP; calls on the Member States to use the different redistributive tools within the new CAP as a measure against the misuse of agricultural funds and for their fairer distribution; criticises the fact that, at the Special European Council of July 2020, Member States unilaterally decided not to introduce maximum amounts for natural persons under the first or second pillars, pre-empting a

decision in the trilogue negotiations on the reform of the CAP;

9. Highlights that the Member States are responsible for the EU agricultural funds under shared management with the Commission; considers that the new delivery model and the new national strategic plans can be an opportunity to reinforce controls by the Member States and the Commission pertaining to the distribution and management of funds, provided that Member States have effective management and control systems in place, and to raise awareness among the authorities responsible for awarding grants of the opportunities for fraud; emphasises that the principle of the single audit should help relieve the pressure on farmers and that controls should not result in an unnecessary or additional administrative burden for small and medium-sized farmers; stresses, in this context, the importance of exchanges between European law enforcement actors and funding release authorities in order to ensure the highest possible level of prior awareness of possible fraud;
10. Calls on the Commission to raise the Member States' awareness of organised criminals engaging in tax evasion, corruption and illegal practices (such as 'pocket contracts') in connection with land transactions, and to support them in combating such crime;
11. Considers that every effort should be made to ensure that the new delivery model for the CAP does not result in a reduction in the level of absorption of CAP funds by final beneficiaries as a consequence of unintentional errors, a lack of transparency in the rules or a lack of adequate information, particularly during the initial implementation period;
12. Stresses the need for a specifically tailored fraud prevention system to prevent any misuse of EU agricultural funds; points out that although the number of instances of fraud has been reduced considerably over recent years, anti-fraud measures should remain a high priority for the EU and the Member States; underlines that EU funds must be recovered in a timely manner and welcomes the provisions laid down in the CAP horizontal regulation on proportionate penalties as effective deterrents;
13. Notes that OLAF is responsible for combating fraud in CAP payments, and that open cases are based on information from Member States or reports from members of the public who have been affected and who may then face retaliation; emphasises, furthermore, that OLAF cases are highly confidential and are not widely publicised when they are closed; calls, therefore, for whistleblowers to be protected and for fraud investigation authorities in the Member States to share best practices in the area;
14. Stresses the need to monitor agricultural paying agencies in the Member States, to guarantee both their formal and informal independence, and to bring their work in line with EU rules, in connection with which spot inspections, among other measures, may lead to a better control system;
15. Stresses that the Financial Regulation, in particular Article 61 thereof, must be respected and implemented in all Member States and applied to all payments of EU funds, including direct payments for agriculture.
16. Urges the Commission to propose a centralised Union-wide complaints mechanism to support those individuals having to deal with unfair land-grabbing practices and intimidation by criminal organisations, by giving them the opportunity to lodge a

complaint swiftly with the Commission;

17. Calls on Member States to rapidly implement Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law¹¹ (the Whistleblower Directive) and to include, as part of the implementation process, legal safeguards for individuals and independent bodies who expose corruption, including journalists, whistleblowers, independent media, and anti-corruption NGOs; calls on all Member States to establish comprehensive whistleblower protection frameworks; reiterates the urgency of this demand given reporting of increased physical attacks on journalists, the rise of strategic lawsuits against public participation (SLAPP suits) and the use of fast-tracked security laws in certain Member States, which criminalise the dissemination of images of or data regarding law enforcement officers, thus blocking journalists' work and limiting the accountability of national authorities.
18. Notes with concern that the Commission and OLAF have identified fraud in public tenders and procurement as a major trend among fraudsters; notes that collusion between individuals and organisations, the use of fake invoices, the creation of fake companies and credentials, and the redirection of funds from their original purpose are common ways to undermine public procurement procedures; points out that fraud schemes often take place on a transnational level and can span several (EU and non-EU) countries, making them difficult to identify and dissolve; expresses its regret that in many Member States there is no specific legislation against organised crime; highlights that timely cooperation between national law enforcement authorities is a key component of an effective response to transnational crime; calls on the relevant EU and national authorities to improve the interoperability of their systems, facilitating the timely exchange of information and enhancing cooperation and joint operations for tackling transnational organised crime; calls, therefore, for the transnational nature of the fight against fraud and the harmonisation of criminal laws in the Member States to combat organised crime to be reinforced, something which is of vital importance; encourages the Commission to develop a common rules framework that would allow Member States to transfer criminal proceedings to another Member State in order to avoid parallel investigations;
19. Notes that the COVID-19 pandemic creates new opportunities for fraudsters and organised crime; notes with concern that Europol observed a rise in coronavirus-related criminal activities in the form of cybercrime, fraud and counterfeiting, including that of medical equipment and personal protective equipment (PPE); recalls the scams and fake offers of vaccines detected by EU countries, as one of many harmful examples, where fraudsters tried to sell more than 1.1 billion vaccine doses for a total price of over EUR 15.4 billion; highlights that the threat of illicit sales of false COVID-19 digital certificates is rapidly growing, with numerous examples having been identified in several Member States;
20. Is concerned by the assessment of the PIF Report, which found that seven Member States detected fraud in relation to health infrastructure in 2019 and that health infrastructure was particularly affected by violations of public procurement rules; points out that the dependence on emergency procurement procedures in response to the

¹¹ OJ L 305, 26.11.2019, p. 17.

COVID-19 crisis may have aggravated these problems; highlights that emergency procedures must respect the same standards of transparency and accountability as regular procedures; calls on the Commission and Member State authorities to complement these procedures through the use of risk mitigation tools, focusing on prevention, as well as through comprehensive ex post controls and scrutiny;

21. Is extremely worried by Europol's expectation that the recession following the pandemic will create new opportunities for organised crime; warns that as organised crime follows the money, the unprecedented increase in EU spending in the context of the NextGenerationEU recovery plan offers major potential for misuse of funds by organised crime; highlights that this unprecedented increase in spending must be met with proper resources, to be allocated to the relevant institutions which constitute the EU and national frameworks for fighting corruption, fraud and organised crime; recalls, in this regard, that the use of new technologies, such as the Arachne database and the early-detection and exclusion system (EDES), should become compulsory elements of the EU budget's implementation; reiterates its call on the Council to agree to the addition of 40 auditor posts at the ECA, and its call on OLAF and the European Public Prosecutor's Office (EPPO) to ensure that they allocate sufficient resources to the discovery and prosecution of criminal activities targeting NextGenerationEU;
22. Stresses that organised criminals, in particular mafia-style criminals, are already known to have geared their business towards renewable energy in the past; warns that, since they are already active in this sector, criminal organisations can easily intercept funds earmarked for the ecological transition, which account for a significant percentage of NextGenerationEU funds;
23. Takes note with concern of the facilitators of organised crime, such as money laundering, cybercrime, document fraud, corruption, fake registration and the use of shell companies; stresses that these actions impact on the authorities' ability to effectively monitor whether EU money is spent as intended;

Estimates of the financial impact of organised crime

24. Is concerned that the task of estimating the extent and severity of the impact of organised crime on the EU budget has repeatedly been judged to be extremely difficult or even impossible, due, among other reasons, to the differing definitions of organised crime among the Member States and the lack of reliable estimates as regards assessing the situation, thereby complicating the efforts to coordinate measures and investigate and prosecute cases; expresses its regret that the Commission and national authorities lack insight into the scale, nature and causes of fraud, and have, to date, carried out no consistent assessments of undetected fraud; stresses that the lack of reliable estimates prevents an accurate assessment of the situation, which hampers the fight against organised crime; calls on the relevant national authorities to improve data collection and increase the reliability of data communicated to the Commission; calls on the Commission to coordinate and collaborate with Member State authorities in order to carry out a comprehensive EU-wide assessment into the actual size, nature and causes of fraud, involving the relevant EU agencies and collaborating with partners from the EU's neighbouring countries;

25. Notes that the 2019 PIF Report counted 514 fraudulent irregularities on the expenditure side with a financial value of EUR 381.4 million, and 425 fraudulent irregularities on the revenue side, totalling EUR 79.7 million; emphasises that these numbers do not capture the true extent of fraud, which is likely to be significantly greater; further highlights that not all fraud is committed by organised crime gangs, especially on the expenditure side, where fraud is frequently committed by individuals or individual companies and can even include high-ranking public or government officials;
26. Notes that according to recent studies, organised crime penetration of EU public procurement lies between 2.7 % and 3.6 % of total spending; regrets that this indicates that from 2014-2020, EUR 1.9 billion to EUR 2.6 billion of EU Cohesion Funds may have been misappropriated by organised crime; notes that while data limitations impact the reliability of these estimates, they still give an indication of the seriousness of the problem;
27. Stresses with concern that corruption is an integral part of nearly all the activities of criminal organisations and that it poses a serious threat to the financial interests of the EU, with an estimated GDP loss ranging between EUR 170 billion and EUR 990 billion and a cost to the EU of more than EUR 5 billion per year for the public procurement part of the budget alone¹²;
28. Regrets that according to Europol, an estimated EUR 40 billion to EUR 60 billion is lost per annum to organised crime groups through a specific form of VAT fraud, namely missing trader intra-Community (MTIC) fraud; highlights that the majority of VAT losses are borne by the Member States, as only 0.3 % of VAT collected is transferred to the EU budget; emphasises that, nevertheless, VAT-based own resources constituted 11.97 % of total EU budget revenue in 2019, which indicates that VAT losses caused by criminal organisations have a serious impact on EU revenue;

Audit and control measures against organised crime

29. Regrets that the Commission has identified shortcomings in its collection and analysis of data in the fight against fraud, the use of reporting systems (such as EDES and Arachne) by Member States, and the flow of information; notes that the EU legislation on exchanging information on cross-border crime was updated only recently and does not cover all relevant authorities, thereby hindering an effective information exchange across EU bodies and Member States;
30. Regards the PIF Directive as an important step towards protecting the EU budget, as it provides a common definition of criminal offences and the misuse of funds, and the harmonisation of sanctions for crimes against the EU's financial interests; appreciates that the directive sets out clear reporting and investigation procedures, defines the monitoring of the fraud risk-management framework and promotes the use of information, databases and data analytics by the Member States; welcomes the Commission's recent assessment on the implementation of the PIF Directive and the fact that all Member States have provided notification of their complete transposition of

¹² Rand Europe, 2016, *The Cost of Non-Europe in the area of Organised Crime and Corruption: Annex II: Corruption*.

the PIF Directive¹³; is concerned, however, about the degree to which the directive has been transposed into national law; recalls that the Commission identified conformity issues in several Member States; notes that these issues concern, *inter alia*, the definition of criminal offences ('fraud affecting the Union's financial interests', 'money laundering', 'corruption', 'misappropriation'), the liability of and sanctions against legal and natural persons, and the Member States' obligation to annually report statistical data to the Commission; urges the Member States to fully align their national legislation with the requirements of the PIF Directive and urges the Commission to closely monitor Member States' compliance, as proper transposition is of vital importance in enabling the EPPO to conduct effective investigations and prosecutions; urges the Commission to take all necessary steps to ensure correct and comprehensive transposition, including the possibility of infringement procedures;

31. Welcomes the establishment of the EPPO, with its mandate to investigate, prosecute and bring to judgment crimes against the EU budget, as an important asset in the fight against fraud and organised crime in the EU; calls for effective funding and the appropriate allocation of human resources for the EPPO; regards the EPPO's role as especially promising in the fight against cross-border crime related to the Union budget, as national authorities are limited by their borders in their prosecution and other EU bodies (such as Eurojust, Europol and OLAF) do not hold the required investigative and prosecuting powers; notes that the focus of the EPPO's mandate is defined in the PIF Directive and includes the fight against fraud to EU expenditures and revenues, VAT fraud, money laundering, corruption and participation in criminal organisations; highlights that these focus points are crucial in the fight against organised crime, and trusts that the EPPO will therefore be an effective tool for fighting criminal organisations that impact the EU budget; regrets that five Member States have not yet joined the EPPO and calls on them to take the necessary steps towards joining it; calls on the Commission, in the meantime, to step up its oversight of those Member States' regrets the lack of nominations of European delegated prosecutors, in particular by Slovenia, and considerable delays in many other Member States; highlights that this severely weakens the efficiency and effectiveness of the pan-European effective fight against cross-border crime;
32. Highlights the need to better tackle environmental crimes with a cross-border dimension and which affect biodiversity and natural resources, such as the illegal trade in plants and animals, illegal logging and timber trafficking, and illegal waste trafficking; calls on the Commission to initiate the extension of the EPPO's mandate in order to cover cross-border environmental crimes;
33. Expresses its regret that the Commission established a staffing plan for the EPPO that does not allow it to fulfil its mandate efficiently; underlines that adequate staffing is necessary so that the EPPO can carry out its main task, namely the fight against cross-

¹³ Report from the Commission to the European Parliament and the Council on the implementation of 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 (COM(2021)0536).

border crime affecting the EU budget; expresses its regret that the EPPO is currently equipped with an insufficient number of case analysts and financial investigators to support the prosecutorial activities of the European delegated prosecutors; expresses its regret that the EPPO's operational staff are currently mainly focused on the registration of cases and not their prosecution; expresses its regret that the EPPO has indicated an urgent lack of additional qualified legal and IT experts, as well as administrative staff to enable operations to run smoothly; highlights that on top of its annual case load of 2 000 cases, the EPPO has to deal with a backlog of more than 3 000 cases; is concerned that the EPPO's workload will increase even further in the coming years in light of the unprecedented amounts mobilised through the Recovery and Resilience Facility and the acceleration of procurement procedures during the COVID-19 crisis; emphasises that the Commission's staffing plan for the EPPO for 2022 is insufficient to remedy the shortcomings identified by the EPPO; highlights that when fully functional, the EPPO's benefits as regards protecting the EU budget will exceed its costs; strongly calls on the Commission to increase the budget and qualified staff available to the EPPO so that it can achieve its full potential in the fight against crime;

34. Welcomes the Commission communication on the EU Strategy to tackle Organised Crime 2021-2025 and its focus on boosting an effective and timely information exchange across EU bodies and Member States, for instance through better interoperability between EU information systems and ensuring connection to relevant databases across Member States; appreciates the Commission's commitment to streamline law enforcement cooperation and to fully harness the potential of existing tools, such as the European Multidisciplinary Platform Against Criminal Threats (EMPACT); welcomes the Commission's aim to improve information exchange and cooperation between Europol, Eurojust and non-EU countries;
35. Welcomes the Commission's focus on preventing the infiltration of organised crime into the legal economy, for instance by reviewing the EU Anti-Money Laundering Framework and the existing EU anti-corruption rules; welcomes the Commission's focus on making law enforcement fit for the digital age;
36. Notes that money laundering enables criminals to keep their profits undetected, and that offering money laundering services has in itself become a profitable business for criminal organisations; emphasises that this significantly impacts the financial interests of the Union and Member States, as a devastating 98 % of estimated criminal proceeds are not confiscated and remain at the disposal of criminals; believes that the fight against money laundering is crucial to prevent the misuse of funds by criminal organisations; is deeply concerned by the ECA's¹⁴ findings that EU actions to prevent money laundering are fragmented and poorly coordinated, that the existing legal framework is inconsistent and still not fully transposed in all Member States and that this can be exploited by criminals; commends the Commission on the new legislative package aiming to revise the AML/CTF framework, a single set of rules that represents a major step forward in the fight against money laundering and that will allow for the uniform application of AML/CTF legislation;

¹⁴ European Court of Auditors Special Report No 13/2021: 'EU efforts to fight money laundering in the banking sector are fragmented and implementation is insufficient'.

37. Welcomes, in particular, the proposal for the creation of a new EU agency, the Anti-Money Laundering Authority (AMLA), and emphasises that the AMLA must be provided with adequate human and financial resources in order to be fully functional; expresses its regret that the establishment of the AMLA is not anticipated until 2023 and that it won't be fully operational until 2026; underlines that the current issues as regards AML/CTF are pressing in nature and do not allow for more time to be lost; calls on the Commission to present concrete measures to address the current issues before the AMLA becomes fully operational;
38. Welcomes, furthermore, the Commission's new proposals on crypto-assets, a largely unregulated sector widely exploited by organised criminals, who move large flows of illicit money with impunity on the cryptocurrency market; recalls that the anonymity surrounding certain cryptocurrencies is leading to an increase in their use for illegitimate activities; calls on the Member States to encourage cryptocurrency companies to use analysis tools to assess potential criminal activity associated with destination and recipient addresses and to ensure that they fully apply the anti-money laundering legislation when users convert cryptocurrencies to real currency; stresses that cryptocurrencies must be subject to the same supervisory bodies as traditional currencies;
39. Notes that financial intelligence units (FIUs) play a major part in detecting cross-border money laundering and terrorist financing (ML/TF) cases; notes that in the EU, FIUs operate on a national level and that the Commission found the coordination and exchange of information among national FIUs to be insufficient¹⁵; regrets that there are differences in the amount and type of data exchanged between FIUs; notes that this hampers cooperation between them, which in turn negatively impacts their capability to detect and persecute cross-border crime in a timely manner;
40. Regrets that the national approaches to tackle organised crime vary significantly across Member States in terms of legislation, strategies and operational capacity; notes that this is partly due to varying levels of adoption and implementation of EU legislation; is concerned by the varying role and capabilities of Anti-Fraud Coordination Services (AFCOS) in Member States, possibly because EU legislation does not define their mandate precisely enough and complicate coordination at the national and EU level; Expresses concern at the fact that efforts to combat fraud involving EU funds tend not to be prioritised to the same extent as fraud involving national expenditures; this is highlighted by the fact that more than half of OLAF investigations are not followed up by Member States and even less reach the prosecution stage; regrets greatly that some Member States continuously choose not to implement OLAF's recommendations following the conclusion of an investigation and do not launch judiciary actions aiming at recovering defrauded EU funds; calls on the Commission to make use of its prerogatives and take the necessary measures for ensuring the timely and correct implementation of EU legislation;
41. Expresses its regret that recent research indicates that some Member States do not

¹⁵ Commission staff working document SWD(2021) 190. Impact assessment accompanying the Anti-money laundering package, 20.07.2021

prioritise fraud involving EU funds to the same extent as fraud affecting domestic spending; notes that although the Commission has encouraged Member States to develop national anti-fraud strategies (NAFS), only 13 Member States have done so and none of them used the template provided by the Commission; notes with concern that these differences across Member States pose obstacles for efficient cooperation; calls, therefore, on the Commission to take more resolute action with a view to making it mandatory for the Member States to lay down rules to prevent fraud against the EU;

Conclusions

42. Calls on the Commission to develop a common approach for assessing the impact of organised crime on EU funds and evaluate the effectiveness of measures taken to tackle the problem across Member States; regards as crucial a timely, complete and effective exchange of information, and reiterates, therefore, the importance of harmonising definitions in order to achieve comparable data across EU bodies and Member States to estimate the impact of the activities of organised crime on EU finances and swift action to combat it;
43. Is concerned that the current system of differing national approaches prevents an effective, cross-border approach to address the problem, which gives criminals an opportunity to continue their actions without being held accountable; calls on the Member States to cooperate closely with EU bodies and each other and to make use of the Union's tools and services in the fight against organised crime in order to maximise data exchange and facilitate cross-border operations targeting organised crime activities against the EU budget;
44. Calls on the Member States and the Commission to consider a more coherent use of all the available tools to detect and tackle fraud, in particular the Arachne IT platform and EDES; emphasises that the interoperability of Arachne, EDES and institutional and national databases is crucial for ensuring the effective exchange of information exchange aiming to prevent and identify fraud against the EU budget; expresses its regret that Arachne and EDES are currently limited in their scope and in the awareness and use thereof by Member States; highlights, in this regard, that EDES covers directly and indirectly managed funds but not funds under shared management, even though the latter represent roughly 80 % of EU expenditure; calls on the Commission to extend the application of EDES to these funds; reiterates its call on the Commission and, in particular, on the Member States in the Council, to make the use of Arachne compulsory; calls on the Commission to reassess the framework for data exchange across EU institutions and with the Member States, in order to maximise the degree of effective information exchange, while at the same time respecting data protection requirements;
45. Calls on the Commission to support Member States by providing training to national authorities to equip them with adequate knowledge for using tools such as EDES and Arachne in the most effective manner possible and in accordance with EU reporting standards; calls on the Commission, in cooperation with the Member States, to analyse difficulties that national authorities encounter when using EDES and Arachne and to issue specific recommendations and improve the existing general guidelines and the user-friendliness of these tools; expresses its regret that some Member States oppose

using these tools for fear of increased bureaucratic burden; highlights that when properly integrated, these tools can in fact reduce bureaucracy; calls on the Member States to reconsider their position on this matter and on the Commission to further engage in promoting the advantages of EDES and Arachne to the Member States; calls for the introduction of anti-money laundering training schemes allowing authorities to detect the risk of potential fraud before funds are disbursed, in particular in the area of 'know your client' and the undisclosed involvement of politically exposed persons in CAP subsidies, projects and grants;

46. Regards the Common Provisions Regulation (CPR Regulation), which lays down common rules applicable to European Structural and Investment Funds, the European Regional Development Fund, the European Social Fund and the Cohesion Fund, as another important element for preventing misuse of EU funds by organised crime;
47. Highlights that an important step in fighting organised crime is making it less profitable; recalls, in this regard, the work of OLAF, whose investigations are a crucial tool in the fight against fraud; expresses its regret that the indictment rate following recommendations by OLAF to Member States is low and follows a downward trend, having decreased from 53 % in the 2007-2014 period to 37 % in the 2016-2020 period; further notes that the extent to which financial amounts recommended for recovery are actually recovered has not been assessed in recent years, and that the most recent assessment covering the years 2002 to 2016 indicates a recovery rate of 30 %; calls on OLAF and the Commission to investigate the underlying reasons and on the Member States to fulfil their legal obligation to recover the funds and to cooperate closely with the Union's bodies to ensure that funds misused by organised crime are effectively recovered, as a devastating 98 % of estimated criminal proceeds are not confiscated and remain at the disposal of criminals; calls on OLAF to collect information on the rate of recovery following its financial recommendations and to publish this information in its annual reports; takes the view that decisive action to recover funds, including through preventive or value-based seizures, can deter criminal organisations from committing fraud against the EU, thereby protecting its financial interests; calls on the Member States to increase the confiscation rate of funds associated with fraud, with more emphasis on preventative measures; invites the Commission to assess the possibility of complementing the current fragmented approach towards asset recovery through an EU-wide body in charge of ensuring the timely and effective recovery of EU funds;
48. Believes that fraud prevention and the fight against fraud by organised crime should be a priority focus of managing, certifying and audit authorities, as well as being the subject of specialised financial investigations; believes that the fight against organised criminal groups also requires enhanced rules and measures regarding the freezing and confiscation of assets, including, where appropriate, the temporary seizure of property of equivalent value to the criminal proceeds in order to prevent the transfer or disposal of those proceeds of crime before criminal proceedings have been concluded; stresses that it is absolutely essential that every effort is made to recover EU funds obtained through fraudulent means; strongly supports more effective investigations in order to disrupt organised crime structures and stresses that law enforcement authorities have to be ahead of criminals who increasingly use new technologies and seize any opportunity to expand their illegal activities, online or offline;

-
- ◦

49. Instructs its President to forward this resolution to the Council and the Commission.

8.10.2021

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Budgetary Control

on the impact of organised crime on own resources of the EU and on the misuse of EU funds with a particular focus on shared management from an auditing and control perspective (2020/2221(INI))

Rapporteur for opinion: Adrián Vázquez Lázara

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Highlights that the Common Agricultural Policy (CAP) is the largest item in the EU budget, representing 31 % of the total budgetary expenditure for the 2021-2027 period; stresses that it is vital that the CAP's control systems at EU and national level work properly in order to ensure that the financial interests of the EU and its citizens are effectively protected against any misuse of EU funds that can be detrimental to farmers and to the public image of such a strategic policy; underlines that general Union legislation on the protection of the Union's financial interests and the avoidance of conflict of interest must be respected by all Member States; notes that transparency and the control of agricultural funding are essential for the construction of a functional agricultural system;
2. Points out that the concentration of agricultural income support is mainly driven by area-based direct payments; underlines the need for more targeted support and a better balance between large and small beneficiaries at Member State level; regrets that capping remains voluntary in the new CAP; calls on the Member States to use the different redistributive tools within the new CAP as a measure against the misuse of agricultural funds and for their fairer distribution; criticises the fact that, at the Special European Council of July 2020, Member States unilaterally decided not to introduce maximum amounts for natural persons under the first or second pillars, pre-empting a decision in the trilogue negotiations on the reform of the CAP;
3. Emphasises that existing statistical tools at EU level, such as the Farm Accountancy

Data Network (FADN), the Eurostat Farm Structure Survey and the Integrated Administration and Control System (IACS), gather data on different aspects of land tenure; underlines that comprehensive, up-to-date, transparent and high-quality data on land tenure, property structures, leasing structures, and price and volume movements on land markets at European level have so far been lacking and, in some Member States, are collected and published only incompletely;

4. Calls on the Commission to collect information on all subsidies received from the first and second pillars of the CAP and to aggregate the total amount that a natural person receives either directly through direct payments or indirectly as the beneficial owner of legal persons that are beneficiaries of CAP payments (direct payments and payments from rural development);
5. Highlights that land grabbing and land concentration are practices that negatively affect the economic and social welfare of local communities and generational renewal by forcing many farms, particularly small-scale farms, out of business, to the detriment of a vibrant countryside and biodiversity; calls on the Commission to address these issues at EU level;
6. Notes that land-grabbing may also involve illegal activity and corruption by oligarchies and kleptocracies, as we have seen in Member States in central and eastern Europe, or by mafia organisations or unscrupulous businesses that also exist in other Member States;
7. Highlights that the Member States are responsible for the EU agricultural funds under shared management with the Commission; considers that the new delivery model and the new national strategic plans can be an opportunity to reinforce controls by the Member States and the Commission pertaining to the distribution and management of funds, provided that Member States have effective management and control systems in place, and to raise awareness among the authorities responsible for awarding grants of the opportunities for fraud; emphasises that the principle of the single audit should help relieve the pressure on farmers and that controls should not result in an unnecessary or additional administrative burden for small and medium-sized farmers; stresses, in this context, the importance of exchanges between European law enforcement actors and funding release authorities in order to ensure the highest possible level of prior awareness of possible fraud;
8. Calls on the Commission to raise the Member States' awareness of organised criminals engaging in tax evasion, corruption and illegal practices (such as 'pocket contracts') in connection with land transactions, and to support them in combating such crime;
9. Considers that every effort should be made to ensure that the new delivery model for the CAP does not result in a reduction in the level of absorption of CAP funds by final beneficiaries as a consequence of unintentional errors, a lack of transparency in the rules or a lack of adequate information, particularly during the initial implementation period;
10. Stresses the need for a specifically tailored fraud prevention system to prevent any misuse of EU agricultural funds; points out that although the number of instances of fraud has been reduced considerably over recent years, anti-fraud measures should remain a high priority for the EU and the Member States; underlines that EU funds must

be recovered in a timely manner and welcomes the provisions laid down in the CAP horizontal regulation on proportionate penalties as effective deterrents; points out the importance of a comprehensive real-time information and monitoring system, including, but not limited to, existing tools, such as Arachne, to allow for a precise overview of the distribution and fair allocation of the EU funds and to have the possibility to track and aggregate the distributed financial means; believes that this system should include information on the interconnections between companies and beneficial owners;

11. Notes that the European Anti-Fraud Office (OLAF) is responsible for combating fraud in CAP payments, and that open cases are based on information from Member States or reports from members of the public who have been affected and who may then face retaliation; emphasises, furthermore, that OLAF cases are highly confidential and are not widely publicised when they are closed; calls, therefore, for whistleblowers to be protected and for fraud investigation authorities in the Member States to share best practices in the area;
12. Underlines that farmers must be protected from intimidation by criminal gangs that seek to claim subsidies for their land;
13. Stresses that oligarchic structures, in comparison with organised crime gangs, are equally or more financially detrimental to the CAP, and that the identification of these structures is essential to protect genuine farmers;
14. Underlines the importance of transparency for the early detection of fraud, conflicts of interest or other irregularities; stresses that it is important to have unique identifiers within reporting systems and databases to make it clear who the final beneficiaries are and to have shared databases to ensure EU-wide database interoperability, common rules and data exchange between governments and stakeholders, cross-border cooperation and better use of IT tools; reiterates the transparency requirements for the CAP and cohesion policy, which require the competent authorities to maintain a publicly accessible list of final beneficiaries; urges the Member States to publish this data in a single, machine readable format and to ensure the interoperability of information; calls on the Commission to collect and aggregate the data and to publish the lists of the largest beneficiaries of each fund in each Member State; highlights the importance of adherence to the Financial Regulation, and in particular the implementation of Article 61 on conflict of interests by all Member States and its application to all EU funds payments;
15. Recalls that under the Recovery and Resilience Facility (RRF), the EU is strengthening its support for managing authorities in their administrative controls and management checks on the EU funds, notably through the use of the Arachne platform; points out that Arachne has so far only been used to audit projects involving cohesion funding; takes note of Parliament's calls to extend the data-mining and transparency approach currently only in use for CAP investment funding to all audits on area payments in the first and second pillars; underlines therefore, the importance of the Arachne platform becoming mandatory for the Member States, in particular in the context of managing agricultural funds;
16. Deplores the fact that there are more than 290 monitoring and reporting systems for the

CAP and the Cohesion Fund, which makes it impossible to verify the final beneficiaries of these funds and to effectively prevent and investigate fraud and corruption; calls on the Commission and the Member States to establish a harmonised or uniform reporting system with timely and accurate data; stresses that there is a lack of transparency and public access to data regarding the allocation of agricultural subsidies;

17. Insists on greater resources for investigation, as well as on stronger coordination between the Member States and EU bodies (OLAF, the European Court of Auditors, Eurojust and the European Public Prosecutor's Office (EPPO)) and an increased awareness among the competent national authorities, to ensure that the fight against fraud in agricultural funds is effective; underlines, in this context, that the budget allocated to Eurojust under the Multiannual Financial Framework 2021-2027 was frozen at the 2019 level, whereas the case workload increased; emphasises the need for a comprehensive anti-fraud strategy with a robust fraud risk analysis, while ensuring that new checks and documentation requirements do not place an increasing burden on farmers; encourages using information from different systems such as EDES and ARACHNE in order to safeguard the Union's financial interests; stresses the need to create a continuous EU training programme for employees of paying agencies to improve fraud detection and exchange best practices;
18. Deplores the fact that not all Member States choose to coordinate and initiate supranational prosecutions under Eurojust and that, as a result, many cases of organised crime at European level cannot be resolved; underlines the need for the Member States, which remain responsible for operational measures in the field of police and judicial cooperation, to make greater use of cross-border and EU-wide cooperation, as organised crime has become increasingly interconnected, international and digital;
19. Highlights the need to better tackle environmental crimes with a cross-border dimension and which affect biodiversity and natural resources, such as the illegal trade in plants and animals, illegal logging and timber trafficking, and illegal waste trafficking; calls on the Commission to initiate the extension of the EPPO's mandate in order to cover cross-border environmental crimes;
20. Reiterates its concern that CAP subsidies continue to incentivise land-grabbing and concentration by criminal and oligarchic structures, as well as abuse by organised criminals; reiterates its call on the Commission to ensure, as a matter of urgency, that complaint mechanisms for farmers and SMEs allow them to easily complain about land-grabbing, serious misconduct by national authorities, irregular or biased treatment in tender procedures or the allocation of subsidies, pressure or intimidation by criminal structures, organised crime or oligarchic structures, or any other serious violation of their fundamental rights;
21. Underlines the importance of a thorough investigation of cases of misuse of EU funds uncovered by journalists in Member States and the importance of ensuring the recovery of EU funds used in violation of the rules;
22. Stresses the need to monitor agricultural paying agencies in the Member States, to guarantee both their formal and informal independence, and to bring their work in line with EU rules, in connection with which spot inspections, among other measures, may

lead to a better control system;

23. Underlines its concern that, despite the numerous legal instruments adopted in the field of asset recovery, judicial cooperation continues to be hampered by large differences between national legal systems and a lack of harmonised rules; underlines that a number of Member States still face obstacles to the execution of requests for judicial cooperation and European Investigation Orders, to the identification and freezing of proceeds from crime and to the recognition of confiscation orders issued by other Member States;
24. Stresses that the confiscation and recovery of criminal assets constitutes an essential element in the fight against organised crime and that this also has a deterrent effect by reinforcing the idea that ‘crime does not pay’; calls, in this connection, on the Member States to meticulously trace misappropriated EU funds; points out that some Member States have started to recruit specialised accountants to look into the financial aspects of criminal investigations in order to assist prosecutors;
25. Stresses that the Financial Regulation, in particular Article 61 thereof, must be respected and implemented in all Member States and applied to all payments of EU funds, including direct payments for agriculture.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	30.9.2021
Result of final vote	+: 43 -: 1 0: 1
Members present for the final vote	Mazaly Aguilar, Clara Aguilera, Atidzhe Alieva-Veli, Álvaro Amaro, Attila Ara-Kovács, Carmen Avram, Benoît Bîteau, Mara Bizzotto, Daniel Buda, Isabel Carvalhais, Asger Christensen, Angelo Ciocca, Ivan David, Paolo De Castro, Jérémy Decerle, Salvatore De Meo, Herbert Dorfmann, Luke Ming Flanagan, Dino Giarrusso, Martin Hlaváček, Krzysztof Jurgiel, Jarosław Kalinowski, Gilles Lebreton, Norbert Lins, Colm Markey, Alin Mituța, Marlene Mortler, Ulrike Müller, Maria Noichl, Juozas Olekas, Pina Picierno, Maxette Pirbakas, Eugenia Rodríguez Palop, Bronis Ropè, Bert-Jan Ruissen, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Annie Schreijer-Pierik, Veronika Vrecionová, Sarah Wiener, Juan Ignacio Zoido Álvarez
Substitutes present for the final vote	Claude Gruffat, Tilly Metz, Irène Tolleret

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

43	+
ECR	Mazaly Aguilar, Krzysztof Jurgiel, Bert-Jan Ruissen, Veronika Vrecionová
ID	Mara Bizzotto, Angelo Ciocca, Gilles Lebreton, Maxette Pirbakas
PPE	Álvaro Amaro, Daniel Buda, Salvatore De Meo, Herbert Dorfmann, Jarosław Kalinowski, Norbert Lins, Colm Markey, Marlene Mortler, Anne Sander, Petri Sarvamaa, Simone Schmiedtbauer, Annie Schreijer-Pierik, Juan Ignacio Zoido Álvarez
Renew	Atidzhe Alieva-Veli, Asger Christensen, Jérémy Decerle, Martin Hlaváček, Alin Mituța, Ulrike Müller, Irène Tolleret
S&D	Clara Aguilera, Attila Ara-Kovács, Carmen Avram, Isabel Carvalhais, Paolo De Castro, Maria Noichl, Juozas Olekas, Pina Picierno
The Left	Luke Ming Flanagan, Eugenia Rodríguez Palop
Verts/ALE	Benoît Biteau, Claude Gruffat, Tilly Metz, Bronis Ropé, Sarah Wiener

1	-
ID	Ivan David

1	0
NI	Dino Giarrusso

Key to symbols:

+ : in favour

- : against

0 : abstention

14.10.2021

OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgetary Control

on the impact of organised crime on EU own resources and on the misuse of EU funds, with a particular focus on shared management from an auditing and control perspective (2020/2221(INI))

Rapporteur for opinion: Caterina Chinnici

PA_NonLeg

SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses that organised crime has demonstrated a high degree of infiltration into the social, political, economic, financial, entrepreneurial and administrative structures of Member States, as well as an ability to launder in the legal economy the huge proceeds of crimes including those committed against the EU's financial interests, thus representing a serious threat to EU citizens' liberties; stresses, against this background, that organised crime represents a serious threat to democracy and the rule of law, and that the fight against corruption and the infiltration of the legal economy by organised crime is essential to guaranteeing equal treatment before the law, protecting citizens' rights and welfare, preventing abuses and ensuring the accountability of public office-holders; believes that a common, coordinated response from the EU and its Member States is necessary; welcomes, in this regard, the Commission communication on the EU Strategy to tackle Organised Crime 2021-2025 of 14 April 2021 (COM/2021/0170);
2. Notes that the Commission has identified nine main criminal markets with an estimated total revenue of EUR 139 billion in 2019; stresses the importance of data collection by relevant agencies in order to better assess the situation; stresses the need to continue assessing the impact of organised crime on EU funds and own resources and to tackle this problem appropriately across Member States;
3. Regrets the lack of harmonisation in national legislation on combating organised crime; highlights that organised criminal groups take advantage of the different laws in individual Member States, and recalls that the development of a harmonised anti-fraud approach at EU level is complicated by differing definitions of organised crime; reiterates therefore its previous calls for the revision of Council Framework Decision

2008/841/JHA of 24 October 2008 on the fight against organised crime¹, and the need to establish a common definition of organised crime, which should also take into account the use of new technologies and violence, corruption or intimidation by criminal groups, as well as the specific features of mafia-style organisations, which make use of forced affiliations and create a climate of submission to directly or indirectly take over the management or control of economic activities, concessions, licences, public procurement and services, or to access European funds or to influence democratic processes; stresses that particular care should be taken to ensure any measures to combat organised crime are consistent with fundamental rights and the rule of law;

4. Notes that besides the obvious dangers to public policy and public security presented by the forms of violence which are typical of criminal organisations, organised crime may cause equally serious problems through penetration of the legal economy and associated conduct which corrupts public officials, with the consequent infiltration of institutions and public administrations; reiterates its call for the EU to become a full member of the Group of States against Corruption (GRECO) without delay; underlines the necessity to provide sufficient resources for the judiciary system and to use all available tools in a coherent manner across Member States to detect and tackle fraud and financial as well as economic crime;
5. Welcomes the start of operations by the European Public Prosecutor's Office (EPPO) on 1 June 2021, which is responsible for investigating, prosecuting and bringing to trial crimes against the financial interests of the EU including several types of fraud, VAT fraud with damages above EUR 10 million, money laundering and corruption; reiterates the need to ensure that the EPPO has all the necessary resources to carry out its functions, in order to protect the EU's financial interests; notes that only six weeks after its establishment, the EPPO had already processed 1 000 reports of fraud affecting the financial interests of the European Union; stresses that with the establishment of the NextGenerationEU fund (NGEU), the EPPO's workload is likely to increase even further; recalls the European Chief Prosecutor's statements on the need for more resources for the hiring of enough financial investigators and case analysts, so that the EPPO can perform its tasks effectively; calls on the Commission and the Budgetary Authority to ensure sufficient funding for the EPPO to fulfil its duties; calls for the European Anti-Fraud Office (OLAF) to step up its oversight of the use of funds by the Member States that have not joined the EPPO, in order to prevent fraud and protect the EU's financial interests; calls, furthermore, for sufficient funds for the other EU agencies and bodies involved in the fight against economic and financial crime, such as Europol and Eurojust;
6. Regrets that five Member States currently do not participate in the EPPO; would prefer non-participating Member States to review their decision, given that the smooth cooperation of all Member States with the EPPO will be key to its success; welcomes nevertheless the working arrangements between the EPPO and Hungary; calls on the other non-participating Member States to urgently establish working arrangements with the EPPO also in order to avoid gaps in the detection of organised crime and fraud; regrets that currently Slovenia has not yet fulfilled its obligation to appoint its European

¹ OJ L 300, 11.11.2008, p. 42.

delegated prosecutors, thereby risking undermining the effective work of the EPPO and seriously and directly affecting the sound financial management of the EU budget and the protection of the European Union's financial interests; calls on the Slovenian authorities to immediately propose its European delegated prosecutors; calls on the Commission to use the tools at its disposal to ensure that Member States comply with their obligations under Council Regulation (EU) 2017/1939 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office² (the EPPO Regulation);

7. Recalls that in order to tackle the coronavirus pandemic and to ensure the sustainable transition of our economies, the Commission is making available EUR 672.5 billion in the form of loans and grants to support the reforms and investments undertaken by the Member States through the Recovery and Resilience Facility; stresses the need to proactively ensure that the money is well used and also to provide the necessary resources to control and audit institutions in order to ensure that the money is used in the interests of all European citizens; stresses that post-COVID economic recovery efforts call for the highest level of vigilance to prevent and counter organised crime infiltration in the legal economy; highlights the impact of the coronavirus pandemic, which has prompted a change in the modus operandi of organised crime cells; notes that this is also linked to the growing use of cryptocurrencies and non-banking payments; notes that Europol has observed an increase in coronavirus-related criminal activity in the form of online crime, fraud or counterfeiting; underlines in this regard that, as part of an EU coordinated approach, the relevant EU agencies and bodies, namely EPPO, Eurojust, Europol and OLAF, should step up their operational cooperation in order to effectively contribute to the fight against organised crime activities and potential fraud of the EU recovery budget; welcomes, in this regard, the recent conclusion of working arrangements between EPPO and OLAF; welcomes the establishment of the NextGenerationEU Law Enforcement Forum in Rome on 21 September 2021, co-chaired by Italy and Europol, which seeks to define the criteria and best practices to prevent misuse of the NGEU recovery fund, including by organised criminal groups;
8. Considers that funds that are managed jointly by the EU and the Member States, particularly funds under 'shared management' for which the Commission currently entrusts the Member States with implementation programmes at national level, need to be better assessed and followed up on; calls on the Member States to set up a reliable and effective management and control system for the allocation of these funds to end recipients, also with a view to preventing, detecting and correcting irregularities;
9. Notes that some criminal groups seek access to politicians and public officials in order to tap the financial resources at the disposal of public administrations, particularly in public procurement and public works, public funding, and direct contracts for the procurement of all types of goods and the management of services; notes that fraud involving EU funds is a profitable income stream for organised criminals and perceived as less risky than activities such as the sale of drugs or human trafficking, thus making EU funds an attractive target for diversion; considers, therefore, that strong safeguards should be put in place to prevent abuse at national and European level, such as effective exchange of suspicious transaction reports between financial intelligence units of the

² OJ L 283, 31.10.2007, p. 1.

Member States, with solid due diligence procedures and transparency on beneficiaries of EU funds, in order to stop criminals illegally benefiting from EU funds;

10. Believes that fraud prevention and the fight against fraud by organised crime should be a priority focus of managing, certifying and audit authorities, as well as being the subject of specialised financial investigations; believes that the fight against organised criminal groups also requires enhanced rules and measures regarding the freezing and confiscation of assets, including, where appropriate, the temporary seizure of property of equivalent value to the criminal proceeds in order to prevent the transfer or disposal of these proceeds of crime before criminal proceedings have been concluded; stresses that it is absolutely essential that every effort is made to recover EU funds obtained through fraudulent means; strongly supports more effective investigations in order to disrupt organised crime structures, and stresses that law enforcement authorities have to be ahead of criminals who increasingly use new technologies and seize any opportunity to expand their illegal activities, online or offline;
11. Stresses that regular and structured exchanges of information on irregularities in the use of funds should take place between the competent national administrations and the Commission, as well as between the relevant EU bodies and agencies and national law enforcement and judicial authorities; calls on Member States to ensure the independence of prosecutors, as this independence has important implications for the capacity to fight organised crime; calls further on Member States to ensure that public officials act with integrity and avoid activities which may entail a conflict of interest and increased risk of corruption;
12. Notes that Europol's regular 'Serious and Organised Crime Threat Assessment' (SOCTA) reports do not cover organised crime activity involving EU funds; encourages Europol to include this issue in future SOCTA reports.
13. Calls on Member States to rapidly implement Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law³ (the Whistleblower Directive) and to include, as part of the implementation process, legal safeguards for individuals and independent bodies who expose corruption, including journalists, whistleblowers, independent media, and anti-corruption NGOs; calls on all Member States to establish comprehensive whistleblower protection frameworks; reiterates the urgency of this demand given reports of increasing physical attacks on journalists, the rise of strategic lawsuits against public participation (SLAPP suits) and the use of fast-tracked security laws in certain Member States, which criminalise the dissemination of images of or data about law enforcement officers, thus blocking journalist's work and limiting the accountability of national authorities.

³ OJ L 305, 26.11.2019, p. 17.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	12.10.2021
Result of final vote	+: 54 -: 2 0: 7
Members present for the final vote	Magdalena Adamowicz, Katarina Barley, Pernando Barrena Arza, Pietro Bartolo, Nicolas Bay, Vladimír Bilčík, Vasile Blaga, Ioan-Rareș Bogdan, Patrick Breyer, Saskia Bricmont, Jorge Buxadé Villalba, Damien Carême, Caterina Chinnici, Clare Daly, Marcel de Graaff, Anna Júlia Donáth, Lena Düpont, Cornelia Ernst, Laura Ferrara, Nicolaus Fest, Maria Grapini, Andrzej Halicki, Sophia in 't Veld, Patryk Jaki, Marina Kaljurand, Assita Kanko, Fabienne Keller, Peter Kofod, Moritz Körner, Jeroen Lenaers, Juan Fernando López Aguilar, Lukas Mandl, Roberta Metsola, Nadine Morano, Javier Moreno Sánchez, Maite Pagazaurtundúa, Nicola Procaccini, Emil Radev, Paulo Rangel, Terry Reintke, Diana Riba i Giner, Ralf Seekatz, Michal Šimečka, Birgit Sippel, Sara Skytvedal, Martin Sonneborn, Tineke Strik, Ramona Strugariu, Annalisa Tardino, Milan Uhrík, Tom Vandendriessche, Bettina Vollath, Elissavet Vozemberg-Vrionidi, Jadwiga Wiśniewska, Javier Zarzalejos
Substitutes present for the final vote	Olivier Chastel, Tanja Fajon, Jan-Christoph Oetjen, Philippe Olivier, Anne-Sophie Pelletier, Thijs Reuten, Rob Rooken, Maria Walsh

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

54	+
ECR	Jorge Buxadé Villalba, Patryk Jaki, Assita Kanko, Nicola Procaccini, Jadwiga Wiśniewska
ID	Nicolaus Fest, Peter Kofod, Annalisa Tardino, Tom Vandendriessche
NI	Laura Ferrara, Martin Sonneborn
PPE	Magdalena Adamowicz, Vladimír Bilčík, Vasile Blaga, Ioan-Rareş Bogdan, Lena Düpont, Andrzej Halicki, Jeroen Lenaers, Lukas Mandl, Roberta Metsola, Nadine Morano, Emil Radev, Paulo Rangel, Ralf Seekatz, Sara Skyttedal, Elissavet Vozemberg-Vrionidi, Maria Walsh, Javier Zarzalejos
Renew	Olivier Chastel, Anna Júlia Donáth, Sophia in 't Veld, Fabienne Keller, Moritz Körner, Jan-Christoph Oetjen, Maite Pagazaurtundúa, Michal Šimečka, Ramona Strugariu
S&D	Katarina Barley, Pietro Bartolo, Caterina Chinnici, Tanja Fajon, Maria Grapini, Marina Kaljurand, Juan Fernando López Aguilar, Javier Moreno Sánchez, Thijs Reuten, Birgit Sippel, Bettina Vollath
Verts/ALE	Patrick Breyer, Saskia Bricmont, Damien Carême, Terry Reintke, Diana Riba i Giner, Tineke Strik

2	-
ECR	Rob Rooken
ID	Marcel de Graaff

7	0
ID	Nicolas Bay, Philippe Olivier
NI	Milan Uhrík
The Left	Pernando Barrena Arza, Clare Daly, Cornelia Ernst, Anne-Sophie Pelletier

Key to symbols:

+ : in favour

- : against

0 : abstentions

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	26.10.2021
Result of final vote	+: 29 -: 1 0: 0
Members present for the final vote	Matteo Adinolfi, Olivier Chastel, Caterina Chinnici, Lefteris Christoforou, Corina Crețu, Ryszard Czarnecki, Martina Dlabajová, José Manuel Fernandes, Luke Ming Flanagan, Daniel Freund, Isabel García Muñoz, Monika Hohlmeier, Jean-François Jalkh, Pierre Karleskind, Joachim Kuhs, Ryszard Antoni Legutko, Younous Omarjee, Tsvetelina Penkova, Markus Pieper, Sabrina Pignedoli, Michèle Rivasi, Petri Sarvamaa, Vincenzo Sofo, Michal Wiezik, Angelika Winzig, Lara Wolters, Tomáš Zdechovský
Substitutes present for the final vote	Maria Grapini, Ramona Strugariu, Viola Von Cramon-Taubadel

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

29	+
ECR	Ryszard Czarnecki, Ryszard Antoni Legutko, Vincenzo Sofo
ID	Isabella Adinolfi, Joachim Kuhs
NI	Sabrina Pignedoli
PPE	Lefteris Christoforou, José Manuel Fernandes, Monika Hohlmeier, Markus Pieper, Petri Sarvamaa, Michal Wiezik, Angelika Winzig, Tomáš Zdechovský
Renew	Olivier Chastel, Martina Dlabajová, Pierre Karleskind, Ramona Strugariu
S&D	Caterina Chinnici, Corina Crețu, Isabel García Muñoz, Maria Grapini, Tsvetelina Penkova, Lara Wolters
The Left	Luke Ming Flanagan, Younous Omarjee
Verts/ALE	Daniel Freund, Michèle Rivasi, Viola Von Cramon-Taubadel

1	-
ID	Jean-François Jalkh

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention