



27.7.2020

NOTICE TO MEMBERS

Subject: Petition No 0517/2018 by Róbert Pikáli (Slovakian), on behalf of Élő Vidék Gazdaplatform, bearing two signatures, on alleged EU subsidy fraud in Slovakia

1. Summary of petition

The petitioners denounce an alleged serious and systematic fraud in the distribution of EU agricultural subsidies in Slovakia, an allegation first made public by murdered journalist Ján Kuciak. Farmers claim that EU direct grants for agricultural areas are being distributed illegally to influential interest groups using mafia methods to extort farmland from its owners, with the direct or indirect help of the competent Slovak authorities, while smallholders are forced into bankruptcy due to the loss of income and direct payments. The petitioners consider that this was made possible, among others, by creating and maintaining a legal framework favourable to large entrepreneurs, by hindering and undermining the enforcement of existing legislation and by endemic corruption in the relevant public bodies.

2. Admissibility

Declared admissible on 16 October 2018. Information requested from Commission under Rule 227(6).

3. Commission reply, received on 27 July 2020

The petition

In 2018, several farmers in Slovakia complained that they were unable to receive Direct Payments either because third entities cultivate the land they are entitled to farm without their consent or because of overlapping (double) claims for the land they are farming. There is a mix of allegations of fraud, malfunctioning of the Paying Agency, and issues concerning the application of the rule of law.

The Commission's observations

Regarding the allegations of fraud, the European Anti-Fraud Office (OLAF), the competent body to investigate such allegations, opened four administrative investigations into the possible misuse of EU direct payments funds for agriculture in Slovakia, out of which two were closed in 2020. These investigations are related directly or indirectly to the issues that have been brought to light by the work of the investigative journalist Ján Kuciak. The suspicions of irregularities concern for example cross-claims, conflicts of interest and cost declarations for ineligible land and suspicion of subsidy fraud. The issues raised in the petition are mostly covered by those investigations. The first investigation was closed without recommendation; the second investigation was closed with financial and judicial recommendation. OLAF cannot issue any further comment. This is in order to protect the confidentiality of ongoing and possible ensuing investigations, subsequent judicial proceedings, personal data and procedural rights.

As regards the Slovak management and control systems, OLAF is in contact with the Directorate-General for Agriculture and Rural Development, the competent Commission service in this matter.

The Commission is closely monitoring the situation and following up on the Action Plans implemented by the Paying Agency. In June 2019, the Directorate-General for Agriculture and Rural Development requested the Slovak authorities to reinforce the Action Plans concerning Direct Payments and Rural Development in order to address all the deficiencies identified by the Commission and by the Certification Body. The goal of the Action Plans is to correct the situation and to prevent similar cases in the future. Moreover, there are a number of audits ongoing and the financial risks to the EU funds will be covered by financial corrections, if necessary.

The Commission is very much aware of the rule of law aspects and is closely monitoring the situation. The Slovak authorities have informed the Commission about the legislative measures they are taking to improve the correctness and transparency of the "Land Registry" (cadastre), as well as about a new methodology implemented by the Slovak Paying Agency (APA) for the treatment of double claims. They have also informed the Commission of the number of persons accused of harming the financial interests of the EU (59 in 2018 and 66 in 2019), as well as the amounts recovered to the EU budget (EUR 3.9 million in 2018 and EUR 4 million in 2019) in relation to the alleged illegal practices.

The EU Institutions, hand in hand with the Member State authorities, will do everything possible to enforce, *inter alia*, basic EU principles, such as non-discrimination.

Conclusion

The European Anti-Fraud Office (OLAF) is the only EU body mandated to detect, investigate and stop fraud with EU funds. OLAF is committed to fighting fraud to the EU budget and follows up on allegations of irregularity and fraud to the EU budget. OLAF has taken seriously the allegations of fraud to the EU budget in Slovakia.