The European Parliament,

– having regard to Articles 310(6) and 325(5) of the Treaty on the Functioning of the European Union (TFEU),

– having regard to its previous resolutions on the annual reports of the Commission and of the European Anti-Fraud Office (OLAF),


– having regard to the OLAF Report 2020¹ and the 2020 Annual Report of the OLAF Supervisory Committee²,

– having regard to OLAF Supervisory Committee Opinion No 1/2021 of January 2021 on OLAF’s recommendations not followed by the relevant authorities,

– having regard to the European Public Prosecutor’s Office (EPPO) 2021 Annual Report,

– having regard to the annual report of the European Court of Auditors (ECA) on the implementation of the EU budget and on the activities funded by the 8th, 9th, 10th and 11th European Development Funds (EDFs) for the 2020 financial year, together with the institutions’ replies,

– having regard to the publication of the ECA entitled ‘2020 EU audit in brief – Introducing the 2020 annual reports of the European Court of Auditors’,

¹ OLAF, Twenty-first report of the European Anti-Fraud Office, 1 January to 31 December 2020, 2020.
– having regard to Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF)\(^1\),

– having regard to Regulation (EU, Euratom) 2020/2223 of 23 December 2020 amending Regulation (EU, Euratom) No 883/2013, as regards cooperation with the European Public Prosecutor’s Office and the effectiveness of the European Anti-Fraud Office investigations (OLAF Regulation)\(^2\),


– having regard to Special Report No 01/2019 of the ECA entitled ‘Fighting fraud in EU spending: action needed’,


– having regard to Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (EPPO Regulation)\(^5\),

– 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 Office\(^6\),

– having regard to Commission communication of 14 December 2020 on the review of the European Union under the Implementation Review Mechanism of the United Nation Conventions against Corruption (UNCAC) (COM(2020)0793),


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\(^3\) OJ L 305, 26.11.2019, p. 17.
having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union\(^1\),

having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget\(^2\),

having regard to the Commission communication of 29 April 2019 entitled ‘Commission Anti-Fraud Strategy: enhanced action to protect the EU budget’ (COM(2019)0196),

having regard to Regulation (EU) No 250/2014 of the European Parliament and of the Council of 26 February 2014 establishing a programme to promote activities in the field of the protection of the financial interests of the European Union (Hercule III programme)\(^3\),


having regard to Regulation (EU) 2021/785 of the European Parliament and of the Council of 29 April 2021 establishing the Union Anti-Fraud Programme\(^4\),

having regard to the Commission communication of 14 April 2021 on the EU Strategy to tackle Organised Crime 2021-2025 (COM(2021)0170),

having regard to its recommendation of 17 February 2022 to the Council and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy concerning corruption and human rights\(^5\),

having regard to the opinion of the Advocate General of 9 September 2021 in Case C-213/19, European Commission v United Kingdom of Great Britain and Northern Ireland\(^6\),

having regard to the judgment of the Court (Grand Chamber) of 8 March 2022 in Case C-213/19, European Commission v United Kingdom of Great Britain and Northern Ireland\(^7\),


\(^3\) OJ L 84, 20.3.2014, p. 6.

\(^4\) OJ L 172, 17.5.2021, p. 110.

\(^5\) Texts adopted, P9_TA(2022)0042.

\(^6\) Opinion of Advocate General Pikamäe of 9 September 2021, Case C-213/19, European Commission v United Kingdom of Great Britain and Northern Ireland, EU:C:2021:724.

\(^7\) Judgment of 8 March 2022, Case C-213/19, European Commission v United Kingdom of Great Britain and Northern Ireland, EU:C:2021:724.
– having regard to the judgment of the General Court of 1 September 2021 in Case T-517/19, *Andrea Homoki v European Commission*¹,

– having regard to Rule 54 of its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control (A9-0175/2022),

A. whereas *de jure*, the Member States and the Commission have a shared responsibility and must work closely together to protect the Union’s financial interests and fight fraud and corruption; whereas *de facto*, the Member States’ authorities manage approximately three quarters of EU budget expenditure and collect the Union’s traditional own resources (TOR);

B. whereas the Commission should fulfil its respective responsibilities under shared management for supervision, control and audit;

C. whereas according to Article 83 TFEU, corruption is one of the particularly serious crimes with a cross-border dimension;

D. whereas the consequences of corruption jeopardise the Union’s financial interests and the EU economy as a whole, representing a serious threat to democracy, fundamental rights and the rule of law across Europe, with a serious detrimental impact on citizens’ trust in democratic institutions in the EU and in the Member States;

E. whereas the diversity of legal and administrative systems in the Member States needs to be adequately addressed in order to overcome irregularities and combat fraud and corruption;

F. whereas VAT is an important revenue source for national budgets and whereas VAT-based own resources constituted 12.3% of the total Union budget revenue in 2020;

1. Welcomes the 32nd annual report on the protection of the European Union’s financial interests and the fight against fraud 2020 (PIF report) and welcomes the new graphic version adopted, which is certainly more accessible to EU citizens;

2. Recalls that 2020 is the final year of the multiannual financial framework (MFF) for 2014-2020, despite the fact that programmes only need to be finished in 2023, and also the year of the adoption of the MFF for 2021-2027, NextGenerationEU and the rule of law conditionality mechanism;

3. Takes note of the fact that all 26 Member States bound by the PIF Directive have notified full transposition of its main provisions into national law; notes, however, that the Commission report on the implementation of Directive (EU) 2017/1371 highlights outstanding conformity issues to be addressed, including some to enable effective investigations and prosecutions by the EPPO; calls on the Commission to monitor the situation and encourage Member States to resolve these issues, and to report to the discharge authority in that regard;

¹ *Judgment of the General Court, 1 September 2021, Case T-517/19, Andrea Homoki v European Commission, EU:T:2021:529.*
4. Notes that the PIF report highlights the risks related to the COVID-19 pandemic both in terms of revenue and expenditure; notes, in particular, that customs fraud appears to have affected EU Member States to differing degrees; notes, moreover, that the use of simplified procedures and the lower quality of tender specifications in the emergency pose risks to competitive public procurement, in particular by increasing the risk of conflicts of interest and corruption, and by inflating costs or reducing the quality of implementation; notes that proper focus was placed on the healthcare sector and the Recovery and Resilience Facility (RRF), and on the additional risks;

5. Underlines that COVID-19 may bring new opportunities for fraudsters, owing to the increased risks related to the management of the crisis and the introduction of simplified and urgent procedures in the context of the pandemic, which are prone to abuse; underlines, moreover, the increased pressure on the authorities managing EU funds due to delays and new stress factors that could benefit fraudsters, via inflation, for example; emphasises that all these new risks require adaptation of the control strategies and a focus on prevention through specific mitigating measures and targeted actions to detect future irregularities and fraud; calls on all Member States to maintain a high level of control over and monitoring of emergency spending, especially in the context of urgent procedures; recalls the importance of completing the transition to e-procurement procedures;

6. Is of the opinion that the experiences gained during the COVID-19 outbreak require specific consideration in the framework of the post-evaluation of the MFF 2014-2020; asks the Commission to duly integrate into such evaluations aspects related to risk assessment, risk management and mitigating measures in respect of irregularities and fraud, as components of a comprehensive analysis on effectiveness, efficiency, coherence, relevance and EU added value and as lessons for future design and conduct; is of the opinion that the post-evaluation of the MFF should be concluded at the latest before the midterm evaluation of the MFF 2021-2027 in order to learn from the past and to better prepare for the future by enabling the conclusions drawn/lessons learned to be channelled into the improvement of the MFF 2021-2027; asks the Commission to examine, in the post-evaluation of the MFF 2014-2020, whether the MFF 2014-2020 reached its targets, how programme spending contributed to the goals of the EU and the Member States, and how the EU funds were affected by fraud and corruption in this period;

7. Recalls that the new multiannual financial framework (MFF) 2021-2027, coupled with the NextGenerationEU recovery plan, provides the EU with unprecedented funds of EUR 1.8 trillion; stresses that an unprecedented level of attention and control is also required in order to guarantee that these funds are able to make the best contribution to the common goals of the Union;

8. Stresses the need for complete transparency in accounting for the transfers and loans provided for under the RRF and calls on the Commission to provide for Parliament to have full access to information;

**Detected fraudulent and non-fraudulent irregularities**

9. Notes that the total number of fraudulent and non-fraudulent irregularities reported in 2020 amounted to 11 755 cases overall, and involved a value of approximately EUR 1.46 billion; notes the new approach of the MFF 2021-2027, which focuses on EU added value;
10. Notes that the number of detected irregularities reported as fraudulent is an indication of the level of detection and of the capacity to intercept potential fraud by Member States and Union bodies, and recalls that it is not a direct indicator of the level of fraud affecting the Union budget or a specific Member State; notes that the detection and reporting of an irregularity implies that corrective measures have been taken in order to protect the Union’s financial interests and that, whenever relevant, criminal proceedings have been launched;

11. Takes note of the number of fraudulent irregularities reported in 2020 (1 056 cases) and their related financial value (approximately EUR 374 million); notes that the number of fraudulent irregularities detected varies considerably among Member States; recalls that the these figures demonstrate the results of Member States’ efforts to counter fraud and other illegal activities and should not be interpreted as an indication of the level of fraud in the Member States; expresses concern about the different criminal law approaches to protecting the EU budget among the Member States; calls on the Commission to address the discrepancies between the Member States’ practices and to consider the introduction of new harmonising measures;

12. Notes that the number of reported cases in 2020 compared with the five-year average (2016-2020) declined for both fraudulent and non-fraudulent irregularities related to EU revenue, and that the related financial value increased for fraudulent irregularities but decreased for non-fraudulent irregularities;

13. Takes into consideration the fact that the number of non-fraudulent irregularities registered in 2020 (10 699 cases, of which 6 696 cases related to expenditure) was lower than in the previous years, and that the drop in detection and reporting in certain areas of spending cannot easily be explained and is of concern; notes that the total related financial value of these cases is approximately EUR 1.09 billion;

14. Underlines that the drop in the total number of reported irregularities cannot be considered as a sign of positive or negative development on its own, but should be seen in the context of new, emerging challenges and linked to new ways of managing and spending EU funds;

15. Notes that fraud is becoming increasingly appealing for organised crime groups; regrets that many Member States do not have specific legislation in place to effectively tackle organised crime, including of mafia type, which is constantly growing, especially in relation to cross-border activities;

16. Is of the opinion that crimes committed by government officials affect or may affect the EU’s financial interests considerably, and a comprehensive and effective anti-corruption framework is therefore needed in the Member States;

Revenue – own resources fraud

17. Observes that in 2020, 451 irregularities were reported as revenue-related fraud, 9 % lower than the average number of cases reported each year for 2016-2020; notes, moreover, that the affected amount of TOR estimated and established (EUR 108 million)

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in 2020 was 6 % greater than the average estimated and established amount for each year in 2016-2020; notes that most cases reported in 2020 as fraudulent or non-fraudulent and affecting EU revenue relate to undervaluation, incorrect classification/mis-description of goods or smuggling; notes, moreover, that inspections by national anti-fraud services were the most successful method of detecting fraud and that they surpassed post-release controls and release controls in detecting fraudulent duty evasion;

18. Points out that in 2020, 4 003 irregularities were detected and reported as non-fraudulent, 9 % lower than the average number reported each year in 2016-2020, and that the total estimated and established amount of TOR (EUR 382 million) was 8 % lower than the average estimated and established amount for each year in 2016-2020;

19. Notes that, according to the 2021 VAT Gap Report, in 2019 the EU VAT Gap dropped to EUR 134 billion in nominal terms (a decrease of almost EUR 6.6 billion with respect to 2018); notes, moreover, that the study only provides fast estimates for 2020 for 18 Member States owing to significant changes in the tax regimes and structures of the economies following the outbreak of the pandemic, which means that it is not yet possible to judge whether the EU-wide VAT Gap will decline or incline in 2020; notes that the econometric analyses confirmed that the VAT Gap is influenced by a group of factors, of which, within the control of tax administrations, the share of IT expenditure and the application of additional information obligations for taxpayers proved to have the highest statistical significance in explaining the size of the VAT Gap;

20. Concludes, on the basis of variations in annual detection rates, that not all Member States’ customs authorities suffered in the same way from the COVID-19 pandemic;

21. Calls on Member States to assess the risks and shortcomings of their respective national customs control strategies, with the aim of improving the flexibility of customs checks and reducing the potential impact of unexpected future events; calls on the Commission to help Member States to ensure the implementation of uniform controls within the EU;

22. Notes that in 2020, footwear, textiles, vehicles, and electrical machinery and equipment were the types of goods most affected by fraud and irregularities in terms of numbers of cases and monetary value, and that most cases related to undervaluation, incorrect classification/mis-description of goods or smuggling;

23. Takes note of the Advocate General’s opinion of 9 September 2021 concerning the Court of Justice of the European Union (CJEU) proceedings against the UK for alleged undervaluation fraud concerning textiles and shoes imported from China via the UK, based on the investigations carried out by OLAF and by the Commission’s own resources management; notes the Court’s judgment of 8 March 2022 declaring that the UK has failed to fulfil its obligations by failing to apply effective customs control measures and make available to the Commission the correct amount of traditional own resources in respect of the imports concerned;

24. Notes that the CJEU partly rejected the Commission’s calculation due to a considerable uncertainty regarding the accuracy of the amounts of own resources claimed by the Commission and the Commission has not established the full amounts to the requisite legal standard; notes that the CJEU approved the method used by the Commission for estimating the amount of TOR losses for part of the infringement period and stated that it is for the Commission to recalculate the losses of EU own resources remaining due; calls
on the Commission to explain to the discharge authority what the errors in the calculation consisted of and how it intends to remedy the error in the calculation of the losses to the requisite legal standard, and to inform the discharge authority about the result of the new calculations;

25. Notes that over the past five years, the annual recovery rate has varied between 52 % and 71 % and that the recovery rate for cases reported in 2020 is currently 71 %; notes, however, that recovery rates vary among the Member States owing to factors such as the type of fraud or irregularity, or the type of debtor involved; notes that in 2020, China remained the country from which the most goods affected by fraudulent and non-fraudulent irregularities originated;

Expenditure fraud

26. Observes that 605 expenditure irregularities were reported as fraudulent in 2020, with a related financial value of EUR 266 million;

27. Notes that the number of expenditure irregularities reported as non-fraudulent in 2020 was 6 696;

28. Notes that the PIF report mentions the importance of transparency with regard to the use of public funds, as it constitutes a deterrent element and involves civil society in improving trust; calls on the Commission to work towards increasing the transparency of beneficiaries, including contractors, sub-contractors and beneficial owners of EU funds; calls on Member States to also strengthen transparency in the use of EU funds, particularly for emergency procurement, since eight Member States reported that they have still not done so;

29. Notes that, over the period 2016-2020, the detection of fraud in the context of the common agricultural policy (CAP) was concentrated in a small number of Member States and that this was not substantiated by a similar level of payments to those Member States from the CAP budget; notes moreover that, the majority of fraudulent irregularities concerning support to agriculture involved the use of false documents or false requests for aid, and that their number remained largely stable; observes furthermore that, as a proportion of the payments received by the Member States, the rural development part of the budget was more affected by fraud than support for agriculture, with the exception of market measures, for which incidences of fraud were higher than for rural development; notes that in relation to rural development, the falsification of documents was the main fraudulent practice; underlines that more investigations need to be carried out and further appropriate measures put in place against the use of EU funds in agriculture-related activities by companies that do not respect employment laws or the fundamental rights of workers, as demonstrated by the situation of workers in agriculture, in particular during the COVID-19 pandemic; is concerned by the fact that the reporting of fraud related to rural development for 2014-2020 had a slow start, which might indicate insufficient detection efforts in EU Member States;

30. Notes that between 2016 and 2020, the number of irregularities reported related to the Cohesion Fund, the European Regional Development Fund, the European Social Fund and the Fisheries Funds for the 2014-2020 programming period increased; stresses, however, that for all funds, and in particular the European Regional Development Fund, as regards non-fraudulent irregularities, this increase was limited, highlighting an exceptional fall in
the number of detected irregularities (and related financial amounts) in comparison to the previous programming period; notes, moreover, that in relation to the 2007-2013 programming period, the number of fraudulent and non-fraudulent irregularities decreased for the Cohesion Fund, the European Regional Development Fund, the European Social Fund and the Fisheries Funds, in line with the implementation cycle; notes that a number of implementation rules changed from one programming period to the next;

31. Is of the opinion that companies and organisations which involve offshore companies and organisations in their ownership structures should be excluded from the use of EU funds;

32. Points out that complete transparency in accounting for expenditure is essential, particularly with regard to infrastructure works financed directly through EU funds or financial instruments; calls on the Commission to provide for EU citizens to have full access to information on co-financed projects;

External dimension of the protection of the EU’s financial interests

33. Is of the opinion that EU institutions and bodies should put more emphasis on the funds spent in non-EU countries in order to verify that those funds are spent in accordance with the rules and without the involvement of fraud or corruption, and to confirm whether they contribute to the goals of the Union’s development and external policy; recommends the suspension of budgetary support in non-EU countries where authorities manifestly fail to take genuine action against widespread corruption, while ensuring that the assistance reaches the civil population through alternative channels;

34. Notes that until the end of 2020, EU spending on development cooperation was spread over several funds, and that the new Neighbourhood, Development and International Cooperation Instrument (NDICI) consolidates all the earlier funding options into one instrument as part of both the annual budget and the MFF 2021-2027; points out that the NDICI has an overall allocation of EUR 79.5 billion for the period 2021-2027; recommends the mainstreaming of an anti-corruption approach into all EU external action instruments, including in the NDICI, the Instrument for Pre-Accession Assistance (IPA) and EU trust funds; calls for greater priority to be given to the fight against corruption in pre-accession negotiations and the establishment of a set of criteria with a strong conditionality framework and a focus on capacity building, such as via specialised anti-corruption bodies;

35. Regrets that according to ECA Special Report No 01/2022, EUR 700 million in financial support for the improvement of the rule of law in the Western Balkans provided by the EU between 2014 and 2020 had little impact on fundamental reforms; calls on the Commission to send clear signals to those candidate countries in which a backlash against rule of law standards is jeopardising or delaying their accession to the EU;

36. Calls for the inclusion in all EU-third country trade and investment agreements of a strong and mandatory conditionality framework with transparency provisions and binding and enforceable anti-corruption clauses; recommends that, as a last resort, the EU should impose sanctions or suspend agreements in the event of serious acts of corruption;

37. Calls for the monitoring of corruption risks involved in large-scale construction and investment projects undertaken by authoritarian non-EU countries in Member States,
paying particular attention to transparency in these projects, which often raise concerns about non-transparent financing or fiscal risks;

38. Considers that Parliament should be fully involved in the spending of all grants, loans and other financial help that the EU provides to Ukraine;

**Digitalisation in the service of the protection of the EU’s financial interests**

39. Calls for a greater degree of digitalisation, interoperability of comparable data systems and harmonisation of reporting, monitoring and auditing in the EU; calls on the Commission to explore the possibility of using AI in the service of the protection of the EU’s financial interests and, to this end, reiterates its call on the Commission and the Member States to harmonise definitions in order to obtain comparable data across the EU; is of the opinion that all EU bodies working in the field of the protection of the EU’s financial interests, including OLAF, the EPPO, Eurojust, Europol and the ECA, should have direct and timely access to data systems such as ARACHNE and the Early Detection and Exclusion System (EDES);

40. Considers that the use of the ARACHNE risk scoring tool in the MFF 2021-2027 and the NextGenerationEU recovery plan, especially with regard to the implementation of the RRF should be made mandatory as soon as possible; suggests that ARACHNE should be indicated as one of the main tools endowing the national anti-fraud strategies (NAFS) that the Member States are expected to adopt in order to improve the integration of anti-fraud architecture; recalls the observations outlined by Parliament in its resolution of 24 November 2021 on the revision of the Financial Regulation, and reiterates once more its urgent call for the Commission to establish an EU-wide, mandatory, integrated and interoperable system building on, but not limited to, existing tools such as ARACHNE and EDES; recalls that this system must contain information on all EU co-financed projects, beneficiaries and beneficial owners, and allow for the aggregation of all individual amounts concerning the same beneficiary or beneficial owner; calls on the Commission, moreover, to assess, and to report to Parliament, the reasons preventing Member States from fully adopting and using ARACHNE; believes that making the system more user-friendly could encourage national authorities to adopt and use it;

41. Urges the Commission to extend the scope of EDES to include the funds under shared management in the context of the revision of the Financial Regulation;

42. Calls on the Commission to continue providing the Member States with full information on direct expenditures, for example by means of the Financial Transparency System, in particular in the framework of the RRF, which will also help to avoid double funding;

**The Commission’s (2019) anti-fraud strategy**

43. Notes that by June 2021, two thirds of the actions of the Commission’s 2019 anti-fraud strategy had been implemented, while implementation of the remaining third was ongoing; calls on the Commission to report on the implementation of the remaining actions; notes, moreover, that good progress was made on a number of actions aimed at

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1. OJ C 224, 8.6.2022, p. 37.
increasing coordination and cooperation between Commission departments and equipping the Commission with a more effective system of anti-fraud oversight; notes that the monitoring of the follow-up to OLAF recommendations was made more efficient in 2020, taking stock of about 1,400 financial recommendations issued between January 2012 and June 2019;

44. Is aware that the new Commission anti-fraud strategy (CAFS), adopted in 2019, asked for the enhanced strategic analysis of fraud-related data and the identification of relevant and reliable indicators to successfully fight against fraud; recalls the conclusions of ECA Special Report No 01/2019 entitled ‘Fighting fraud in EU spending: action needed’, which points out that the Commission lacks comprehensive and comparable data on levels of detected fraud in EU spending;

45. Regrets that little support has been given to Member States in the first years of implementation of the CAFS, as has also been pointed out by some delegations during debates in the Council; reiterates that comprehensive and comparable data on the scale, nature and causes of fraud is essential to make even more meaningful the investigative actions by OLAF and, since it has taken up operational activities, the EPPO; recalls that Member States have a frontline responsibility for managing about 80% of the expenditure budget and for collecting almost all the revenue; highlights the important role Member States therefore play in protecting the EU’s financial interests, with a key role played by the NAFS, whose establishment should be a priority in all Member States;

46. Emphasises that a system enabling the authorities to exchange information would facilitate the cross-checking of accounting records for transactions between two or more Member States in order to prevent cross-border fraud in respect of the structural and investment funds, thus ensuring a cross-cutting and comprehensive approach to the protection of Member States’ financial interests;

Member State level: national anti-fraud strategies (NAFS) and anti-fraud coordination services (AFCOS)

47. Notes with concern that by the end of 2020, only 14 Member States reported having adopted a NAFS, up from 10 in 2019, with five others considering adopting or preparing a NAFS; notes, however, that these strategies vary in scope and depth and that some need to be updated; is further concerned that eight Member States have not yet started working on setting up their NAFS; calls for more Member States to adopt a NAFS and to report it to the Commission; calls on the Commission to provide tangible support and advice to the Member States, by way of guidelines on drafting NAFS and advisory services on the setting-up and functioning of AFCOS, and reiterates its call for analysis of the adopted NAFS and of the reasons for which some Member States do not adopt a NAFS;

48. Stresses the importance of better coordinated, holistic anti-fraud efforts in Member States, with NAFS to be updated to face the new risks posed by the increased amounts of the EU funds, including the new MFF 2021-2027 and NextGenerationEU, and by the COVID-19 pandemic; calls on the Commission to assess the NAFS that have been adopted, to examine why Member States are lagging behind in adopting them, and to push the remaining Member States to progress with the adoption;
49. Recalls that AFCOS should facilitate effective cooperation and information sharing with OLAF; regrets, however, that only some Member States effectively coordinate the fight against fraud and corruption affecting the EU’s financial interests;

50. Commends OLAF on its invaluable contribution to the protection of the EU’s financial interests; stresses that OLAF is chronically understaffed and lacks financial resources;

**OLAF and EPPO**

51. Welcomes the revised OLAF Regulation, which was adopted in December 2020 and entered into force on 17 January 2021, and which sharpens the investigative tools to fight fraud against the EU budget, setting out clearer rules and governing cooperation between the EPPO and OLAF; takes note of OLAF’s internal reorganisation in June 2020; asks the EPPO and OLAF to avoid any overlapping of work and any delays in proceedings; is of the opinion that OLAF and the EPPO should complement each other’s work and focus their investigations on those fields where the other institution has no competences;

52. Emphasises the importance of OLAF adhering to the highest standards in its investigations and fully complying with all rule of law requirements;

53. Welcomes the fact that Article 9(a) of the revised OLAF Regulation envisages a controller of procedural guarantees responsible for monitoring OLAF’s compliance with procedural guarantees and handling complaints by persons concerned; notes that the controller of procedural guarantees has not yet been appointed; is very concerned by complaints from persons concerned by OLAF investigations regarding violations of their rights, which compromised their ability to defend themselves against the allegations made against them; calls on OLAF and the controller of procedural guarantees to make sure that the procedural rights of persons concerned are fully respected;

54. Is concerned about the decrease of the indictment rate from 53% in the 2007-2014 period to 37% in the 2016-2020 period in the cases put forward to the Member States by OLAF; calls on the Member States’ authorities to cooperate closely with OLAF and examine the transmitted investigation reports and the judicial recommendations carefully, and to open criminal cases wherever they are necessary to ensure that misused EU funds are recovered; invites OLAF to review its previous analysis of the reasons for the low indictment rate and to follow the recommendations issued by its Supervisory Committee in Opinion No 1/2021, such as a review of the current system of monitoring procedures and more timely cooperation with national judicial authorities; calls on OLAF to regularly follow up on its judicial recommendations and add data about them into its annual report;

55. Is of the opinion that OLAF should also follow up on its financial recommendations in order to compare them with the amounts recovered at the end of the procedures by the Commission and contribute to the overall monitoring of the recovery of funds;

56. Notes that the Hercule III programme was deployed by OLAF to strengthen the operational capacity of national and regional anti-fraud authorities in the domain of training activities and IT support until 2020; notes that the assessment of Hercule III was finalised at the end of 2021 and that it was concluded that the programme was highly relevant and effective in protecting the EU’s financial interests, as it had successfully met its general, specific and operational objectives; notes that Hercule III has been replaced by the EU Anti-Fraud Programme for the duration of the MFF 2021-2027;
57. Recognises the principle of confidentiality of OLAF investigations; is of the opinion, however, that there is an overarching public interest and that EU citizens also have the right to access the reports and recommendations relating to closed OLAF investigations and national follow-up procedures, as recognised by the CJEU in Case T-517/19; therefore asks OLAF to set up a mechanism to publish the reports and recommendations for which there is no longer any legitimate reason to maintain the principle of confidentiality;

58. Takes note of the working arrangement signed on 3 September 2021 for a framework cooperative relationship between both the EPPO and the ECA; notes, moreover, the administrative arrangements signed in 2019 between OLAF and the ECA;

59. Welcomes the fact that the EPPO became operational on 1 June 2021; welcomes its first annual report; welcomes the fact that the EPPO has opened 576 investigations since becoming operational and that it has requested that a total of EUR 154.3 million be seized, of which the seizure of EUR 147 million was granted; is concerned about the EPPO’s estimate that the total damages caused by fraud and corruption amount to EUR 5.4 billion; deeply regrets that five Member States – Poland, Hungary (the two biggest beneficiaries of EU funds), Sweden, Denmark and Ireland – are not participating in the EPPO; calls on these Member States to join the EPPO as soon as possible; is concerned that Poland refuses any kind of cooperation with the EPPO, while coming top of the non-participating countries in terms of the number of investigations involving its citizens; urges the non-participating Member States to sign cooperation agreements with the EPPO; is of the opinion that the failure of Member States to cooperate with the EPPO has a direct effect on the protection of the EU’s financial interest; calls on the Commission to incentivise participation in the EPPO through positive measures;

60. Welcomes the joint efforts of OLAF and Europol to assess the threats and vulnerabilities of the RRF instrument; welcomes the working arrangement between OLAF and Europol, which entered into force on 9 October 2020, and the agreement between Europol and the EPPO, which entered into force on 19 January 2021;

61. Highlights the role of the EPPO in the new anti-fraud infrastructure; notes, moreover, the working arrangements agreed in 2020 and signed in July 2021 between the EPPO and OLAF, especially as regards the exchange of information, case management and operational cooperation;

62. Notes that in July 2020 the Council appointed the 22 European prosecutors; recalls that the EPPO is to work hand in hand with national law enforcement authorities and that it exercises the function of prosecutor in the competent courts of the participating Member States while at the same time closely cooperating with EU agencies and bodies such as Eurojust, Europol and OLAF; notes that this unique position is designed to enable the EPPO to draw upon existing experience and best practices at national and EU level; expects the Commission to duly consider the EPPO’s reassessment of its staff needs based on its workload experience and to make the financial adjustments required to guarantee its operational effectiveness and efficiency;

63. Notes the observations and considerations expressed by the European Chief Prosecutor on the need to amend the EPPO Regulation; calls on the Commission to engage in a discussion with the EPPO to identify the improvements needed to enhance its operational
effectiveness; asks the Commission to report to Parliament in line with Article 119 (1) of the EPPO Regulation;

64. Stresses the need for the creation of an EU Green Prosecutor through the extension of the EPPO’s mandate in accordance with Article 86(4) of the TFEU in order to improve the implementation and enforcement of EU environmental legislation, combat serious environmental crimes with a cross-border dimension and protect the EU budget; insists on the need to increase the EPPO’s budget and staffing in order to ensure it has capacity to effectively fulfil its role in all its areas of competence;

65. Notes the role of AFCOS in coordinating at Member State level the legislative, administrative and investigative obligations and activities in relation to the protection of the EU’s financial interests and in ensuring cooperation with OLAF;

66. Welcomes Operation Sentinel launched by Europol, which is intended to focus on proactive intelligence sharing, information exchange and supporting the coordination of operations to tackle fraud against COVID-19 EU recovery funds, as the operation aims to map vulnerabilities inherent in national allocation systems, detect fraud schemes used to target the fund allocation system and support high-priority investigations against high-value objectives; welcomes the involvement of the EPPO, OLAF and 21 EU Member States; is concerned about the fact that the Member States which are major beneficiaries of cohesion funds, among others Poland, Hungary and Bulgaria, are not participating in the operation; calls on all Member States to join the operation; calls on the Member States, furthermore, to cooperate closely with one another and with the EU bodies to enable action to be taken against fraud involving several countries at once;

67. Calls on OLAF, the EPPO, Europol, the AFCOS designated by national legislation, and the other EU and national agencies responsible to keep strengthening the exchange of information, reciprocate support and ensure complementarity in their operational activities, as agreed in the established working arrangements and regulations; highlights that the complex anti-fraud architecture in place requires close cooperation between the various players, at both EU and national level; underlines that more efforts are needed to prevent and fight fraud, corruption and other illegal activities, including closer cooperation with national authorities, between Member States and at EU level;

Rule of law and the fight against corruption

68. Welcomes the adoption of Regulation (EU, Euratom) 2020/2092 on a general regime of conditionality for the protection of the Union budget; reiterates that it entered into force on 1 January 2021 and that it has therefore been applicable since then; welcomes the judgments of the CJEU of 16 February 2022 concerning the actions brought by Hungary and Poland against the conditionality mechanism and its conclusions confirming that the EU does indeed have competences regarding the rule of law in the Member States and that the Rule of Law Conditionality Mechanism is perfectly in line with EU law;

69. Is of the opinion that it is high time for the Commission to fulfil its duties as ‘guardian of the Treaties’ and to tackle the ongoing violations of the principles of the rule of law in several Member States, particularly Poland and Hungary, given that these violations represent a serious danger to the Union’s financial interests since compliance with these principles is a prerequisite for sound financial management in general and the efficient and effective management of EU funds; welcomes the Commission’s announcement that
it will apply the Rule of Law Conditionality Mechanism by sending a written notification under Article 6(1) of Regulation (EU, Euratom) 2020/2092 to Hungary; is of the opinion that the rule of law is a universal concept and that the Commission should consider the application of the Rule of Law Conditionality Mechanism to all Member States which fail to respect the rule of law without exception; warns that the delays might already be having a detrimental impact on the financial interest of the EU and the state of the rule of law in certain Member States;

70. Calls on the Commission to take account of Parliament resolutions related to the breaches of rule of law by the Polish and Hungarian governments; calls on these governments to fully cooperate with the Commission and fulfil the conditions required for the release of funds; is of the opinion that if these Member States fail to comply with these conditions, the Commission should temporarily and directly manage the EU funds via local governments and civil society organisations;

71. Recalls that compliance with the rule of law and with Article 2 of the TEU are prerequisites for gaining access to funds, that the Rule of Law Conditionality Mechanism is fully applicable to the RRF and that no measures should be financed under the RRF that are contrary to the EU values enshrined in Article 2 of the TEU;

72. Insists that no payments can be made to Poland under the RRF until its full implementation of all relevant judgments of the CJEU and the European Court of Human Rights, and until its national authorities have acknowledged the primacy of EU law;

73. Urges the Commission to ensure, in order to increase transparency, that Parliament is kept fully apprised about all negotiations between the Commission and national authorities, and to inform Parliament immediately about any relevant developments;

74. Calls on the Commission to use all tools at its disposal to ensure compliance with the values enshrined in Article 2 of the TEU and with the primacy of EU law; stresses that the Commission and the Council are politically accountable to Parliament for their actions;

75. Recognises all efforts made especially by Member States neighbouring Ukraine in welcoming people fleeing the war there; is of the opinion that the EU has an obligation to help Member States bear these exceptional burdens; recalls, however, that no payment can be made if a Member State refuses to abide by CJEU rulings and to acknowledge the primacy of EU law; stresses the need for Parliament to be kept fully informed about all allocations for these purposes and the use of EU funds for helping Ukrainian refugees in beneficiary Member States;

76. Recognises the importance of the annual rule of law report and the fact that the fight against corruption is an integral part of the report; is of the opinion, however, that it cannot substitute the anti-corruption report; welcomes the Commission’s intention to equip the rule of law report with specific recommendations to the Member States; is of the opinion that the Commission should consider the establishment of a corruption index based on strict and easy-to-apply criteria and should reflect upon the performance of the Member States in fighting corruption and add its findings to the anti-corruption chapter of the rule of law report;

77. Is very concerned by the findings of the 2020 Rule of Law Report, which highlights concerns about the effectiveness of the investigation, prosecution and adjudication of
corruption cases, including high-level cases in several Member States; insists that high-level corruption must be systematically prosecuted;

78. Highlights the detrimental effects of corruption on the rights of citizens; reiterates, therefore, its recommendation that the EU should become a member of the Group of States against Corruption, bearing in mind the specific nature of the EU, its institutions and EU law; calls on the Commission to present a possible plan for membership, within the framework of Article 83 of the TFEU and in conjunction with Article 218 TFEU; reiterates its call, moreover, for the Commission to present a plan on the setting-up of an internal corruption evaluation mechanism for the EU institutions;

79. Calls on the Commission to provide for proper legal protection for investigative journalists along the lines of that provided for whistleblowers;

80. Recognises the crucial role of media pluralism and journalists in protecting the Union’s financial interests by uncovering fraud and corruption; calls on Member States to ensure their protection and the protection of their sources; encourages a swift adoption and implementation of the directive on strategic lawsuits against public participation (the anti-SLAPP directive); calls on the Commission and Member States to fight against any kind of illegal use of spyware and hacking software such as Pegasus or Predator; believes that transparency is the best way to fight against fraud and corruption;

81. Stresses the need to make the disbursement of direct and indirect loans conditional on the publication of country-by-country tax and accountancy data, and on the disclosure of information on beneficial ownership by the beneficiaries and financial intermediaries involved in financing operations;

82. Takes the view that funds should be repaid whenever cases of corruption or fraud have been proven;

The anti-fraud architecture of the EU and the Commission’s annual reporting

83. Considers that the financing of the EU has entered a new era with the adoption of the NextGenerationEU recovery plan and that this provides the EU’s anti-fraud architecture with additional challenges; is therefore strongly of the opinion that the anti-fraud architecture needs to be further strengthened; stresses that OLAF, the EPPO, Europol and Eurojust are understaffed and lacking in financial resources; notes that Europol and Eurojust are especially overburdened in the light of their newly adopted mandates and EU-wide operations targeting criminal assets in relation to the Russian invasion of Ukraine; reminds the Commission and the Council that every euro spent on monitoring and investigation returns to the EU budget;

84. Welcomes the NextGenerationEU – Law Enforcement Forum (NGEU-LEF), a joint initiative co-led by Europol and Italy, which brings together Europol, the EPPO, OLAF, Eurojust, the EU Agency for Law Enforcement Training and the Member States, to establish a joint way forward in preventing and countering the threats against NextGenerationEU funds and the EU’s financial interest;

85. Endorses the call of the Commission for ‘European vision’ in cooperation between and the coordination of the actions of EU bodies and national authorities; believes that a more structured holistic approach is needed in order to avoid overlapping, to share and
exchange information and to foster the integration of the several existing layers of the anti-fraud architecture and achieve a result that is bigger than the sum of its components;

86. Calls on the Commission to explore new avenues for making the annual PIF report a comprehensive analysis alongside other annual reports and sources of information, by enhancing and promoting dialogue between Europol, Eurojust and the EPPO, and by identifying trends in fraudulent and non-fraudulent irregularities, diagnosing weaknesses, and learning useful lessons to enhance the adoption of fraud-proofing measures by all stakeholders;

87. Notes the need for a specific annual Commission report on the analysis and state of play of the overall anti-fraud infrastructure, assessing, among other things, the level of interoperability of EU actors in the fight against fraud, and addressing possible links with the European Semesters and country reports, the anti-corruption report, and the application of the Rule of Law Conditionality Mechanism;

88. Highlights that in order to combat corruption effectively so as to avoid illegal lobbying and revolving door situations and to protect the EU’s financial interests, the Commission should adopt a holistic, coherent, systematic and consistent approach by developing better rules on transparency, incompatibilities and conflicts of interest, as well as on strengthening internal control mechanisms; underlines that improved transparency on beneficiaries of EU and national funding will also be important to cope with the new and challenging international context;

89. Reiterates the unsatisfactory level of analysis provided in the annexes to the PIF report regarding cases of conflicts of interest; calls for the Commission to engage in such analysis, in line with Article 61 of the Financial Regulation and the issuing on 7 April 2021 of the ‘Guidance on the avoidance and management of conflicts of interest under the Financial Regulation’ for the benefit of the Member States;

90. Instructs its President to forward this resolution to the Council, the Commission and the Member States.