

Hercule - a History of Success

20 Years of Financing Support and Equipping the Fight against Fraud



Article

Alicia-Luna Scala-Amez*

ABSTRACT

In 2004, the European Community set up the Hercule programme to promote activities related to the protection of its financial interests. Since then, this unique initiative aimed at financing the fight against fraud has thrived and is now celebrating 20 years of success. It mainly funds the purchase of technical equipment and tools, training, staff exchanges, risk analysis workshops, conferences and comparative studies. These measures seek to support and equip EU Member States in legal, operational and technical/IT terms, enabling them to deliver on their shared obligations to protect the EU's financial interests. In 2021, the Hercule programme became a component of the current Union Anti-Fraud Programme (UAFP). This article retraces the history of the Hercule programme, outlines the main features of the Hercule component in the UAFP and gives examples of the success of the programme. The article concludes that, when reviewing the ever-increasing number and quality of applications for funding under the UAFP Hercule component, it becomes evident that a financial injection would be very much necessary to allow the programme to continue to achieve its objectives.

AUTHOR

Alicia-Luna Scala-Amez

Operational, administrative and legal support
European Commission/European Anti-Fraud Office (OLAF)

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I. Retracing the History of Hercule

2024 was a year of celebration for the European Anti-Fraud Office (OLAF) – an occasion to look back on the Office's origins as well as to contemplate its future. In addition to celebrating 25 years as a crucial actor protecting the financial interests of the EU, OLAF also marked the 20th anniversary of the only spending programme specifically dedicated to fighting fraud affecting the EU's financial interests: the Hercule programme.

In light of the constant evolution of the criminal landscape, the fight against fraud has been strongly bolstered since the establishment of the Anti-Fraud Coordination Unit (UCLAF) as a task force within the Secretariat-General of the European Commission in 1988. UCLAF had been working alongside national anti-fraud departments in Member States and coordinating and assisting efforts to tackle transnational organised fraud detrimental to the EU's financial interests. With a reinforced and independent investigative mandate, OLAF was established in 1999¹ to perform administrative investigations into fraud and irregularities affecting the EU revenue and expenditure, including cases of serious misconduct involving staff and members of the EU institutions, bodies, offices and agencies.

On 21 April 2004, following a proposal of the Commission, the European Parliament and the Council established a Community programme for the promotion of actions in the field of the protection of the financial interests of the Community: the Hercule programme,² in honour of the very well-known fictional Belgian detective Hercule Poirot.³ This programme was later extended under the Financial Perspectives for 2007–2013⁴, establishing the Hercule II programme⁵, followed by Hercule III (covering the financial period of 2014–2020)⁶. Given the intention to facilitate a more integrated and strategic use of financial resources, including the simplification of their management, the Hercule component was integrated into the Union Anti-Fraud Programme (UAFP) in 2021.⁷

The UAFP will run for the duration of the new Multiannual Financial Framework (MFF), for the period of 2021 to 2027, and covers three components: the Protection of the Union's Financial Interests (i.e., the Hercule component), the Anti-Fraud Information System (AFIS) and the Irregularities Management System (IMS).⁸

II. Main Features of the Hercule Component

The EU is required to protect its financial interests by virtue of Art. 325(1) of the Treaty on the Functioning of the European Union (TFEU) and this obligation is shared by its Member States. The UAFP in turn helps the EU provide financial support Member States in legal, operational and material terms, so that they can deliver on their respective obligations.

The Hercule component provides financial support, mainly in the form of grants awarded to competent authorities in EU countries. Around one third of its annual budget is spent on procured services provided to Member States authorities, such as access to commercial databases and advanced IT analytical tools, strengthening their operational and technical capacity to investigate activities detrimental to the EU budget.

Financial support is, to a large extent, delivered by means of two calls for proposals:

- Technical assistance call: aimed at strengthening national authorities' investigative capability and capacity (including their digitalisation) to step up the fight against fraud, corruption and any other illegal activity affecting the EU's financial interests, on both the revenue and expenditure sides. It

mostly finances the purchase of **technical equipment and tools**, such as investigation and surveillance equipment, digital forensic and crime detection tools and tools for data analysis.

- Training, conferences, staff exchanges and studies call: this arm includes, for instance, risk analysis workshops, comparative studies and the dissemination of relevant information through periodical publications. It helps national authorities, research bodies, educational institutes and NGOs to: (i) share best practices; and (ii) improve cooperation and coordination between the different actors involved in protecting the EU's financial interests. This line of financial support also promotes specialised **training** to improve and update the digital-forensic and analytical skills of law enforcement organisations and to underpin Member States' digital transition.

The calls for proposals are very popular among the Member States authorities, OLAF receiving each year many more requests for financing than the available budget.

III. The Success of Hercule

1. Success in numbers

The initial financial framework of the Hercule programme included a budget of €11.5 million for the 2004–2006 period. Thanks to the success of the first programme, the financial envelopes of the Hercule II and Hercule III programmes were considerably increased to €98.5 million for the 2007–2013 period and almost €105 million for the 2014–2020 period.

Under the current EU MFF, with a total budget volume of €1.8 trillion,⁹ the UA FP will make available to beneficiaries €181 million in current prices for the period of 2021–2027, representing about 0.1% of the total MFF package. The UA FP Regulation allocates around €114 million to the Hercule component (see section II.), of which the successive Commission's Implementing Decisions have already distributed a budget of around €15 million for the years 2021, 2022 and 2023, of €16 million for 2024 and of €17.5 million for 2025.

This net increase of funding is in response to the increase in number and quality of the applications received. While OLAF received 27 grant applications and awarded 23 grants in 2006, there were 110 grant applications in 2024 (of which 88 were for technical assistance and 35 for training, conference, staff exchanges and studies), with 30 grants awarded (of which 22 were awarded for technical assistance and 8 for training, conferences, staff exchanges and studies). Given the huge uptake of the Hercule component, a budget increase for its two calls appears imperative in order to do justice to the growing number of excellent applications received by OLAF.

2. Successful projects

Over the past 20 years, OLAF has been witnessing how the Hercule funds have been put to good use. From the financing of international conferences to the purchasing of underwater drones to combat illicit traffic of counterfeit goods and smuggling, the contribution to the fight against fraud has been tangible and the funds clearly contribute to the protection of EU financial interests.

The technical assistance action has helped to finance the purchasing of specialised equipment and tools, such as forensic laboratories, unmanned aerial vehicles (drones), underwater drones, data collection and analysis tools, specialised vehicles for digital forensics, spectral document analysis systems, mobile fingerprinting stations, scanner vans, Geographical Information Systems (GIS), semi-rigid boats, coast guard cutter boats and cargo containers x-ray scanners.¹⁰



For the training, conferences, staff exchanges and studies action, the examples are more heterogeneous and include:

- Specialised training sessions, often involving different national authorities within a Member State and even those of different Member States, international partners and European organisations, on topics such as the forensic examination of mobile devices, prevention and detection of fraud in a specific context, or cooperation to combat organised fraud.
- Studies usually involve academic institutions and authorities from several Member States and often focus on the cooperation of OLAF, the European Public Prosecutor's Office (EPPO), Eurojust and Europol and their role in fighting fraud; studies have covered, for instance, an analysis of the most relevant questions of the external, internal and criminal investigation of irregularities and offences affecting the financial interests of the EU and the assessment of the effectiveness of a preventive administrative approach.
- Dissemination of relevant information through periodical specialised publications.
- Staff exchanges, for example from different national police forces.

IV. Concluding Remarks

20 years have passed since the Hercule programme was launched – 20 years that have seen an impressive uptake and compelling projects. However, a closer look at the numbers makes it evident that the successive budget increases lag behind the ever-growing interest and need for support and equipment of the applicants. And after all, the support and equipment of the applicants is the rationale and the essence of this programme. The uptake in number and quality of projects and the insufficient budget increases are being factored in when it comes to the European Commission planning the future of the UAfp. As it is preparing the next UAfp proposal for the upcoming Mff (2028–2034), the Commission needs to reflect on the present and, above all, the future needs of both current and future Member States.

1. Commission Decision 1999/352/EC, ECSC, Euratom, of 28 April 1999, establishing the European Anti-fraud Office (OLAF), OJ L 136, 31.5.1999, 20–22. ↵
2. Decision No 804/2004/EC of the European Parliament and of the Council, of 21 April 2004, establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule programme), OJ L. 143, 30.4.2004, 9–14. ↵
3. Hercule Poirot is the most famous and long-running fictional character created by the renowned British author Agatha Christie, featured in 33 of her novels, two plays and 51 short stories published between 1920 and 1975. ↵
4. Communication from the Commission to the Council and the European Parliament - Financial Perspectives 2007 – 2013, COM(2004) 487 final. ↵
5. Decision No 878/2007/EC of the European Parliament and of the Council, of 23 July 2007, amending and extending Decision No 804/2004/EC establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests (Hercule II programme), OJ L 193, 25.7.2007, 18–22. ↵
6. 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) and repealing Decision No 804/2004/EC, OJ L 84, 20.3.2014, 6–13. ↵
7. Regulation (EU) 2021/785 of the European Parliament and of the Council, of 29 April 2021, establishing the Union Anti-Fraud Programme and repealing Regulation (EU) No 250/2014, OJ L 172 17.5.2021, 110. ↵

8. The support for AFIS and IMS was previously established under Council Regulation (EC) No 515/97, of 13 March 1997, on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agricultural matters, as amended, OJ L 82, 22.3.1997, 1–16. For details on the UAFP, see S. E. Buksa and G. Roebling, "The New Union Anti-Fraud Programme", (2021) *eucrim*, 175-177. ↪
9. Including the Recovery and Resilience Facility, created in response to the coronavirus pandemic and established on the basis of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility, OJ L 57, 18.2.2021, 17-75. ↪
10. More information on examples for both calls can be found in the annual overview with information on the results of the UAFP for each year, available at <https://anti-fraud.ec.europa.eu/about-us/reports/annual-reports-protection-eus-financial-interests-pif-report_en> accessed 27 January 2025. ↪

* Author statement

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