

2017 PIF Report



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European Law Forum: Prevention • Investigation • Prosecution

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News

On 3 September 2018, the Commission published its annual [report on “The Protection of the EU’s financial interests – Fight against fraud – 2017”](#). It is the 29th report that annually provides information on the main legal and practical measures taken by the Commission and the EU Member States to counter fraud and other illegal activities affecting the Union’s budget.

The report is accompanied by the following [Commission working documents](#):

- [Implementation of Article 325 by the Member States in 2017](#);
- Statistical evaluation of irregularities reported for own resources, natural resources, cohesion policy and pre-accession assistance, and direct expenditure ([part 1](#) and [part 2](#));
- [Follow-up of recommendations](#) to the Commission report on the protection of the EU’s financial interests – fight against fraud, 2016;
- [Early Detection and Exclusion System \(EDES\) – Panel referred to in Article 108 of the Financial Regulation](#);
- [Annual overview, with information on the results of the Hercule III Programme in 2017](#);
- [Assessment of the implementation of Art 43b of Regulation \(EC\) No 515/97](#).

The report highlights the two major legislative achievements of 2017, which are designed to make the protection of the EU’s financial interests much more effective and equi, i.e.: (1) the PIF Directive ([see also eu-crim 2/2017, pp. 63-64](#)), and (2) the Regulation establishing the EPPO by enhanced cooperation ([see also eu-crim 3/2017, pp. 102-104](#)).

This new legislation requires additional changes to the EU’s anti-fraud setup. A first step was taken by evaluating Regulation No 883/2013 concerning OLAF’s mandate and powers ([see also eu-crim 1/2018, pp. 5-6](#)).

Furthermore, the Commission took up the following legislative and policy initiatives in 2017 to improve protection against fraud:

- Continued, regular exercise of assessing developments and addressing country specific recommendations to Member States in relation to the fight against corruption within the framework of the “European Semester process;”
- Making available a budget of €14.95 million via the Hercule III Programme to boost Member States’ operational and administrative capacities;
- Successful negotiation of anti-fraud provisions in the EU’s international agreements;
- Launch of an evaluation of the Commission Anti-Fraud Strategy.

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In the area of revenue, the report highlights the following achievements:

- Commission's legislative proposal to make the EU VAT system simpler and more fraud-proof and to close loopholes by strengthening administrative cooperation (see also [eucrim 4/2017, pp. 168-169](#));
- Conclusion of MLA agreements with Mercosur and Azerbaijan;
- Coordination of 11 joint customs operations by OLAF;
- Success in fighting the illegal import of solar panels – the goods most affected by fraud.

In the field of expenditure, the following measures and results are worth mentioning:

- The proposed revision of Financial Regulation (EU, Euratom) No 966/2012;
- New guidelines on red flags and best practices in public procurement and irregularity reporting, prepared by COCOLAF;
- Analysis of helpful detection methods, including risk analysis, tips from informants, whistleblowing, and information from the media; this led to further specific recommendations for national authorities to make better use of the input from these sources.

From a statistical viewpoint, the following figures are particularly interesting:

- 73 major measures to protect the EU's financial interests and fight fraud were reported by the Member States;
- In 2017, a total of 15,213 fraudulent and non-fraudulent irregularities were reported to the Commission, i.e., 20,8% fewer than in 2016;
- These irregularities involved approx. €2,58 billion.

Lastly, the report makes several recommendations to the Member States on how to improve the fight against and prevention of fraud. It also sees room for improvement by the Member States on how to provide for the necessary data and information on anti-fraud measures. Cooperation between judicial investigations and administrative ones remains the main pillar that has to be worked on in the near future.

At the level of the EU institutions, the Commission will ensure that a strong and fully functioning OLAF complements the EPPO's criminal law approach with administrative investigations.

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