

# 31th Annual PIF Report



Thomas Wahl

## News

On 3 September 2020, the Commission published the [31st annual report on the protection of the EU's financial interests](#), which gives an overview of the main legislative steps, policy initiatives, measures at the EU and national levels, and results as regards the protection of the EU budget in 2019.

As regards cross-cutting legislative and policy achievements, the report highlights that 2019 marked a milestone in so far as Directive 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law ("the PIF Directive"; [euCRIM 2/2017, 63-64](#)) had to be transposed by the 26 Member States that are bound by it. By the end of 2019, 18 Member States had communicated complete transposition and four partial transposition. The Commission launched infringement procedures in cases where transposition measures were not communicated, and started assessment of compliance with the measures notified. Other important events in 2019:

- Adoption of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law ("the Whistleblowing Directive" [euCRIM 4/2019, 238-239](#));
- Substantial progress in setting up the EPPO, including the appointment of *Laura Codruța Kövesi* as European Chief Prosecutor in October 2019 ([euCRIM 3/2019, 164](#));
- Agreement on harmonised standard provisions on the protection of the EU's financial interests in all post-2020 spending programme laws;
- Adoption of the Commission's anti-fraud strategy (CAFS) in April 2019 ([euCRIM 1/2019, 15](#)) and first implementations of its objectives, in particular strengthening the Commission's internal coordination of the fight against fraud and improving its anti-fraud analytical capability;
- Successful implementation of the Hercule III Programme and the Structural Reform Support Programme (SRSP).

Member States reported a wide range of activities in the field of cross-cutting measures. The majority of measures refer to improvements in the management and control of funds, but they also include, for instance, enhanced transparency, fighting corruption and preventing conflicts of interest in public procurement as well as combating financial and organised crime. As regards the statistical results related to protecting the EU budget, the key figures are as follows:

- 11,726 irregularities were reported to the Commission (-2% compared to 2018), involving approximately €1.6 billion (34% less than 2018).
- 8% of all reported irregularities, i.e. 939 cases, were reported as fraudulent (-25% compared to 2018, and -40% compared to 2015), involving approximately €461 million (63% less than 2018).

In addition, the PIF report provides detailed information on the measures and results as regards both revenue and expenditure. It also provides information on the cooperation among the Member States, between the

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Member States and OLAF, and within the Better Spending Network launched in October 2019. Other chapters are dedicated to the Early Detection and Exclusion System (EDES) and inter-institutional cooperation, in particular the European Court of Auditors. Lastly, the report includes several recommendations, whereby it takes into account the increasing vulnerabilities of the EU budget in the wake of the coronavirus crisis, particularly as regards investments in the health sector:

- Keeping verifications and monitoring measures at a high level;
- Using emergency procurement on the basis of a case-by-case assessment;
- Completing the transition to e-procurement processes (for those Member States that have not already achieved this);
- Considering the possibility to further strengthen transparency in the use of EU funds by Member State actions;
- Close monitoring of the reporting of irregularities (in particular non-fraudulent ones) for the 2014-2020 programming period.

The analyses in the PIF report support the assessment of those areas most likely to be at fraud risk, thereby helping to better target action at both the EU and national levels. It is accompanied by the following documents:

- [Figures on the Member States' reported \(fraudulent and non-fraudulent\) irregularities \(Annexes I and II\)](#);
- [Annual overview with information on the results of the Hercule III Programme in 2019](#);
- [Report on the work of the EDES Panel under the Financial Regulation](#);
- [Comprehensive Commission Staff Working Paper on the Member States' "follow-up on recommendations to the 30th annual report on the protection of the Union's financial interests and the fight against fraud - 2018"](#);
- [Implementation of Article 325 TFEU by the Member States in 2019](#);
- [Statistical evaluation of irregularities reported for 2019: own resources, agriculture, cohesion and fisheries policies, pre-accession and direct expenditure \(three parts\)](#).

The annual report will be discussed in the European Parliament, which will issue a resolution on the situation of the protection of the EU's financial interests and probably give further follow-up recommendations. For the annual report 2018 [eucrim 3/2019, 168-169](#).

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