

EP Remarks on 2022 PIF Report



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News

On 18 January 2024, the European Parliament (EP) [adopted a resolution](#) assessing the 34th Annual Report on the protection of the European Union's financial interests and the fight against fraud – 2022 (the PIF Report 2022 → [eucri](#)m 2/2023, 135).

In general, MEPs noted that the numbers of fraud and irregularities damaging the EU budget are still extremely high. They also stated that involvement of civil society in tackling fraud is crucial to enhance prevention and detection, in particular investigative journalism must be given support. It was stressed that corruption, particularly high-level corruption, including in EU institutions, is a particularly serious crime with the potential to extend across borders, undermining citizens' trust in democratic institutions in the EU and in the Member States. The EP supported mainstreaming anti-corruption into EU policy design. Furthermore, the EP favoured setting up an adequate procedure by which OLAF is granted access to concerned MEP's offices, computers and email accounts in cases of substantiated corruption suspicions.

Looking at revenue, MEPs were concerned over the overall number of fraudulent and non-fraudulent irregularities related to Traditional Own Resources (TOR) being 7.6 % higher in 2022 compared to the five-year average (2018-2022) and the overall amounts affected by such irregularities, as estimated and established by Member States, also noticeably having increased (by 47 %, reaching €783 million). They recalled that strengthening administrative cooperation as well as effective cooperation between OLAF and the EPPO are essential to increase the collection of revenue to the EU budget.

Several problems were observed in relation to expenditure, such as the length of administrative procedures dealing with fraudulent cases in the area of rural development and direct payments, the lack of transparency in the spending of public money by the Commission during the COVID-19 pandemic, the high number of irregularities reported in 2022 affecting the European Regional Development Fund (ERDF), the European Social Fund (ESF), and the Instrument for Pre-Accession Assistance (IPA), and flaws in addressing fraud risks by audit authorities in the Member States.

Key challenges remain with regard to the protection of the EU's financial interests for the money spent within the framework of NextGenerationEU (NGEU) and the Recovery and Resilience Facility (RRF). In this context, the resolution, *inter alia*, called on the following:

- Member States' control systems must ensure that RRF-funded investment projects comply with EU and national rules; if necessary, they must put in place additional safeguards to address any accountability gap;

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- Member States should share their best procedures in order to facilitate more coordinated and fraud-proof processing of the funds;
- In particular, the countering of fraud, corruption, conflicts of interest and double funding should receive appropriate resources and attention by the Commission;
- The Commission must continuously monitor the fulfilment of the milestones and targets relating to the protection of the financial interests of the EU and apply all necessary measures in the event of lack of compliance or the reversal of previously fulfilled milestones;
- The Commission must resolve several issues, such as the lack of sufficient supervision by coordinating bodies, incomplete anti-fraud strategies, missing elements in fraud risk assessments, etc.

The EP expressly welcomed the "NextGenerationEU - Law Enforcement Forum" (NGEU-LEF), a joint initiative co-led by Europol and Italy, bringing together Europol, the EPPO, OLAF, Eurojust, the European Union Agency for Law Enforcement Training and national authorities by providing a forum for intelligence sharing and the coordination of operations to tackle the infiltration of organised crime into the legal economy, and to protect the NGEU stimulus package.

The EP maintained that digitalisation has boosted the prevention/detection of fraud and simplified administrative procedures. Digitalisation needs to be at the heart of every anti-fraud strategy, including the National Anti-Fraud Strategies (NAFS). It emphasised that the Early Detection and Exclusion System (EDES), as the EU's blacklist, has huge potential for flagging people and companies that misuse EU funds, and EDES should be extended to all types of management modes, in particular to shared management. The Commission and the Member States should strive for a single database that consolidates, centralises and publishes information on the recipients of EU funding provided by Member States and other implementing entities.

With regard to the EU anti-fraud architecture and key measures in 2022, the EP welcomed the actions launched by the Commission in 2022 to enhance the level of protection of the EU's financial interests but calls for further vigilance and complementary actions in this field. MEPs regretted the fact that the participation of Member States in the EPPO is not obligatory. They noted with concern that, by the end of 2022, three Member States (Finland, Ireland and Poland) still indicated that they had not adopted any strategy for protecting the EU's financial interests. Five Member States (Belgium, Spain, Luxembourg, the Netherlands and Romania) indicated that they were in the process of establishing one. The EP urged the Member States to adopt NAFS to show that they take the protection of EU funds seriously.

Lastly, the resolution includes several remarks on the external dimension of the protection of the EU's financial interests. Given that an increased number of irregularities in 2022 related to funding of non-EU countries, the Commission is called on to maintain an adequate monitoring level on these funding initiatives and to report to the EP about possible systemic issues detected in the deployment of the resources. In addition, MEPs believed that funds under the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe) for assistance in non-EU countries and the resources allocated for Europe's response to the war in Ukraine are not adequately monitored and controlled.

MEPs recommended the suspension of budgetary support in non-EU countries, including candidate countries, where the authorities manifestly fail to take genuine action against widespread corruption, while ensuring that the assistance reaches the civil population through alternative channels. They strongly advised that the EU become a fully operating member within GRECO where the EU has currently only observer status.

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