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# **DRAFT REPORT**

on the protection of the European Union's financial interests – combating fraud  
– annual report 2023  
(2024/2083(INI))

Committee on Budgetary Control

Rapporteur: Gilles Boyer

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the protection of the European Union's financial interests – combating fraud – annual report 2023 (2024/2083(INI))

*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 the Commission report of 25 July 2024 entitled ‘35th Annual Report on the protection of the European Union’s financial interests and the fight against fraud – 2023’ ([COM\(2024\)0318](#)) (2023 PIF Report),
- having regard to the European Anti-Fraud Office (OLAF) 2023 annual report<sup>1</sup> and the Activity report of the Supervisory Committee of OLAF – 2023<sup>2</sup>,
- having regard to the European Public Prosecutor’s Office (EPPO) 2023 Annual Report published on 1 March 2024,
- 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<sup>3</sup> (the Conditionality Regulation),
- having regard to the study entitled ‘Compliance assessment of measures adopted by the Member States to adapt their systems to Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office’ (the EPPO Regulation) and its extension, both published in December 2023<sup>4</sup>,
- having regard to Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law<sup>5</sup> (the Whistleblower Directive) and to the Commission report of 3 July 2024 on its implementation and application ([COM\(2024\)0269](#)),
- having regard to the Commission communication of 5 July 2023 on the 2023 Rule of Law Report – the rule of law situation in the European Union ([COM\(2023\)0800](#)), and to the European Parliament resolution of 28 February 2024 entitled ‘report on the Commission’s 2023 Rule of Law report’<sup>6</sup>,

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<sup>1</sup> OLAF, Twenty-fourth report of the European Anti-Fraud Office, 1 January to 31 December 2023, 2023.

<sup>2</sup> [OJ C, C/2024/5658, 23.9.2024, ELI: http://data.europa.eu/eli/C/2024/5658/oj](#).

<sup>3</sup> [OJ L 433 I, 22.12.2020, p. 1, ELI: http://data.europa.eu/eli/reg/2020/2092/oj](#).

<sup>4</sup> JUST/2022/PR/JCOO/CRIM/0004.

<sup>5</sup> [OJ L 305, 26.11.2019, p. 17., ELI: http://data.europa.eu/eli/dir/2019/1937/oj](#).

<sup>6</sup> [OJ C, C/2024/6743, 26.11.2024, ELI: http://data.europa.eu/eli/C/2024/6743/oj](#).

- having regard to Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union<sup>7</sup> (the Financial Regulation),
- having regard to Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union’s financial interests by means of criminal law<sup>8</sup> (the PIF Directive),
- having regard to the Commission report of 16 September 2022 entitled ‘Second report on the implementation of Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union’s financial interests by means of criminal law’ ([COM\(2022\)0466](#)),
- having regard to the Commission report on the implementation and application of Directive (EU) 2019/1937<sup>9</sup> of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law ([COM\(2024\)0269](#)),
- having regard to the Commission communication of 5 July 2023 entitled ‘2023 Rule of Law Report – The rule of law situation in the European Union’ ([COM\(2023\)0800](#)),
- having regard to the study entitled ‘Strengthening the fight against organised crime: Assessing the legislative framework’, published on December 2022<sup>10</sup>,
- having regard to the study entitled ‘Strengthening the fight against corruption: assessing the legislative and policy framework’, published on January 2023<sup>11</sup>,
- having regard to the joint communication from the Commission and the High Representative of the Union for Foreign Affairs and Security Policy of 3 May 2023 on the fight against corruption (JOIN(2023)0012) and to the Commission proposal of 3 May 2023 for a directive of the European Parliament and of the Council on combating corruption, replacing Council Framework Decision 2003/568/JHA and the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union and amending Directive (EU) 2017/1371 of the European Parliament and of the Council ([COM\(2023\)0234](#)),
- having regard to the joint Europol-OLAF report of 6 June 2023 entitled ‘Assessing the Threats to the NextGenerationEU (NGEU) Fund’,
- having regard to the European Ombudsman’s closing note of 12 September 2023 on the Strategic Initiative concerning the transparency and accountability of the Recovery and Resilience Facility in relation to Case SI/6/2021/PVV, opened on 24 February 2022,

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<sup>7</sup> [OJ L 2509, 26.9.2024, ELI: http://data.europa.eu/eli/reg/2024/2509/oj](#).

<sup>8</sup> [OJ L 198, 28.7.2017, p. 29, ELI: http://data.europa.eu/eli/dir/2017/1371/oj](#).

<sup>9</sup> OJ L 305, 26.11.2019, p. 17.

<sup>10</sup> European Commission, Directorate-General for Migration and Home Affairs, Blondes, E., Disley, E., Hulme, S. et al., Study ‘Strengthening the fight against organised crime – Assessing the legislative framework’, Publications Office of the European Union, 2022.

<sup>11</sup> European Commission, Directorate-General Migration and Home Affairs, by EY and RAND Europe for the European Commission, January 2023.

- having regard to the European Court of Auditors (ECA) report entitled ‘Our activities in 2023’, published on 9 October 2024,
  - having regard to the European Court of Auditors Review 04/2023 of 6 July 2023 entitled ‘Digitalising the management of EU funds’,
  - having regard to Special Eurobarometer 534 entitled ‘Citizens’ attitudes towards corruption in the EU in 2023<sup>12</sup>,
  - having regard to the European Court of Auditors Special report 06/2023 of 13 March 2023 entitled ‘Conflict of interest in EU cohesion and agricultural spending – Framework in place but gaps in transparency and detection measures’,
  - 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 and repealing Regulation (EU) No 250/2014<sup>13</sup>,
  - having regard to its resolution of 18 January 2024 on the protection of the European Union’s financial interests – combating fraud – annual report 2022<sup>14</sup>,
  - having regard to Rule 55 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A10-0000/2024),
- A. whereas, in line with the obligation laid down in Article 325(5) TFEU, each year, the Commission submits to the European Parliament and to the Council a report drafted in cooperation with the Member States on the measures taken for the implementation of this article (known as PIF reports);
- B. whereas PIF reports are based mainly on information provided by the Member States, including data on irregularities and fraud detected, via the Irregularity Management System (IMS), and on data extracted from the Commission’s accounting system (ABAC);
- C. whereas effective measures to protect the EU’s financial interests at EU level have to be implemented on the basis of data-based knowledge of the specific situation in each Member State, particularly in cases involving complex criminal activity;
- D. whereas the number of irregularities detected and reported demonstrates the results of Member States’ efforts to counter illegal activities in this area and is not to be interpreted as an indication of the level of mismanagement or fraud in the Member States;
- E. whereas sound management of public resources and protecting the EU’s financial interests across all EU policies should be key to increasing citizens’ confidence by ensuring the proper and effective use of taxpayers’ money;

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<sup>12</sup> Survey conducted at the request of the Commission’s Directorate-General for Migration and Home Affairs (DG HOME) and coordinated by the Commission’s Directorate-General for Communication.

<sup>13</sup> OJ L 172, 17.5.2021, p. 110, ELI: <http://data.europa.eu/eli/reg/2021/785/oj>.

<sup>14</sup> OJ C, C/2024/5730, 17.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5730/oj>.

- F. whereas protecting the EU budget involves multiple actors at various levels who can only achieve their mandate through a structured network of relationships and coordination within the anti-fraud architecture (AFA)<sup>15</sup>;
- G. whereas the diversity of legal and administrative systems in the Member States and their varying levels of digitalisation need to be adequately addressed with the creation of more unified, interoperable and comparable administrative and reporting systems in the EU in order to effectively prevent and counter fraud, corruption, irregularities and other infringements;
- H. whereas the Early Detection and Exclusion System (EDES) and ARACHNE are effective tools to protect the EU budget from risks of insolvency, negligence, fraud or irregularity committed by private actors, in the case of the EDES, and via a data-mining and risk-scoring approach, in the case of ARACHNE;
- I. whereas criminal networks operating in the EU are fully embracing the entire range of cutting-edge information technology, including artificial intelligence (AI), to facilitate their criminal activities, posing an even more complex threat to the EU budget and a new challenge for law enforcement and requiring the AFA to fast-track its exploration of AI use in the fight against fraud;
- J. whereas respect for the values on which the EU is founded and for fundamental rights, as well as compliance with the Charter of Fundamental Rights of the European Union, are prerequisites for accessing EU funding;
- K. whereas the rule of law conditionality mechanism applies across the entire EU budget as a prerequisite for accessing all EU funds and allows measures to be taken in cases of breaches of the rule of law principles that affect or seriously risk affecting the sound financial management of the EU budget or the EU's financial interests;
- L. whereas Article 22 of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility<sup>16</sup> (the RRF Regulation) contains provisions concerning the protection of the EU's financial interests;

### ***General remarks on PIF reporting and on major threats***

1. Welcomes the 2023 PIF Report and its analyses on the relevant findings and endorses its recommendations;
2. Shares the view that effective protection of the Union's financial interests requires the acceleration of the digitalisation that facilitates knowledge-sharing, data accessibility and data processing and that would enhance the governance of the overall AFA; maintains that both the EU and national authorities should intensify the use of digital tools with a view to facilitating cooperation;

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<sup>15</sup> OLAF, EPPO, Europol, Eurojust, the Commission, the ECA, the Anti-Money Laundering Authority (AMLA), the European Investment Bank (EIB) and Member States' authorities and anti-fraud coordination service (AFCOS).

<sup>16</sup> OJ L 57, 18.2.2021, p. 17, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>.

3. Reiterates that a more measurable and results-oriented governance of the activities of the AFA's many components is key to effectively protecting the Union's financial interests;
4. Recalls that solid cooperation between the administrative and judicial authorities conducting investigations at both EU and Member State levels is essential; reiterates its concerns over the still suboptimal situation, in particular as regards the detection and reporting of suspected fraud and irregularities and their follow-up, in which there are marked differences between Member States;
5. Notes that the overall number of cases of fraud and irregularities reported by the competent EU and national authorities slightly increased in 2023 (13 563) compared to 2022 (12 455); observes, further, that the overall financing concerned in relation to these cases in 2023 (EUR 1.90 billion) was higher than in 2022 (EUR 1.77 billion) and that this indicates a significant risk of loss for the EU budget; acknowledges that the multiannual cycle of implementation of numerous programmes makes comparisons based on a five-year average more appropriate than year-to-year comparisons for identifying real-time situations and obtaining reliable analysis of trends and patterns; appreciates, accordingly, that the 2023 PIF Report refers to the results of the 2019-2023 period;
6. Is concerned by the overall scenario depicted by the multiannual analysis in the 2023 PIF Report; emphasises that the current situation justifies the efforts made to ensure more effective deployment of adequate resources and their more efficient use, which requires better governance and cooperation; calls on the Commissioners on budget, fraud and public administration and on democracy, justice and the rule of law to work closely and immediately on launching initiatives to make the actions and the results of the AFA measurable and more tangible and to present them to Parliament, in line with the commitment made at the confirmation hearings;
7. Reiterates the call for a holistic approach in PIF reports, which are also considered an AFA governance tool; is aware that, as emphasised in the 2023 PIF Report, the operational protection of the Union's financial interests from fraud, irregularities and other illicit activities is entrusted to national authorities, OLAF and the EPPO, and welcomes the integration of OLAF and EPPO findings in the 2023 PIF Report; asks for a deeper analysis of the interaction between the AFA components;
8. Welcomes OLAF's investigative performance, in particular the increased number of recommendations issued (309 compared to 275 in 2022) and the overall amount recommended for financial recovery (1 043.8 million compared to 426.8 million in 2022) against a stable number of cases opened (190 in 2023 and 192 in 2022) and concluded (265 in 2023 and 256 in 2022); points out, in particular, that over the 2019-2023 period, more than 88 % of the irregularities identified as potentially fraudulent and related to expenditure disbursed under direct management were detected following OLAF investigations; regrets that the long duration of the investigations can have a negative impact regarding the consequential late launching of remedial measures; reiterates its request to receive comprehensive and adequately detailed figures on the amounts effectively recovered by the Commission on the grounds of the financial recommendations issued by OLAF; calls on the Commission also to integrate in the

next PIF reports ad hoc sections on OLAF in order to develop a more granular analysis and reporting of its activities and of the financial recoveries carried out;

9. Welcomes the way in which the EPPO, operationally active since June 2021, has developed and increased its activities, which is well-reflected in the numbers of opened investigations (1 371 compared to 865 in 2022), of the overall currently active investigations (1 927 compared to 1 117 in 2022) and of indictments (139 compared to 87 in 2022); appreciates the level of detail in EPPO reporting, which offers relevant information on many trends and on the situation in the participating Member States;
10. Is concerned that the substantial financial loss of value added tax (VAT) fraud reported by the EPPO is having a detrimental effect on the national budgets of the Member States; underlines that VAT is an important resource also for the Union's budget; deems that it is appropriate to take into account the complexity of the underlying provisions on the system of own resources of the Union when quantifying the financial impact of the EPPO's activities<sup>17</sup>; points out the concerning number of investigations into the recovery and resilience programmes (233) and the estimated financial loss (EUR 1.86 billion);
11. Calls on the Commission to develop and implement solutions allowing a follow-up to OLAF recommendations and EPPO prosecutions, their analysis and the measurability of the actual impact of their actions on the protection of the Union's budget in terms of recovery of both mismanaged funds and of uncollected resources, with a view to providing additional justification for results-oriented policymaking;
12. States that communication and transparency are essential to address fraud and corruption; emphasises the importance of engaging civil society, the media and investigative journalism to enhance awareness;
13. Is concerned about the EPPO's and Europol's clear warning on the increasing presence of groups of organised criminals behind the most relevant cases of cross-border fraud; notes that the EPPO's annual report indicates 209 investigated offences concerning PIF-focused criminal organisations in its active investigations up to the end of 2023; understands that organised crime affects Union resources substantially; is aware that the current analysis and reporting tools do not allow its quantification in a way that is satisfactory for evaluating the effectiveness or the shortcomings of the measures and policies in place; calls on the Commission to swiftly launch all necessary actions to address the analysis and reporting issue;
14. Points out the results of the 2023 Eurobarometer survey on 'Citizens' attitudes towards corruption in the EU in 2023', showing that corruption is a serious concern for EU citizens and businesses in the EU; maintains that high-level corruption, including in EU institutions, affects not only the Union's financial interests and the EU economy as a whole, but also undermines citizens' trust in democratic institutions, both in the EU and in the Member States;

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<sup>17</sup> [Council Decision \(EU, Euratom\) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom, OJ L 424, 15.12.2020, p. 1, ELI: http://data.europa.eu/eli/dec/2020/2053/oj.](http://data.europa.eu/eli/dec/2020/2053/oj)



15. Points out that, in relation to corruption cases, the EPPO reported 131 investigated offences up to the end of 2023 (there were 87 cases in 2022) and that, over the years 2019-2023, 65 cases were reported to the Commission via IMS<sup>18</sup> by 11 countries, and that the reported irregular amounts linked to such cases come to about EUR 50.5 million;
16. Acknowledges that anti-corruption strategies are in place in the Member States; calls for an evaluation and a periodical revision of these strategies;
17. Acknowledges the Commission's efforts to prevent and address cases of conflict of interest in the management of the Union's resources; observes that, in the period 2019-2023, 419 cases were reported via the IMS related to conflict of interest (there were 375 in 2018-2022) involving in total about EUR 112 million; stresses that the ECA has indicated in its audit work<sup>19</sup> that the main source of information on conflict of interest is the IMS and that the quantity and quality of the data recorded in the IMS varies between Member States; underlines that where Member States consider a conflict of interest to be a minor component in a wider fraud case, they do not report such cases as relating to conflicts of interest; calls on the Commission to adopt initiatives necessary to ensure consistent and adequately detailed reporting in the IMS of the above situations;

### *Revenue*

18. Observes that, in 2023, the overall number of fraudulent and non-fraudulent irregularities related to traditional own resources (TOR) (5 118 compared to 4 661 in 2022) was 10 % higher than the five-year average (2019-2023), but that the amount decreased by 12 % to EUR 478 million (compared to EUR 783 million by 2022); regrets that while the data show improved recovery for non-fraudulent cases (82 %), the recovery rate for fraudulent cases remains unchanged at 25 %, which is still low;
19. Points out that, in 2023, the Commission considered that in only five of the new write-off reports submitted to it by the Member States had it been satisfactorily demonstrated that TOR had been lost for reasons not imputable to the Member States in question and that the latter were not financially responsible for the loss; notes, by contrast, that in 81 cases, amounting to almost EUR 69 million, the Commission considered that the Member States had not satisfactorily demonstrated that TOR had been lost for reasons not imputable to them and that they were therefore financially responsible for the loss;
20. Acknowledges the current legal framework relating to cooperation with OLAF, the EPPO and Eurofisc; calls on the Commission to speed up the process of revising the current legal framework to provide a clear legal basis for direct cooperation between Eurofisc and the EPPO; encourages OLAF to maximise the possibilities offered by mutual administrative assistance practices to detect and identify customs fraud and related VAT fraud, as well as to report such cases to the EPPO without delay; stresses that, in 2023, the EPPO identified VAT fraud in about 20 % of its active cases

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<sup>18</sup> Electronic system developed to report fraudulent and non-fraudulent irregularities detected in the Member States and used by 35 countries.

<sup>19</sup> Special reports 01/2019 entitled 'Fighting fraud in EU spending', paragraphs 23-28, 06/2019 entitled 'Tackling fraud in EU cohesion spending', paragraphs 47-57, and ECA special report 06/2023 of 13 March 2023 entitled 'Conflict of interest in EU cohesion and agricultural spending – Framework in place but gaps in transparency and detection measures' – paragraph 80.

(873 cases), which represents the second most frequent type of crime after non-procurement expenditure fraud (1 586 cases); is concerned by the increasing participation of groups of organised criminals in VAT fraud operations and by the identified connections between this kind of fraud and other kinds of very serious crimes, such as money laundering;

21. Reiterates its call on the Commission to reconsider the threshold of EUR 10 million set in the PIF Directive, which has a major impact on the EPPO's activities in VAT fraud cases; maintains that different interpretations of the methodologies for calculating this threshold make the situation unclear; emphasises that the current threshold limits deterrence and allows perpetrators to seek out the weakest jurisdiction to elude the EPPO's intervention; believes that the revision of the PIF Directive should either remove the threshold or substantially lower it; calls on the Commission, in the meantime, to provide adequate guidance on the calculation method for cases prior to the amendment of the PIF Directive;
22. Stresses the importance of effective and efficient cooperation between OLAF and the EPPO in this specific revenue sector and maintains that adequate detection and data transmission by OLAF to the EPPO could increase the collection of VAT and customs revenue for the EU budget;

### *Expenditure*

23. Is concerned by the high levels of fraud and irregularities detected, both in 2023 and in 2022, under the common agricultural policy, both in rural development and in support for agriculture; remarks that the data confirm patterns and risks identified in previous years; observes that, during the 2019-2023 period, fraudulent irregularities reported for rural development increased, mainly owing to a rising number of irregularities detected for the 2014-2020 programming period; notes that during the 2019-2023 period, the number of non-fraudulent rural development irregularities continuously increased in line with the implementation of the programmes;
24. Observes that in cohesion policy the number and financial amounts of non-fraudulent irregularities reported for the 2014-2020 programming period are much lower than those reported during the first 10 years of implementation of the 2007-2013 programming period; points out that the fraud detection rate<sup>20</sup> for the 2014-2020 programming period is similar (0.53 %) to the 2007-2013 programming period, while the irregularity detection rate is much lower (0.67 %) than the rate recorded for the 2007-2013 programming period (2.5 %);
25. Welcomes OLAF's analytical report entitled 'Fraud and irregularities by areas of the cohesion policy – comparing risks', which refers to information from Member States for the 2014-2020 programming period up until December 2023 and identifies areas particularly exposed to fraud risk (such as investments for the environment, climate change and the transition to a low carbon economy, research, development and innovation); remarks that the highest financial amounts in fraud cases were in environmental protection and research, technology development and innovation;

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<sup>20</sup> The fraud detection rate (FDR) is calculated as the percentage of irregular financial amounts linked to fraudulent irregularities regarding total payments. The irregularity detection rate (IDR) is calculated as the percentage of irregular financial amounts linked to non-fraudulent irregularities regarding total payments.

26. Reiterates its concern over the lengthy administrative procedures for dealing with the fraudulent cases reported; points out that, on average, during the 2019-2023 period, under the common agricultural policy, nearly four years were required from the start of an irregularity to arrive at a suspicion of fraudulent activity, and nearly three more years to close the case after its being reported to the Commission; highlights that, for cohesion, on average and during the 2014-2020 period, it took about a year and a half to arrive at a suspicion that a fraudulent irregularity had been committed and more than two years to close the case after it being reported to the Commission; asks the Commission to intensify dialogue with, and provide advice to, the Member State authorities to reduce the length of administrative procedures;
27. Observes that, for direct management between 2019 and 2023, OLAF was mentioned as the source of detection of fraudulent irregularities for 88.4 % of recovery items, corresponding to 92.1 % of total recovery amounts; asks the Commission to provide clear information on the data and on the actions taken to enhance swift recovery, including data on overall recovery levels for fraudulent and non-fraudulent irregularities;
28. Emphasises that recovery is the measure that protects the Union's financial interests, allowing for the correct implementation of EU policies and for refunding of disbursed expenditure that is non-compliant with the funding requirements; stresses the findings of ECA special report 7/2024<sup>21</sup> when referring to the 2014-2020 period, for which the reported irregular expenditure was EUR 14 billion, which is to be refunded via recovery; calls on the Commission to propose adequate measures to provide complete information on irregular expenditure and the linked corrective measures taken;
29. Understands that, following a lack of support in the Council for its initiatives in 2004 and 2014, the Commission is not willing to put forward another legislative proposal for mutual administrative assistance in the areas of EU spending that do not currently provide for this practice; encourages the Commission to take advantage of the revision of the OLAF Regulation<sup>22</sup>, which already provides the Office for the coordination of Member States' actions with an enhanced mandate to further develop the current provisions with a view to filling this gap;

### ***NextGenerationEU (NGEU) and the Recovery and Resilience Facility (RRF)***

30. Appreciates the efforts made by the Commission in the revision of the 27 recovery and resilience plans (RRPs) to adjust to the energy market disruptions following Russia's full-scale invasion of Ukraine; notes that the integration into the RRFs of REPowerEU should contribute to reducing dependence and making progress on the green transition;
31. Observes that the Commission's control framework for the RRF relies primarily on the responsibility of the Member States to protect the EU's financial interests; calls on the Commission to maintain a high level of attention to the fulfilment by the Member States

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<sup>21</sup> ECA special report 7/2024 entitled 'The Commission's systems for recovering irregular EU expenditure Potential to recover more and faster'.

<sup>22</sup> [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 \(OLAF\) and repealing Regulation \(EC\) No 1073/1999 of the European Parliament and of the Council and Council Regulation \(Euratom\) No 1074/1999, OJ L 248, 18.9.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/883/oj>.](#)

of the specific audit and control milestones added to those RRFs which had lacked robustness and to continue efforts to close accountability gaps; takes notes of the actions launched by the Commission following the ECA's recommendations on the identifiable weaknesses of some Member States' control and reporting systems;

32. Observes that, for the RRF in 2023, the 2023 PIF Report indicates the number of cases of suspected fraud reported by the Commission (15) and the number of audits (13, compared with 16 carried out in 2022), but it does not include the concerning high number of EPPO investigations (233 investigations referred to recovery and resilience programmes, with an estimated financial loss of EUR 1.86 billion); is concerned by analyses suggesting the possible exponential growth in the number of cases of fraud, corruption, double funding and conflicts of interest in the coming years, which could mean that the impacts of the RRFs were in vain;
33. Asks OLAF to continue its risk analysis, which, in 2023, was made available to Member States along with an updated version of the 'RRF risk framework', and with the training and seminars for Member State authorities; endorses the use of the IMS for reporting RRF irregularities; reiterates its call on the Commission, on the specialised EU agencies and bodies, as well as on Member States, to actively cooperate and interact to ensure the protection of the EU's financial interests when implementing the NGEU;
34. Observes that, as part of the Guidance on recovery and resilience plans, the Commission has adopted<sup>23</sup> Annex IV on the framework for reduction and recoveries under the RRF; understands that the reduction of a payment is feasible when there are still payments to be effected; recalls that the RRF ends in 2026; points out that recovery is only to be launched whenever no further instalments remain; is concerned by the fact that this recovery procedure, borrowed from the model for implementing cohesion funds, has proved to be extremely ineffective and was abandoned in the current multiannual financial framework (MFF); strongly regrets the fact that by the end of 2023 there were no recovery orders in ABAC concerning the RRF, and that there is still no obligation for Member States to report irregularities related to the RRF via the IMS;
35. Reiterates that transparency plays a vital role in exposing fraudulent schemes and discouraging fraudsters; reiterates its dissatisfaction with the interpretation endorsed by the Commission of the concept of 'final recipient' under the RRF; rejects the Commission's incomplete and misleading interpretation<sup>24</sup>; remarks that even according to the Commission guidelines<sup>25</sup>, the 'final recipient' is the 'last entity' that receives funds for an RRF measure, and that any initial or intermediary recipient of funding, such as ministries or agencies operating merely as distributors of the funds, should not be considered to be the 'last entity'; asks the Commission again to request that the Member States provide information on the 'final recipient' or 'last entity' and not to accept from Member States any information on 'second-level recipients' that is not in line with the agreement between the co-legislators;
36. Is concerned by the ECA's opinion<sup>26</sup> on the increasing risk of EU funds being spent twice on the same measure and handed out twice for the same action; understands that

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<sup>23</sup> [Commission Notice – Guidance on recovery and resilience plans \(C\(2024\)4618\)](#).

<sup>24</sup> The Commission's responses to the ECA's special report of 2 September 2024 entitled 'Absorption of funds from the Recovery and Resilience Facility – Progressing with delays and risks remain regarding the completion of measures and therefore the achievement of RRF objectives', page 4.

<sup>25</sup> [Commission Notice – Guidance on recovery and resilience plans \(C\(2024\)4618\)](#).

corresponding measures in similar areas, such as transport and energy infrastructure, are financed from both the EU budget and the RRF, because the EU's pandemic recovery fund finances actions similar to those covered by standard EU programmes; acknowledges that complementarity between the RRF and other EU instruments is allowed, but observes that this could result in delivering milestones that are fully financed by funds other than the RRF, because the RRF is not linked to the reimbursement of costs effectively incurred, but rather rewards the fulfilment of milestones and targets; emphasises that the several layers of governance, the fragmented IT landscape and the limited exchanges of data or use of data-mining tools such as ARACHNE, prevent the detection of double funding, and therefore the control mechanisms in place may be insufficient to properly mitigate this increased risk; maintains that the absence of direct access to the full list of RRF final recipients limits the Commission's capacity to detect potential cases of double funding; believes that the precaution adopted by some Member States of avoiding combining the RRF with other EU instruments contributes to mitigating the risk of double funding; calls on the Commission to increase its controls in this regard;

37. Observes that Member States may include measures in their RRFs with no estimated costs or estimated costs of zero<sup>27</sup>; points out also that these 'cost-free' milestones are the main term of reference for assessing the correct use of RRF resources for their intended purposes; understands that the payments for these 'cost-free' or 'zero-cost' milestones are released following the milestones' achievement, irrespective of the cost sustained, in line with the 'financing not linked to cost' approach under the RRF; observes, however, that such milestones make it impossible to verify the sound management of paid RRF resources, because such resources are disbursed in connection with a milestone for which they have not been deployed; calls on the Commission to reconsider its assumption that a 'zero-cost' measure cannot induce double funding, irrespective of whether other EU funds are used to implement it; strongly calls on the Commission to strengthen controls on 'zero-cost' measures and to give guidance to the Member States on how to address the financial design of the measures concerned in order to prevent such risk;
38. Reiterates its calls on the Commission to maintain adequate ex post audit procedures and to pay close attention to the risk of reversal after payment for the achievement of targets previously audited and assessed as satisfactorily fulfilled;
39. Follows up on the Ombudsman's strategic initiative, launched in February 2022 and closed in September 2023, conducted on the transparency and accountability of the RRF, whose results it fully endorses; welcomes the ongoing dialogue between the Commission and the Ombudsman to address the suboptimal situations detected, in particular concerning the scoreboard and the proactive publication of documents related to the RRF;

### ***Digitalisation and transparency to enhance the fight against fraud***

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<sup>26</sup> ECA special report 22/2024 entitled 'Double funding from the EU budget – Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs' and its annual reports on the implementation of the EU budget for the 2022 financial year.

<sup>27</sup> Commission staff working document of 22 January 2022 entitled 'Guidance to Member States' Recovery and Resilience Plans' (SWD(2021)0012).

40. Welcomes the political agreement reached on the proposed recast text of the Financial Regulation; believes that extending the scope of EDES to include shared management, and the adoption of a legal basis to use ARACHNE as a model for an EU-wide data-mining and risk-scoring tool, will strengthen the protection of the EU's financial interests;
41. Shares the view that the IMS, the system through which Member States report to the Commission on irregularities and fraud affecting the EU budget, has potential for greater interoperability with other corporate tools of the Commission, such as ARACHNE and EDES, and with digital tools in Member States; asks to be informed, following the recast of the Financial Regulation, on the progress of the EDES-IMS interface and about the possible use of IMS data within the data-mining and risk-scoring tool (ARACHNE);
42. Reiterates its call for increased interoperability between data systems and for the harmonisation of reporting, monitoring and auditing in the Union; is aware of the crosscutting nature of interoperability and appreciates the adoption of the Interoperable Europe Act<sup>28</sup>;
43. Underlines the findings of ECA Review 4/2023 of 6 July 2023 on digitalising the management of EU funds; recalls the positive effects of digitalisation on prevention and detection of fraud and irregularities, as well as on the management, control and auditing of EU funds, by allowing easier and quicker access to data and remote cross-checks, thereby limiting costs by reducing the need for controls and on-the-spot checks;
44. Shares the view that digitalisation should be at the core of every anti-fraud strategy, and in particular that it should be integrated into national anti-fraud strategies to allow coordination between its constituent parts and for the threats posed by new technologies to be factored in;
45. Believes that digitalisation offers opportunities for tangible improvements to the governance of the anti-fraud network, and that by facilitating communication and accessibility it helps improve reporting, thereby allowing a better understanding of the obstacles that persist and a more timely and comprehensive response by decision-makers and co-legislators;
46. Welcomes the efforts of many components of the AFA in assessing and further developing the options offered by AI and machine learning in identifying and detecting irregularities and pursuing efficiency gains in both analysis and classic administrative tasks; reiterates that human assessment must remain the pivotal characteristic of every process; adds that AI has the potential to be a game changer in the fight against fraud, allowing the rapid analysis of large data sets, as well as enhancing fraud detection and identification of fraud patterns; recalls that the successful use of AI relies on effective collaboration between all stakeholders and on the availability of high quality data, underpinned by the effective use of ARACHNE; urges the Commission to work towards developing AI in Europe so as to uphold data sovereignty and ensure robust

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<sup>28</sup> [OJ L 903, 22.3.2024 of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union \(Interoperable Europe Act\), OJ L 903, 22.3.2024, ELI: http://data.europa.eu/eli/reg/2024/903/oj.](http://data.europa.eu/eli/reg/2024/903/oj)

data protection, aligning with the principles outlined in the AI Act<sup>29</sup> and the General Data Protection Regulation<sup>30</sup> (GDPR); calls on all antifraud actors to strengthen their cooperation to leverage the use of AI effectively and responsibly in the fight against fraud;

### *The internal layer of the EU's AFA – 2023 key measures at EU level*

47. Underlines the fact that the EU's AFA is a composite institutional architecture designed to detect, prevent and combat fraud and other forms of misconduct affecting the EU's financial interests, built on a multilayered network of cooperation in which the first layer (OLAF, the EPPO, Europol, Eurojust, AMLA, the Commission, the ECA and the European Investment Bank (EIB)) is grounded on horizontal cooperation between the EU institutions, bodies, offices and agencies, while the other layers are based on vertical relationships between EU and national authorities, and between EU authorities and international organisations; points out that the AFA has evolved over the years through a series of separate decisions that have led to an innovative network of entities; underlines that their coordinated activities in recent years have generated valuable experience that should be considered in the future revision of the relevant regulations; stresses that with the creation of the EPPO, the first European prosecutorial authority was established, adding to the investigative activity conducted by OLAF, and that the lessons learnt in the first years of its operational activity need to be adequately integrated in the legislative framework to be able to take full advantage of the available tools and resources;
48. Appreciates the integration in the 2023 PIF Report of the main administrative and judicial results achieved by OLAF and the EPPO, respectively, which follows the many calls from Parliament for more comprehensive reporting of the actions carried out by the components of the AFA; considers, however, that the differences in nature, scope and granularity between the two reports should be addressed and that the areas of cooperation should be indicated clearly; deems the differences in the figures provided by OLAF, the EPPO and the 2023 PIF Report to be justified in the current circumstances; highlights that reporting bodies in the Member States may report on criminal investigations only when the relevant judicial authorities grant the authorisation for them to do so, and this implies that while the EPPO and OLAF report data on active investigations, the reporting bodies are often unable to enter these details in the IMS database because of the need to protect confidentiality and ensure the proper conduct of investigations; understands that these cases result in a divergence in the data ('delta') that can only be eliminated when the investigations are completed and the relevant data are included in the reporting to the Commission so they can be included in a future PIF Report;
49. Welcomes the adoption by the Commission, in May 2023, of a package of anti-corruption measures which encompasses a proposal for a directive on combating

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<sup>29</sup> [OJ L 1689, 12.7.2024 of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations \(EC\) No 300/2008, \(EU\) No 167/2013, \(EU\) No 168/2013, \(EU\) 2018/858, \(EU\) 2018/1139 and \(EU\) 2019/2144 and Directives 2014/90/EU, \(EU\) 2016/797 and \(EU\) 2020/1828, OJ L 1689, 12.7.2024, ELI: <http://data.europa.eu/eli/reg/2024/1689/oj>.](#)

<sup>30</sup> [Regulation \(EU\) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, OJ L 119, 4.5.2016, p. 1, ELI: <http://data.europa.eu/eli/reg/2016/679/oj>.](#)

corruption; believes that prevention and prosecution of corruption need to be stepped up and calls on the Commission to intensify the monitoring of the enforcement of measures in the Member States;

50. Welcomes the establishment of a network against corruption, which met for the first time on 20 September 2023, believes that the mapping of areas at a high-risk of corruption could contribute effectively to the further development of the EU anti-corruption strategy;
51. Notes that the fourth Commission Report 2023 on the rule of law, adopted in February 2024, provides a follow-up to last year's rule of law report's recommendations; acknowledges that, in the fight against corruption, various Member States have updated or launched a revision of their national strategies and/or action plans, while others have reformed criminal law to strengthen the fight against corruption; observes that for many Member States the main obstacle to the fight against corruption is the limited resources of prosecution services; calls on the Commission to continue encouraging and supporting the efforts of Member States to reform and improve the efficacy of criminal proceedings and addressing the other challenges identified in the report; reminds the Commission that effective tools to boost the rule of law, such as infringement procedures, funding conditionality and the Article 7 TEU procedures, must be used effectively;
52. Emphasises that respect for the rule of law, including the fight against corruption, is a key determinant of the single market environment that fosters investment, growth, jobs and innovation, and protects small and medium-sized enterprises (SMEs) and economic operators operating across borders; stresses that the Commission is accountable for rigorous verification, as a condition for disbursing funding, of the fulfilment of the rule of law-related milestones integrated in the various Member State recovery and resilience plans; recalls that the Commissioner for democracy, justice and rule of law, working in close coordination with the recently appointed Commissioner on budget, anti-fraud and public administration, holds primary responsibility for the full application of the general regime of conditionality; calls on the Commission not to use 'dialogue' with Member States or the 'pilot' procedure as an open-ended means to avoid launching actual infringement procedures; welcomes the commitment of the Commissioner on budget, anti-fraud and public administration to introduce strong safeguards on the rule of law in the next MFF;
53. Maintains that corruption is intrinsically linked to money laundering, and that money laundering is one of the most important enablers of illegal activities by organised criminals, as it allows them to transfer the proceeds of their crime into the legal economy; welcomes the provisional agreement reached in December 2023 on the tasks, powers and structure of the new Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA);
54. Shares the view that the protection of the EU's financial interests has been strengthened by the political agreement of 7 December 2023 on recasting the Financial Regulation; points out that the scope of EDES has been extended to encompass shared and direct management and provide new grounds for exclusion; welcomes the introduction of a legal basis for a risk scoring and data mining tool to be used by all Member States and in all management modes; regrets that both these measures will enter into force only in



2028 and only from the next MMF, but understands that this timeframe is needed to guarantee interoperability of the systems and databases and to allow Member States to adjust their procedures accordingly;

55. Appreciates the adoption of an updated action-plan<sup>31</sup> to the Commission's 2019 Anti-Fraud Strategy (CAFS); notes that it includes 44 actions distributed over seven themes covering, in particular, digitalisation, cooperation, the RRF, customs fraud, and awareness-raising in ethical and anti-fraud culture matters;
56. Points out that the EU's anti-fraud programme (UAFP) is the only spending programme specifically dedicated to fighting fraud affecting the EU's financial interests and that it provides relevant support to all Member States' authorities as components of the external layer of the AFA, in order to strengthen the fight against fraud; observes that the UAFP has the flexibility needed to adapt to the constantly changing anti-fraud landscape and is aligned with the seven-year period (2021-2027) of the current MFF; notes that, so far, 55 % of the total implementation of the UAFP has contributed to the digital transition;
57. Calls on the Commission to build on the success of the UAFP and encourages the Commissioner on budget and anti-fraud to consider the UAFP as a model to be extended in the next MFF, in line with the task, indicated in the mission letter, of securing support for Member States' efforts to protect the Union's financial interests;
58. Welcomes the first UAFP association request received in 2023 from a non-EU country, namely Ukraine, with which an association agreement covering its participation in the programme has been negotiated and was adopted in March 2024;
59. Takes note of the reiterated calls from the EPPO to bolster the detection capacity of the relevant components of the AFA, and recalls that, in line with the CAFS, emphasis is to be given to data analysis as a tool for detecting fraud; encourages the Commission to strengthen the use of the IMS as a tool to support auditors' risk analysis when preparing audit activities; invites OLAF to increase its training offer to Commission staff, including auditors and relevant actors in the financial flow circuit;
60. Is aware that the decentralised structure of the EPPO entails an interplay between national law and EU law and between national authorities and the EPPO; understands that the EPPO operates based on the directly applicable EU regulations but that it also requires adequate implementing measures to be adopted via national legislation transposing the PIF Directive and other relevant Union acts; calls on the Commission to ensure that national legislation is fully in line with the EPPO Regulation and the PIF Directive, launch infringement proceedings and propose the revision of these legal acts in order to make the EPPO more effective in the exercise of its mandate;
61. Notes the results of the Compliance assessment of measures adopted by the Member States to adapt their systems to the EPPO Regulation<sup>32</sup>, which was presented in September 2023<sup>33</sup>; regrets that many situations are still suboptimal and need to be

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<sup>31</sup> [COM\(2023\)0405 and SWD\(2023\)0245](#).

<sup>32</sup> JUST/2022/PR/JCOO/CRIM/0004 – Framework Contract JUST/2020/PR/03/0001 on Legal analysis services, including compliance assessment of national transposing measures, in the Justice and Consumers policy areas.

<sup>33</sup> [Council Regulation \(EU\) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the](#)

addressed because they weaken the effectiveness of the protection of the Union's financial interests by means of criminal investigations; refers, in particular, to the attribution of competence between national prosecution services and the EPPO; stresses also that the EPPO Regulation stipulates the reporting of possible EPPO cases directly and without undue delay; calls on the Commission to verify and monitor Member States' full compliance with the EPPO Regulation and their prompt reporting of suspicions of fraud in areas within the EPPO's competence directly to it;

62. Is concerned that in many Member States the designated national authority deciding on disagreements between the EPPO and national authorities on the competence for prosecuting a case is not a 'court' or a 'tribunal'; calls on the Commission to verify and monitor whether Member States are fully complying with Article 25(6) and Article 42(2)(c) of the EPPO Regulation, which requires the possibility of an appeal to the Court of Justice of the European Union (CJEU) against a decision by a national authority on the attribution of competence;
63. Stresses that the current control by national authorities over the 'necessary' resources and equipment of the European Delegated Prosecutors (EDPs) and the need to refer to the national authorities' provisions for 'adequate arrangements' on social security, pensions and insurance coverage could constrain the autonomy and independence of the EPPO's actions; calls on the Commission to propose adequate solutions in the forthcoming revision of the EPPO Regulation;
64. Points out that the transposition of the PIF Directive differs between Member States, which, in some cases, affects the cross-border exercise of EPPO competences; calls on the Commission to ensure proper implementation of the PIF Directive and to propose its revision, based on the experience gathered;
65. Underlines that Article 25(3) of the EPPO Regulation, which elaborates on the exercise of the EPPO's competence in the event of non-PIF offences inextricably linked to PIF offences, raises legal and practical questions and requires further streamlining in order to make effective use of the EPPO's legal framework; calls on the Commission to propose suitable solutions in the forthcoming revision of the EPPO Regulation;
66. Reiterates<sup>34</sup> that the EPPO has an important role in safeguarding the rule of law and in combating corruption in the Union, and encourages the Commission to closely monitor Member States' level of cooperation with the EPPO in the rule of law reports; calls again on the Member States that have not yet done so to join the EPPO;
67. Reiterates its call for the launch of an exchange of views on the possible clarification of the competence of the EPPO within its mandate, as defined in the Treaty, as regards protecting the financial interests of the Union;
68. Notes that in 2023, cooperation between the relevant actors increased, with the EPPO and Eurojust cooperating on 26 ongoing cases at the end of 2023; observes that also in 2023 the EPPO and Europol cooperated efficiently on various operational matters, and

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[establishment of the European Public Prosecutor's Office \('the EPPO'\) \(OJ L 283, 31.10.2017, p. 1\).](#)

<sup>34</sup> Motion for a European Parliament resolution report on the Commission's 2023 Rule of Law report (2023/2113(INI)).

understands that this cooperation almost doubled in 2023, with Europol providing support on 47 cases upon the EPPO's request;

69. Welcomes the efforts by OLAF and the EPPO to strengthen their cooperation; understands that information is being exchanged between the two offices in order to avoid parallel investigations into the same matters, and that, in 2023, 22 complementary investigations were opened by OLAF and four supporting investigations were requested by the EPPO; is aware that the synergies resulting from the use of complementary investigations (ex Article 12(f) of the EPPO Regulation) and investigations in support (ex Article 12(e) of the EPPO Regulation) are suboptimal; calls on the Commission to start a dialogue with the two offices and to explore how better coordination and cooperation could be achieved, by reviewing their regulation, if necessary;
70. Is concerned about the lack of analysis and accurate information on the recoveries to the benefit of the Union's budget that should follow both OLAF and EPPO investigations; is aware that the impact of the AFA on the security of citizens and on the enforcement of the rule of law in the Union goes beyond the quantification of financial recoveries alone; stresses, however, that the results of the efforts made to create the AFA should tend towards measurability and be tangible at least as regards the budgetary aspects; emphasises that the impact of the activities implemented for the protection of the Union's financial interests should be assessed and taken into consideration in the allocation of resources and definition of mandates;
71. Understands that the Commission has yet to provide data on the recoveries to the benefit of the Union budget following the EPPO activities reported to the Commission, as provided by Article 103(2) of the EPPO Regulation; observes that the freezing of assets is essential to combat crime affecting the EU budget, but that it needs to be complemented with actual recoveries; highlights that, so far, the recovery gap between amounts seized and amounts confiscated is significant (EUR 1.5 billion seized and EUR 60 million confiscated in 2023) and that the amount confiscated is not expected to return by default to the Union's budget; notes that, in line with Article 38 of the EPPO Regulation, the potential revenue resulting from seizure and confiscation measures taken by EDPs in Member States should flow back into the EU budget and could be accounted for in the EU budget as non-assigned revenue<sup>35</sup>; calls on the Commission to make the necessary arrangements with the relevant national authorities to allow these sums to enter the EU budget;
72. Points out that data on effective recoveries following OLAF financial recommendations are not published in the OLAF Annual Report or in any other official report from the Commission; regrets that only aggregated data are made available and they refer to 2 299 financial recommendations issued by OLAF between 2012 and 2023 for an overall amount of about EUR 9 billion; remarks that the analysis of the available figures suggests considerable room for improvement; observes that a large gap exists between the amounts recommended for recovery by OLAF, the amount established as recoverable by the Commission's services and the amount eventually effectively recovered; is concerned by the low recovery rates for undue expenditure (for activities implemented under shared and indirect management modes the rate is 34 % and 11 %, respectively, and for recovery under direct management only 18 %); calls on the

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<sup>35</sup> Opinion on General budget of the European Union for the financial year 2025 – all sections (2024/0176(BUD) – 25.7.2024.

Commission to provide data with adequate granularity on recovery and to assess the reasons behind the recovery gap;

*The external layer of the EU's AFA – key measures at national level in 2023*

73. Understands that the overall level of implementation by the Member States of the Commission's recommendations issued in the 2022 PIF Report is considered satisfactory; highlights, however, that significant differences between Member States persist; is concerned in particular by the cases of inadequate reporting of irregularities by some Member States via the IMS; recalls that reporting is mandatory under the current regulations and encourages OLAF to strengthen its oversight and monitoring actions with a view to achieving uniform reporting across the Union;
74. Calls on the Commission to monitor the comprehensiveness of the reporting in IMS by countries benefiting from pre-accession assistance and welcomes the initiatives of the Directorate-General for Neighbourhood and Enlargement Negotiations to enforce candidate countries' obligations to report irregularities in the IMS on a regular basis;
75. Encourages the Member States to report in the IMS the irregularities related to the RRF, in line with the ECA recommendations; calls on the Commission to facilitate such use of the IMS by the Member States by providing support in the form of training, seminars and exchange of best practices;
76. Welcomes the participation of Sweden and Poland in the EPPO, announced in 2024; insists that Member States that are not yet participating must do so without delay and calls on the Commission to incentivise participation in the EPPO through positive measures;
77. Reiterates that Member States' ineffective, untimely or lack of cooperation with the EPPO and OLAF constitute grounds for action under the Conditionality Regulation; calls on the Commission to take into due consideration all information from the EPPO and OLAF on situations where Member States fail to comply with their obligations;
78. Maintains that National Anti-Fraud Strategies (NAFS) are the most effective tool for coordination between the various national, regional and sectoral authorities and the many local entities entrusted with the tasks into which the anti-fraud cycle is organised; notes that, in 2023, 21 out of 27 Member States reported having an antifraud strategy; observes that out of 21, only 10 Member States had a full national anti-fraud strategy<sup>36</sup> and regrets that six Member States do not have any anti-fraud strategy at all; strongly regrets this highly unsatisfactory situation;
79. Maintains that Member States would benefit from a periodic evaluation of their anti-fraud frameworks; calls on the Commission to encourage Member States to run independent or peer reviews of their anti-fraud frameworks to enhance consistency and pursue high standards;

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<sup>36</sup> Out of these 10 NAFS, one does not cover all the stages of the anti-fraud cycle, one does not have a multiannual perspective and two need to be updated.

80. Encourages the Commission to propose enforceable initiatives to clarify the relationship and consider establishing a link between the adoption of NAFS by the Member States and the level of financial support they receive;
81. Reiterates that whistleblowers play a key role in boosting fraud detection, investigation and prosecution; understands that, by the end of 2023, 24 Member States had adopted national legislation to transpose the Whistleblower Directive and declared their transposition complete; regrets, however, that in March 2023, after analysis of the national measures adopted, the Commission was obliged to refer six Member States to the CJEU for their failure to transpose the Directive and failure to notify transposition measures, asking the Court to impose financial sanctions; is concerned by the further infringement proceedings<sup>37</sup> ongoing against six other Member States; calls on the Commission to intensify the monitoring of national transposition measures and report to Parliament accordingly;
82. Asks the Commission to launch, in preparation for the revision of the OLAF Regulation, a monitoring exercise on the state of play of the Anti-Fraud Coordination Services (AFCOS) established in the Member States; encourages the Commission to plan for the update and redesign of their structure, role, responsibilities and mandate;
83. Notes that the Investigative Division of the European Investment Bank (EIB IG/IN) had made 10 referrals to the EPPO and 17 to OLAF by the end of 2023; is aware that entities which have been found by EIB IG/IN to engage in prohibited practices may be excluded, in other words declared ineligible, for a stated period, from being awarded any contracts or entering into any relationship with the EIB; observes that, in 2023, these exclusion proceedings resulted in the exclusion of five economic operators for a minimum duration of three years, while five other companies reached settlement agreements applying conditionality to their eligibility;

#### ***External dimension of the protection of the EU's financial interests***

84. Welcomes the Commission's reaction to its call to increase the monitoring of, and control over, the funds under the Global Europe, Neighbourhood, Development and International Cooperation Instrument for assistance to non-EU countries, as well as via the joint communication with the High Representative of the Union for Foreign Affairs and Security Policy<sup>38</sup>; appreciates the Commission's continuous efforts to ensure that anti-corruption measures are mainstreamed into EU external action instruments; reiterates its recommendation to suspend budgetary support and de-commit funds to non-EU countries, including candidate countries, where the authorities clearly fail to take genuine action against widespread corruption, without compromising support for the civil population;
85. Observes that Ukraine will continue to require substantial support in the next MFF and, in the perspective of a sustainable peace agreement, Ukraine will need support for post-war reconstruction, including for central government services and reforms; considers that the three pillars of the Ukraine facility could be reshaped accordingly and that reconstruction should align with pre-accession requirements; calls on the Commission

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<sup>37</sup> [COM\(2024\)0269 of 3 July 2024.](#)

<sup>38</sup> JOIN(2023)0012 of 3 May 2023.

to put appropriate measures in place, including by performing more thorough checks, to ensure that EU funds sent to Ukraine and to neighbouring countries are adequately monitored and controlled and end up benefiting those most in need;

86. Stresses that suspension of budgetary support in non-EU countries, including candidate countries, is an appropriate measure in the event of failure to take genuine action against widespread corruption; expects priority to be given to the fight against corruption in pre-accession negotiations, with capacity building via the establishment of specialised anti-corruption bodies; asks the Commission to ensure, also in cases where funding is suspended, assistance for the civil population, where possible, through alternative channels;

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87. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

Under the Treaty on the Functioning of the European Union (Art. 325(5)), the Commission is required to produce an Annual Report on the Protection of the EU's Financial Interests (PIF Report), detailing measures taken at European and national levels to combat fraud affecting the EU budget. This report, based on data provided by Member States, highlights the areas most at risk, allowing for targeted action to protect the Union's financial interests more effectively. The PIF Report serves as a critical instrument for transparency, accountability, and policy direction.

The protection of the EU's financial interests faces significant challenges in an increasingly complex and rapidly evolving landscape. Rapid developments in technology, financial systems, and global crime networks require the EU to adapt swiftly to emerging threats. Legislative fragmentation and under-resourced national anti-fraud institutions hamper the fight against fraud, and reinforced national frameworks are essential for effective implementation of EU anti-fraud measures. The complexity of transnational investigations, particularly in tracking financial flows, underscores the importance of a strong cooperation among the Commission, EPPO, Europol, OLAF, and national authorities. Finally, the rise in cybercrime and the use of AI by criminals pose unprecedented risks to the EU budget. For all these reasons, the Anti-Fraud Architecture must keep pace with these developments by developing cutting-edge tools and strategies.

The INI reports emphasizes the urgent need to strengthen and modernize the EU's Anti-Fraud Architecture (AFA) in light of new challenges and opportunities.

A central focus is given to the governance of the AFA, which must be robust and adaptable, ensuring effective coordination among its components, particularly following the arrival of the European Public Prosecutor's Office (EPPO) and its operational experience to date. Adapting the AFA to incorporate the role of EPPO more seamlessly is essential to improve cross-border investigations and ensure consistency in protecting the EU's financial interests.

Equally important is the adaptation of anti-fraud measures to new technologies. As criminals increasingly exploit advanced IT tools and artificial intelligence (AI) to divert EU funds, the Anti-Fraud Architecture must invest in its own technological capacity. This includes the digitalization of processes, the interoperability of databases, and the integration of AI for fraud detection and prevention.

Furthermore, the financial impact of anti-fraud actions must be maximized through enhanced recovery of undue payments and confiscated funds.

Addressing these challenges will require reinforced cooperation, harmonized systems, and unwavering commitment to transparency and integrity at both EU and national levels. By tackling organized crime, corruption, and conflicts of interest head-on, the EU can ensure that its financial interests are safeguarded for the benefit of all European citizens.