Ref. Ares(2023)5422344 - 04/08/2023

EUROPEAN
COMMISSION

Brussels, 11.7.2023
COM(2023) 405 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE COURT OF AUDITORS

Commission Anti-Fraud Strategy Action Plan - 2023 revision

{SWD(2023) 245 final}

1. INTRODUCTION

The EU is facing great challenges, including inflation, post-pandemic recovery, climate change and the war of aggression on Ukraine. Such challenges put an enormous strain on the EU budget. It is therefore more important than ever that the budget is well protected and that EU funds reach their intended recipients. Any failure to do so erodes trust in the EU institutions and the EU as a whole.

Against this background, now is an appropriate time to take stock of the Commission's efforts to fight fraud and irregularities, and to provide fresh impetus to such efforts.

While protecting the EU budget is a shared responsibility between the EU and its Member States,[1] the European Commission plays a leading role in setting the standards and creating the framework for this shared responsibility. A key instrument to implement this role is the Commission's Anti-Fraud Strategy (CAFS) and its accompanying action plan, the latest dating back to April 2019[2].

The 2019 CAFS specified that the action plan would be reviewed and amended as appropriate. Today, the new realities facing the Commission in its efforts to protect the EU budget call for such a revision. The aim is to have a targeted and impactful action plan addressing the increased challenges facing the EU in the area of anti-fraud while building on the work done under the 2019 action plan.

Like its predecessor, the revised action plan seeks to strengthen all parts of the anti-fraud cycle: prevention, detection, investigation and correction. It complements a number of other recent or ongoing policy initiatives, such as the proposal for an interinstitutional Ethics Body[3], the Anti-corruption package[4], the ongoing recast of the Financial Regulation[5], the Rule of Law mechanism[6] and the Conditionality mechanism[7].

It also complements the independent investigations conducted by European Anti-Fraud Office (OLAF) and the European Public Prosecutor's Office (EPPO).

This Communication is accompanied by the revised action plan.

2. PREPARATION OF THE REVISED ACTION PLAN

The revised action plan is the result of an extensive Commission internal consultation process, notably through the Fraud Prevention and Detection Network (FPDNet) in which all Commission departments and Executive agencies are represented. The process was led by OLAF, as the Commission's lead department in anti-fraud and the chair of the FPDNet. The main conclusion of this consultation process is that while the 2019 CAFS remains valid, the accompanying action plan needs updating for a number of reasons.

[1] Article 325(1) TFEU.
[2] COM/2019/196 final and SWD(2019) 170 final.
[3] COM(2023) 311 final
[4] JOIN(2023) 12 final, COM(2023) 234 final / 2023/0135(COD).
[5] COM(2022) 223 final.
[6] COM(2019) 163 final, COM(2019) 343 final.
[7] Regulation (EU, Euratom) 2020/2092.

First, the implementation of the 2019 action plan is to a large extent complete. To date, 60 out of the 63 actions have either been finalised or, in the case of repetitive or continuous actions such as training, are ongoing[8]. New actions are needed to ensure sustained progress on anti-fraud matters.

Second, a number of important developments have taken place since 2019, including the start of a new 2021-2027 multiannual financial framework (MFF), the launch of the NextGenerationEU and the Recovery and Resilience Facility (RRF), and the start of EPPO's operations.

To prepare for the action plan revision, OLAF carried out an evaluation of the implementation of the 2019 action plan through a survey among Commission departments and Executive agencies. According to the survey, the most useful measures of the 2019 action plan relate to training and awareness raising on fraud-related matters, the strengthening of IT-based fraud prevention tools, the work of the FPDNet and the improvement of anti-fraud strategies.

The evaluation also provided numerous ideas for new actions to be included in the revised plan, notably on the use of data mining and other IT tools, cooperation with the EPPO and with the decentralised agencies.

OLAF has furthermore collected and analysed the main fraud risks identified by Commission departments and Executive agencies, to identify the most common and significant fraud risks. The following main fraud risks were identified:

- falsification of declarations and documents in procurement, grants and administrative expenditure;
- double funding;
- conflict of interest, corruption, favouritism or collusion;
- misuse of insider information;
- plagiarism;
- undue influence;
- unreliable counterparts;
- undue access to IT devices, systems, bank accounts and hacking.

Important sources of material for the revised action plan are also the European Parliament's annual resolutions on the protection of the financial interests of the EU[9], the European Court of Auditors' special reports as well as OLAF's investigations.

Through bilateral and multilateral meetings, and a written consultation of Commission department and Executive agencies, OLAF collected more than 200 ideas on what new actions to include and what actions to continue from the 2019 action plan.

The final selection and formulation of actions has been guided by the ambition to have a targeted and impactful action plan. Moreover, the need for continuity has been weighed against the need for renewal and innovation. Priority has been given to actions that are linked to new developments and to actions that address important fraud risks.

[8] The few remaining actions required an update.
[9] Notably European Parliament resolutions of 19 January 2023 (P9_TA(2023)0018) and of 7 July 2022 (P9_TA(2022)0300).

3. THE SEVEN THEMES OF THE REVISED ACTION PLAN

The 44 actions are grouped under seven themes that reflect the Commission's priorities in the fight against fraud.

1. Foster digitalisation and the use of IT tools to fight fraud

The consultation process concluded that digitalisation should be an important priority for the Commission in moving forward its anti-fraud agenda. In particular, there is a need for more corporate IT solutions to make the fight against fraud more effective and efficient. The Commission will therefore continue to explore possibilities to increase digitalisation and interoperability. There is also a need to further strengthen and broaden the use of existing IT tools such as Arachne[10], EDES[11], SUMMA[12] and IMS[13] to prevent, detect and investigate fraud. The future corporate Arachne will be developed for risk scoring and data mining purposes across all management modes, while OLAF will explore digital options to communicate better on its investigations with other Commission departments and Executive agencies.

2. Support Member States to reinforce the protection of the Recovery and Resilience Facility, cohesion, agricultural and fisheries funds

The RRF is a new instrument, with specific control and anti-fraud mechanisms. It therefore requires particular attention to ensure that no loopholes or vulnerabilities to fraud go undetected. The Commission will therefore continue its efforts to prevent and detect RFF fraud, notably through careful analysis of risks related to fraud, corruption, double funding and conflict of interest and through audits focused on protecting the EU's financial interests. In shared management, the Commission plays an important role notably by providing support and guidance to the Member States on a range of topics, such as on the development of anti-fraud strategies and on the reporting of irregularities and fraud in the Irregularities Management System (IMS). The action plan provides that the Commission departments concerned by shared management and OLAF will enhance their targeted support to Member State authorities.

3. Reinforce the protection of funds under indirect management and in the external relations area

The protection of funds under indirect management is entrusted to partner organisations. However, the Commission remains accountable and must guarantee a high level of protection of such funds. Therefore, implementing partners must report detected fraud systematically to the Commission. For this purpose, the Commission will provide increased support and awareness raising targeted at such partners while insisting on their legal obligations to cooperate.

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[10] Arachne is an integrated IT tool for risk scoring, data mining and data enrichment, developed to support managing authorities in their administrative controls and management checks in the area of Structural Funds. Arachne can be used to score risks, notably, related to double funding and conflict of interest.

[11] EDES is the Early Detection and Exclusion System, developed to prevent unreliable persons and entities from receiving EU funds in direct and indirect management.

[12] SUMMA is the Central Financial System of the European Commission, developed to replace the current system, ABAC.

[13] IMS, the Irregularity Management System, developed to enable EU Member States and candidate countries fulfil their legal obligation to report irregularities related to expenditure to the Commission. Based on data in IMS, the Commission performs operational and strategic analysis and publishes the annual Report on the Protection of the European Union's Financial Interests.

4. Reinforce the EU's capacity to fight customs fraud and protect EU revenues

To boost the EU's capacity to effectively tackle customs fraud, analytical tools and data sharing play an important role. The Commission will further develop such analytical tools and increase the sharing of data. To protect revenues stemming from the Green Deal, the Commission will put in place measures to minimise fraud risks associated with the Carbon Border Adjustment Mechanism, the EU Emissions Trading System and other new own resources.

5. Reinforce the EU anti-fraud architecture

The EU anti-fraud architecture consists of a great number of players who need to work together in a coordinated manner to protect as far as possible the EU's financial interests. The increasingly complex anti-fraud landscape and the sophistication of fraudsters make cooperation and coordination across organisational boundaries more important than ever. The Commission will continue to develop cooperation with key partners such as Member States authorities and the EPPO to combat fraud. It will also boost its support to decentralised agencies and joint undertakings, protect investigative journalists as an important source of information, and explore the possibility of increasing the involvement of civil society in the fight against fraud.

6. Reinforce the Commission's anti-fraud governance and maintain a high level of coordination and cooperation among Commission departments and Executive agencies

While considerable progress has been made in terms of strengthening anti-fraud governance and improving coordination, cooperation and processes in the Commission, such efforts need to be sustained and strengthened in targeted areas to remain effective and efficient in the longer term. OLAF will continue to support Commission departments and Executive agencies through the FPDNet and through its advice on anti-fraud strategies. Moreover, anti-fraud policy must be considered in its wider EU policy context. Anti-fraud considerations need to be further integrated into other policy areas that are intrinsically linked to anti-fraud, for example anti-corruption and rule of law, and synergies further exploited.

7. Strengthen the culture of ethics and anti-fraud in the Commission

There is a continued need to strengthen the knowledge and maintain a high level of awareness among Commission staff regarding ethics and anti-fraud matters. Anti-fraud and ethical considerations should be a natural reflex for all Commission staff, in particular those whose tasks involve managing or controlling EU funds, as well as for Commission Members. The Commission will gradually strengthen training and awareness raising on ethics and anti-fraud in a holistic manner, as the two topics go hand in hand. The Commission will also strengthen the anti-fraud knowledge base and integrate anti-fraud considerations into its recruitment process.

4. IMPLEMENTING AND MONITORING THE REVISED ACTION PLAN

OLAF will coordinate and monitor the implementation of the revised action plan and will regularly update the Commission’s Corporate Management Board on its progress. To ensure sustained efforts to reduce fraud to the EU budget, OLAF will work with Commission departments and Executive agencies to ensure that relevant actions are reflected in service-level anti-fraud strategies, management plans and annual activity reports.

Each year, the Commission will report to the other EU institutions and the public on the measures taken at EU level and in the Member States to protect the EU's financial interests, including on the implementation of the action plan. Indicators will be developed internally to keep track of progress.

The Commission will therefore ensure that the results of actions to tackle fraud are made available to the public. This should contribute to building people's trust in the EU institutions and to ensuring that the fight against fraud remains high on the EU's political agenda.

The revised action plan will be implemented in 2023-2026 and may be amended, if required.