

Tuesday 8 March 2016

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(Resolutions, recommendations and opinions)

RESOLUTIONS

EUROPEAN PARLIAMENT

P8_TA(2016)0071

Annual report 2014 on the Protection of the EU's financial interests — Fight against fraud

European Parliament resolution of 8 March 2016 on the Annual Report 2014 on the Protection of the EU's Financial Interests — Fight against fraud (2015/2128(INI))

(2018/C 050/01)

The European Parliament,

- having regard to Article 325(5) of the Treaty on the Functioning of the European Union (TFEU),
- having regard to its resolutions on previous annual reports of the Commission and of the European Anti-Fraud Office (OLAF),
- having regard to the Commission report of 31 July 2015 entitled 'Protection of the European Union's financial interests — Fight against fraud — 2014 Annual Report' (COM(2015)0386) and the accompanying staff working documents (SWD(2015)0151, SWD(2015)0152, SWD(2015)0153, SWD(2015)0154, SWD(2015)0155 and SWD(2015)0156),
- having regard to the OLAF annual report 2014,
- having regard to the 2014 Activity Report of the OLAF Supervisory Committee,
- having regard to the annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2014, together with the institutions' replies,
- having regard to the Commission communication of 8 October 2015 entitled 'Protection of the EU budget to end 2014' (COM(2015)0503),
- having regard to the opinion of the European Economic and Social Committee of 16 September 2015 entitled 'Fighting corruption in the EU: meeting business and civil society concerns' (CCMI/132),
- having regard to the Commission report of 3 February 2014 entitled 'EU anti-corruption report' (COM(2014)0038),
- having regard to Regulation (EU) No 250/2014 of the European Parliament and of the Council of 26 February 2014 establishing a programme to promote activities in the field of the protection of the financial interests of the European Union (Hercule III programme) and repealing Decision No 804/2004/EC ⁽¹⁾,

⁽¹⁾ OJ L 84, 20.3.2014, p. 6.

Tuesday 8 March 2016

- having regard to the Commission proposal of 17 July 2013 for a Council regulation on the establishment of the European Public Prosecutor's Office (COM(2013)0534),
 - having regard to 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 replacing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 ⁽¹⁾,
 - having regard to the Commission proposal of 11 July 2012 for a directive of the European Parliament and of the Council on the fight against fraud to the Union's financial interests by means of criminal law (COM(2012)0363),
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 ⁽²⁾,
 - having regard to its resolution of 15 September 2011 on the EU's efforts to combat corruption ⁽³⁾, its declaration of 18 May 2010 on the Union's efforts in combatting corruption ⁽⁴⁾ and the Commission communication of 6 June 2011 entitled 'Fighting Corruption in the EU' (COM(2011)0308),
 - having regard to Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests ⁽⁵⁾,
 - having regard to the 2015 Report on the VAT Gap commissioned by the European Commission,
 - having regard to the special report of the European Court of Auditors on public procurement in EU cohesion expenditure,
 - having regard to the judgment of the European Court of Justice in Case C-105/14, *Taricco and Others*,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the Committee on International Trade, the Committee on Regional Development, the Committee on Civil Liberties, Justice and Home Affairs and the Committee on Constitutional Affairs (A8-0026/2016),
- A. whereas the Member States and the Commission have shared responsibility for implementing approximately 80 % of the Union's budget; whereas Member States are primarily responsible for the collection of own resources, inter alia in the form of VAT and customs duties;
- B. whereas sound public spending and the protection of the EU's financial interests should be key elements of the EU's policy to increase the confidence of citizens by ensuring that their money is used properly, efficiently and effectively; whereas this sound financial management should be combined with a 'best use of every euro' approach;
- C. whereas achieving good performance involves inputs, outputs, results and impacts which are regularly assessed through performance audits;
- D. whereas the diversity of legal and administrative systems in the Member States presents a challenging environment in which to overcome irregularities and combat fraud, and whereas the Commission should therefore step up its efforts to ensure that the fight against fraud is implemented effectively and produces more tangible and more satisfactory results;

⁽¹⁾ OJ L 248, 18.9.2013, p. 1.

⁽²⁾ OJ L 298, 26.10.2012, p. 1.

⁽³⁾ OJ C 51 E, 22.2.2013, p. 121.

⁽⁴⁾ OJ C 161 E, 31.5.2011, p. 62.

⁽⁵⁾ OJ L 312, 23.12.1995, p. 1.

Tuesday 8 March 2016

- E. whereas the European Anti-Fraud Office (OLAF) has responsibility for protecting the Union's financial interests by investigating fraud, corruption and any other illegal activities; whereas its Supervisory Committee was established in order to reinforce and guarantee OLAF's independence by regularly monitoring the implementation of its investigative function; whereas, in particular, the Supervisory Committee monitors developments as regards the application of procedural guarantees and the duration of investigations in the light of the information supplied by the Director-General in accordance with Article 7(8) of Regulation (EU, Euratom) No 883/2013;
 - F. whereas corruption affects all Member States and costs the EU economy around EUR 120 billion per year, as stated in the Commission's first report on the EU's anti-corruption policy, published in February 2014;
 - G. whereas corruption can help to finance the activities of organised crime or terrorism networks in Europe; whereas corruption also undermines citizens' trust in institutions and democratic processes;
 - H. whereas, in addition to the civilisational assumption based on ethical principles inherent in the rule of law, combating fraud and corruption contributes to the Union's competitiveness in the global economy;
1. Takes note of the Commission report entitled 'Protection of the European Union's financial interests — Fight against fraud — Annual Report 2014'; asks that the Commission, in its annual reports on the protection of the EU's financial interests (PIF reports), respond to Parliament's requests in a more timely manner;

Detection and reporting of irregularities

2. Notes that all the irregularities reported involve a total amount of around EUR 3,24 billion; emphasises that the overall financial impact of fraudulent and non-fraudulent irregularities reported in 2014 is 36 % greater than in 2013, while the number of such irregularities increased by 48 %; emphasises that EUR 2,27 billion of the reported irregularities relates to expenditure, representing 1,8 % of total payments;
3. Stresses that 1 649 out of a total of 16 473 irregularities reported to the Commission in 2014 were fraudulent, involving an amount of EUR 538,2 million; notes that fraudulent irregularities related to expenditure involved EUR 362 million, representing 0,26 % of total payments, and that those related to revenue involved EUR 176,2 million, representing 0,88 % of the gross amount of traditional own resources (TOR) collected in 2014;
4. Emphasises that the overall financial impact of non-fraudulent irregularities reported in 2014 is 47 % greater than in 2013, while their number decreased by 5 %; also notes that non-fraudulent irregularities related to expenditure affected 1,54 % of total payments, and that those related to revenue affected 3,66 % of TOR collected in 2014;
5. Urges the Commission to assume full responsibility for the recovery of funds unduly paid from the EU budget, as well as for the better levying of own resources, and to establish uniform reporting principles in all Member States for the purpose of collecting appropriate, comparable and accurate data;
6. Emphasises that non-fraudulent irregularities are often linked to insufficient knowledge of complex rules and requirements; believes that the simplification of rules and procedures by the Member States and the Commission will decrease the number of such irregularities; considers that the fight against irregularities, including fraud, requires awareness among all institutional bodies at the European, national, regional and local levels and among the general public; notes that the establishment of a culture conducive to preventing and combating fraud is of vital importance in all the institutions and bodies involved in implementing the Funds, and calls on the Member States to encourage exchanges of good practices;

Tuesday 8 March 2016

7. Recalls that, with the objective of bringing finances onto a more sustainable footing, Member States are involved in ongoing fiscal consolidation and restraint, and firmly believes that all available resources are needed for investment in the Member States with the objective of stimulating sustainable economic growth; believes that all necessary steps must be taken to prevent and stop any fraudulent activities in the field of trade policy and its associated appropriations, combining all relevant policy instruments (such as criminal investigations, the development of reliable analysis models, and efforts to tackle shortcomings and failures related to deficient Commission policy); calls on the Member States to put even more effort into ensuring that money from the EU budget is used correctly for projects that contribute to growth and jobs in Europe, and into recovering customs debt following the discovery of fraud; stresses, more generally, that the fight against illicit trade and illicit financial flows should remain a high priority for the EU as well as for the Member States;

8. Welcomes the adoption by the Commission of a multiannual anti-fraud strategy which is helping to correct significant differences in the number of irregularities notified by each Member State;

Revenue — own resources

9. Notes with concern that the amount of TOR affected by fraud in 2014 was 191 % higher than in 2013, and the amount affected by non-fraudulent irregularities was 146 % higher in 2014 than in the previous year;

10. Is concerned that the average TOR recovery rate per Member State for both fraudulent and non-fraudulent irregularities for 2014 is, at 24 %, at its historic lowest point; urges the Member States to recover the amounts due more quickly, and especially urges those Member States which need to recover the largest amounts to improve their recovery;

11. Is concerned about the VAT gap and the estimated losses on VAT collection, which amounted to EUR 168 billion in 2013; underlines the fact that in 13 of the 26 Member States examined in 2014, the average estimated VAT loss exceeded 15,2 %; points out that the Commission does not have access to the information exchanged between Member States with a view to preventing and combating so-called 'carousel' fraud; calls on all the Member States to participate in all of Eurofisc's fields of activity so as to facilitate the exchange of information with the aim of helping to combat fraud; reiterates that the Commission has the competence to control and supervise measures taken by the Member States; calls on the Commission to make full use of its executive powers in order to both control and help the Member States in their fight against VAT fraud and tax avoidance; acknowledges that since 2013 the Commission has been using the Quick Reaction Mechanism to deal with massive and sudden VAT fraud;

12. Encourages the Commission to develop a mechanism that would motivate companies to pay regular taxes rather than avoiding them;

13. Notes the increasing number of coordination centres supported by Eurojust and Europol; welcomes the results of cross-border operations Vertigo 2 and 3 and the efficient cooperation between law enforcement and judicial authorities in Germany, Poland, the Netherlands, the UK, Belgium, Spain, the Czech Republic and Switzerland, leading to the neutralisation of criminal networks responsible for defrauding approximately EUR 320 million in tax revenues, including VAT;

14. Expresses concern with regard to customs inspections and the related collection of customs duties, which are one of the own resources under the EU budget; points out that it is the customs authorities of the Member States that conduct inspections to check that importers are complying with the rules on tariffs and imports, and stresses that the Court of Auditors has found the quality of those inspections to vary from one Member State to another; calls on the Commission to update the Customs Audit Guide, published in 2014, in order to eliminate the shortcomings detected by the Court of Auditors, such as the issues surrounding the handling of imports cleared through customs in another Member State;

Tuesday 8 March 2016

Expenditure

15. Notes with concern that the number of irregularities related to expenditure reported as fraudulent in 2014 dropped by only 4 %, after a 76 % increase in 2013; urges the competent authorities to take all necessary measures to decrease the number of fraudulent irregularities, although not at the expense of control standards;

16. Is concerned by the steady increase in the number of reported non-fraudulent irregularities related to directly managed EU funds, in terms of both the number of cases and the sums involved; is surprised that the number of fraudulent irregularities reported in 2014 quadrupled compared with the previous year, and asks the Commission to provide detailed explanations and to take the necessary action to counter this trend;

17. Is concerned, therefore, that in 2014 the rural development sector accounted for the largest number of reported fraudulent irregularities, showing the biggest increase in comparison with 2013; points out that about 71 % of the total number of fraudulent irregularities notified for natural resources (agriculture, rural development and fisheries) came from Hungary, Italy, Poland and Romania;

18. Acknowledges that the Member States' recovery rate for the European Agricultural Guarantee Fund (EAGF) is below the overall average, and that fewer than half of the irregularities detected in 2009 had been recovered by the end of 2014; points to significant differences in the ability of Member States to recover sums in respect of irregular payments detected under the Common Agricultural Policy, and urges Bulgaria, France, Greece and Slovakia to improve their results significantly; acknowledges that the clearance mechanism (the 50/50 rule) provides a strong incentive for Member States to recover undue payments under the EAGF from beneficiaries as quickly as possible; regrets that 2014 was the third consecutive year marked by growth in the number of cases of fraudulent irregularities in respect of the EAGF, and the fourth consecutive year marked by growth in the number of fraudulent cases reported in respect of rural development; stresses the need for faster recovery of funds;

19. Notes that the irregularities linked to the Common Fisheries Policy in 2014 returned to a level comparable to 2012 after a one-year peak in 2013; notes that the most frequently detected category of irregularity during the 2010-2014 period was 'Non-eligibility for aid of the action/project', followed by 'Infringements of public procurement rules';

20. Notes that in respect of the 2007-2013 cohesion policy programming period the number of irregularities reported as fraudulent decreased by 5 % in 2014 compared with 2013, with 306 cases reported; is seriously concerned about the increase of over EUR 115 million (76 %) in the amounts affected by fraudulent irregularities in 2014 compared with 2013, which is due mainly to a sharp increase (660 %) in the amounts involved under the Cohesion Fund; notes that out of 74 cases of established fraud in respect of cohesion policy between 2008 and 2014, 61 (82 %) were reported by three Member States — Germany (42 cases), Poland (11 cases) and Slovenia (8 cases); expresses concern that 14 Member States have an established fraud ratio of 0 % for that period, which may raise questions as to the efficiency of their control systems;

21. Is worried, furthermore, that the overall time lapse in the cohesion field between the occurrence of an irregularity, its detection and its final reporting to the Commission has increased to 3 years and 4 months; recalls that further procedures kick in once an irregularity has been detected (recovery orders, OLAF investigations, etc.); urges the Commission to work with Member States to improve the efficiency of their detection and reporting;

22. Welcomes the overall drop in reported irregularities in Pre-Accession Assistance (PAA); regrets the steadily increasing trend concerning irregularities related to the Instrument for Pre-Accession (IPA) since 2010, in terms of both amounts and the number of cases, with Turkey being the main contributor to this negative development, and calls on the Commission to do everything it can to improve the situation, in particular in the context of the upcoming efforts to enhance EU-Turkey cooperation;

Tuesday 8 March 2016

Problems identified and measures required*Better reporting*

23. Notes with concern that, despite the numerous calls from Parliament for the establishment of uniform reporting principles in all Member States, the situation remains highly unsatisfactory and there are still significant differences in the number of fraudulent and non-fraudulent irregularities reported by each Member State; considers that this problem creates a distorted picture of the real situation regarding the level of infringements and the protection of the EU's financial interests; urges the Commission to make serious efforts to resolve the problem of differing approaches by Member States to detecting irregularities, and non-homogeneous interpretations when applying the EU legal framework;

24. Welcomes the Commission's commitment to publish an EU Anti-Corruption report biannually, and looks forward to reading the next report in early 2016; asks the Commission to add a chapter on the performance of the EU institutions in fighting corruption, with further analysis being carried out at the level of the EU institutions as to the policies implemented, in order to identify inherent critical factors, vulnerable areas and risk factors conducive to corruption;

25. Calls on the Commission to harmonise the framework for the reporting of 'suspected fraud' and to establish rules on the reporting of all judicial action undertaken in the Member States in relation to potential fraudulent use of EU resources, requiring the reporting to indicate specifically the judicial actions taken on the basis of OLAF's judicial recommendations;

26. Invites the Commission to develop a system of strict indicators and easily applicable, uniform criteria, based on the requirements set out in the Stockholm Programme, to measure the level of corruption in the Member States and evaluate the Member States' anti-corruption policies; is concerned about the reliability and quality of the data coming from the Member States; calls on the Commission, therefore, to work closely with the Member States to guarantee the provision of comprehensive, accurate and reliable data, keeping in mind the goal of full implementation of the Single Audit Scheme; invites the Commission to develop a corruption index in order to categorise the Member States;

27. Calls on the Commission, as part of the annual evaluation of the results achieved in the fight against corruption, to give the Member States precise guidelines as to how to facilitate the gradual and continuous implementation of the obligations taken on by each Member State as regards combating corruption;

28. Reiterates its call on the Commission to swiftly promote legislation on the minimum level of protection for whistle-blowers in the EU; calls on the European institutions to amend the Staff Regulations to ensure that these not only formally oblige officials to report irregularities, but also lay down adequate protection for whistle-blowers; calls on those European institutions that have not done so, and on other bodies, to implement Article 22(c) of the Staff Regulations without delay; calls firmly for all EU institutions to adopt internal rules concerning whistle-blowing by employees and the obligations of the latter, focusing on protection for whistle-blowers; believes that these rules should be explicitly extended to whistle-blowers who reveal fraud in respect of international agreements, including trade agreements;

29. Underlines the importance of access to information and the transparency of lobbying, and of using EU funding to support the work of independent organisations in this area;

30. Believes that the level of transparency could be raised through the creation of a legislative footprint for EU lobbying, with the objective of switching from a voluntary to a mandatory EU register for all lobbying activities vis-à-vis any of the EU institutions;

31. Urges the Commission to maintain its strict policy on interruption and suspension of payments in accordance with the relevant legal basis; welcomes the fact that the Commission has adopted a new decision on the Early Warning Mechanism (EWS); looks forward to the creation of a comprehensive system of early detection and exclusion to be proposed by the Commission; calls on the Commission to better inform the Member States and local authorities about the implementation of its policy, bearing in mind that this process should not be undermined by political considerations;

Tuesday 8 March 2016

32. Calls, therefore, for Article 325 TFEU to be implemented right across the spectrum of EU policies, and for action not just in response to cases of fraud but also to prevent them; calls for compliance with Article 325 TFEU, and particularly with paragraph 5 on annual reports, which is currently facing a year's delay; calls for simplification, especially, of the way in which EU subsidies are used in cohesion policy; calls for adherence to agreed procedures and for the ratification of the agreements on combating fraud at regional and international level which have been concluded between the Union and third countries or third-party organisations; calls for follow-up to the recommendations for an action plan set out in Parliament's resolution of 23 October 2013 on 'organised crime, corruption and money laundering: recommendations on action and initiatives to be taken'⁽¹⁾, especially recommendation 130 on the visibility of measures by the Member States to combat organised fraud and crime, and paragraph 131 on a general action plan for the 2014-2019 period to eradicate organised crime, corruption and money laundering (points i-xxi); calls for the initial results of the implementation of the Currency Counterfeiting Directive to be made available; calls, furthermore, for more information to be provided about the anti-corruption instruments used by OLAF and about the coordination of Member States' procedures for recovering monies disbursed as a result of fraud;

33. Calls for the EU to apply for membership of the Council of Europe Group of States against Corruption (GRECO);

34. Welcomes the fact that in 2014 there were 48 agreements in place that encompassed mutual administrative assistance, covering 71 countries, with another 49 countries in negotiations, including major trading partners such as the USA and Japan, and asks that Parliament be kept constantly informed of developments in these negotiations; emphasises that the top priority in terms of protecting the EU's financial interests and combating fraud effectively is to ensure that legislation is applied and that all parties observe the relevant international agreements, including relevant anti-fraud and anti-corruption clauses providing for sanctions; encourages the Commission to continue to cooperate with other countries on anti-fraud measures and to establish new administrative cooperation arrangements; invites the Commission to continue to include anti-fraud and anti-corruption provisions in all EU international agreements so as to pave the way for enhanced cooperation in combating organised crime, trafficking and other illegal or illicit trade;

35. Welcomes the key role played by the EU's macro-financial assistance (MFA) programme in encouraging reform on the part of the EU's closest trading partners; requests that the Commission continue to report to Parliament and the Member States with a view to ensuring that all funds are spent in full compliance with the basic regulation and in a manner consistent with regional cohesion and the promotion of regional stability, thereby limiting the risk of misuse of repayable loans; requests a long-term assessment of the effect of MFA programmes on efforts to tackle corruption and fraud in recipient countries;

36. Reiterates its call for each Member State's court of auditors to make public national declarations accounting for the spending of EU funds;

37. Calls on the Commission and the Member States to develop, at their respective levels, interlinked databases on irregularities in the area of cohesion policy, including those arising from public procurement, as such databases are able to provide a basis for meaningful and comprehensive analysis of the frequency, seriousness and causes of irregularities, and of the amounts involved in fraudulent irregularities; emphasises the need for the Member States to ensure that accurate and comparable data are provided to the Commission in an appropriate and timely manner, without a disproportionate increase in administrative burden;

Better controls

38. Emphasises the complex nature of irregularities; takes the view that the Commission and the Member States must take firm action against fraudulent irregularities; believes that non-fraudulent irregularities should be tackled by means of administrative measures, and in particular through more transparent and simpler requirements, more technical assistance from the Commission to the Member States, and enhanced exchanges of good practices and lessons learned; believes that the methodology for calculating error rates must be harmonised at EU and Member State level;

⁽¹⁾ Texts adopted, P7_TA(2013)0444.

Tuesday 8 March 2016

39. Welcomes the fact that the ex-ante and ex-post 'Community Controls' are detecting more and more cases of irregularities, and considers, therefore, that these controls should be further promoted;

40. Calls on the relevant authorities in the Member States to perform better controls and to use all available information to avoid errors and irregular payments involving EU funds;

41. Encourages the Commission to further enhance its supervisory role through audit, control and inspection activities, remedial action plans and early warning letters; calls on the Member States to intensify their efforts and to tap their potential to detect and correct errors prior to claiming reimbursement from the Commission; underlines, in this regard, the particular value of preventive action in forestalling disbursements and thus eliminating the need for subsequent action to recover misappropriated funds;

42. Repeats its call on the Commission to develop a system for the exchange of information among the competent authorities so as to enable the cross-checking of accounting entries between two or more Member States in order to prevent transnational fraud in respect of the Structural and Investment Funds, hence ensuring a cross-cutting approach to the protection of the EU's financial interests;

43. Welcomes the fact that all of the Commission's services developed and implemented their anti-fraud strategies in 2014; invites the EU agencies, executive agencies and joint undertakings to do the same; emphasises the role of the Anti-Fraud Coordination Services (AFCOSs) in fighting fraud; welcomes the adoption of national anti-fraud strategies by Bulgaria, Greece, Croatia, Malta and Slovakia, and calls on the Member States concerned to submit their national anti-fraud strategies (NAFSs) as soon as possible; calls on the Commission to monitor closely the implementation of the NAFSs;

44. Is eager, in addition, to see closer cooperation between the Member States and the Commission on the ways funds are managed; asks for comprehensive training to be provided for staff of the authorities involved in managing the funds, in particular staff of the AFCOSs, so that they can develop their own national anti-fraud strategies;

45. Welcomes the positive results of the first annual overview of the Hercule III programme; expresses concern that the budget reserved for it may be insufficient; requests additional performance-based information, in particular on the contribution of the 55 conferences and training sessions to the effectiveness of the actions taken by Member States to counter fraud, corruption and any other illegal activities affecting the EU's financial interests;

46. Reiterates that, according to Article 325(2) TFEU, Member States 'shall take the same measures to counter fraud affecting the financial interests of the Union as they take to counter fraud affecting their own financial interests'; is of the opinion that this provision is not met in the EU; is of the opinion that the Commission should develop a horizontal policy on the fight against fraud and corruption; emphasises that the Commission is also responsible for the effective spending of funds, and calls, therefore, on the Commission to put in place internal performance requirements;

47. Considers that greater involvement of EU citizens is necessary at the programming and control stages, through easily accessible information tools, especially where major infrastructure is being financed; calls on the Commission to consider the idea of participatory budgeting in order to involve citizens in monitoring the spending of EU funds, and to establish an accessible electronic desk for reporting cases of fraud;

48. Notes that the definition, classification and detection of, and reporting on, irregularities continue to vary between and within Member States, mainly on account of differing definitions of irregularities; takes the view that further harmonisation is necessary, and welcomes, in this context, the Commission delegated regulation of 8 July 2015 on the reporting of irregularities, which supplements the Common Provisions Regulation; calls on the Commission and the Member States to establish coherent strategies for the treatment of irregularities and for the fight against fraud in cohesion policy; highlights the preventive and corrective measures taken by the Commission to avoid fraudulent irregularities, including the interruption of 193 payments under cohesion policy;

Tuesday 8 March 2016

49. Recalls that the Common Provisions Regulation requires managing authorities to put in place effective and proportionate anti-fraud measures, which should be embedded in national anti-fraud strategies; calls on the Commission to reinforce its preventive action; welcomes, in this connection, the establishment of a system for the early detection of risks, and calls in particular for the technical and administrative capacities of managing authorities to be strengthened so as to ensure more robust control systems that are able to reduce the risks of fraud and increase detection capacity, including in less developed regions, without imposing undue financial and administrative burden; stresses that prevention should involve constant training and support for staff responsible for the management and control of funds within the competent authorities, as well as exchanges of information and best practices; recalls the crucial role of local and regional authorities and partners in fighting fraud, ensuring transparency and preventing conflicts of interest;

50. Appreciates the Commission's decision to carry out a mid-term assessment in 2018 in order to establish whether the new regulatory architecture for cohesion policy further prevents and reduces the risk of irregularities, including fraud, and looks forward to receiving detailed information on the impact of the new rules on management and control systems, both as regards the risk of irregularities and fraud and as regards the general implementation of the policy;

51. Calls for the Commission and the Court of Auditors to facilitate the transparency of audit data by releasing more detailed information as regards the best- and worst-performing Member States in each policy area and sector, so as to allow actors to identify the areas in which help is most needed and to design actions accordingly;

PIF directive and EPPO regulation

52. Welcomes the Commission's statement in its 2014 annual report on the protection of the EU's financial interests (PIF report) that both the PIF directive and the European Public Prosecutor's Office regulation (EPPO regulation) 'would complement and strengthen the legal framework and would considerably reinforce the fight against fraud'; reiterates its view that there is an urgent need to adopt the PIF directive, which should include VAT in its scope and set out a clear definition of PIF offences, minimum rules for maximum applicable imprisonment penalties, and minimum rules on the statute of limitations, as soon as possible; recalls the *Taricco* case, in which the Court of Justice draws attention to the fact that VAT fraud is indeed included in the 1995 PIF Convention's definition of PIF fraud;

53. Stresses that the EPPO regulation should also be adopted swiftly, and demands that the Council explain its reasons for delaying the negotiations;

Public procurement

54. Notes that the level of irregularities due to non-compliance with public procurement rules remains high; calls on the Member States to transpose rapidly into national law Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement⁽¹⁾, which makes e-procurement mandatory and introduces monitoring and reporting obligations to curb procurement fraud and other serious irregularities; calls on the Commission to make it compulsory to publish all documentation relating to beneficiaries, and in particular to subcontractors;

55. Asks the Commission to apply strictly the measures pertaining to discretion and exclusion in respect of public procurement, with proper background checks being carried out in every instance, and to apply the exclusion criteria in order to debar companies in the event of any conflict of interest, this being essential to protect the credibility of the institutions;

⁽¹⁾ OJ L 94, 28.3.2014, p. 65.

Tuesday 8 March 2016

56. Emphasises that failure to comply with public procurement rules was a significant source of error for the 2007-2013 programming period, including the avoidance of public procurement by splitting contracts into smaller tenders in order to avoid exceeding thresholds, and the use of inappropriate procedures; points out that the new public procurement directives have to be implemented by April 2016; emphasises that reducing the incidence of irregularities requires correct implementation of the directives by the Member States; calls on the Commission, therefore, to work out guidelines for the proper implementation of the directives; calls on the Commission to monitor closely the implementation of the directives; believes that ex-ante conditionalities have the potential to improve public procurement; emphasises the need for transparent and accessible rules;

57. Expresses its concern about the lack of full transparency concerning the financing of large infrastructure projects; calls on the Commission to consider submitting a proposal that would make compulsory the publication of all financial reports and projects relating to major public works, including documentation on subcontractors;

58. Asks the Commission to make public all documentation relating to the Lyon-Turin high-speed rail project and its funding;

59. Calls on the Commission to develop a database on irregularities that is capable of providing a basis for meaningful and comprehensive analysis of the frequency, seriousness and causes of public procurement errors; calls on the relevant authorities in the Member States to develop and analyse their own databases on irregularities, including those arising in public procurement, and to cooperate with the Commission in order to provide such data in a form and at a time that facilitates the Commission's work;

60. Questions the non-fraudulent nature of the increasing number of serious errors made in the context of public procurement procedures, and asks the Commission to be particularly vigilant in this regard, not only by engaging in a dialogue with Member States with a view to better application of existing and new public procurement directives, but also by submitting relevant cases to OLAF for further consideration;

61. Points out that in emergency situations, such as the use of funds for refugees, there are often exemptions from normal procurement procedures, involving direct access to funds; regrets that, for this reason, there have often been cases of misconduct; calls on the Commission to supervise more effectively the use of such exemptions and the widespread practice of splitting procurement contracts so as not to exceed the thresholds, thereby avoiding regular procurement procedures;

62. Notes that, in its Special Report No 10/2015 entitled 'Efforts to address problems with public procurement in EU cohesion expenditure should be intensified', the Court of Auditors analyses procedures connected with public procurement; notes that failure to comply with public procurement rules leads to errors, which may result in implementation delays and financial corrections; calls on the Commission and the Member States to ensure full compliance with the ex-ante conditionality regarding effective application of public procurement law by the end of 2016; calls on the Member States to ensure appropriate and quick transposition of the 2014 package of public procurement directives;

63. Urges the Member States and the Commission to exploit fully the opportunities afforded by information technology (IT) tools in public procurement, including tools for e-procurement, the exchange of good practices and preventive risk-scoring; appreciates the web-based fraud alert tool Arachne developed by the Commission, which is aimed at identifying the most risky projects on the basis of a set of risk indicators, and calls on the Member States to use this tool;

Performance-based budgeting and the 'value for money' approach

64. Stresses the importance of leading by example, and warmly welcomes the interinstitutional approach to implementing performance-based budgeting; calls on the Commission to adopt the planning, implementation and control phase of the multiannual financial framework in accordance with the principle of performance-based budgeting;

Tuesday 8 March 2016

65. Notes the importance of further and continuous measures to avoid fraudulent irregularities, but also reiterates its call for the adoption of a new methodology focused on performance rather than on the formalistic evaluation of programmes, in line with the principle of an EU budget focused on results; calls on Commission to reinforce its activities in relation to applying efficiency and effectiveness indicators in all its programmes, and not to concentrate only on the error rate; calls on the Commission, furthermore, not to work only on the three main categories — economy, efficiency and effectiveness — but to start focusing also on the new triptych (ecology, equality and ethics);

66. Calls for the mandatory inclusion of ex-ante assessments of environmental, economic and social added value in the process for selecting projects for funding, both within and outside the Union, and for the results of those assessments and the indicators used to be made public and to be fully accessible;

67. Notes that reporting on performance is still weak, and that there is a need to assess regularly input parameters (the financial, human, material, organisational or regulatory means needed to implement a programme), outputs (the programme's deliverables), results (the programme's immediate effects) and impacts (long-term changes in society);

68. Welcomes the setting-up of a network of Member State National Contact Points and the incorporation of anti-corruption objectives into the European Semester process of economic governance;

69. Urges the Commission to publish immediately its assessment of all agreements with tobacco companies, with a view to establishing their efficiency in combating fraud and counterfeiting activities, which affect the financial interests of the EU, and to evaluate the appropriateness of renewing these kinds of agreement;

70. Emphasises the role of the Court of Auditors, the Supreme Audit Institutions (SAIs), the Commission and the Managing Authorities in controlling the regularity and performance of public spending; calls on the Court of Auditors and the Commission to further improve their cooperation with SAIs in Member States in order to broaden the scope and proportion of funds and projects audited;

Tobacco smuggling and counterfeit goods

71. Is worried about the finding by the European Ombudsman⁽¹⁾ that, with the exception of DG Health, the Commission was 'not fully implementing UN WHO rules and guidelines governing transparency and tobacco lobbying'; is of the opinion, therefore, that the Commission's credibility and seriousness have been endangered;

72. Urges all the relevant EU institutions to implement Article 5(3) of the WHO Framework Convention on Tobacco Control (FCTC) in accordance with the recommendations contained in the guidelines thereto; urges the Commission to publish immediately its assessment of agreements with tobacco companies and an impact assessment on the implementation of the FCTC; calls on the Commission to provide complete transparency concerning agreements on tobacco and their possible renewal, and urges the Member States to report regularly on expenditure incurred in respect of the funds received as a result of such agreements;

73. Welcomes the successful outcomes of numerous joint customs operations (JCOs) involving the cooperation of OLAF and Member States with various third-country services, which have resulted in the seizure of, inter alia, 1,2 million counterfeit goods, including perfumes, vehicle spare parts, electronic devices and 130 million cigarettes; underlines the fact that the smuggling of heavily taxed goods causes significant losses of revenue to the budgets of the EU and the Member States, and that direct losses in customs revenue as a result of cigarette smuggling alone are estimated at more than EUR 10 billion a year; points out that trafficking in counterfeit goods inflicts damage on the revenue of the EU and its Member States and on European companies;

⁽¹⁾ <http://www.ombudsman.europa.eu/en/press/release.faces/en/61027/html.bookmark>

Tuesday 8 March 2016

74. Is very concerned about the increasing incidence of smuggling, trafficking and other forms of illegal and illicit trade, which not only have an impact on Member States' collection of customs duties and consequently on the EU budget, but are also strongly associated with organised international crime, threats to consumers and negative effects on the functioning of the single market, and which undermine a level playing field for all competing companies, particularly SMEs; requests, therefore, better coordination between OLAF, customs authorities and market surveillance authorities in order not only to combat these problems but also to curb the trade in products that infringe intellectual property laws in the EU;

75. Stresses the importance of distinguishing between legitimate generic medicines and fraudulent counterfeit drugs so as to avoid interrupting the production and legitimate trade of generic medicines, and invites, once again, all those Member States which have signed but not yet ratified the UN Protocol to Eliminate Illicit Trade in Tobacco Products to complete the ratification process as soon as possible;

Investigations and the role of OLAF

76. Notes OLAF's role within different JCOs in preventing losses for the EU budget, and asks OLAF to include in its future annual reports more information and concrete figures concerning its contribution to protecting the revenue side of the EU budget;

77. Welcomes the annual interinstitutional meetings between the Council, the Commission, Parliament, OLAF and its Supervisory Committee; insists on the presidency rotating between the three European institutions; invites the Commission to support Parliament's initiative, and urges the Council to reconsider its negative position on this matter;

78. Reiterates its call relating to the Annual Report 2013 on the Protection of the EU's Financial Interests ⁽¹⁾ for a speedy resolution of the remaining issues between OLAF and its Supervisory Committee; reiterates that neither OLAF nor its Supervisory Committee can fulfil their legal duties effectively under the conditions of their current limited cooperation; notes with concern the lack of progress, and thus considers the current situation unacceptable; calls on the Commission to play its role fully and to work actively on a long-term solution to be put in place without delay;

79. Is of the opinion that the Supervisory Committee should, as a matter of consistency with its mandate, have autonomous staff who are detached from the OLAF administration and enjoy financial autonomy; calls on OLAF to grant the Supervisory Committee access to documents that the Supervisory Committee deems necessary in order to fulfil its task in accordance with its remit; urges the Commission to put forward a proposal to change the OLAF Regulation accordingly;

80. Notes that there is a discrepancy between the information collected by OLAF from public and private sources in the Member States concerning fraud (OLAF Report 2014) and the highly uneven financial recovery recommended by OLAF to the Member States; calls on the Commission to support initiatives aimed at increasing the recovery rate in fraud cases;

81. Urges the Commission to provide full transparency regarding all requests by national prosecutors to lift the immunity of OLAF staff, including its Director-General;

82. Welcomes the proven effectiveness of OLAF's origin investigations concerning the eligibility of preferential tariff measures, and calls on the Member States to give consideration to these findings and to take all necessary and appropriate measures in accordance with the provisions of EU customs legislation; calls on the Commission, with a view to preventing losses from the EU budget arising from the import of goods not entitled to preferential tariff treatment under preferential trade agreements (PTAs), to continue to verify that Member States improve the effectiveness of their risk management systems and control strategies on the basis of the mutual assistance communications; asks the Commission, furthermore, to follow up on its commitment to carrying out ex-post evaluations of PTAs with significant economic, social and environmental impact, including a periodic system of reporting by beneficiary countries on their management and control of preferential origin;

⁽¹⁾ Texts adopted of 11 March 2015, P8_TA(2015)0062.

Tuesday 8 March 2016

83. Notes that the comprehensive prosecution of crime, including fraud, corruption, money laundering, related organised crime and other illegal activities affecting the financial interests of the EU, is a *conditio sine qua non* for the effective functioning of the EU; emphasises the need for systemic follow-up to OLAF recommendations; is of the opinion that following up those recommendations requires procedural rights for OLAF in national legislations to make sure that recommendations are respected and taken into account by national authorities;

84. Calls for the Commission to clarify the main reasons that Member States are not following up alleged cases of fraud affecting the EU's financial interests, as submitted to them by OLAF;

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85. Instructs its President to forward this resolution to the Council and the Commission, the Court of Justice of the European Union, the European Court of Auditors, the European Anti-Fraud Office (OLAF) and the OLAF Supervisory Committee.
