



Press Release

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Member States should step up efforts to tackle fraud in EU cohesion spending, say Auditors

Despite improvements over recent years, EU Member States' efforts to tackle fraud in cohesion spending remain too weak, according to a new report from the European Court of Auditors. Member States' assessments of the effectiveness of their anti-fraud measures are too optimistic, say the auditors. Detection, response and coordination still need substantial strengthening to prevent, detect and deter fraudsters effectively.

Over 4,000 potentially fraudulent irregularities affecting the EU's financial interests were identified between 2013 and 2017. These represented almost €1.5 billion of EU support, 72% of which concerned cohesion policy, including the European Regional Development Fund, the Cohesion Fund and the European Social Fund. Responsibility for fighting fraud in these areas lies primarily with the Member States.

The auditors assessed whether managing authorities and anti-fraud coordination services in Member States have properly met their responsibilities at each stage of the 'anti-fraud management process', from prevention and detection to response, including reporting on detected cases and recovery of funds unduly paid. To this end, they visited seven Member States: Bulgaria, France, Hungary, Greece, Latvia, Romania and Spain.

"Cohesion policy represents one third of the EU budget but accounts for nearly 40% of all reported fraud cases and almost three-quarters of the total financial amounts involved in these cases", said Henri Grethen, the Member of the European Court of Auditors responsible for the report. "Member States, however, generally conclude that their existing anti-fraud measures are good enough. We consider this conclusion too optimistic."

For the 2014-2020 programming period, the auditors found that managing authorities had better assessed the risk of fraud in the use of cohesion funding and improved their fraud prevention measures. However, some of these analyses were not sufficiently thorough and Member States generally have no specific anti-fraud policy.

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at eca.europa.eu.

ECA Press

Mark Rogerson – Spokesperson T: (+352) 4398 47063
Damijan Fišer – Press Officer T: (+352) 4398 45410
12, rue Alcide De Gasperi - L-1615 Luxembourg
E: press@eca.europa.eu @EUAuditors eca.europa.eu

M: (+352) 691 55 30 63
M: (+352) 621 55 22 24

The auditors also point out the lack of significant progress towards proactive fraud detection. Moreover, the impact of prevention and detection measures often remains insufficiently monitored and evaluated.

The auditors also note that Member States have not been responsive enough to all detected cases of fraud in EU cohesion spending and that corrective measures, when applied, have a limited deterrent effect. Reporting arrangements are also unsatisfactory. Cases are under-reported, which affects the reliability of fraud detection rates published by the European Commission. Additionally, suspicions of fraud are not systematically communicated to the appropriate bodies, and coordination with other anti-fraud bodies is insufficient.

While new rules for cohesion funds for 2021-2027 are being discussed, the auditors make several recommendations on how to achieve better results. In particular, they ask Member States to:

- adopt formal strategies and policies to combat fraud against EU funds;
- make fraud risk assessment more robust by involving relevant external actors;
- improve detection measures by generalising the use of data analytics tools;

The auditors also ask the European Commission to:

- monitor fraud response mechanisms in order to ensure they are consistently applied;
- encourage Member States to expand the functions of their Anti-Fraud Coordination Services.

Notes to Editors

Managing authorities in Member States are responsible for preventing, detecting and correcting irregularities (including fraud) and for recovering funds unduly paid. Each Member State has also been required to designate an Anti-Fraud Coordination Service (AFCOS) to facilitate effective cooperation and exchange of information.

According to the Commission's 2017 report on the protection of the EU's financial interests, irregularities reported as fraudulent by Member States represent 0.4% of the EU funds paid for cohesion policy. This fraud detection rate varies widely between Member States. Overall, the incidence of reported fraud (both suspected and established) in EU cohesion policy is significantly higher than in other areas.

The ECA presents its special reports to the European Parliament and Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations we make in our reports are put into practice.

Special report 06/2019 "Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination" is available on the ECA website (eca.europa.eu) in 23 EU languages.

The findings in this report complement those in special report 01/2019: "Fighting fraud in EU spending: action needed", published on 10 January 2019, which covered the Commission's management of fraud risk in EU spending. On 29 April 2019, the Commission adopted a new Anti-Fraud Strategy addressing a number of recommendations made in this first report.