



Press Release

Luxembourg, 4 July 2022

EU needs to be more proactive in its fight against fraud in agricultural spending

The Common Agricultural Policy (CAP), the single largest component of expenditure under the EU budget, includes some spending schemes that are particularly exposed to fraud risks. This is according to a report published today by the European Court of Auditors (ECA) which provides an overview of the fraud risks affecting the CAP and assesses how the European Commission responds to fraud in agricultural spending. The auditors conclude that the Commission has responded to instances of fraud in CAP spending, but should be more proactive in addressing certain fraud risks, such as illegal 'land-grabbing'. Fraudsters may exploit weaknesses in Member States' checks, so the auditors also recommend that the Commission should monitor national anti-fraud measures better, provide more concrete guidance, and promote the use of new technologies for preventing and detecting fraud.

The auditors examined patterns of fraud in CAP payment schemes, analysing measures financed by the CAP under shared management (direct payments, market measures and rural development), examining data from the 2007-2013 and 2014-2020 programme periods. The main risks the auditors identified are linked to beneficiaries concealing breaches of eligibility conditions, to the complexity of the financed measures, and to illegal forms of 'land-grabbing'.

"Fraud harms the EU's financial interests and prevents EU resources from achieving the policy objective," said Nikolaos Milionis, the ECA member who led the audit. *"We think that the EU should do more to address the risk of fraud in agricultural spending. We expect our report to help the Commission and the Member States to develop their anti-fraud capacity under the new common agricultural policy 2023-2027."*

Spending areas subject to more complex rules are at higher risk – rural development investment measures, for instance – and some CAP payment schemes aimed at supporting specific categories of beneficiaries have proven susceptible to fraud, as some claimants fail to disclose relevant information or artificially create the conditions to meet the eligibility criteria and benefit unduly from CAP aid. This may be the case, for instance, for support to agricultural 'SMEs', which have not disclosed their links with other companies, or ineligible beneficiaries claiming payments as 'young farmers'.

'Land-grabbing' may involve fraudulent practices, such as the falsification of documents, coercion, use of political influence or insider information, manipulation of procedures, or payment of bribes.

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.

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Investigations by the EU's anti-fraud office (OLAF) and national authorities have found that the agricultural areas most susceptible to this type of fraudulent activity are publicly owned land or private land with unclear ownership. Fraudsters may also seek to acquire land – legally or otherwise – for the sole purpose of receiving direct payments, without performing any agricultural activities. The risk is higher for certain pastureland and mountainous areas, where it is more difficult for paying agencies to check that the required agricultural activity, such as grazing, is actually taking place.

Since the Commission has most recently updated its CAP fraud risk analysis in 2016, one of the recommendations the auditors make is that the Commission should update its assessment of the fraud risk exposure of different spending schemes, and of the extent to which Member States' anti-fraud measures are able to detect, prevent and correct fraud.

The auditors also recommend that the Commission should take the necessary measures to mitigate key fraud risks and to promote the opportunities offered by technology – for example, data mining, machine learning, satellite imaging and photointerpretation – in fighting fraud, encouraging Member States to take steps in this direction.

Background information

The CAP has always been one of the ECA's main areas of attention, in particular when it comes to checking the legality and regularity of agricultural spending. In our 2018-2020 Statement of Assurance audits, we audited 698 CAP payments and quantified errors in 101 cases. In 17 of those cases, we suspected that the error could be associated with fraud. The ECA has no mandate to investigate fraud, but, when it suspects fraud, the auditors refer the cases to OLAF or to the European Public Prosecutor's Office (EPPO) for further investigation.

Special report 14/2022, "*The Commission's response to fraud in the Common Agricultural Policy: Time to dig deeper*", is available on the [ECA website](#).

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