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**Hercule III programme 2020 implementation**

*Accompanying the document*

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**32<sup>nd</sup> Annual Report on the protection of the European Union's financial interests - Fight  
against fraud - 2020**

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## 1. INTRODUCTION

### 1.1. Hercule III programme

The Hercule III programme ('the Programme') aims to protect the financial interests of the European Union by fighting fraud, corruption and any other illegal activities. The Programme provides support to national and regional administrations, and to research and educational institutes and other non-profit-making entities, that 'promote the strengthening of action at Union level to protect the financial interests of the Union.' The financial support mostly consists of grants awarded to Member State competent authorities to strengthen their operational and technical capacity to carry out investigations into activities detrimental to EU financial interests. It is used for the purchase of technical equipment, such as detection, investigation and forensic tools, or the purchase and installation of integrated systems for number plate recognition. The Programme also finances training and conferences, and comparative research and scientific publications.

The legal basis<sup>1</sup> of the Programme requires the Commission to adopt an annual work programme<sup>2</sup> for its implementation and to submit an annual report<sup>3</sup> on the main results and achievements to the European Parliament and to the Council. This is the final annual overview of the Programme's achievements and results.

The Programme was implemented in 2020 in accordance with Regulation (EU, Euratom) No. 2018/1046<sup>4</sup>.

The Programme is the only instrument **specifically** dedicated to protecting EU financial interests. It is administered by the European Anti-Fraud Office (OLAF), which — in the field of anti-fraud policy — operates as a Directorate-General of the European Commission.

The general objective of the Programme is 'to protect the financial interests of the Union thus enhancing the competitiveness of the Union's economy and ensuring the protection of the taxpayers' money'<sup>5</sup>. The Programme's specific objective is 'to prevent and combat fraud, corruption and any other illegal activities affecting the financial interests of the Union'<sup>6</sup>. The five operational objectives<sup>7</sup> of the Programme are described in Section 3 of this report, together with an overview of the main results of the actions carried out under the Programme and their contribution to the operational objectives.

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<sup>1</sup> Regulation (EU No 250/2014 of the European Parliament and of the Council of 26 February 2014, OJ L 84, 20.3.2014, p. 6.

<sup>2</sup> The seventh annual work programme was adopted by Financing Decision C(2020) 28 final of 16 January 2020.

<sup>3</sup> Article 13 of Regulation (EU) No 250/2014 (Monitoring and Evaluation) requires the Commission 'to provide the European Parliament and the Council, on an annual basis, with information on the implementation of the Programme, including on the achievement of the objectives of the Programme and the results.'

<sup>4</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (Financial Regulation – FR).

<sup>5</sup> Article 3 of Regulation (EU) No 250/2014.

<sup>6</sup> Article 4 of Regulation (EU) No 250/2014.

<sup>7</sup> Article 5 of Regulation (EU) No 250/2014.

## **1.2. Hercule III: eligible actions, beneficiaries and budget**

There are three types of eligible actions<sup>8</sup> supported by the Programme:

1. technical assistance: support aimed at providing specific knowledge, equipment and information technology (IT) tools to national authorities, and providing specific databases and IT tools facilitating data access and analysis;
2. training: support for training activities, conferences, research studies and dissemination activities, focused on the protection of the Union's financial interests; and
3. any other action: other actions necessary for attaining the general, the specific and the operational objectives of the Programme.

The beneficiaries<sup>9</sup> of the Programme are eligible bodies that are:

national or regional administrations of a Member State; or

research and educational institutes and non-profit-making entities in Member States.

Both types of beneficiaries are to 'promote the strengthening of action at Union level to protect the financial interests of the Union'. Costs incurred for the participation of people from third countries in an event funded under the Programme, such as conferences, seminars or training sessions, can be considered eligible for funding under certain conditions.

The budget for the Programme implementation in 2020 amounted to EUR 16.44 million in commitment appropriations and EUR 13.65 million in payment appropriations. It is financed under item 24.0201 of the EU budget for 2020.

## **1.3. Purpose and scope of this overview**

The annual overview is intended to fulfil the requirement under Article 13(1) of Regulation (EU) No 250/2014 to 'provide the European Parliament and the Council, on an annual basis, with information on the implementation of the Programme, including on the achievement of the objectives of the Programme and the results.' To this end, this overview covers information on actions for which financial commitments were made under the 2020 annual work programme (Section 2), and the results of actions that were finalised in 2020, but for which commitments were made under the Programme in previous years (Section 3).

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<sup>8</sup> Article 8 of Regulation (EU) No 250/2014. Article 8(a) lists seven types of actions for technical assistance and Article 8(b) lists seven types of actions for training.

<sup>9</sup> Article 6 of Regulation (EU) No 250/2014. Article 7 defines the geographical scope of the Programme. The participation of national and regional administrations from non-EU countries, such as EEA countries, Switzerland, candidate countries and European Neighbourhood Policy countries, is subject to an agreement between the respective countries and the EU on the former's participation in EU programmes. For the duration of the Programme, no such agreement came into force.

## 2. BUDGET IMPLEMENTATION IN 2020

The budget for the Programme implementation amounted to EUR 16.44 million in commitment appropriations. Figure 1 gives an overview of the available **budget** and the **commitments** made in 2020.

Figure 1: Available budget and commitments made in 2020

TYPES OF ELIGIBLE ACTIONS 2020		BUDGET <sup>10</sup>	COMMIT <sup>11</sup>	%
<b>TECHNICAL ASSISTANCE (min. 70%)</b>		<b>12 150 000</b>	<b>11 909 290</b>	<b>98.02</b>
Grants: Technical Assistance	Grants	10 000 000	11 200 000	112.00
IT Databases	Procurement	1 280 000	419 290	32.76
IT Tools and tobacco analysis	Procurement	870 000	290 000	33.33
<b>ANTI-FRAUD TRAINING (max. 25%)</b>		<b>4 200 000</b>	<b>2 114 899</b>	<b>50.35</b>
Grants: Anti-fraud training	Grants	750 000	1 120 000	149.33
Procured conferences	Procurement	1 050 000	44 899	4.28
Digital Forensics and Analyst Training	Procurement	1 900 000	0	0
Grants: Legal Training and Studies	Grants	500 000	950 000	190.00
<b>OTHER ACTIONS</b>		<b>93 100</b>	<b>0</b>	<b>0</b>
<b>TOTAL 2020</b>		<b>16 443 100</b>	<b>14 024 189</b>	<b>85.29</b>

The information in Figure 1 relates to commitments made on the 2020 available budget.

The exceptional pandemic circumstances of 2020 had a significant impact on the general implementation of the Programme. Many procured training activities and conferences were postponed or cancelled. Following a successful publication and evaluation of the 2020 calls for proposals, unused amounts earmarked for procured activities in the 2020 budget (the activities envisaged under ‘Procured conferences’ and ‘Digital Forensics and Analyst Training’ were especially affected) were transferred to grants, divided between the three calls. This transfer of approximately 12% of the total annual budget ensured an efficient implementation of operational funds and selection of the best-ranked applications across the three calls.

A portion of the remaining funds available under the 2020 budget for procured activities will be used during the first half of 2021 by organising virtual procured activities.

**Payments** associated with the grant agreements and most of the procurement contracts signed in 2020 will be reported at a later stage, since they will be made during the course of 2021 and the following years.

### 2.1. Budget implementation by type of financial intervention

The Programme implementation relies on **contracts** (for public procurement) and **calls for proposals** (for grants)<sup>12</sup>. The Commission concluded contracts for the purchase of

<sup>10</sup> The budget corresponds to the summary table in the annual work programme 2020 as adopted by the Financing Decision C (2020)28 final of 16 January 2020.

<sup>11</sup> Commitments cover the total costs in 2020 of legal obligations (contracts, grant agreements/decisions) entered into for operations extending over more than one year.

<sup>12</sup> Article 10 of Regulation (EU) No 250/2014.

specialised services for the benefit of Member States, such as access to commercial databases and the development of IT systems. The contracts were concluded using existing framework contracts establishing the terms governing specific contracts to be awarded during a given period. In 2020, the overall amount committed for procured contracts was EUR 754 189 (as shown in Figure 2).

Grants are direct financial contributions to finance an action intended to help achieve an EU policy objective. The overall budget allocated to grants in 2020 was EUR 13 270 000. Following calls for proposals inviting applicants to submit proposals for actions contributing to the achievement of the Programme's objectives, grants are evaluated and awarded. The beneficiary of a grant becomes the legal and economic owner of the goods or services purchased with grant financing. Under the Programme, grants may cover up to 80% of the eligible costs<sup>13</sup> of the action and up to 90% in exceptional and duly justified cases. Due to the high number of applications received and the limited available budget, the Commission chose not to award any 90% exceptional co-financing rate. All grant beneficiaries received the 80% financing for their projects.

In February 2020, the Commission launched three calls for proposals: technical assistance; training, conferences and staff exchange; and legal training and studies. The deadlines for submission of applications were initially set for 23 April, 30 April and 7 May, respectively. Following many requests from applicants, in view of their organisational challenges during the health crisis, the Commission extended the deadline for all three calls to 27 May 2020.

The calls were published via the Commission's funding & tenders portal<sup>14</sup>, an IT tool developed for the electronic submission of applications for grants and for the management of grant contracts. Under the three calls, the Commission received 105 applications<sup>15</sup>. An evaluation committee assessed each application against four criteria as detailed in the call specifications: eligibility; exclusion; selection; and award. The applications were scored and ranked on the award criteria:

- added value of the application for the protection of the financial interests of the Union;
- conformity with the operational objectives of the Programme;
- quality; and
- value for money.

The examination of applications led to the award of 53 grants<sup>16</sup>. Table 9 of the Annex provides an overview of the successful and rejected applications, broken down by 2020 call, Member State, grant requested and awarded.

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<sup>13</sup> Article 10(4) of Regulation (EU) No 250/2014. The annual work programme 2020 contained the criteria as required under Article 11 of the Regulation for the definition of these exceptional cases. Applicants for 'technical assistance' and 'legal training and studies' grants were given the possibility to request the maximum co-financing rate of 90%.

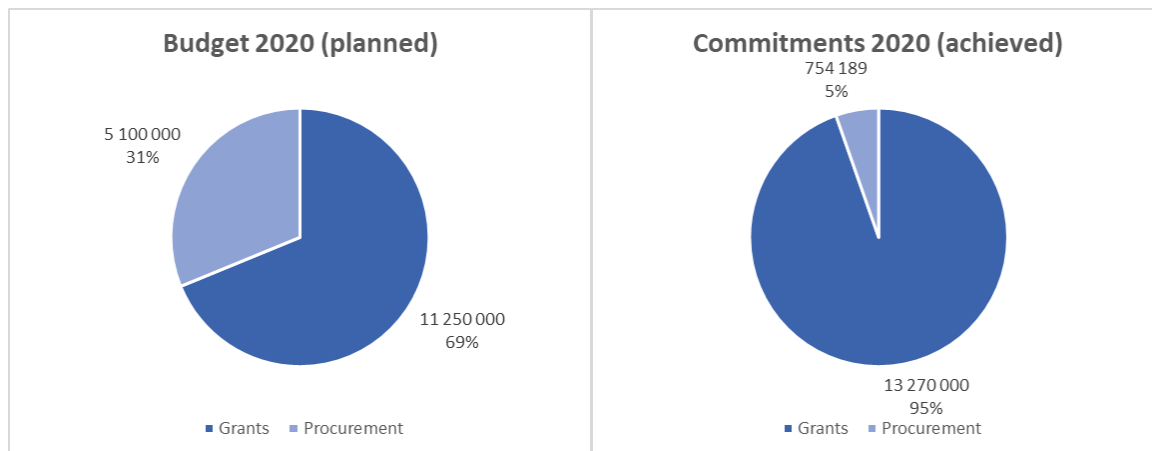
<sup>14</sup> <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>

<sup>15</sup> Technical assistance - 47; legal training - 21; and training, conferences and staff exchange - 37.

<sup>16</sup> Technical assistance - 29; legal training - 11; and training, conferences and staff exchange - 13.

Figure 2 features a breakdown of the planned budget and achieved commitments in 2020 by type of financial intervention (grants and procurement).

Figure 2: Hercule III budget and commitments in 2020 by type of financial intervention



## 2.2. Budget implementation by type of eligible action

Figure 3 below provides a breakdown of the planned 2020 budget and commitments by type of action. The technical assistance actions as provided for in Regulation (EU) No 250/2014 encompass technical assistance grant activities and IT support (databases and IT tools). Training actions include the grant activities under the ‘training, conferences and staff exchanges’ and ‘legal training and studies’ calls for proposals, and procured conferences and specialised training. In 2020, the planned budget for technical assistance support represented 74.3% of the total and commitments represented 84.9%. These percentages exceed the minimum percentage of 70% for technical assistance stipulated in the Annex to the Regulation.

Figure 3: Hercule III budget and commitments in 2020 by type of eligible action

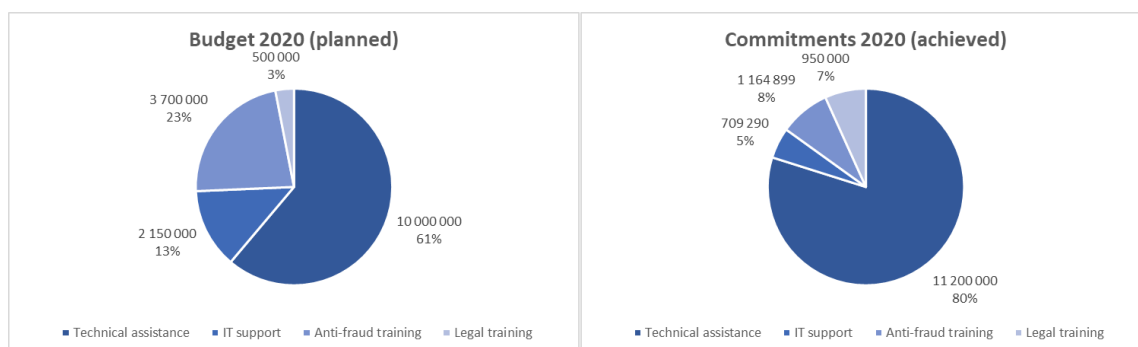
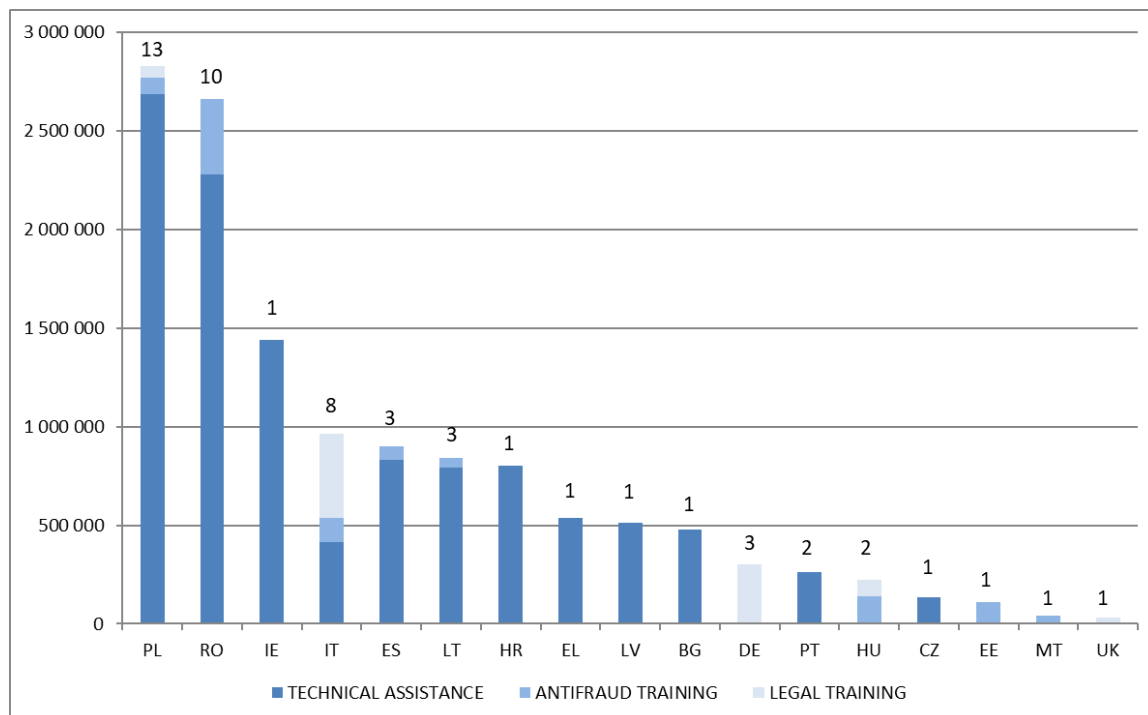


Figure 4 gives an overview of the 2020 budget commitments showing the total amounts and number of grants awarded by Member State for technical assistance, anti-fraud training and legal training. Grants were awarded to applicants from 17 Member States.

Figure 4: Hercule III commitments (in EUR) and number of grants in 2020 by Member State and by sector of activity



### 2.2.1. Technical assistance grants

The budget for technical assistance grants was EUR 10 million. It was available for funding actions proposed by national and regional authorities for the following.

1. The purchase and maintenance of **investigation tools and methods** used in the fight against irregularities, fraud and corruption perpetrated against EU financial interests, including specialised training needed to operate the investigation tools.
2. The purchase and maintenance of **detection** devices to carry out inspections of containers, trucks, railway wagons and vehicles - at the EU's external borders and within the Union - to detect smuggled and counterfeited goods imported into the EU with the aim or consequence to evade customs and excise duties. Also covered was the purchase and maintenance of technical equipment for the **identification** of beneficiaries of cash assistance programmes, including by biometric means, to prevent fraud and irregularities related to the use of EU funds in the field of migration and refugee management.
3. The purchase, maintenance and interconnection of systems for the recognition of vehicle number plates (**automatic number plate recognition systems**) or container codes for purposes related to the protection of EU financial interests, including specialised training needed to operate these systems.
4. The purchase of services for the **analysis, storage and destruction** of seized genuine or counterfeit cigarettes and other counterfeit goods detrimental to EU financial interests.

The Commission received 47 applications from 16 Member States by the deadline of 27 May 2020. The total budget of the proposed actions was EUR 29.8 million and the requested financial support amounted to EUR 24.4 million. This amount exceeded the



available budget by EUR 13.2 million. Both the Evaluation Committee recommendations and the decision to award grants for 29 actions were adopted in October 2020.

All applicants were informed of the outcome of the evaluation procedure in November 2020. The overall amount approved for technical assistance grants was EUR 11.2 million. The exceptional health crisis led to a postponement of several planned procured events and offered the opportunity of additional funding for technical assistance grants: EUR 1.2 million was added to the budget available. Grants were awarded for the purchase of investigation equipment (including forensics equipment), data analysis systems and large X-ray scanners, and detection equipment for customs. The co-financing percentage for the awarded grants was 80% of eligible costs<sup>17</sup> of the action. Table 1 in Annex 1 provides an overview of the beneficiaries, project title, grant awarded and co-financing rate.

### *2.2.2. IT Support: databases, IT tools and analyses of samples from tobacco seizures*

#### *Databases*

The Programme provides funds for the procurement of subscriptions, on behalf of law enforcement authorities in Member States, to commercial databases to support operations and investigations. The Commission procures and manages the access to these databases enabling substantial economies of scale. Within the framework of investigations that are jointly undertaken with its Member State partners and for its own investigations, OLAF staff also make a limited use of these databases<sup>18</sup>.

Access to databases for trade and company data and for vessel movements were purchased in 2020 by concluding specific contracts under existing framework contracts or concluding new framework contracts as previous ones had become outdated<sup>19</sup>. Table 3 in Annex 1 gives an overview of the contracts awarded in 2020.

#### *Development of specific IT tools for data analysis*

**The automated monitoring tool (AMT)** project for the analysis of external trade data, carried out by the Joint Research Centre (JRC) of the European Commission in Ispra (Italy), continued in 2020 under an existing administrative arrangement funded from previous years and lasting until January 2021. AMT is an algorithm that retrieves and processes subsets from Eurostat's COMEXT database and links this selection with information from customs declarations and the Commission's database of tariff information (TARIC) in order to identify patterns and long-term trends of imports into the EU. The long-term trends are expressed as average aggregated prices of imports from one exporting country into the EU and are further broken down by Member State. AMT identifies any import that deviates substantially from these long-term trends and flags them as anomalous. The AMT results are shown with the help of dashboards (interactive, read-only displays with the results of pre-defined queries), and include, for example, the

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<sup>17</sup> The maximum co-financing rate is 80% for technical assistance grants but, in exceptional and duly justified cases, the Commission may award a grant up to 90% of eligible costs. In order to finance more projects in 2020, the evaluation committee recommended only 80% co-financing awards.

<sup>18</sup> The use of the databases made by OLAF staff is paid from the administrative budget of the Commission (OLAF).

<sup>19</sup> Two framework contracts concluded by Eurostat for trade and company data in 2015 and 2016 and a framework contract concluded by OLAF for vessel movement information in 2016.

average monthly prices over 48 months of imported goods broken down by product code, exporting country and importing Member State. In 2020, the JRC continued the development of new queries for the analysis of imports related to the COVID-19 pandemic, such as facemasks or vaccines. The AMT generates results in support of risk management activities undertaken by Member State customs authorities to fight tax evasion and fraud.

The AMT also provides realistic scenarios for joint customs operations, and estimates that customs authorities may use for customs valuation purposes. The latter are the basis for assessing the amount of duties that should be collected and the related potential total losses due to undervaluation in the EU. The AMT has improved authorities' ability to detect the undervaluation of imported goods and thereby helped to reduce the level of losses to EU and Member State budgets in customs duties and taxes. In 2020, several Member States continued using the AMT during a pilot project where national customs authorities shared best practices and data for the development of new data analysis techniques to detect undervaluation and to improve estimates of import prices. This pilot project took place under the INTEL4CUSTAF project, which is also a Hercule-funded project, to improve and strengthen cooperation between customs authorities in the area of data analysis for anti-fraud activities, described below.

In 2020, OLAF and the JRC continued with the administrative arrangement for the **Data analysis for customs anti-fraud project (INTEL4CUSTAF)**. Funded by the Hercule III programme, the administrative arrangement was initially set up at the end of 2017<sup>20</sup> between OLAF and the JRC to provide 'scientific and technical support in advancing the EU's customs anti-fraud data analytics capacity'<sup>21</sup>.

OLAF initiated the project following requests from Member State customs representatives, who recognised the potential of working together through new datasets and analytical methods to address the ever-changing world of customs fraud. The scope of the project is defined by activities under Council Regulation (EC) No 515/97 on mutual administrative assistance to ensure the correct application of customs legislation.

The project is part of a wider effort to provide knowledge and facilitate the work of customs authorities in Member States for the effective and efficient use of data and analytical approaches in the area of customs anti-fraud. In line with the objectives of the Hercule III programme, the main beneficiaries of this project are Member State customs authorities. Since this project aims to improve the overall effectiveness and efficiency of customs anti-fraud data analysis across the EU, OLAF will also benefit from the results.

From inception, the project has aimed to establish and strengthen a community of practice in the domain of customs anti-fraud data analytics, to facilitate the sharing of the results produced.

In 2020, the project continued to provide technical support to Member State customs authorities through the implementation of the five pilot projects identified at the end of 2019. From a technical perspective, the pilot projects applied a wide range of analysis

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<sup>20</sup> The first administrative arrangement was signed in late December 2017, covering work undertaken in 2018, meaning there is a one-year lag between the year of the annual Hercule III financing decision and the associated INTEL4CUSTAF work (e.g. the 2017 Hercule III decision covered the funding for INTEL4CUSTAF work in 2018).

<sup>21</sup> This work falls under the activity defined in Article 8(a)(v) of Regulation (EU) No 250/2014.

techniques, ranging from the use of statistical methods (as applied in the Undervaluation and Estimated Container Weight projects) to deterministic approaches and text mining. Artificial intelligence techniques, and in particular machine learning, were experimented with in the e-Commerce (e-Trader) pilot project, while visual analytics tools and network analysis were used to test ideas for tobacco track and trace data analysis and visualisations.

Unfortunately, due to the exceptional health crisis, there were no work visits to Member State customs administrations in 2020. A series of virtual events replaced the proposed physical workshop.

### *Tobacco analyses (TOBLAB)*

It is estimated that cigarette smuggling costs the EU and Member State national budgets at least EUR 10 billion<sup>22</sup> per year in lost customs and tax revenue. It also undermines health policy. OLAF takes the view that investigative purposes and the proper implementation of cooperation agreements with tobacco manufacturers require Member State national authorities to have access to state-of-the-art specialised testing facilities. This is also in line with the European Commission's Communication *Stepping up the fight against cigarette smuggling and other forms of illicit trade in tobacco products - a comprehensive EU strategy* of 6 June 2013, the Progress Report on the implementation of this Communication<sup>23</sup> and the new Action Plan for the period 2018-2022<sup>24</sup>. The new Action Plan includes both policy and operational law enforcement measures designed to curtail either the supply of, or the demand for, illicit tobacco products.

To help tackle this phenomenon, **a laboratory for the analysis of tobacco products**, TOBLAB, was set up in 2016 by the JRC's Institute for Reference Materials and Measurements in Geel (Belgium). The JRC in Geel specialises in producing tools (certified reference materials, proficiency testing schemes, harmonised and validated testing methods) to ensure the quality of chemical measurements in health, food and environmental applications. It operates three EU reference laboratories for food safety and runs the European Reference Centre for Control in the Wine Sector. It has networks with Member State laboratories (also customs laboratories) and maintains related databases.

A close cooperation between TOBLAB and Member State customs laboratories is considered the best option leading to the most efficient and cost-effective use of the required testing facilities.

Member States and OLAF can submit requests for analysis of tobacco products using the dedicated IT Tobacco Seizure Management Application (ToSMA), administered by OLAF on the Anti-Fraud Information System (AFIS) platform.

The annual administrative arrangement with the JRC's Geel Institute was renewed in 2020 with programme funding of EUR 183 801.

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<sup>22</sup> This estimate is based on the assumption that the seizures made in Member States represent approximately 10% of the overall amount of counterfeit and smuggled cigarettes in the EU.

<sup>23</sup> COM(2017) 235 final.

<sup>24</sup> COM(2018) 846 final.

### 2.2.3. *Conferences, seminars and digital forensics and analysts training*

#### *Training, conferences and staff exchanges organised under grants*

Training activities financed under the Programme aim to provide grants to beneficiaries for the organisation of targeted specialised training, conferences and staff exchanges. These activities aim to strengthen cross-border cooperation and networking activities between experts and to facilitate the exchange of best practices in relation to the protection of EU financial interests. The topics addressed by the 2020 applicants emphasised transnational cooperation and the further development, improvement and update of staff skills and competences through workshops and conferences, specialised training and a staff exchange.

The Commission received 36 applications from 13 Member States by the deadline of 27 May 2020. The requested grants totalled EUR 3.7 million whereas a maximum of EUR 0.75 million was initially available. The exceptional health crisis led to a postponement of several planned procured events and offered the opportunity of additional funding for grants in 2020. EUR 0.37 million was added to the EUR 0.75 budget available under the ‘training, conferences and staff exchanges’ call. Therefore, the Commission selected for award 13 projects for a total grant of approximately EUR 1 million. Table 4 in Annex 1 gives an overview of the awarded grants and co-financing rate.

#### *Conferences organised under procurement*

The Programme also finances high-level conferences and training activities focused on the protection of EU financial interests, to be organised by the Commission. Eleven events were planned for 2020, using an existing framework service contract. The overall budget available for procured conferences was EUR 1.05 million. This part of the Programme, along with the procured digital forensics and analysts training below, was significantly affected by the exceptional pandemic circumstances of 2020. The procured conferences were initially postponed to the second half of 2020, and, as the situation did not improve, were eventually postponed to 2021. A virtual format of these events was not considered feasible due to the nature of planned topics and the professional backgrounds of participants. Two of the eleven events were organised in an online format. Table 5 in Annex 1 provides an overview of the events that took place under the 2020 budget.

#### *Training organised under procurement: digital forensics and analysts training*

The digital forensics and analysts training aims to reinforce the capacity of law enforcement agencies to combat fraud, including cigarette smuggling and counterfeiting. This training provides improved detection skills to extract and use data from digital devices. This annual training contributed to the creation of a network of certified digital forensics specialists, starting in 2007. The complexity of EU funds-related investigations has increased, creating larger volumes of data to process and a growing need to train digital analysts. To address this need, since 2018, analysts training courses have been added to the original digital forensics training. This complements digital forensics investigations by ensuring that data will be processed with a view to enhancing the quality, accuracy and efficiency of investigations related to EU funds.

Two training events were scheduled for 2020, with a total indicative budget of EUR 1.8 million. The health situation led to postponement of the training, first to the second half of 2020, and then to 2021. Since the pandemic conditions did not improve, the 2020 sessions were transformed to a virtual mode and took place between May and

June 2021. Sixteen sessions were held online for about 250 participants (15 participants/session), covering the topics most requested by Member State authorities.

#### *2.2.4. Legal training and studies*

The grants for legal training and studies aim at enhancing development of the legal and judicial protection of EU financial interests. In 2020, the Commission awarded grants to applications that proposed actions covering three types of specific topics:

- a) developing high-profile research activities, including studies in comparative law;
- b) increasing cooperation and awareness among practitioners and academics through conferences; and
- c) developing periodical scientific publications and other tools for the dissemination of scientific knowledge.

The Commission received 21 applications from 6 Member States by the deadline of the call for proposals on 27 May 2020. The total budget of the 21 projects was EUR 2.2 million and the Commission was requested to contribute an amount of EUR 2 million. The initial budget available was EUR 0.5 million. Due to the exceptional circumstances of 2020 and unforeseen cancellations and postponements of 2020 procured events, an additional budget of EUR 0.45 million was transferred to the legal training and studies grants.

The Commission awarded grants to 11 applications for an overall amount of about EUR 0.9 million with a co-financing rate of 80%. The grants were awarded to conduct studies on:

- customs control practices;
- legal provisions on investigations led by the European Public Prosecutor's Office (EPPO) and OLAF;
- institutional cooperation in the EU in combating offences affecting EU financial interests;
- the effect of the COVID-19 crisis on the current regulatory framework relating to the fight against fraud affecting EU financial interests, in particular in the social, health and economic sectors.

Also covered under the grants was the publication of a periodical on the protection of EU financial interests. Table 7 in Annex 1 gives an overview of the awarded grants in 2020.

### **3. ACHIEVEMENTS 2020**

This section provides an overview of the main results achieved by beneficiaries implementing awarded grants ending in 2020. The outcomes of projects are reported in the final technical report submitted by beneficiaries with their payment requests. Final technical reports also describe issues encountered during the implementation of the action, such as delays or staff changes. It records how they were resolved and eventual impacts on the outcome of a project.

Beneficiaries of grants for training activities (conferences, seminars and training sessions) also conduct a participant survey to measure the relevance, quality and overall user satisfaction of the event. The findings of these surveys are included in the final technical report submitted at the end of the action.

Training activities finalised in 2020 concerned a wide range of disciplines and topics such as: fighting transit fraud in the EU; advanced X-ray image interpretation training; methodologies of detecting and investigating crimes detrimental to EU financial interests; and enhancing the cooperation and control models in the field of prevention of fraud affecting the EU's own resources.

While most of the training projects addressed representatives of administrations responsible for managing EU funds and law enforcement agencies (police, customs), the participation of students, professionals, NGOs and educational institutions was also noteworthy. A total of 933 people attended anti-fraud training events and conferences and 857 event evaluation forms were received. The feedback received was overwhelmingly positive, with about 99% of the participants giving the events 'excellent' or 'good' assessments. The presence registered for the projects finalised in 2020 confirmed a growing international dimension.

Technical assistance grants are awarded for the purchase and installation of technical equipment that, at the time of final reporting, has only been operational for a short period. The first tangible results of the equipment, such as the seizures of cigarettes, arrests made of suspected persons or estimates of prevented losses to the national or EU budget, can only be reported several months after the closing date of the action. For this reason, beneficiaries are also required to submit a final implementation report one year after the closing date of their actions to report on the results from the use of equipment.

The reported results are examined in the light of the operational objectives of the Programme. Sections 3.1 to 3.5 below describe the Programme's achievements in the framework of these objectives.

**3.1 Operational objective 1** - To improve the prevention and investigation of fraud and other illegal activities beyond current levels by enhancing transnational and multidisciplinary cooperation<sup>25</sup>.

This operational objective is achieved mainly through projects funded under the training component of the Programme. A vast array of anti-fraud related topics were covered during the training actions finalised in 2020. The projects had the following main results:

- a) widespread dissemination of strategies, experiences and good practices to fight corruption and other criminal activities affecting EU-funded projects in various countries;
- b) increased awareness on fraud risk indicators and EU anti-fraud policy; and
- c) enhanced use of specialised methodologies, tools and techniques to fight against fraud affecting EU financial interests.

An overview of the training events finalised in 2020 is given in Annex 1, Table 6 (Training, conferences and staff exchange) and Table 8 (Legal training and studies).

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<sup>25</sup> Article 5(a) of Regulation (EU) No 250/2014.

**The National Anticorruption Directorate (Direcția Națională Anticorupție (DNA)) of Romania** organised a workshop and a European conference — *Trends in investigating frauds and corruption affecting the financial interests of the European Union* — with participants from 18 Member States (and the Republic of Moldova and Ukraine). Its focus was to highlight the most relevant issues for fraud investigations thereby contributing to the prevention, detection and sanctioning of irregularities and fraud detrimental to the financial interests of the EU.

The first activity was a 3-day national workshop on modern techniques and tactics for investigating corruption and fraud in EU-funded projects, gathering Romania's relevant actors, judicial and administrative authorities involved in preventing and sanctioning the irregularities and frauds affecting EU financial interests. The workshop was organised in Bucharest in the autumn of 2019 hosting 77 participants.

Representatives of the DNA, management authorities, the Romanian central anti-fraud department (DLAF), and the Romanian anti-fraud coordination service gave presentations that generated debates on: current fraud systems and trends identified in the approval and implementation of EU financed activities; case studies on fraud methods; fraud/corruption risk analysis; fraud management in approving and implementing activities financed by EU funds; concepts of irregularity; suspected fraud; and fraud. A case study presented by DNA gave the opportunity to participants to debate techniques and tactics for investigating corruption and fraud in projects supported by EU funds.

The 2-day European conference on fraud affecting EU financial interests focused on detection and investigation techniques. It brought together representatives of the relevant actors involved in preventing fraud affecting EU financial interests from 18 Member States and from the Republic of Moldova and Ukraine. The conference was organised in Bucharest, in November 2019, hosting 99 participants.

A major highlight of the event was the presentation of the Romanian study on the impact of Regulation (EU) 2017/1939 establishing the European Public Prosecutor's Office (EPPO) on the national legislative framework. The study was drafted by a working group comprised of representatives of DNA, the prosecutor's office attached to the High Court of Cassation and Justice, the Superior Council of Magistracy, DLAF, the Directorate for Investigating Organised Crime and Terrorism and the Romanian Universities of Bucharest and Cluj-Napoca.

The project facilitated the dialogue and information exchange on trends in the investigation of fraud affecting EU financial interests, so that achievements at national level could be shared with other Member States. It also promoted networking and generating new contacts among institutions with responsibilities in combating such fraud, as the cross-border nature of the phenomenon of fraud is constantly changing.

**The National Revenue Agency (NRA) in Bulgaria** implemented a project entitled *Enhancing the cooperation and the control models in the field of prevention of fraud, related to customs regimes 4 200 and 4 000, affecting the EU system of own resources*, bringing together the revenue administrations of four neighbouring countries and OLAF.

The project team organised in Sofia six meetings or conferences specifically focused on the fight against irregularities and fraud, gathering representatives of the NRA and of the revenue administrations of Romania, Greece and Turkey.

The first series of meetings was dedicated to holding discussions and making proposals for improving the interaction and exchange of information between the tax and customs administrations of the countries and proposing a timeline for their implementation.

The second series centred on the possibilities to draft a cooperation agreement that would increase efficiency in the fight against, and prevention of, fraud affecting the application of the customs regimes 42 and 40. Following fruitful discussions, proposals were formulated following the meetings and presented to senior management of the administrations for further approval.

As a result of this project, NRA Bulgaria's administrative capacity improved, as did that of the revenue administrations of Romania, Greece and Turkey. Moreover, transnational cooperation between the revenue administrations of the Balkan region has been reinforced, leading to the approval and optimisation of measures for combating fraud through the rapid provision and exchange of reliable information.

This activity resulted in:

- improved prevention and investigation of fraud and other illegal activities beyond current levels by enhancing transnational and multidisciplinary cooperation;
- increased protection of the financial interests of the EU against fraud by facilitating the exchange of information, experiences and best practices, including staff exchanges; and
- reduced exposure of EU financial interests to fraud, corruption and other illegal activities, with a view to further reducing the development of an illegal economy in key risk areas such as organised fraud.

**3.2 Operational objective 2** - To increase the protection of the financial interests of the Union against fraud by facilitating the exchange of information, experiences and best practices, including staff exchanges<sup>26</sup>.

The anti-fraud training activities and staff exchanges contributed to the achievement of this objective. The co-financed projects involved several Member States and created opportunities for the exchange of information and experience among participants. OLAF-procured training events enhanced the cooperation and exchange of information across Member States in relation to anti-fraud prevention and investigation activities.

OLAF organised a meeting of the **anti-fraud coordination services (AFCOS)** across the Member States. Due to the health crisis, the meeting was organised in virtual mode, in October 2020. Participants included 57 delegates from all Member States and OLAF representatives. The topics discussed included the new fraud-fighting landscape (AFCOS-OLAF-EPPO), assessing and tackling COVID-19-related fraud risks in EU spending by identifying specific risks and presenting a set of measures that national authorities could take to mitigate them.

The event offered the opportunity of valuable exchanges across Member State authorities and provided a framework to reflect on how best to protect the EU budget when faced with a new wave of irregularities and fraud in the health and research sectors.

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<sup>26</sup> Article 5(b) of Regulation (EU) No 250/2014.



**The Financial Directorate of the Slovak Republic** organised in two cycles a training programme — for customs officers from 11 Member States<sup>27</sup> at the EU's eastern external border — focused on X-ray scanner image interpretation and customs control. Twenty-two customs officers received training in the first cycle and twenty in the second.

The eastern border of the EU is susceptible to illicit trade. For that reason, it is important to maintain the same high level of customs control efficiency in all countries at the eastern external border.

The objective of the training was for customs officers to gain knowledge and experience related to seizures by using X-ray scanners and image interpretation from vehicle and baggage X-ray scanners. The training included practical exercises and scanner image analysis. On the agenda were also physical checks of vehicles and a canine unit presentation.

This training supported the achievement of the objectives set by Celbet, the Customs Eastern & South-Eastern Land Border Experts Team. Celbet, under the coordination of DG TAXUD, aims to strengthen the quality of operational management and customs controls on the external EU border. All members belonging to Celbet participated in this training, contributing to greater cooperation.

Customs officers learned new skills and acquired knowledge, methods and best practices in the field of X-ray image interpretation related to the fight against smuggling. Using these in their daily work will improve performance of customs controls and reinforce the ability to detect illegal activities.

**3.3 Operational objective 3** - Strengthening the fight against fraud and other illegal activities by providing technical and operational support to national investigations, in particular to customs and law enforcement authorities<sup>28</sup>.

Beneficiaries received grants for the purchase of technical equipment to support specific activities.

- a) Strengthening operational and investigative capacity by improving the quality, efficiency and effectiveness of technical hardware and technical support used in detecting and monitoring any illegal activity affecting the EU budget. Actions aim at a faster and more efficient detection of, for example, smuggled cigarettes and tobacco, illicit goods or the identification of new fraud schemes and methods of operation.
- b) Improving skills and qualifications of the beneficiary's staff who are tasked with the daily operations of new equipment.
- c) Improving the quality of evidence gathered during operations in support of fraud investigations. The improvements should speed up legal proceedings in Member States and reduce the number of dismissals during prosecution or trial stages.

Technical assistance grants can also cover expenditure for the maintenance of equipment, and for specific technical training for operational staff, to ensure its optimal usage and management.

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<sup>27</sup> SK, HR, HU, PL, EE, LT, LV, GR, FI, RO, and BG.

<sup>28</sup> Article 5(c) of Regulation (EU) No 250/2014.

During a given year, the Commission receives final technical reports on the implementation of grants funded in previous years. The duration of technical assistance grants is generally 18 months and, under very exceptional circumstances, may be extended to 24 months. Consequently, final reports received correspond to actions financed under several budget years. Financial support for equipment and technical assistance contributes substantially to a higher number of arrests, seizures and convictions. Seizures made with the help of X-ray scanners, for example, clearly demonstrate a direct relationship. Digital forensics software, devices to monitor vehicles or persons suspected of involvement in illicit activities, and verification of documents and chemicals all enable beneficiaries to improve the overall efficiency and effectiveness of the operations carried out in support of investigations to protect EU financial interests. Some examples are shown below for technical assistance grants finalised (final technical reports received) in 2020. The complete list of finalised technical assistance grants is found in Annex 1, Table 2.

The **Ministry of the Interior of Spain, Guardia Civil** reported on its acquisition of equipment to improve its investigative and operational capacity to seize illegal consignments, reduce investigation time and tackle complex investigations into criminal organisations, in its aim to detect and monitor illegal activities affecting the EU budget. The tools purchased identify anonymous IP wireless electronic communication devices, intercept wireless IP communication devices over Wi-Fi and ensure legal digital content extraction and end-point communications interception. The system comprises a central server and sensors deployed in various specialised units. Twenty staff members have been trained in the use and exploitation of retrieved data. These tools support joint international operations and underpin investigations emerging from raw intelligence and on-the-spot checks by providing better digital evidence. The deployment of this technology aims to shorten penal proceedings and seeks to have a major impact on prevention and deterrence of crimes against the EU budget.

**Germany's Berlin Police** purchased equipment to check and verify documents. The acquired system enables checks of security features of more than 2 000 different documents (ID cards, passports, visas, driving licences, residence permits) from over 200 countries. Fifty devices to verify embedded electronic chips and both visible and hidden security features as well as fingerprint sensors and software were purchased and distributed throughout Berlin. Checks in 2019 revealed anomalies at a level of 18%, leading to further investigation. The project has strengthened the quality, efficiency and effectiveness of police investigation work. It prevents high financial losses caused by organised fraud and strengthens the economy of the region, country and the EU. A reported 20 000 employees have been trained in the use of the equipment and 150 have received specialised training.

Customs controls at a border crossing point between Lithuania and Belarus have been strengthened following the procurement and deployment of a stationary vehicle/container X-ray inspection system by the **Lithuanian Customs**. This equipment will increase the efficiency of customs controls and reduce the time required for customs formalities. The duration of examinations for transport containers has been reduced to approximately 15 minutes, significantly shorter than the previous 2-3 hours inspection time. The integration of this X-ray system into BAXE, the Baltic Exchange, has reinforced the overall protection of the Baltic region and the external border of the EU. Using this non-

invasive control mechanism has facilitated the detection of illicit cigarettes smuggling, contributing to seizures and to the protection of EU budget revenues.

**The Lithuanian Police Forensic Science Centre (LPFSC)** organised forensics training for investigators *Improving Baltic States and Croatia police computer forensics specialists' skills in IT investigations by organising training of UNIX-based operating systems forensics and scripting* bringing together 18 participants. The specialists were trained in Linux Forensics and Windows 10 Forensics. This project significantly increased the number of available skilled digital forensic investigators, reinforcing capacity throughout all the Baltic States.

The project contributed to:

- improving the quality of investigations, and reduced time to resolve crime by improving investigators' skills in IT investigations;
- strengthening of the capability of LPFSC to fight against fraud and other illegal activities;
- ensuring a harmonised ability to support and conduct fraud analysis cases with digital forensic investigation throughout the country;
- strengthening of the existing network between IT investigators of the Baltic States and Croatia;
- reducing the processing queues in the Baltic States and Croatia for pending forensic IT investigations; and
- harmonising the abilities and expertise of IT investigators of the Baltic States and Croatia.

Technical assistance implementation reports describe the results obtained after 12 months of using purchased equipment. These provide a better overview and understanding of the long-term impact of the Programme. Beneficiaries report on, for example, the number and amount of cigarettes and tobacco seizures, estimates of the prevented losses to the national and EU budgets, the emergence of new fraud schemes, the detection of networks of organised crime groups or the number of arrests made. In 2020, 18 implementation reports were submitted for grants awarded under the 2017 annual budget.

A grant to the **Provincial Police Headquarters in Olsztyn, Poland** for the purchase of a mobile intelligence centre has led to an improvement in the detection of crime related to tobacco smuggling in the Warminsko-Mazurskie province. The equipment enables police to obtain data and information from the mobile network to identify subscriber identities and other data pertinent to intelligence operations. The beneficiary reports that data are obtained faster and that analytical work and response times have improved. These better data contribute to an improved quality of admissible evidence. Seizures of 20 million cigarettes and 4 500 kilos of cut tobacco, leading to charges filed against more than 50 people, have been reported.

An estimated EUR 5 million in seizures and averted financial damage to EU funds resulted from investigations by the **Brasov County Police Inspectorate, Romania** using digital hardware and software forensic equipment. Using the technology to target smuggling and tax/VAT evasion for products including cigarettes, sugar, counterfeit drugs and wood supplies, the beneficiary identified various types of wrongdoing leading to investigations of individuals submitting falsified VAT returns, smuggling, ghost companies and money laundering. From its inception in August 2019, the Fraud Investigation Unit and the Forensic Unit recovered and analysed data on 262 storage media devices in six financial crime cases in relation to VAT, money laundering, smuggling and tax evasion. Another 82 devices were searched for other types of illegal activities. The time required to recover data decreased by half, from 90 days to 45 days. The quality and quantity of evidence secured from digital devices have significantly improved. The beneficiary reported the arrest of 12 people up to December 2020.

Forensic examination capacity of documents and inks has been boosted in the **SFSB Document Investigation Department of Latvia** after the purchase of a Raman spectrometer and an ultra-performance liquid chromatography system. Experts from France, Germany and Switzerland provided two training events to experts from Latvia, Lithuania and Estonia. The items have now been in use since mid-2019, reinforcing capacity to provide high-quality evidence for investigation of financial and economic crimes. Examinations of evidence are linked to illegally produced goods amounting to a possible EUR 1.5 million.

### **Examples of procured access to external databases**

The Commission procured access to commercial databases for use by Member State law enforcement authorities. The databases containing trade information, company data or vessel movements provide essential operational information for autonomous or joint investigations carried out by Member States with OLAF. The databases also provide input for risk analyses and intelligence used by customs authorities to target controls.

Member State customs services use a commercial database of **worldwide trade statistics**. It is used primarily to assist investigations into cases involving trans-shipment, anti-dumping or countervailing duties, misdescription of country of origin, exporter, container swapping and undervaluation. One Member State reported an identification via the database by noting significant changes in trade flows as part of a risk analysis profile, e.g. Brexit-related trade flows.

Member State customs authorities use a database on **vessel information and movements** in combination with other databases, to support risk analysis and intelligence regarding commercial vessels operations worldwide. It is regularly used to check the actual routes of vessels in order to cross-check the origin of the goods in containers, for instance, when fraud is detected in anti-dumping and/or countervailing duties evasion. The database is also used in the customs clearance phase to detect potentially suspicious cases of import transactions. Moreover, it is regularly used to monitor vessels transporting cargo containers directed to the EU customs territory to help identify risky shipments, including smuggling of tobacco products.

Member States used this database in 2020 to monitor container ships (in particular carrying high-risk consignments such as cigarettes) and tankers, as part of actions aimed at countering anti-dumping violations. It is instrumental in detecting violations associated with embargoes of mineral oils imported from areas of high political and military instability in North Africa and the Eastern Mediterranean, and to counter violations related to misdescription of origin of agricultural and other products imported to the EU. In one case, 22 tonnes of agricultural products claiming false origin were seized.

Use of the aforementioned database contributed to the seizures of more than 16 million cigarettes and, in another seizure, a big shipment containing undeclared chewable tobacco.

A database with **information on companies** has significantly contributed to investigations led by Member State customs authorities related to fraud affecting the financial interests of the EU. In a number of cases, the database has been used in several tax audits and checks conducted by a Member State authority. The quality of data available in the database led to the successful pursuit of an investigation related to a case of international tax evasion that enabled the competent authority to identify all the corporate structures and persons involved.

One particularly useful characteristic of having access to this database is that it provides the possibility for Member State authorities to create risk profiles and to verify certain information on companies, company structures and beneficiary owners. They may trace companies and gather intelligence to assist with relevant customs investigations of particular interest using this data.

The database contributed to the establishment of the customs debt for suspicious import consignments using customs procedure CP 42. This procedure allows importers to obtain a VAT import exemption, when goods are imported from outside the EU into one Member State and subsequently transported to another Member State, to evade customs duties and VAT. It was also instrumental in detecting fake exports from the EU to a certain third-country company.

Examples of operational results obtained from the use of the automated monitoring tool, the data analysis project and the laboratory for the analysis of tobacco products (developed with the Joint Research Centre).

**The automated monitoring tool (AMT)** is an IT tool developed by the JRC and made available to Member State customs services for the identification of anomalies in patterns of import prices or quantities. Some Member States use the AMT to determine the threshold of lower prices for customs valuation by combining estimates of EU average product prices with the results of their customs controls. Several Member States use these estimates and the related price anomalies of specific products or origins for integration in their national risk profile systems. It is used in the detection of undervaluation of imported goods, especially textiles and footwear. The scale of undervaluation has decreased in those Member States using the AMT, thereby reducing the level of losses to EU and Member State budgets in customs duties, excises and VAT. The use of the AMT, hosted on two separate platforms, increased considerably in 2020. The tool received more than 220 000 data queries from almost 2 000 customs officers.

In 2020, the AMT was used for monitoring and examining imports of medical supplies needed for fighting the COVID-19 pandemic. It was also used to assess the findings from joint customs operations carried out in previous years, such as the one aimed at the identification of undervaluation in imports of textiles and footwear.

The JRC submitted to OLAF the 2020 **INTEL4CUSTAF** project deliverables, summarising the work completed under the administrative arrangement in relation to pilot projects on: estimated container weight; misdescription of goods; data analysis methods for the detection of e-traders and undervaluation; and tobacco track and trace.

In 2020, INTEL4CUSTAF activities fell into two main categories:

### **1. Networking and community building**

- Visits to Member States to find out how they organise and conduct analysis, discussing interesting projects and sharing OLAF/JRC expertise. Previously, these visits have led to presentations from the visited Member States during a workshop and have greatly influenced the identification of wider pilot projects.
- Discussions and sharing experience of analytical and data issues during the pilot project meetings, leading also to informal contacts on other relevant issues among Member State analysts.
- A 4<sup>th</sup> workshop, to present the information and work undertaken during the year, share experiences and discuss needs, challenges and ideas for future work.

### **2. Pilot projects**

- Five data analysis (pilot) exercises, to research and develop new data analytical tools and methods intended to help detect customs fraud in key areas of interest to Member States. The five pilot projects undertaken in 2020 are summarised in Figure 5. Four of the 2020 pilot projects build on work started in 2019; the 2019 project using the Europe Media Monitor to identify reports of illicit tobacco has been discontinued, although related text-mining analysis is incorporated into the misdescription pilot project.

Figure 5: 2020 INTEL4CUSTAF pilot projects

<i>Pilot project</i>	<i>Description of analysis</i>	<i>Number of participating Member States</i>
<b>Misdescription</b>	i) Continuing the work done in 2019, based on Belgium’s Doppelganger approach; ii) Identification of misdescription by applying text-mining techniques.	7
<b>Undervaluation</b>	Comparing and exploring differences between AMT prices and results of price controls by Member States.	11
<b>e-Commerce</b>	Identification of approaches to systematically identify (customs-relevant) e-Traders using Sensitive Authentication Data	10
<b>Container weight</b>	Testing differences in actual, estimated and declared weights.	6
<b>Tobacco track and trace (T&amp;T)</b>	Investigating the potential of the new tobacco track and trace data, to look for possible alerts and potential fraud analysis.	7

Although it was not possible to conduct the planned visits, all the events, including the pilot project meetings, were held online. The planned physical workshop was replaced by six 3-hour online events organised in November 2020.

Despite the difficulties posed by the virtual environment, work advanced on all five pilot projects and over 50 colleagues from 18 Member States participated actively. Across the four pilot projects where there was a need to collect data<sup>29</sup>, 22 datasets were provided by 13 Member States. At the workshop plenary session, organised on 25 November 2020, OLAF and JRC presented the main conclusions and proposals for the programme in 2021. Overall, the workshop brought together 88 representatives from 21 Member States and 44 Commission officials from OLAF, JRC, DG TAXUD, DG BUDG and DG SANTE, with most participants attending more than one session. About 30 Member State participants responded to an (anonymous) online survey at the end of the plenary. In general, they were very positive about the virtual workshop (26 found the INTEL4CUSTAF events very useful) and strongly supported continuation of the INTEL4CUSTAF initiative.

OLAF has usually presented and discussed the activities of the INTEL4CUSTAF project with Member State representatives at the expert group on mutual assistance in customs matters. A presentation summarising the outcomes of the 2020 activities and the proposal for the 2021 activities was given at the expert group meeting (virtual, 16 December 2020). Overall, the project received positive feedback and delegates to the expert group supported its continuation in 2021.

<sup>29</sup> Tobacco track and trace data was already available in a central database.

### **Contribution of the action to the protection of EU financial interests**

During its 3 years of activities, the INTEL4CUSTAF project has delivered important progress under several of the Hercule III operational objectives. It has created an open and informal environment where practitioners are free to exchange their ideas and provide valuable feedback on the activities performed. The result is a community of experts, which, at the end of 2020, totals around 150 members from Member States and 50 from the Commission. Through strengthening the community of practice and the work performed in pilot projects, the project has improved EU transnational cooperation and collaboration, promoted the sharing of good practices among Member States and supported the strengthening of national capacities to identify and combat fraud<sup>30</sup>.

**The laboratory for the analysis of tobacco products (TOBLAB)** at the JRC-Geel facility has been operational since April 2016 and is regularly used by Member State customs services and OLAF. The laboratory carries out analyses on samples of seized tobacco products. The results obtained make it possible to identify the chemical composition and the geographical origin of the analysed tobacco. The analytical methods applied also enable the identification of counterfeit tobacco products and can contribute to forensic investigations aiming to dismantle criminal networks. TOBLAB aims to provide intelligence on analysed tobacco products, including so-called cheap whites, and on raw and cut tobacco. TOBLAB is assembling a repository of raw tobacco grown in Europe from different production regions, including different varieties from within regions, in order to provide information about the geographical origin of seized raw tobacco.

The JRC maintains and updates a database with information on the chemical composition and origin of seized smuggled and counterfeit tobacco and tobacco products submitted by customs services and OLAF. For the last reporting period (July 2019 – July 2020), the JRC received from 14 Member States and OLAF 149 requests for analysis of seized cigarettes and raw/fine-cut tobacco samples. Final reports have been uploaded in the Tobacco Seizure Management Application (ToSMA) for 113 cases (the remaining 36 cases were being processed at the time of reporting). All cigarette samples have been categorised according to their elemental composition, the volatile and semi-volatile constituents, and by visual observation.

It was possible to identify cigarettes smuggled into the European market and to establish connections between tobacco products seized in various places and at different moments within the EU. A total of 89 seizures could be connected to each other or to previous seizures.

Following the restrictions in place related to the COVID-19 pandemic, the TOBLAB facilities were closed from mid-March to mid-May 2020. Due to the lockdown, the annual workshop of Member State enforcement staff and customs laboratories could not take place.

**3.4 Operational objective 4 - To limit the currently known exposure of the EU's financial interests to fraud, corruption and other illegal activities with a view to reducing**

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<sup>30</sup> Operational objectives (a), (b) and (c) of Hercule III Programme.



the development of an illegal economy in key risk areas such as organised fraud, including cigarette smuggling and counterfeiting<sup>31</sup>.

Several actions contributed to achieving this objective in 2020.

In 2018, OLAF awarded a contract to the research institute RAND Europe (UK) CIC to conduct a **Study to identify an approach to measure the illicit market for tobacco products**. The study was co-funded by the Hercule III programme and by the third EU Health Programme (2014-2020). The total cost of the study was EUR 290 100 and the OLAF contribution was funded from the 2017 budget. OLAF managed the study in cooperation with DG SANTE.

This study intends to support efforts to better understand the scope and scale of the illicit tobacco market and thereby inform future policy and investigative actions of the European Commission and Member States. The primary objective was to develop a reliable, robust, replicable and independent methodology to measure the illicit market, one which can be applied both at EU and Member State level. Given the exploratory nature of the study, no data was collected and no measurements attempted. The study identified a shortlist of preferred methods (i.e. discarded pack survey, comparison of sales/tax paid and self-reported consumption, consumer survey with and without pack inspection/surrender, econometric modelling) and some interesting new data sources. Taken individually, no individual method was sufficient to meet the stated objective. Instead, the shortlisted methods were combined in various ways, creating as a final output options for methodologies that also take into account the different levels of resource intensity required to apply them. The study was finished in April 2020 and published online by the Publications Office of the EU in January 2021 (<https://data.europa.eu/doi/10.2784/272064>). This study will be a useful reference for any future action in this area.

**The Latvian Customs Administration** implemented an advanced X-ray image interpretation training (AXIIT) project for three Baltic states (Estonia, Lithuania, and Latvia). It provided a partial continuation of the Hercule III BAXE project (Development of joint data exchange network between X-ray scanners used by customs administrations of Baltic States, a unified network for information exchange about vehicles crossing national borders and mechanism of control and information exchange).

The action consisted in the organisation of two sessions of advanced training of X-ray image interpretation in order to provide in-depth training to 100 Latvian customs officials directly involved in work with customs controls carried out with X-ray equipment. Topics covered included methodology of X-ray image interpretation, objects concealed in various types of cargo and tests of X-ray performance.

A further condition for successfully fighting smuggling is close cooperation between neighbouring countries in order to move towards more harmonised controls at the external EU border. To this end, a regional workshop was held for the customs officers of Latvia, Lithuania and Estonia.

<sup>31</sup> Article 5(d) of Regulation (EU) No 250/2014.

An increase of 17% in the number of scans in the first quarter of 2020 compared with the first quarter of 2019 attests to the effectiveness of this reinforced capacity. This training provided support to the successful operation and development of the recently formed Customs Controls Support Centre. Furthermore, this action has substantially increased the capacities of X-ray image operators in the Latvian customs, resulting in a significant increase in the number of cigarettes seized by Latvian customs. The amount of cigarettes seized in the first quarter of 2020 increased by 225% compared with the first quarter of 2019.

The project has contributed to the continued cooperation between Baltic State customs administrations regarding X-ray controls carried out at the external border. These controls aim to prevent smuggling of cigarettes by providing an incentive to look for innovations and possible future development of the joint data exchange network between X-ray scanners (BAXE).

**3.5 Operational objective 5** - To enhance the degree of development of the specific legal and judicial protection of the EU's financial interests against fraud by promoting comparative law analysis<sup>32</sup>.

This operational objective is mainly achieved through the legal training and studies grants awarded for comparative research studies, legal conferences, seminars and scientific periodical publications.

The Programme continued funding the publication of **eucri**m (the European criminal law associations' forum) by the Max Planck Institute for Study of Crime, Security and Law in Germany during 2019 and 2020. The eucri project aims to support associations of European lawyers and to foster their networks. The journal raises awareness of legal practitioners and other stakeholders throughout Europe with regard to relevant legal provisions and policies associated with the protection of the EU's financial interests and European criminal law. The periodical promotes a deeper understanding of long-term developments in this field by means of its news and articles sections.

The ongoing analysis by the Max Planck Institute enabled systematic and regular reporting on developments in the protection of the EU's financial interests and related topics of European criminal law. Readers' awareness and a deeper understanding of European law were enhanced. The use of the modernised and redesigned eucri website (<https://eucri.eu>) and the steadily increasing number of subscribers to the eucri newsletter indicate that all interested parties have become increasingly aware of the eucri project, the associations, the various networks, and other ongoing relevant developments at European and national levels. Each issue focused on a specific topic related to the protection of the EU's financial interests and was printed in 2 000 copies. Four issues per year were published and distributed to universities, libraries, courts, law enforcement authorities and individual subscribers.

The journal gathers contributions from an increasing number of authors from academia, legal policy, the judiciary and other branches of the legal profession, leading to a wider

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<sup>32</sup> Article 5(e) of Regulation (EU) No 250/2014.

distribution and exchange of information and knowledge. As a consequence, awareness of the need for the protection of the EU's financial interests has increased. Research activities and statements on highly relevant topics were presented during 2019-2020, such as assessments of the EU anti-fraud strategy, whistleblowing legislation, OLAF investigations outside the EU, and the state of play regarding the establishment of the European Public Prosecutor's Office.

Eucrim continues to be the only medium that consistently monitors, analyses and reports on matters of protection of financial interests and related (background) topics of European criminal law and the area of freedom, security and justice. It offers added value by combining the news section with the publication of sound scientific, and policy-aligned and practically orientated, information on protection of financial interests and European criminal law in three languages (English, French, and German). Publication of the electronic version of the eucrim journal, including direct links to the electronic news sources, guarantees that information is accessible at any time free of charge. This is creating the foundation for a database on all relevant developments of protection of financial interests and European criminal law in the long term.

**The Croatian Association of Criminal Sciences and Practice** received a grant for a project that dealt with implementation of the European Public Prosecutor's Office (EPPO) in national criminal justice systems. The objectives of this project were: to improve the prevention and investigation of fraud and other illegal activities beyond current levels by enhancing national criminal justice systems; to strengthen transnational and multidisciplinary cooperation; to increase protection of EU financial interests against fraud; and to facilitate the exchange of information, experience and best practice regarding the integration of the EPPO in national criminal proceedings.

The project was composed of three activities.

i) An international conference was held in April 2019 in Zagreb, Croatia. The conference gathered 200 participants, including public prosecutors, judges, attorneys-at-law, ministry officials, professors, and other experts. They came from European and national institutions from seven EU Member States and one EU candidate state. The general objective of the conference was to analyse the integration of the EPPO in national criminal justice systems. The conference was dedicated to four topics:

a) institutional challenges at national and EU levels, addressing EPPO's structure and powers, the selection and appointment of the European Chief Prosecutor and European Delegated Prosecutors, EPPO's independence and responsibility, and the possibility of extending the term of office;

b) procedural challenges, focusing on investigation powers, procedural guarantees, the prosecutor's oversight, disciplinary liability, the language of criminal proceedings and linguistic problems of the Permanent Chambers, judicial control, procedural guarantees, and the admissibility and legality of evidence;

c) challenges in cooperating with Member States and EU agencies, with discussions addressing EPPO cooperation with EU Member States that do not participate in it, with third countries, and with Eurojust, OLAF and Europol; and

d) EPPO integration in the Croatian criminal justice system, addressing various issues regarding institutional and procedural challenges.

ii) The annual meeting of the presidents of the associations for European criminal law and for the protection of EU financial interests, held in April 2019 in Zagreb, Croatia.

iii) Publication of the papers presented at the international conference, 'Integration of the EPPO in the National Criminal Justice Systems: Institutional, Procedural and Cooperative Challenges' as a special issue of the Croatian Annual of Criminal Sciences and Practice, which is an open access journal published by the beneficiary and is widely distributed. The publication contains 15 papers and 7 meeting abstracts that analyse the various institutional, procedural and cooperation challenges brought about by the establishment of the EPPO. The articles were double-blind peer-reviewed and 12 of them were categorised as scientific papers, attesting to their quality. The publication is freely available at the portal of Croatian scientific and professional journals (<https://hrcak.srce.hr/hljzpz?lang=en>), released in 2020 (Vol. 27, No. 1).

The project contributed to enhancing the legal and judicial protection of EU financial interests against fraud. The research activities and discussions at the conference between participants from EU Member States and candidate countries raised awareness about the EPPO and provided insight into the current problems in protecting EU financial interests, and offering possible solutions. The conference itself served as a forum for the exchange of knowledge and practices between academics and practitioners acting in the area of protection of EU financial interests, and for improving transnational cooperation. Croatian practitioners improved their knowledge and gained valuable insight into the establishment, jurisdiction and implementing issues of the EPPO. The conference publication aims to raise awareness for a wider audience.

**The University of Bologna** received a grant to develop comparative research on the rules for conducting digital forensic operations in anti-fraud administrative and criminal investigations. Taking into consideration the challenges posed by digital technology and the requirements to handle digital evidence in investigations, the project analysed three main profiles of digital forensic operations from a multidisciplinary and transnational perspective:

(i) rules to ensure the integrity and the chain of evidence (also when data are stored in the cloud), and safe storage of the information collected; a special focus was put on the authenticity of evidence collected in relation to its admissibility in light of the proposal to amend Regulation (EU, Euratom) No 883/2013;

(ii) rules to ensure an effective exercise of defence rights (examination of digital evidence, documentation of the operation, potential participation of the defence, identification of effective remedies including the prompt destruction of irrelevant or disproportionate information); and

(iii) rules on the use and assessment of digital evidence at trial.

The project produced a comprehensive comparative analysis of the standards for digital forensic evidence in selected Member States (Germany, Italy, Spain, Luxembourg and the Netherlands) to understand which rules are most effective in anti-fraud administrative and criminal investigations on EU financial interests.

The project developed recommendations to create uniform European standards on the handling of digital evidence in anti-fraud investigations. These could contribute to establishing legislation on digital forensics at EU level, and also improve existing national legislation on the matter. In doing so, the project helped shape a shared concept of authenticity of evidence that fosters cooperation between relevant national authorities and OLAF to make anti-fraud investigations more effective.

The project results were presented at an international conference in December 2020, held online due to the COVID-19 pandemic, attended by 80 participants including researchers, students, legal practitioners, digital forensic experts and specialised police officers. The final publication *Digital Forensic Evidence: Towards Common European Standards in Anti-fraud Administrative and Criminal Investigations*, released in January 2021, collects the results of the research and is available free of charge at the project's website (<https://site.unibo.it/devices/en/results>). The publishing house has also printed and distributed a paperback version (<https://shop.wki.it/libri/digital-forensic-evidence-s741940/>).

#### **4. COMMUNICATION**

The successful implementation of the Programme required a structured approach to inform potential beneficiaries on funding opportunities. The Commission also disseminates information on the achievements and results of actions that received funding<sup>33</sup>.

##### **4.1. Informing potential applicants**

Full documents for the calls for proposals were made available on the Commission's Funding and Tenders portal and notices concerning the launch of calls were published in the Official Journal<sup>34</sup> and on the Commission's website<sup>35</sup>. Potential applicants were also informed about the publication of calls via emails sent to members of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF), to the anti-fraud coordination services (AFCOS) and to the network of associations for European criminal law and the protection of EU financial interests.

##### **4.2. Dissemination of results**

Dissemination of the results of training activities was made through the distribution of electronic and/or paper reports summarising the events. Some beneficiaries posted the recorded event(s) and the projects' outputs on their websites or created dedicated

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<sup>33</sup> Article 13(1) of Regulation (EU) No 250/2014: 'The Commission shall on an ongoing basis disseminate, including on relevant websites, the results of the activities supported under the Programme to increase transparency on the use of the funds.'

<sup>34</sup> OJ C 58 of 21.2.2020.

<sup>35</sup> [http://ec.europa.eu/anti-fraud/policy/hercule\\_en](http://ec.europa.eu/anti-fraud/policy/hercule_en)

websites in order to disseminate results and conclusions. Dissemination of the results of projects related to technical assistance is not always possible since most of the achievements relate to investigations for which information often cannot be disclosed.

### **4.3. Visibility of EU funding**

Under the training actions, all beneficiaries of grants were requested to mention the support from the Hercule III programme:

- d) in every publication (title page) or related material developed (e.g. studies, booklets, newsletters, leaflets);
- e) in electronic information (e.g. websites, audio-visual material, videos, software);
- f) at information events (conferences, seminars); and
- g) by inserting a link from their website to the site of the Hercule III programme.

Beneficiaries of technical assistance grants were requested to mention the Hercule III programme support in their reports and any other document or press release that reported on the results. Press releases issued following seizures of counterfeited or smuggled cigarettes made with Programme-funded equipment, for example, should refer to the EU funding.

## **5. FEEDBACK FROM PARTICIPANTS OF THE PROGRAMME**

As indicated in Section 3, beneficiaries of grants for training, conferences and seminars carry out surveys among the participants to collect information on the perceived quality and relevance of the event attended. Concerning the final reports received in 2020 for the training grants, a total number of 933 participants attended activities co-financed by the Hercule III programme.

The Commission received 857 completed questionnaires (92% response rate), indicating a very high level of satisfaction. The feedback received was overwhelmingly positive, with nearly 99% of participants assessing the events as ‘excellent’ or ‘good’. Participants appreciated the cooperation and exchange of information opportunities offered by the training events and considered the activities as having a practical impact on their daily work. Based on the feedback results, it can be concluded that the events have largely met their stated objectives and led to increased awareness of the risks to which the EU’s financial interests are exposed.

## **6. CONCLUSIONS AND WAY FORWARD**

The Hercule III programme was an important and effective tool in the protection of EU financial interests. The results outlined above demonstrate that the projects undertaken with support from the Programme contributed to the prevention and fight against fraud, corruption and other illegal activities affecting EU financial interests.

The Programme's relevance is supported also by the findings of the mid-term evaluation<sup>36</sup> that was carried out in 2017. Stakeholders reported that the Programme has

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<sup>36</sup> COM(2018)3 final of 10 January 2018.

been efficiently implemented and that it effectively addresses Member State needs. In 2020, the Commission launched the final evaluation of the Programme, due by the end of 2021. Its effectiveness, efficiency, added value and sustainability are being assessed by an external contractor, on the basis of results of its whole duration.

The Hercule III programme ended on 31 December 2020. Acknowledging its contribution, the Commission made a proposal for a new Union Anti-Fraud Programme under the multiannual financial framework 2021-2027. The proposal was adopted on 29 April 2021 as Regulation (EU) 2021/785, with total financing of EUR 181 207 000.

The new Union Anti-Fraud Programme pursues three specific objectives:

- a) to prevent and combat fraud, corruption and any other illegal activities affecting the financial interests of the Union;
- b) to provide tools for information exchange and support for operational activities in the field of mutual administrative assistance in customs and agricultural matters; and
- c) to support the reporting of irregularities, including fraud, with regard to the shared management funds and pre-accession assistance funds of the Union budget.

This expanded scope, merging the previous Hercule, the Anti-Fraud Information System (AFIS) and the Irregularity Management System (IMS), will enable the achievement of operational and administrative synergies as well as increased resources' flexibility, in view of specific needs that may arise during the period of application of the new multiannual financial framework.

The strand of the new Programme that will continue the anti-fraud activities will build on the successes of the Hercule III programme and on the findings of the ongoing final evaluation. The Union Anti-Fraud Programme will also tackle anti-fraud aspects related to the EU's priorities, such as climate change or digital transition.

**ANNEX 1: GRANTS AND CONTRACTS AWARDED AND FINALISED UNDER THE 2020 FINANCING DECISION**

Table 1 – **TECHNICAL ASSISTANCE** grants **AWARDED** under the 2020 Financing Decision

	MS	Beneficiary	Title and description	Awarded grant (EUR)	Co-fin %
1	RO	Directorate for Investigating Organized Crime and Terrorism - DIICOT	Strengthening the efforts in the prosecution and indictment of smuggling organised groups at the EU borders through improved analytical and digital forensic capabilities	362 072	80
2	IE	Revenue Commissioners	Procurement of mobile X-ray container scanner	1 440 000	80
3	RO	General Inspectorate of Romanian Police	Enhanced Romanian forensic capabilities for ensuring the judicial evidence in fight against financial crimes at the EU's external borders	541 035	80
4	LT	Customs Department under the Ministry of Finance of the Republic of Lithuania	Strengthening and improvement of investigative capacities of the Lithuanian Customs	695 835	80
5	PL	Police Voivodeship Command in Bialystok	Implementing operational/reconnaissance activities and evidence collection that improve process of detecting offenders against financial interests of the European Union	129 294	80
6	EL	European and Development Programs Division (EDPD)	Monitoring equipment for investigation of international tobacco smuggling and anti-fraud operations via regional surveillance of European borders	536 760	80
7	PL	Police Voivodeship Command in Bialystok	Technical and operational support for law enforcement authorities in combating illegal cross-border actions threatening financial interests of the European Union	96 584	80
8	ES	State Tax Administration Agency	Tobacco detection by manual backscattering device of X-ray	101 411	80
9	IT	Ministry of Economy and Finance	Cigarettes & tobacco scanner videoscope	415 178	80



	MS	Beneficiary	Title and description	Awarded grant (EUR)	Co-fin %
10	PL	National Revenue Administration	Purchase of technical equipment for Department for Combating Economic Crime of National Revenue Administration	312 133	80
11	BG	Bulgarian National Revenue Agency	Improvement of the fiscal control mechanism in order to strengthen the protection of financial interests of the Republic of Bulgaria and the EU	476 960	80
12	PL	National Revenue Administration	Development of the ANPRS system by implementing the mobile OCR system	426 234	80
13	RO	Anti-Corruption General Directorate	Improving the investigation, operational and technical methods in fight against corruption	131 715	80
14	PL	Police Voivodeship Command in Bialystok	Strengthening detection methods, leading to effective eradication of cross-border crime that would lead to a financial loss for the EU	256 262	80
15	ES	Ministry of Interior	Taking measures against and pursuing experienced crime organisations in the manufacture, transport, distribution and export of illegal tobacco	728 408	80
16	PL	Provincial Police Headquarters in Gdansk	Police as a successful guard of the EU's financial interests	126 424	80
17	LV	State Revenue Service	Advanced analytics usage to provide effective fraud detection in sales	510 000	80
18	PL	Police Voivodeship Command in Bialystok	Providing technical and operational support in the process of obtaining digital material evidence in proceedings on illegal acts aimed at EU financial interests	370 912	80
19	HR	Ministry of Finance	Inspection equipment and tools for the EU external border (2020)	799 524	80
20	PL	Provincial Police Headquarters in Gdansk	Increasing the level of detection of the Pomeranian Police through technical support	162 198	80

	MS	Beneficiary	Title and description	Awarded grant (EUR)	Co-fin %
21	LT	Financial Crime Investigation Service under The Ministry of the Interior	Purchase of special investigation tools and equipment	97 790	80
22	PT	Portuguese Tax and Customs Authority	Commodities and luggage scanner at Lisbon airport	98 400	80
23	PT	Ministry of Justice	Automatic number plate recognition systems for criminal investigation	164 998	80
24	PL	Police Voivodeship Command in Olsztyn	Extension of mobile police teams to fight and prevent tobacco crime	411 444	80
25	PL	Central Anti-Corruption Bureau	Integration of digital forensics, investigation and analysis networks	397 425	80
26	CZ	General Directorate of Customs	Analytical tool for voice analysis	132 000	80
27	RO	National Anticorruption Directorate (DNA)	Further developing the technical capacity of DNA in protecting the EU financial interest	279 934	80
28	RO	General Inspectorate of Romanian Police	Strengthening the action capacity of the Directorate for Countering Organized Criminality in order to protect EU financial interests in Romania	290 380	80
29	RO	General Inspectorate of Romanian Police	Integrated monitoring system for illicit activities linked with cigarette smuggling at the eastern border of the EU	676 000	80
			<b>TOTAL</b>	<b>11 167 310</b>	

Table 2 – **TECHNICAL ASSISTANCE** grants **FINALISED** in 2020

MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment <sup>37</sup>
1	LT Customs Department under the Ministry of Finance of the Republic of Lithuania	Strengthening of operational and technical capacities of the Customs Department to detect smuggled goods in particular cigarettes	1 499 114	83.11
2	RO General Inspectorate of Romanian Police	Electronic system for investigating financial and economic crimes that affect EU financial interests	376 923	76.61
3	DE Der Polizeipräsident in Berlin	Preventing and combating identity fraud and related offences	259 081	52.20
4	EL Ministry of Citizens Protection	Find – Fix – Finish – Exploit – Analyse – Disseminate	777 830	86.22
5	ES Ministry of Interior	Sunrise Hawk	1 172 098	69.59
6	LT Financial Crime Investigation Service	Purchase of intelligence equipment	88 378	85.33
7	PL Revenue Administration Regional Office in Lublin	Purchase of hand-held X-ray scanners for detecting smuggled and illicit tobacco products	135 031	58.76
8	LV State Revenue Service (SRS)	Strengthening the SRS capacity in combating smuggling	540 000	97.72
9	PL Police Voivodeship Command in Lublin	Enhancing the operational control and technical possibilities against activities detrimental to the EU's financial interests on its eastern border	98 274	100.00
10	PL Tax Administration Chamber in Rzeszów	Increasing security of the EU customs area along with combating fiscal crimes through introducing hand-held X-ray smuggling detectors	232 380	80.05

<sup>37</sup> Final payment as percentage of the awarded grant. A percentage lower than 100% means that the action was either not fully implemented or that the beneficiary managed to achieve cost savings.

MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment <sup>37</sup>	
11	LT	Special Investigation Service of the Republic of Lithuania	Strengthening law enforcement analytical capacity in preventing and detecting corruption crimes against EU financial interests	322 251	88.14
12	RO	National Anticorruption Directorate	Consolidating the technical capacity of the National Anticorruption Directorate	349 473	90.97
			<b>TOTAL</b>	<b>5 850 833</b>	

Table 3 – **DATABASES** that were **CONTRACTED** under the 2020 Financing Decision

	Name	Content	Commitment in Euro
1	IHS Maritime Portal	Information on ship movements (expired 5 Jan 2021)	129 754
2	GTA	Trade statistics data	154 545
3	DUN & BRADSTREET	Company information and financial details of companies all over the world	419 290
4	INFORMA UK Ltd. (Lloyds)	Information on ship movements (as from 15 Dec 2020)	233 100
<b>Total committed under the 2020 budget</b>			<b>936 689</b>

Table 4 – **ANTI-FRAUD TRAINING, CONFERENCES AND STAFF EXCHANGE** grants **AWARDED** under the 2020 Financing Decision

MS	Beneficiary	Title	Awarded grant (EUR)	Co-fin %	
1	LT	Special Investigation Service of the Republic of Lithuania	Strengthening multidisciplinary and regional approach in fighting corruption and fraud affecting EU financial interests in the Baltic region	46 772	80
2	EE	Agricultural Registers and Information Board	Smart protection of EU financial interests in the field of CAP	109 972	80

	MS	Beneficiary	Title	Awarded grant (EUR)	Co-fin %
			expenditures		
3	PL	Police Voivodeship Command in Lublin	Safe Europe – together against fraud on the external border of the EU	42 709	80
4	IT	Associazione Ethic Safe	Drone unit network against environmental crime	59 252	80
5	RO	National Anticorruption Directorate	Enhancing the efficiency of investigations in complex cases of fraud and corruption against the financial interests of the EU	90 344	80
6	ES	Ministry of Interior	Helm of Hades	71 461	80
7	RO	Anticorruption General Directorate	Valuing the efficiency of the anti-corruption system through specialised training sessions in the technical field	66 035	80
8	MT	Malta Financial Services Authority (MFSA)	MFSA AML/CFT Conference	39 148	80
9	RO	General Inspectorate of Romanian Police	Sharing knowledge and best practices among relevant actors from national and international level involved in fight against financial crimes affecting the EU's budget	108 926	80
10	PL	Chamber of Tax Administration in Lublin	Cross-border e-commerce: new challenges, trends and control methods in preventing and combating tax and customs fraud affecting the financial interests of the European Union	36 740	80
11	IT	Foundation Lelio e Lisli Basso	The new anti-fraud institutional and legislative landscape of the European Union	62 474	80
12	HU	National Institute of Criminology	Corruption risk, risk of corruption? Distinguishing criteria between petty and high-ranking corruption	138 236	80
13	RO	General Inspectorate of Romanian Police	Transnational and multidisciplinary cooperation between the law enforcement	116 880	80

MS	Beneficiary	Title	Awarded grant (EUR)	Co-fin %
		authorities in countering the smuggling and intra-community fraud affecting the EU budget		
<b>TOTAL</b>			<b>988 951</b>	

Table 5 – **ANTI-FRAUD PROCURED CONFERENCES** organised by the Commission under the 2020 Financing Decision

Dates	Conference title	Location	N° of particip.	Amount paid EUR <sup>38</sup>
<b>October 2020</b>	Anti-fraud coordination services (AFCOS) meeting	virtual event	84	0
<b>November 2020</b>	Network of the investigative units of external aid	virtual event	24	0
<b>TOTAL</b>			<b>108</b>	<b>0</b>

Table 6 – **ANTI-FRAUD TRAINING, CONFERENCES** and **STAFF EXCHANGES** grants **FINALISED** in 2020

MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment <sup>39</sup>
<b>1</b>	FR Robert Schuman Foundation	Fighting transit fraud in the European Union	67 243	67.36
<b>2</b>	DE General Customs Directorate	International fight against waterpipe tobacco	47 569	73.98
<b>3</b>	BG Center for the Study of Democracy	Innovative methods to investigate fraud and corruption in EU funding for agriculture	41 047	67.24

<sup>38</sup> The conferences were organised in a virtual mode, using the available Commission IT tools, triggering no costs.

<sup>39</sup> Final payment as percentage of the awarded grant. A percentage lower than 100% means that the action was either not fully implemented or that the beneficiary managed to achieve considerable cost savings.

	MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment <sup>39</sup>
4	LV	State Revenue Service	Advanced X-ray image interpretation training	44 676	87.87
5	LT	Lithuanian Police Centre for Criminal Investigation	Improving Baltic States and Croatia police computer forensics specialists' skills in IT investigations by organising training of UNIX-based operating systems forensics and scripting	59 201	88.11
6	SK	Financial Directorate of the Slovak Republic	Training focused on X-ray scanner image interpretation and customs control process	47 571	84.95
7	PO	Police Voivodeship Command in Lublin	Methodology of detecting and investigating crimes detrimental to the financial interests of the European Union	61 503	80.85
8	BG	National Revenue Agency	Enhancing the cooperation and the control models in the field of prevention of fraud, related to customs regimes 4200 and 4000, affecting the EU system of own resources	79 305	59.46
9	RO	National Anti-Corruption Directorate	Trends in investigating frauds and corruption affecting the financial interests of the European Union	40 933	46.33
<b>TOTAL</b>				<b>489 049</b>	

Table 7 – LEGAL TRAINING & STUDIES grants AWARDED under the 2020 Financing Decision

	MS	Beneficiary	Title	Awarded grant (EUR)	Co-fin %
1	DE	Max Planck Institute	Eucrim: the European criminal law associations' forum - publication of a periodical on the protection of the EU's financial interests	150 570	80
2	IT	University of Bologna	European common custom evaluation	108 240	80

	MS	Beneficiary	Title	Awarded grant (EUR)	Co-fin %
3	DE	JUSTUS-LIEBIG University of Giessen	The EPPO/OLAF comparative procedural manual (CPM) 27+1: The Member States' (27) and Union (1) law's provisions on investigations by the EPPO and OLAF, thoroughly compiled and explained	106 072	80
4	PL	Institute of Legal Sciences of the Polish Academy of Sciences	Vertical and horizontal cooperation in combating organised fraud in the EU	62 256	80
5	IT	University of Perugia	Financial information exchange among anti-money laundering national investigative authorities: towards a stronger cooperation in a European legal framework	73 267	80
6	UK	King's College London	Understanding the impact of China's Belt and Road Initiative and COVID-19 lockdown on illicit supply chains	32 189	80
7	IT	Luis International University of Social Studies Guido Carli	Better knowledge and better solution	97 634	80
8	IT	University of Bologna	Financial interests of European scale: assessing the effectiveness of preventive administrative approach	72 102	80
9	DE	Academy of European Law - ERA	Towards a multi-tiered system to ensure the protection of the EU financial interests by all available means	45 036	80
10	HU	University of Miskolc	Certain questions of the external, internal and criminal investigation of the criminal offences affecting the financial interests of the European Union (fraud, corruption, money laundering, and other illegal activities against the financial interests of the EU) with special focus on the role of OLAF, EPPO, Eurojust, and Europol	85 980	80
11	IT	University of Perugia	Diversion, restorative and mediation procedures in protection of financial interests	75 508	80
<b>TOTAL</b>				<b>908 851</b>	



Table 8 – **LEGAL TRAINING** and **STUDIES** grants **FINALISED** in 2020

	MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment <sup>40</sup>
1	DE	Max Planck Institute	eucrim: the European criminal law associations' forum - publication of a periodical on the protection of the EU's financial interests (2017)	74 146	100
2	DE	Max Planck Institute	eucrim: the European criminal law associations' forum - publication of a periodical on the protection of the EU's financial interests (2018)	78 302	79.84
<b>TOTAL</b>				<b>152 449</b>	

Table 9 – **GLOBAL OVERVIEW** per Member State of awarded grants and rejected applications in 2020

	Number of applications received	Number of awarded grants	Grants requested (EUR)	Grants awarded (EUR)
<b>TECHNICAL ASSISTANCE 2020</b>	<b>47</b>	<b>29</b>	<b>24 384 460</b>	<b>11 167 310</b>
Bulgaria	1	1	476 960	476 960
Croatia	1	1	899 465	799 524
Czech Republic	1	1	132 000	132 000
Finland	1	0	2 160 000	-
France	1	0	1 353 182	-
Greece	2	1	1 369 080	536 760
Hungary	1	0	717 437	-
Ireland	1	1	1 440 000	1 440 000
Italy	2	1	1 415 952	415 178

<sup>40</sup> Final payment as percentage of the awarded grant. A percentage lower than 100% means that the action was either not fully implemented or that the beneficiary managed to achieve cost savings.

Latvia	3	1	2 089 042	510 000
Lithuania	4	2	1 515 620	793 625
Poland	14	10	3 529 740	2 688 911
Portugal	3	2	2 637 414	263 398
Romania	10	6	3 727 698	2 281 136
Spain	2	2	920 870	829 819
<b>TRAINING, CONFERENCES AND STAFF EXCHANGE 2020</b>	<b>37</b>	<b>13</b>	<b>4 956 988</b>	<b>988 951</b>
Cyprus	1	0	89 889	-
Czech Republic	1	0	81 847	-
Estonia	2	1	859 973	109 972
Hungary	1	1	193 894	138 236
Italy	13	2	998 836	121 727
Latvia	1	0	76 774	-
Lithuania	2	1	136 607	46 772
Malta	2	1	122 967	39 148
Poland	3	2	118 711	79 450
Romania	6	4	639 912	382 185
Serbia	1	0	1 360 706	-
Slovakia	1	0	33 932	-
Spain	2	1	142 877	71 461
United Kingdom	1	0	100 063	-
<b>LEGAL TRAINING and STUDIES 2020</b>	<b>21</b>	<b>11</b>	<b>2 069 144</b>	<b>908 851</b>
Germany	4	3	465 914	301 677
Hungary	1	1	98 856	85 980
Italy	12	5	1 161 000	426 749
Poland	1	1	70 841	62 256
Romania	2	0	240 344	-

United Kingdom	1	1	32 189	32 189
<b>TOTAL</b>	<b>105</b>	<b>53</b>	<b>31 410 592</b>	<b>13 065 112</b>