

FRAUD AND CORRUPTION; DEVELOPING A EUROPEAN RESPONSE

The experience of the European Anti-Fraud Office

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Content of the presentation

- The role of OLAF
 - Investigations
 - Policy
- Magnitude of the phenomenon
 - 1st EU anti-corruption Report
 - PWC study
- Designing and developing a European response
 - Supporting MS to strengthen their anti-fraud action
 - Promoting initiatives for a new legal landscape to protect the EU financial interests



The European Anti-fraud Office (OLAF)

- MISSION

- Step up fight against fraud, corruption and other illegal activities
- Assistance to Member States
- Contribute to design and development of methods of preventing and combating fraud, corruption and other illegal activities
- Promote and coordinate the sharing of operational experience and operational practices

- INVESTIGATIVE ROLE

- Administrative investigations
- Recommendations
- Monitoring

- POLICY ROLE

- Promote legislative proposals
- Coordinating policy initiatives
- Analysis





OLAF's organisation: two core activities

Investigative process

- Investigations related to:
 - EU staff
 - New Financial Instruments
 - Centralised expenditure
 - Expenditure for external aid
 - Evasion of import duties
 - Contraband and counterfeit tobacco products
 - Counterfeiting products other than tobacco
 - Agricultural Funds and Structural Funds
- Coordination activities concerning investigations
- Analyses & Customs detection
- Monitoring of the implementation of OLAF Recommendations and assisting the competent authorities

Policy making

(from conception to reporting on progress and effectiveness)

- Policy development
- Fraud prevention
- External relations
- International relations related to the tobacco products
- Customs assistance to M.S.
- Funding (Hercule)



OLAF

- Investigates under administrative law
- Seeks evidence for and against the suspect (à charge et à décharge)
- Under a range of legal bases (Regulation 883/2013, Customs law, Mutual Assistance agreements)
- Produces recommendations to national judiciaries and EU disciplinary authorities. They prosecute, we don't!



EU perspective - Magnitude of the problem

- Public procurement is one of the main vectors for injection of public resources into the economy
- Major European public investment tool: ESIF
 - EUR 352 billion 2014-20
 - 48% spent through public procurement
- Estimations:
 - PwC Study - Public procurement: Costs we pay for corruption (commissioned by OLAF – published 2013)
 - focuses on EUR 447 billion spent in 5 areas in 8 Member States
 - direct public loss because of corruption estimated at 13%
 - Commission analysis (PIF Report)
 - 40% of detected irregularities in ESIF refer to infringements linked to public procurement
 - 56% of the irregular amounts



Reasons and root causes (1) + response

- Complex regulatory environment
- Plurality of actors involved
 - Administrative capacity
 - Inconsistency
- Proximity between local political and economic actors
- Package of public procurement rules:
 - 2014/23 – Award of Concession Contracts
 - 2014/24 – Public Procurement
 - 2014/25 – Procurement by entities operating in the water, energy, transport and postal service



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