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Annual overview with information on the results of the Union anti-fraud programme in 2023

Accompanying the document

REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

35th Annual Report on the protection of the European Union's financial interests and the fight against fraud - 2023

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1 Introduction

The fight against fraud to protect the EU's financial interests is a shared responsibility between all Member States and the EU. It is thus in the interest of the EU, and of EU taxpayers more generally, that national and regional authorities are sufficiently equipped to carry out this important mission. This is why the EU has supported national anti-fraud capacities since 2004 with the three successive Hercule programmes, now succeeded by the Union anti-fraud programme (UAFP), established in 2021.

1.1 Context

The European Parliament and the Council adopted Regulation (EU) 2021/785 setting up the UAFP on 29 April 2021¹. This legal act became applicable retroactively as of 1 January 2021.

The UAFP combines the financing and implementation of three different, previously separated activities, but at its core, it builds on the success of the previous Hercule III programme. The UAFP provides a single framework, bringing together:

- (i) the Hercule funding part (financial support to technical assistance and training);
- (ii) the Irregularity Management System (IMS, for the reporting of irregularities, including fraud, in cases related to the shared-management funds and the pre-accession-assistance funds, including the Recovery and Resilience Facility²); and,
- (iii) the financing of the Anti-Fraud Information System (AFIS, supporting Member States in providing mutual assistance in customs and agricultural matters).

This single framework increases synergies between its strands and enables an efficient allocation of resources. For example, it provides financial flexibility to reallocate funding within the programme's three strands.

An annual Commission implementing decision sets out the financing of the UAFP and the annual work programme (AWP). This single legal act provides for funding for all eligible actions supported by the programme, and for the financing of the AFIS and the IMS.

The UAFP is based on Articles 33 and 325 of the Treaty on the Functioning of the European Union (TFEU). It is set up for a period of 7 years, from 2021 to 2027, in line with the MFF laid down in Council Regulation (EU, Euratom) 2020/2093³.

The UAFP pursues two general objectives. First, it aims to protect the EU's financial interests. Second, it aims to support mutual assistance between the administrative authorities of the Member States and cooperation between these authorities and the Commission to ensure that the law on customs and agricultural matters is correctly applied.

The programme pursues three specific objectives:

1. to prevent and combat fraud, corruption and any other illegal activities affecting the financial interests of the EU;
2. to support the reporting of irregularities, including fraud, with regard to the shared management funds and the pre-accession assistance funds of the EU budget; and,

¹ OJ L 172, 17.5.2021, p. 110-122. Link: (<http://data.europa.eu/eli/reg/2021/785/oj>).

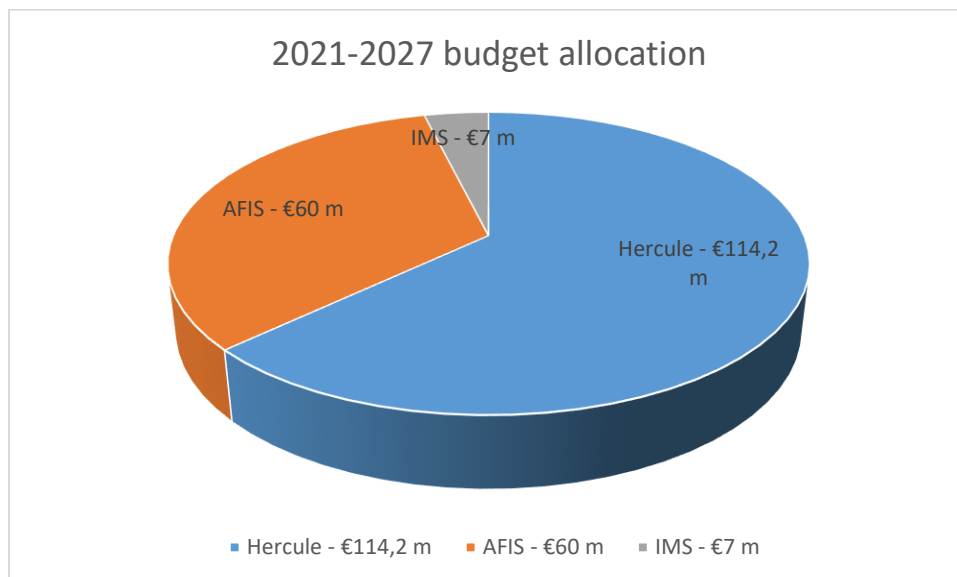
² See Chapter 4 for more details, please see Chapter 4 of the present SWD.

³ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433433I, 22.12.2020, p. 11).

3. to provide tools for information exchange and support for operational activities in the field of mutual administrative assistance in customs and agricultural matters.

To implement the UAFP, the EU has allocated EUR 181 207 000 in current prices for the period from 2021 to 2027, as shown in Graph 1.

Graph 1 – Budget allocation



1.2 Implementation methodology

The first component of the programme provides the Member States with targeted assistance in achieving their obligations to protect the EU's financial interests. This component will support the purchase of specialised anti-fraud equipment and tools, specific training as well as targeted conferences and studies.

The Commission implements this component by:

1. awarding grants following calls for proposals;
2. concluding public-procurement contracts following calls for tenders;
3. entering into administrative arrangements with the Commission's Joint Research Centre (JRC);
4. reimbursing costs incurred by representatives from eligible countries who participate in training and operational activities; and,
5. offering targeted support to relevant international organisations actively helping to protect the EU's financial interests.

The second component consists of (i) the operation and maintenance of the AFIS platform for the exchange of mutual-assistance information; and (ii) supported activities, such as joint customs operations, courses, and preparatory or evaluation meetings for operational action.

Under the third component, the Commission maintains the IMS and makes it available to Member States to facilitate their compliance with the obligation (laid down in various sectorial pieces of legislation) to report detected irregularities.

In practice, the programme is implemented under direct management. The European Anti-Fraud Office (OLAF) is the lead service for programme implementation.

The UAFP Regulation identifies four categories of eligible entities:

1. public authorities that can help achieve an UAFP objective and are established:
 - i) in a Member State or an overseas country or territory associated with the UAFP;
 - ii) in a third country associated with the UAFP under the conditions specified in Article 4 of the UAFP Regulation; or,
 - iii) in a third country not associated with the UAFP under the conditions specified in Article 10(3) of the UAFP Regulation.
2. research and educational institutes and non-profit making entities that can help to achieve the objectives of the UAFP and have been established and operating for at least 1 year:
 - i) in a Member State;
 - ii) in a third country associated with the UAFP under the conditions specified in Article 4 of the UAFP Regulation; or
 - iii) in a third country not associated with the UAFP under the conditions specified in Article 10(3) of the UAFP Regulation.
3. any legal entity created under Union law; or,
4. any international organisation.

1.3 Purpose and scope of this overview

Article 12(3) of Regulation (EU) 2021/785 obliges the Commission to report annually on the performance of the programme to the European Parliament and to the Council as part of its annual report on the protection of the EU's financial interests – fight against fraud. Article 12(3) also stipulates that when discussing the UAFP, the European Parliament may make recommendations for the AWP, and that the Commission must duly take these into account.

To this end, this overview covers: (i) information on actions for which financial commitments were made under the 2023 Financing Decision and AWP⁴, adopted on 7 February 2023; and (ii) the results of actions finalised in 2023 but for which financial commitments were made under the Hercule III programme and the Union anti-fraud programme in previous years.

The overview also contains information on AFIS and IMS activities for which financial commitments were made under the same 2023 AWP.

2 UAFP budget implementation in 2023

To implement the UAFP in 2023, the budgetary authority had allocated EUR 24.80 million in commitment appropriations and EUR 25.34 million in payment appropriations. The programme is financed under item 03.03 of the EU budget, as shown in Table 1 (split by year).

C(2023) 813 final of 7 February 2023.

Table 1: Financial programming in 2021-2027

	(in EUR)							Programme total
	2021	2022	2023	2024	2025	2026	2027	
Total	24,055,021	24,371,021	24,852,023	25,508,023	26,353,026	27,404,026	28,678,028	181,221,168

Table 2 shows the commitments made under the available budget for 2023, broken down by the programme's three components.

Table 2: Available budget and commitments made in 2023

TYPES OF ELIGIBLE ACTIONS (2023)		BUDGET (EUR)	COMMITTED (EUR)	COMMITTED (%)
COMPONENT 1: PROTECTION OF THE EU'S FINANCIAL INTERESTS				
TECHNICAL ASSISTANCE				
Grants: technical assistance	Grants	9 650 000	10 799 791	111.9% ⁵
IT databases	Procurement	1 754 329	1 086 206	61.9% ⁶
IT tools and tobacco analysis	Procurement	758 000	719109	94.9%
ANTI-FRAUD TRAINING				
Grants: anti-fraud training	Grants	900 000	890 031	98.9%
Procured conferences	Procurement	1 200 000	839 035	70%
Digital forensics and analyst training	Procurement	1 400 000	1 023 649	73.1%
TOTAL COMPONENT 1		15 662 329	15 510 242⁷	99.03%
COMPONENT 2: AFIS PLATFORM				
IT studies, development and maintenance	Procurement	3 995 000	3 682 429	92%
Production services	Procurement	2 420 000	1 547 146	64%
Technical assistance, training, coordination and quality-control services	Procurement	405 000	526 401	130%
Acquisition, maintenance and updating of software and hardware, and related IT services	Procurement	1 150 856	878 400	76%

⁵ Unused funds initially earmarked for procured activities were allocated to this budget category in order to accommodate the award of three additional grants from the reserve list. See also footnote 6.

⁶ Following a successful tender publication, the obtained price for one of the commercial databases was significantly inferior than the forecasted amount. The available remaining budget was used for the award of Technical Assistance grants, where many applications highly scored were put on the reserve list (due to lack of available funding).

⁷ EUR 152 421 were transferred to DG COMM and DG DIGIT for communication and IT-support annual fees.

Funds co-delegated to the Directorate-General for Taxation and Customs Union (DG TAXUD)	Procurement	257 031	257 386	100%
Contingency			1 336 126	
TOTAL COMPONENT 2		8 227 888	8 227 888	100%
COMPONENT 3: IMS TOOL				
Hardware and software	Procurement	0	0	0%
Development and maintenance	Procurement	959 783	959 770	100%
Production services	Procurement	0	0	0%
Support and training	Procurement	0	0	0%
Contingency				
TOTAL COMPONENT 3		959 783	959 770	100%
GRAND TOTAL		24 850 000	24 679 900	99.39%

2.1 Activities to prevent and combat fraud, corruption and any other illegal activities undermining the financial interests of the EU (as in the former Hercule III programme)

In 2023, the UAFP's third year of implementation, the available commitment appropriations for the programme's first strand (formerly 'Hercule' actions) were used to: (i) finance granted projects; and (ii) conclude specific contracts (procurement) and administrative arrangements for providing access to commercial databases, specialised IT tools and specific training and conference events, in line with the activities included in the adopted AWP for 2023⁸.

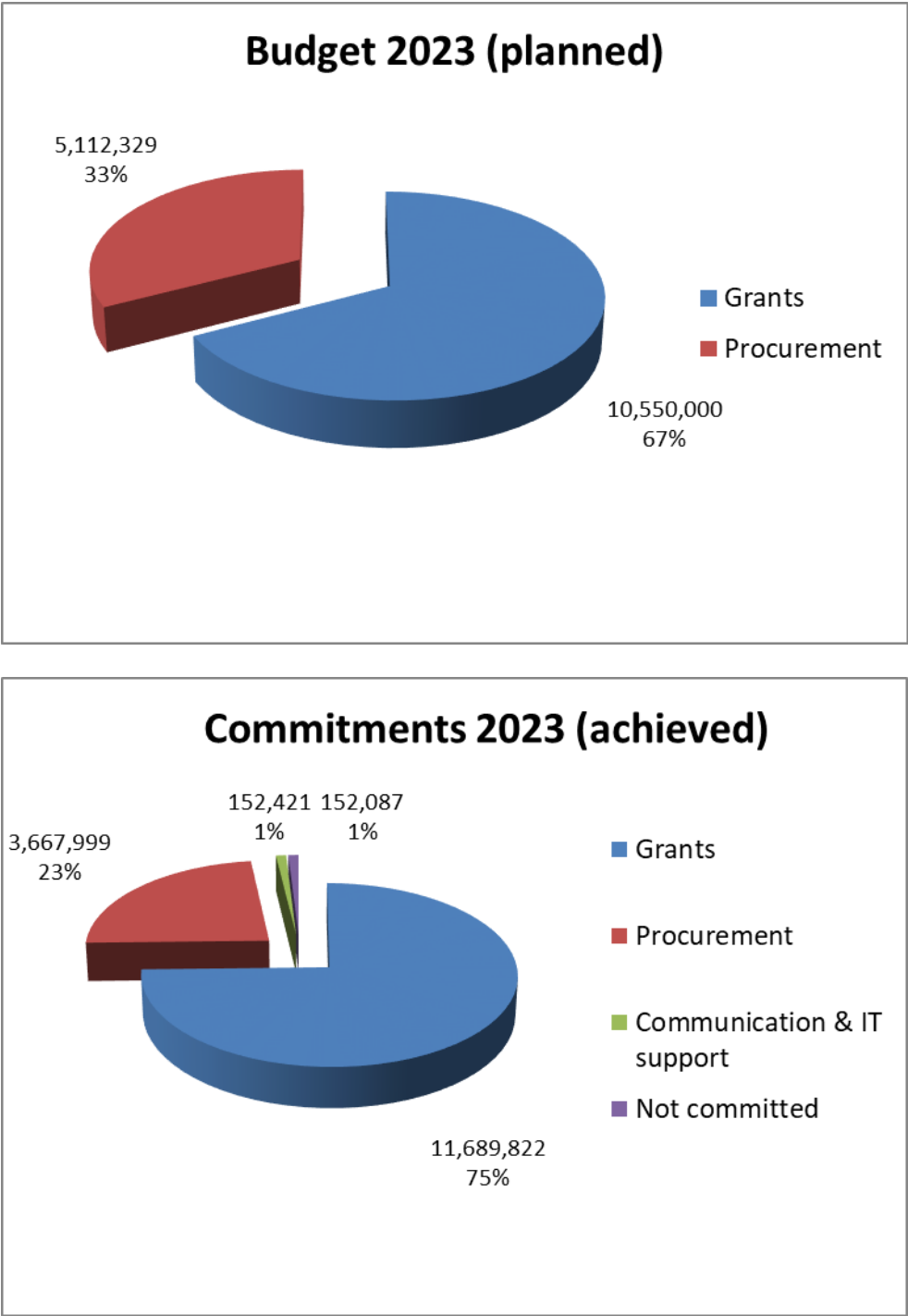
The commitment amounts earmarked for the 2023 granting cycle (approximately EUR 10.55 million) were implemented by signing contracts for the awarded grant files and paying pre-financing.

Following a successful publication and evaluation of the 2023 technical assistance call for proposals, amounts not spent under procured databases and procured conferences have been transferred to this specific call, where a large reserve list had been established.

Payments under the grant agreements and under some of the procurement contracts signed in 2023 will be reported at a later stage than the present report, since these payments will only be made in the course of 2024 and in the following years.

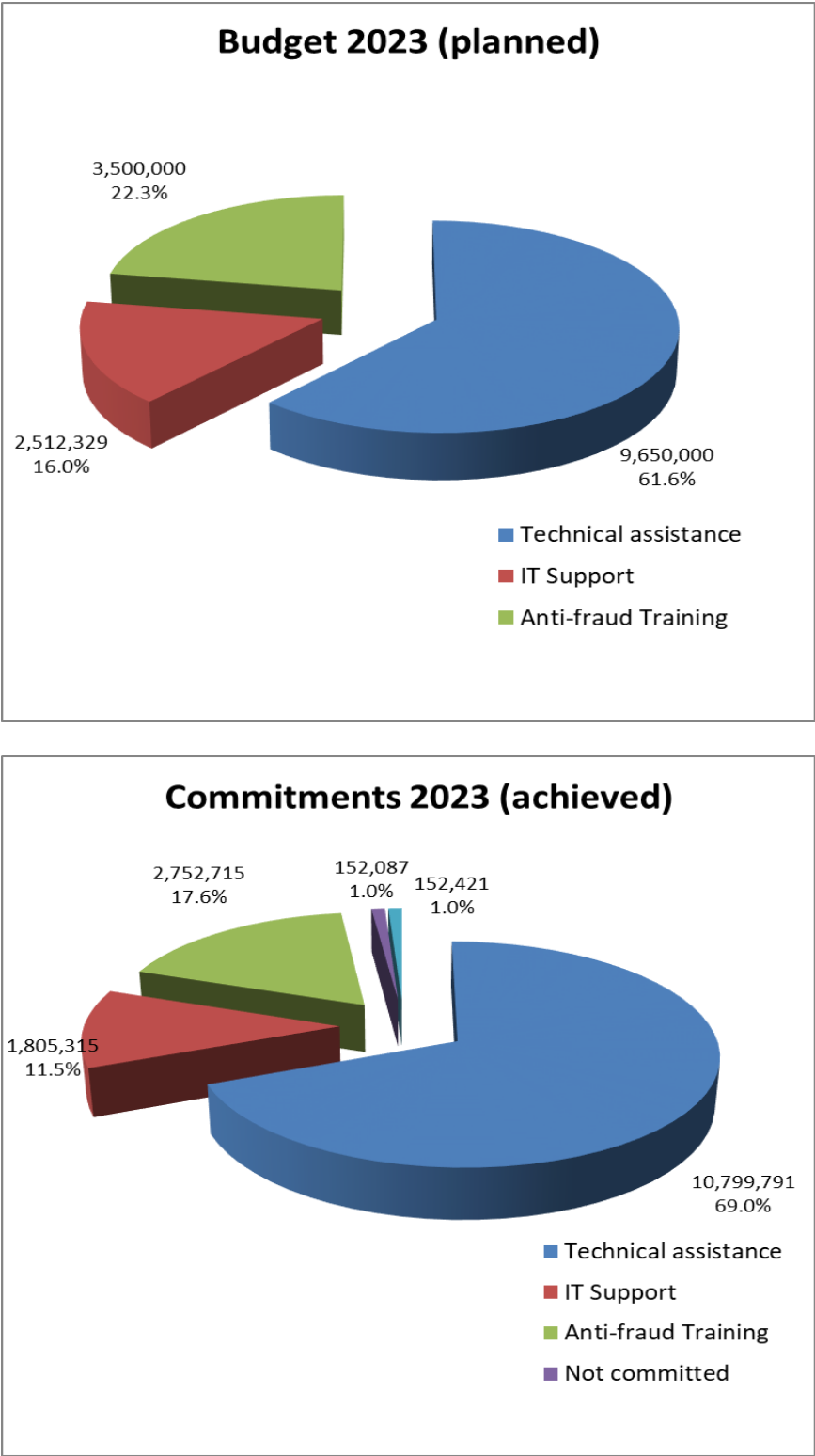
⁸ Commission Implementing Decision, C(2023) 813 final of 7.02.2023.

Graph 2: Breakdown of the UAFP’s (Hercule component) planned budget and achieved commitments in 2023 by type of financial support (mainly grants and procurement)



Graph 3 provides a breakdown of the planned budget and commitments for 2023 by type of action. Technical assistance actions under Regulation (EU) 2021/785 encompass: (i) technical assistance for grant activities; and (ii) IT support (databases and IT tools). Training actions include: (i) grant activities under calls for proposals for training, conferences, staff exchanges and studies; and (ii) procured conferences and specialised training.

Graph 3: UAFP (Hercule component) budget and commitments in 2023 of eligible actions



2.1.1 Grants

Grants are direct financial contributions to finance an action intended to help achieve an EU policy objective. The overall UAFP budget allocated to grants in 2023 was EUR 10.55 million.

Following calls for proposals inviting applicants to submit proposals for actions that help achieve 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.

In March 2023, the Commission published two calls for proposals on its Funding and Tenders Portal.

The two calls covered the following topics:

1. technical assistance, with an indicative budget of EUR 9.65 million; and
2. training, conferences, staff exchanges and studies, with an indicative budget of EUR 0,9 million.

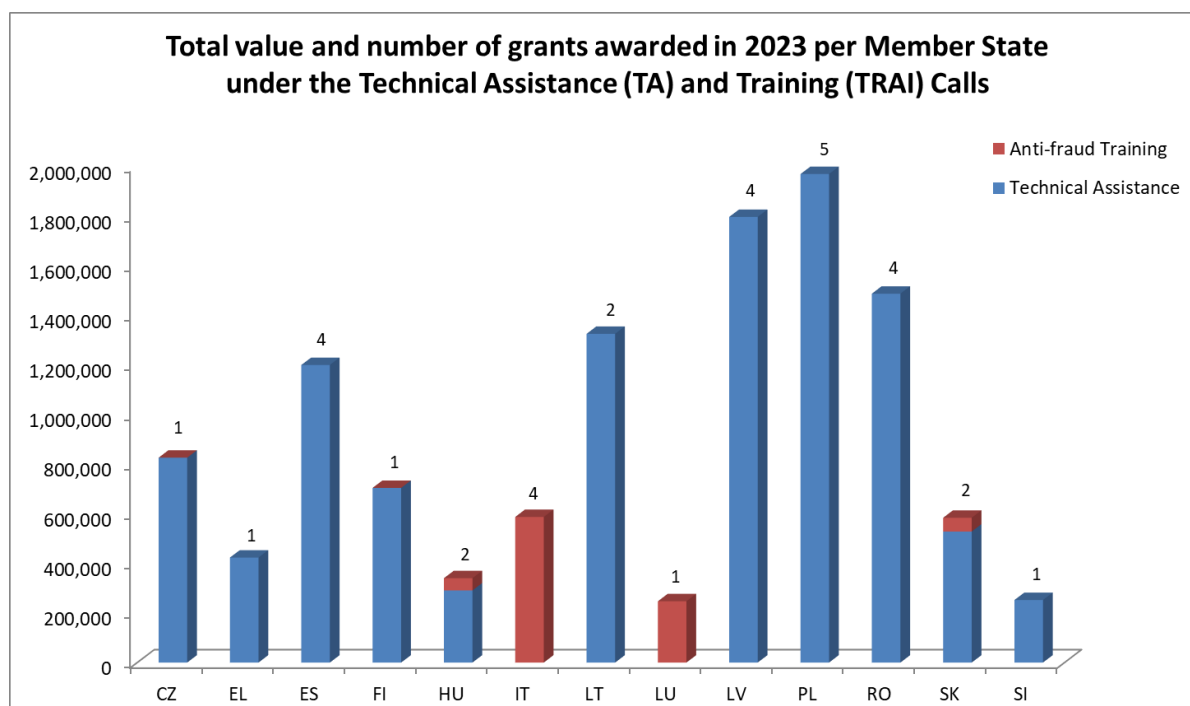
The deadline to submit applications was 4 May 2023 for technical assistance (TA) and 11 June 2023 for training (TRAI). The Commission received a total of 103 applications originating from 18 Member States. First, each application was assessed on its eligibility or on a possible exclusion. Then, a dedicated evaluation committee with Commission expert staff members assessed the content of each application. The committee evaluated the following four award criteria:

1. conformity with the objectives of the UAFP;
2. quality of the proposal;
3. value for money; and
4. added value for the protection of the EU's financial interests.

The evaluation process was finalised end 2023 and all the applicants were informed of its outcome by the end of December 2023.

Graph 4 gives an overview of the total value and number of grants for technical assistance and training awarded in 2023, by Member State. The graph shows that grants have been awarded to applicants stemming from 14 Member States.

Graph 4: UAFP (Hercule component) commitments (in EUR) and number of grants in 2023 by Member State and by activity sector



a) Call for proposals for technical assistance

The 2023 budget for technical assistance grants was EUR 9.65 million. It was available to fund actions proposed by national and regional authorities for the following types of activities:

1. purchasing and maintaining investigation and surveillance tools and methods used in the fight against irregularities, fraud and corruption perpetrated against the financial interests of the EU, including specialised training needed to operate the investigation tools;
2. purchasing digital-forensics hardware including equipment and software, mobile forensic tools and computer forensic collaborative systems used in the fight against (fraudulent) irregularities, fraud and corruption detrimental to the EU's financial interests;
3. purchasing data-analytics technologies and data including the acquisition and maintenance of: (i) commercial specialised databases; (ii) data-analysis platforms capable of running analyses in big-data environments, risk and predictive analyses, and data-mining tools; and (iii) systems supported by artificial intelligence used in the fight against irregularities, fraudulent activities and corruption detrimental to the EU's financial interests; and
4. purchasing equipment for the detection of illicit trade⁹ to strengthen beneficiaries' operational and technical capacity to detect smuggled and

⁹ OLAF, in close cooperation with DG TAXUD, ensured that there was no overlap with projects submitted for support under the new Customs Control Equipment Instrument (CCEI).

counterfeited goods, including cigarettes and tobacco, imported into the EU with the intention of evading value added tax, customs duties and/or excise taxes.

By the deadline of 4 May 2023, the Commission received 83 applications from 16 Member States. The total (cost) of the proposed actions was EUR 36.7 million and the requested funding (UAFP financial support) amounted to EUR 29.6 million (three times the available budget). Following the evaluation committee's recommendation, limited by the budget available to the programme, the authorising officer decided to award grants for 23 actions and to place 10 proposals on a reserve list (see Table 1 in Annex I).

The overall amount of funding awarded to technical assistance grants under the 2023 budget was EUR 10.8 million for 26 projects from 11 Member States. In addition to the 23 proposals initially awarded, the authorising officer decided to award three additional grants from the reserve list, using unused funds initially earmarked for procured activities. Grants were awarded for the purchase of investigation equipment (including forensics equipment), data-analysis systems, IT tools and detection equipment. The UAFP grants financed 80% of the eligible costs of the actions.

Table 1 in Annex I provides an overview of the beneficiaries, project titles, grant amounts, and co-financing rates.

To best describe the implementation of technical assistance grants in 2023, a selection of examples of finalised projects is presented in Chapter 3.

b) Call for proposals for training, conferences, staff exchanges and studies

The UAFP provides grants to beneficiaries for organising targeted specialised trainings, conferences and staff exchanges, as well as for carrying out legal studies. These activities aim to strengthen cross-border cooperation and networking activities between experts and to facilitate the exchange of best practices on protecting the financial interests of the EU.

The following four types of activities were proposed for funding, with an indicative budget of EUR 0.9 million:

1. specialised training sessions to improve investigation and data-analysis abilities by acquiring new skills and knowledge of specialised methodologies and techniques;
2. conferences, workshops and seminars to: (i) facilitate the exchange of information, experience and best practices, including in the field of data analysis; (ii) create networks and improve coordination between Member States, candidate countries, other third countries, EU institutions and international organisations; (iii) facilitate multidisciplinary cooperation between anti-fraud practitioners and academics on protecting the EU's financial interests, including support to associations for European criminal law and for the protection of the EU's financial interests; and (iv) raise the awareness of the judiciary and other legal professionals of this matter;
3. staff exchanges between national and regional administrations (including candidate and neighbouring countries) to help further develop, improve and update staff's competences in protecting the EU's financial interests; and

4. developing comparative law studies and organising activities to raise awareness among the judiciary and other branches of the legal profession on protecting the EU's financial interests, including the dissemination of relevant scientific knowledge through periodical publications.

The call received 21 applications from ten Member States. The total amount of requested grants was EUR 3.3 million.

Seven applications were selected for an award under this call, for an overall amount of approximately EUR 0.9 million within the available budget. Four applications were put on a reserve list, which were not awarded due to insufficient additional funding available. One applicant withdrew its proposal. All applications received a co-financing rate of 80% of the eligible costs.

Grants were awarded for, amongst others: (i) organising training for enhancing the capacity of customs authorities in fighting fraud against the EU budget and cigarette smuggling, implementing the Whistleblowing Directive to combat fraud and corruption for protecting the financial interests of the EU; (ii) staff exchange between customs authorities of five countries surrounding the Adriatic Sea; and (iii) carrying out studies on professional privileges, such as the professional secrecy of lawyers, in administrative investigations carried out by OLAF and criminal investigations on financial crimes, developing new legal and computational tools to be used by OLAF and EPPO to prevent and detect financial crimes affecting the EU budget, challenges in the prevention and fight against fraud in new EU funds such as the Recovery and Resilience Facility.

Table 4 in Annex I gives an overview of the awarded grants and the corresponding co-financing rates.

2.1.2 Procurement

About 32% of the 2023 budget allocated to the first component of the UAFP (EUR 5 112 329) was allocated to fund activities by concluding procurement contracts linked to the protection of the EU's financial interests.

In 2023, the Commission concluded specific contracts under existing framework contracts for technical assistance support and training activities. The purchased equipment, tools and services were made available to UAFP beneficiaries (mainly Member State authorities).

a) IT support: databases, IT tools and analyses of samples from tobacco seizures

i. Databases

In 2023, the overall amount committed to procured contracts was EUR 1 086 206. The programme provides funds for the procurement of subscriptions to commercial databases, on behalf of law enforcement authorities in Member States, to support operations and investigations, in particular in the area of protecting the EU's financial interests.

The Commission procures and manages the access to these databases enabling substantial economies of scale and a common data framework. Relevant staff are trained to ensure optimal

usage. OLAF staff also uses these databases for operational activities jointly undertaken with their Member State partners and for their own investigations¹⁰.

In 2023, the programme provided Member States with access to commercial databases, such as worldwide trade statistics, detailed company information and global vessel movements. The databases were highly used by customs and other law-enforcement authorities, supporting both investigations and risk analyses. Table 3 in Annex I gives an overview of the contracts awarded in 2023.

ii. Development of specific IT tools for data analysis with the JRC

In 2023, OLAF and the JRC continued working together under the administrative arrangement for Customs Anti-Fraud Enabling technologies (CAFET)¹¹.

CAFET is part of a wider effort to provide knowledge to and facilitate the work of Member States' customs services to use data and analytical approaches effectively and efficiently in their anti-fraud activities. In line with the objectives of the Union Anti-Fraud Programme, the ultimate beneficiaries of this project are customs authorities in the Member States. In 2023, the UAFP allocated EUR 507 465 under the CAFET umbrella.

The CAFET project consists of several work packages:

Work package 1: Automated Monitoring Tool (AMT)

By linking a subset of Eurostat's COMEXT database with information from customs declarations and the Commission's tariff database (TARIC), the AMT algorithm identifies patterns and long-term trends in EU imports. The AMT provides estimates of 'cleaned average' prices by product code, from a given exporting country into the EU and, in some instances, these estimates can be further broken down by Member State. Any import that deviates substantially from these long-term trends is flagged as anomalous. AMT results are shared with users in interactive, read-only displays (dashboards) providing the results of predefined queries on the COMEXT-subset.

The average number of accesses to AMT-Theseus per month in 2023 (28 000) shows a constant interest of the users in the tool (there were 20 000 in 2022 and 19 000 in 2021). 165 new users accounts for Member States have been created in 2023.

In 2023, technology transfer of AMT-Theseus took place to OLAF AFIS server and AMT-Reports database.

Work package 2: Container-movement analytics

Container-movement analytics and analyses of potential origin fraud (ConTraffic) have been further consolidated and developed. In the first ten months of 2023, ConTraffic averaged 70 user logins per month. Most of the users were from Belgium, Spain, Finland, The Netherlands, Greece, Ireland, Croatia and the European Commission.

¹⁰ The use of databases made by OLAF staff is paid from the administrative budget of the Commission.

¹¹ Originally funded by the Hercule III programme, the initial AA was signed at the end of 2017 between OLAF and the JRC to provide 'scientific and technical support in advancing the EU's customs anti-fraud data-analytics capacity'. The current AA runs from 2021 to 2023 and consists of five work packages.

Checks on potential origin detected that about 1,5% of the analysed goods/items had a mismatching origin. Based on these mismatches, OLAF identified over 200 possible signals of anomalies and communicated these to Member States' customs services. Out of the signals, about 23% turned out to be fraud cases for a potential value of over 120 000 EUR. In 2023 origin analysis was developed in AFIS. The new application, called Container Origin System (COS) is operational since December 2023. Also in 2023, a TARIC duty calculator module was developed and implemented.

Work package 3: Tobacco track and trace analytics (T&T)

Analysis carried out in 2023 highlighted the border areas in which retailers take advantage of the significant tobacco taxation gap between neighbouring Member States, registering important increases in the supply of products and exceeding the consumption capacities of potential consumers estimated for their areas.

Work package 4: e-Commerce

Data availability remained a problem in 2023, and no analysis was undertaken under this work package.

Work package 5: Other analytical tools and exploratory work

This work package brings together activities related to the development of smaller analytical tools or new analyses of potential interest, based on experience from previous administrative arrangements, and based on interaction with Member States as well as OLAF operational activities.

In 2023, research continued into the possibility to analyse and compare the textual descriptions of imports with their declared commodity codes, in order to identify potential cases of misdescription fraud.

Outreach

CAFET is intended to support the analytical activities of Member State authorities and OLAF to combat fraud. It continues work on well-known and to some extent already researched fraud-control problems, such as undervaluation (via AMT) and misdescription of origin (via container-movement analysis). However, it has also continued new research into problems such as illicit tobacco trade and product misdescription fraud, which have been identified as priorities by Member States.

In March and April 2023, four webinars were organised, starting to re-engage after the pandemics with Member States analysts and customs officers on the more mature projects (AMT and Container-movement analytics). 181 participants from 26 Member States and the Commission attended these events. As in previous years, progress updates were provided at the regular meetings of the Expert Group on Mutual Assistance in Customs Matters.

iii. Tobacco analyses (TOBLAB)

In order to help Member States in their efforts to combat the illicit trade in tobacco products, OLAF takes the view that Member States' authorities should have access to independent state-of-the-art specialised testing facilities of tobacco products for investigative purposes.

For that purpose, the Commission's Joint Research Centre (JRC) in Geel (Belgium) set up in 2016 a laboratory for the analysis of tobacco products, TOBLAB, financed by the previous Hercule III programme.

A close cooperation between TOBLAB and Member States' customs laboratories and law enforcement authorities is considered as leading to the most efficient and cost-effective use of the testing facilities needed.

Member States and OLAF can submit requests for analysis of tobacco products using a dedicated IT application (ToSMA) administered by OLAF on the Anti-Fraud Information System (AFIS) platform. In the period from 13 July 2022 to 12 July 2023, the JRC processed 115 requests from 10 Member States for analysis of seized cigarettes and raw/fine-cut tobacco samples. It was possible to draw connections between cigarettes seized in various places in the EU at various moments (57 samples could be connected to previous seizures).

The JRC maintains a repository of commercially available cigarettes purchased at licensed tobacconists across the world. The repository now contains more than 1100 tobacco products from more than 70 countries.

The annual Administrative Agreement (AA) with the JRC in Geel was renewed in 2023 for a three years period with programme funding for a first year amounting to EUR 229 222.

b) Procured conferences

The programme also finances high-level conferences and training activities focused on the protection of the EU's financial interests, organised by the Commission (OLAF). Nine high-level events took place, financed by the 2023 programme budget. The overall budget available for procured conferences was EUR 1.2 million for 2023.

Table 5 in Annex I provides an overview of the events that took place under the 2023 budget.

c) Procured digital forensics and analysts training

The digital forensics and analysts training (DFAT), organised by OLAF aims to strengthen law-enforcement agencies' ability to combat fraud, including cigarette smuggling and counterfeiting. It provides improved detection skills to extract and use data from digital devices.

This annual training helped create a network of certified digital-forensics specialists in all the Member States and candidate countries, starting back in 2007.

Investigations related to EU funds have become more complex, with more data that need to be processed. This has led to a growing need to train digital analysts. To address this need, courses for analysts were added to the original digital-forensics training (DFT) since 2018. The aim is to improve digital forensics investigations by ensuring that data are processed in a way that strengthens the quality, accuracy and efficiency of investigations related to EU funds.

Financed by the 2023 budget, one physical training sessions was organised (in September 2023) with 110 participants from Member States and candidate countries. The various subjects proposed covered the most requested by Member State authorities, such as advanced 'Windows' forensics, open-source intelligence, operational analysis, etc. The 2023 budget of EUR 1.02 million has been committed for this activity under the 2023 programme budget.

3 UAFP (Hercule component) - achievements in 2023

Since the first grants for the UAFP were awarded only in March 2022 (due to the late adoption of the programme's legal basis in 2021), a limited number of tangible results are already available. Consequently, this section provides an overview of the main results achieved by beneficiaries implementing grants awarded under the now closed Hercule III programme as well as under the current UAFP, and of the outcomes of the procured projects financed by the UAFP and finalised in 2023.

Beneficiaries report on the outcomes of grant projects in the final technical report they submit with their final payment requests. Final technical reports also describe issues encountered during the implementation of the action, such as delays or staff changes. The reports set out how these issues were resolved and list possible impacts on the outcome of a project.

Beneficiaries of UAFP/Hercule technical assistance grants are requested to submit a final implementation questionnaire one year after the grant contract's closing date. This questionnaire contains information on the results achieved by using the equipment and the beneficiary's assessment of the equipment's contribution to achieving the programme's objectives.

The reported implementation results illustrate how the purchased technical equipment, such as detection tools, enabled the beneficiaries to seize substantial amounts of smuggled cigarettes, counterfeit goods and tobacco products. National authorities reported that equipment to support investigations, such as communication equipment, cameras, IT tools and forensic soft- and hardware, facilitated the lawful gathering of evidence during operations supporting investigations aimed at protecting the EU's revenues, expenditures and assets.

Beneficiaries of grants for training activities (conferences, seminars and training sessions) also carried out participant surveys 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 2023 concerned a wide range of disciplines and topics, such as: (i) specialised training sessions on forensic examination of mobile devices; (ii) specialised training sessions in the field of data analysis and confiscation measures for the execution of convictions in relation to financial crimes; (iii) training on special toolkits of investigation techniques for fraud offenses affecting the EU financial interests; and (iv) workshops for strengthening regional cooperation and multidisciplinary approach in preventing, detecting and investigating fraud and corruption affecting the EU financial interests in the Baltic region.

Most of the training projects were targeted at representatives of law enforcement agencies (police, customs, anti-corruption bodies) and legal professionals. Also, academics, educational institutions and non-governmental organisations participated in some of the projects.

3.1 Examples of technical assistance projects funded under the Hercule III programme and the UAFP, finalised in 2023

Below are examples of technical assistance awarded grants that were finalised in 2023.

The **Regional Police Headquarters in Olsztyn**, Poland, received a grant in order to fight mainly the tobacco-related crimes. The specialised equipment was used to identify camouflaged tobacco production sites and bottling of illegally produced alcohol sites. Within the framework of the project 33 successful operations were already reported by the beneficiary. As a result, more than 1.5 million pieces of illegal cigarettes, 798 kilograms of tobacco and 477 litres of illegal alcohol were seized and a loss of almost 1 million EUR to the EU budget on account of customs duties, excise duty and VAT was prevented.

The **Italian Ministry of Economy and Finance** received a grant for the detection of counterfeit goods that illegally enter the territory of the Italian State, in particular cigarettes of foreign manufactured tobacco, imported into the union with the aim of evading VAT, custom duties and/or excise duties. The equipment acquired has increased the effectiveness and the speed of the beneficiary's investigations. As a result, assets of a total value of 703.4 million EUR were seized, in particular, 3 600 kg. of drugs, 1.9 million items (clothing, accessories, vehicles) and more than 600 000 EUR in cash.

The equipment purchased by the **Portuguese Customs** is in operation since December 2020. In 2023, 9 677 containers and trucks were controlled, namely from high-risk countries, according to the risk indicators established at national and Union's level. Since the installation of the equipment, significant seizures of tobacco and drugs have been made (cigarettes: 12 million units, drugs: 1 million kg.).

The **Irish Revenue Commissioners** have received a grant for the purchase of a mobile x-ray container scanner. The equipment has facilitated the identification of anomalies in containers and trucks. During seven investigations, the routine profiling of trucks and trailers, led to the discovery and seizure of 5.8 million cigarettes of a total value of almost 4 million EUR and of drugs of a total value of 0.8 million EUR.

The **Czech General Directorate of Customs** purchased equipment related to voice detection and decoding. The acquired software helps to detect illegal activities in the field of customs, excise duties, taxes on tobacco products, mineral oil taxes and smuggling and distribution of narcotic drugs and psychotropic substances. It enables the Customs Administration of the Czech Republic to analyse audio recordings made by operational groups in the framework of actions carried out to combat fraudulent activities detrimental to the financial interests of the Union, in particular in the area of counterfeiting and smuggling of tobacco and tobacco products.

The acquired tool speeds up the process of processing and evaluating voice recordings and reduces the time required to analyse large amounts of data. 60 members of staff were trained.

The **Hellenic Police** reinforced the operational capacity of several of its departments. The equipment purchased includes: unmanned aerial vehicles with the corresponding training for pilots, mobile phone locators, portable radios with digital transmission system, wireless monitoring system, with day and night tracking capability, handheld thermographic cameras

and a mobile command centre. The project aims to combat the import of tobacco transported from/to North Africa by ships approaching the southern coast of Crete and carried in trucks. The tools will be used to combat fraud against the EU's financial interests by enhancing the operational and investigative capacity of the Greek services.

The **Customs Department of the Republic of Lithuania** renewed its automated number plate recognition system (ANPRS) equipment installed in the eight customs border crossing points at the external borders with Belorussian Republic and Russian Federation. The system is used in the daily work of the Lithuanian Customs and other law enforcement institutions of the Republic of Lithuania have appropriate access to the collected information.

The **Ministry of Finance of Croatia** completed a project to purchase specialised equipment and tools needed for thorough inspection of transported goods at the EU external borders and within Croatia.

The equipment was distributed to 39 border crossings and 12 mobile units and customs officers were trained. The enhancements contribute to a more rapid, effective and safe customs controls using modern risk management techniques, reduced time for manual customs control, increased seizures of tobacco, cigarettes and counterfeit goods, better prevention of smuggling of cigarettes and of illicit trade in counterfeit products at the EU's external borders.

3.2 Examples of training projects funded under the Hercule III programme and the UAFP, finalised in 2023

An overview of the training events finalised in 2023 (for which grants had been awarded under the Hercule III programme and under the UAFP) is given in Annex I, Tables 6 (Training, conferences and staff exchange) and 7 (Legal training and studies).

Examples of projects for training and conferences that ended and were reported on in 2023:

The Lithuanian Police Forensic Science Centre organised two specialised training sessions in forensic examination of mobile devices. The fast-changing IT sector is showing a new trend towards moving from desktops and laptops to mobile devices, such as smartphones. With the mass adoption of mobile devices, digital evidence is more prevalent in criminal cases than ever before.

The training was attended by 18 law enforcement officers and forensic specialists (from Lithuania, Latvia, Estonia, Croatia and a non-EU neighbouring country) in November - December 2022.

An overall objective of the project was the strengthening of the capacity of the participant countries' forensic laboratories in carrying out mobile device examinations and the upgrade of the competencies of IT forensic specialists and investigators. Also, the two-week training aimed to create a network between IT forensic specialists and to share acquired knowledge

and skills in complex cases. A best practice guide was produced and made available to the participating institutions.

The Academy of European Law (ERA) conducted a training project “*Preventing and detecting fraud: Special toolkits of (new) investigation techniques to better protect the EU financial interests*”, including two conferences, between July 2022 to December 2023.

The main objective of the project was to demonstrate how cooperation at horizontal level between EU bodies involved in the protection of the EU's financial interests (e.g. OLAF, EPPO, Eurojust, Europol and ECA), and cooperation at vertical level of these bodies with national authorities is key to set up a multi-tiered system to protect EU financial interests.

The conferences debated ideas on how to improve the EU's fight against fraud and corruption by enhancing transnational and multi-disciplinary cooperation. The international and European legal frameworks (with a special emphasis on the role of OLAF) were presented by the speakers and discussed with the audience, which consisted mainly of lawyers, prosecutors and anti-fraud investigators. The conferences were practice oriented focusing on concrete domestic experiences and made the link between the domestic experiences and the implications that such cases had or could have in the future on the EU budget.

Examples of projects for legal training and studies that ended and were reported on in 2023:

The Institute of Legal Sciences of the Polish Academy of Sciences conducted the legal research project “*Vertical and horizontal cooperation in combatting organised fraud in the EU*”. It aimed to examine the legal and practical aspects of cooperation in combating organised fraud, particularly detrimental to the EU budget, between institutions both on EU and national levels. The project focused on six EU Member States (Lithuania, Poland, Slovakia, Romania, Germany and Italy). It entailed a study of the legal framework and practical challenges related to the cooperation of relevant national law enforcement authorities with EU bodies (EPPO, OLAF, Europol and Eurojust), as well as to the cooperation of these national authorities with their counterparts in other EU Member States and non-EU countries in combating offences affecting the financial interests of the EU (the so called ‘PIF offences’).

The project has been an opportunity to present to the specialised public, including practising lawyers, judges, academics, law enforcement officers and prosecutors, the challenges of the vertical and horizontal cooperation of law enforcement institutions within the EU in the area of the protection of the EU financial interests. It has offered an opportunity to exchange experiences between professionals dealing with this issue.

The research identified best practices and recommendations for improvement that could contribute to more effective cooperation between EU institutions and national law enforcement institutions in combating PIF offences, in particular organised fraud. The results of the research will raise awareness of the need to improve cooperation between EU institutions and national law enforcement authorities, will address challenges related to this

cooperation indicated by national law enforcement officials and will disseminate knowledge on the evolving EU institutional framework in combatting PIF offences.

Firstly, the findings were presented during a conference in December 2022 in Warsaw, and secondly, the national reports are presented in a book to be published in open access (<https://inp.pan.pl/en/research/vertical-and-horizontal-cooperation-in-combatting-organized-fraud-in-the-eu-vehocoincof/>). The added value of the book lies in addressing the emerging legal framework and practice related to combatting organised fraud in the Member States after the establishment of the EPPO.

The University of Miskolc in Hungary carried out a practice-oriented comparative study that aimed to analyse the most relevant questions of the external, internal and criminal investigation of irregularities and offenses affecting the financial interests of the EU with special focus on the role of OLAF, EPPO, Eurojust and Europol. The project involved academics and practitioners from eight countries and examined the national regulations and practices (Austria, Croatia, Germany, Greece, Hungary, Italy, Poland and Romania).

To share the results of the comparative work and best practices, the project team organised an international opening conference, three international workshops, an international Summer Academy training and a closing conference with a book presentation, from April 2021 to March 2023. The Summer Academy was organized with the National Office for the Judiciary and was attended by more than 150 participants in person and online comprising practitioners (judges, prosecutors, lawyers, officers of tax and customs administrations, police forces or other law enforcement agencies, local or regional authorities) and academics.

The project raised awareness of the practitioners involved in protecting the financial interests of the EU by organizing training courses and disseminating studies on these topics. The project contributed to the reinforcement and development of a network among practitioners and academics and the improvement of cooperation between EU institutions and national authorities in the field of the protection of the financial interests of the EU.

The results of the research and the international conferences and workshops were published in the book *‘External, internal and criminal investigation of the criminal offenses affecting the financial interests of the European Union’* on the project website: https://euinv.uni-miskolc.hu/files/20573/Hercule_tanulmanykotet_fedel_beliv_1_502old.pdf.

The study presents best practices in the different Member States and recommendations which could contribute to the improvement and development of the national and EU legislation relating to the protection of the financial interests of the EU.

The University of Bologna in Italy conducted the legal research project *“Financial Interests of European Scale (FIES): Assessing the Effectiveness of Preventive Administrative Approach”*. The study focused on the role of European and national authorities in the prevention of fraud and other illegal activities and on the cooperation mechanisms, when managing European Structural and Investment Funds (ESI Funds) involving private financing such as Public-Private Partnerships (PPP) and other financial instruments. The

study also focused on the effectiveness and impact of preventive measures adopted by managing authorities (in Italy and France).

The study shows the need to enhance coordination and cooperation between European institutions and national managing authorities by proposing a harmonized anti-fraud preventive system based on EU common standards leveraging on risk assessment and risk management methodologies. Consequently, it proposes a new approach to the prevention of fraud and other illegal activities as efficiency gains in managing authorities' activities to protect the financial interests at stake.

For this purpose, the study offers a series of risk assessment macro indicators or 'alert signals' (e.g. bias, fair proceeding, impartiality features) to detect potential damages to the EU budget. It also defines risk indicators of irregularities, fraud or corruption that may be relevant for the authorities involved in managing ESI funds through PPP contracts or other financial instruments. It also proposes anti-fraud preventive administrative measures to be implemented by managing authorities.

The study ('FIES Study Final Report') is available on the University of Bologna's website (<https://site.unibo.it/fies/en>) and also in open access on the publisher's website (<https://www.editorialescientifica.com/shop/e-book/financial-interests-of-european-scale-fies-detail.html>).

3.3 Examples of procured access to external databases

In 2023, the Commission procured access to commercial databases for use by law-enforcement authorities of the Member States. 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. These databases also provide input for risk analyses and intelligence used by customs authorities to target checks.

Member-State customs services use a commercial **database of worldwide trade statistics**.

The database is used primarily to find indications that goods that are subject to anti-dumping or countervailing measures may have been transhipped in a third country by replacing the container, the exporter and the country of origin of the goods.

In this way, the database can support investigations into transshipment, evasion of anti-dumping or countervailing duties, misdescription of country of origin, exporter or container swapping, and undervaluation.

One Member State reported using the database reports as an indicative and comparable index, mainly to identify undervaluation fraud involving goods.

Another Member State sees this database as useful in discovering trading patterns for importers and exporters by "Harmonised System" (HS) Code .

Member State customs authorities use a database on **vessel information and movements** in combination with other databases, to support risk analysis and intelligence related to worldwide commercial vessel operations. It is regularly used to check the actual routes of

vessels to cross-verify the origin of the goods in containers, for instance when fraud in the form of evasion of anti-dumping and/or countervailing duties is detected.

The database also contains ownership information of a vessel.

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 (e.g. related to the smuggling of tobacco products) and to set corresponding risk profiles.

In 2023, use of the above database helped ensure vessels' compliance with applicable legislation. One Member State reported that, in regard of the container ships, three judicial proceedings were opened in 2023. Even though it is not directly linked to the programme's objectives, the database also played part in seizures of over 7 tonnes of cocaine (with a value of around EUR 700 million).

A database with **information on companies** is considered an important tool in investigations carried out by Member States' customs authorities related to fraud undermining the financial interests of the EU.

One particularly useful characteristic of this database is that it enables Member State authorities to create risk profiles and to verify certain information on companies, company structures and beneficiary owners, also against other sources of data/information. They may trace companies and gather intelligence to support relevant customs investigations of particular interest.

For example, in 2023, one Member State customs authority notified its criminal investigation bodies on cases where estimated potential duties avoided were over 10 million EUR.

Several Member States reported that the database was further useful and consistently used in connection with EU sanctions regime against Russia. One Member State reported the prevention of suspected sanctions circumvention connected to numerous exports of drilling and mining equipment to middlemen in Kazakhstan, valued over 1 million EUR.

The database was also used to determine the customs debt on suspicious import consignments using a specific customs procedure (CP 42). This procedure allows importers to obtain a VAT import exemption when goods are imported from outside the EU into a Member State. However, this can be misused to evade customs duties and VAT by subsequently transporting the goods to another Member State.

4 IMS – implementation in 2023

4.1 Main activities

To protect the EU's financial interests, EU law (see below) requires Member States managing EU spending under shared management and countries benefiting from pre-accession assistance to notify the Commission of any irregularities (including suspected and proven fraud) detected in areas where the EU provides financial support.

To facilitate the reporting of irregularities, the IMS has been developed and put at the disposal of the Member States and other beneficiary countries. This dedicated electronic system is being used by 34 countries.

Member States, candidate countries and other non-EU countries have set up a hierarchical reporting structure with multiple levels of responsibility. Around 750 reporting organisations, covering over 3 000 IMS users, are responsible for the timely reporting of irregularities.

The reporting workflow includes multiple hierarchical levels and various roles within the same level to ensure that several quality checks are performed before the reports are sent to the Commission.

Reporting authorities have responsibilities in one or more of the following fields:

FIELD	EU FUND
Agriculture	European Agricultural Guarantee Fund (EAGF), European Agricultural Fund for Rural Development (EAFRD), European Agricultural Guarantee and Guidance Fund – Guidance Section (GUID)
Home Affairs	Asylum, Migration and Integration Fund (AMIF), Instrument for Financial Support for Border Management and Visa Policy (BMVI) Internal Security Fund (ISF)
Cohesion	Cohesion Fund (CF), European Globalisation Adjustment Fund (EGF), European Regional Development Fund (ERDF), European Social Fund (ESF), European Social Fund plus (ESF+), Just Transition Fund (JTF) Youth Employment Initiative (YEI)
Fisheries	European Fisheries Fund (EFF), European Maritime and Fisheries Fund (EMFF), Financial Instrument on Fisheries Guidance (FIFG), European Maritime, Fisheries and Aquaculture Fund (EMFAF)
Most deprived	Fund for European Aid to the Most Deprived (FEAD)
Neighbourhood	Cross-border Cooperation – European Neighbourhood Policy (CBC-ENP)
Pre-accession	Instrument for Structural Policies for Pre-Accession, Poland and Hungary: Assistance for Restructuring their Economies PHARE), , Special Accession Programme for Agriculture and Rural Development (SAPARD), Transition Facility, Turkish Instrument for Pre-Accession Assistance (TIPAA), Instrument for Pre-accession Assistance 2007-2013 (IPA), Instrument for Pre-accession Assistance 2014-2020 (IPAI), Instrument for Pre-accession Assistance 2021-2027 (IPAI)
Recovery, Resilience	Recovery and Resilience Facility (RRF)

Reporting authorities provide information on:

- who committed the irregularity/fraud (persons involved);
- the support measure such as fund, programme, project, budget line;
- the financial impact (expenditure and irregular/fraudulent amount);
- how the irregularity/fraud was committed;
- when the irregularity/fraud was committed;
- where the irregularity/fraud was committed;
- how the irregularity/fraud was detected; and
- what administrative, judicial or penal follow-up sanctions were imposed.

4.2 What does the AWP involve?

The 2023 AWP has a budget of EUR 959 783 dedicated to maintenance, IT development, and studies. The full available amount for 2023 was committed.

4.3 Maintenance and development

In 2023, eight releases were developed, allowing IMS-users to manage and monitor EDES-hits, case summary, description of codes, to improve the B2B services and fix a number of identified issues.

5 AFIS – implementation in 2023

Under the programme's third strand (AFIS), one platform releases – consisting of several combined application releases –, forty-four releases for the new version of the Import, Export and Transit directory and several other application releases and fixes were developed in 2023, totalling more than one hundred and ten releases. Among these were several major releases:

1. a new version of the Import Export and Transit directory that allows users to perform advanced searches, define alarms and export data (e.g. in Excel format) on imports, exports & transits;
2. two new versions of the Container Status Message directory implementing visual analytics for container trips and the new Container Origin Signals module, which signals potential origin fraud;
3. an improvement to the anti-fraud analytics platform, providing extended computing resources, improved access, added data sources and enabling OLAF analysts to combine customs & trade data from different sources and perform advanced analysis.

In 2023, AFIS also supported 13 joint customs operations.

6 Communication

The successful implementation of the programme and the achievement of its objectives require a structured approach to inform potential beneficiaries on funding opportunities as best as possible.

On an annual basis, the Commission also disseminates information on the achievements and the results of the actions that received funding, for example by means of this document.

On information, communication and visibility, Article 15(2) of the UAFP Regulation states:

‘The Commission shall on a regular basis implement information and communication actions relating to the Programme, to actions taken pursuant to the Programme and to the results obtained. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, insofar as those priorities are related to the objectives referred to in Article 2.’

6.1 Informing potential applicants

For the anti-fraud component (Hercule), the full texts of the calls’ documents and the related templates are made available on the Commission’s Funding and Tenders Portal.

Potential applicants were also informed about the publication of 2023 calls via emails sent to the Delegates of the Working Party on Combating Fraud of the European Council (GAF), the members of the Advisory Committee for the Coordination of Fraud Prevention (COCOLAF), the Anti-Fraud Coordination Services (AFCOS), the network of associations for European criminal law and for the protection of the EU’s financial interests, and to the Expert Group on Mutual Assistance in Customs Matters (EMAC).

6.2 Dissemination of results

Disseminating the results of technical assistance projects (Hercule) is not always possible since most of the achievements relate to investigations for which information often cannot be disclosed.

The results of training activities were disseminated by distributing 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 websites to disseminate results and conclusions.

For the IMS, there is, in particular, the follow-up that is given to IMS notifications, either by the reporting Member State or by the Commission services involved in the financial follow-up of identified financial irregularities or cases of fraud detrimental to the EU’s financial interests. OLAF reports within the Commission on the performance of the tool and the received notifications. It also reports annually to the European Parliament and the public.

There is no specific dissemination of results stemming from the use of the AFIS platform, except for the annual activity reporting by OLAF and the programme statements disseminated by the Commission. In this reporting, the (yearly) number of information items on mutual administrative assistance made available in the relevant AFIS applications is communicated as a performance indicator.

6.3 Workshop for grant beneficiaries

In April 2023, a dedicated workshop was organised for beneficiaries of Union Anti-fraud programme training grants. The event took place in Freiburg, Germany and was hosted by the Max Planck Institute for the Study of Crime, Security and Law (MPI-CSL).

The event brought together around 40 university professors and lecturers specialised in the protection of the Unions’s financial interests and in European criminal law, either in their capacities as beneficiaries of Hercule/UAFP grants for legal studies, or as representatives of many national associations for European criminal law and for the protection of the EU’s

financial interests (PIF Associations). In addition, the workshop was attended by 21 Member States representatives.

The event provided the stage for sharing the findings of 20 projects (both finalised and ongoing) financed by the UAFP and the previous Hercule III programme and share best practices and lessons learnt in the implementation of this type of research-based grants.

Besides the added-value of the high-level academic content presented, the participants also warmly welcomed this OLAF initiative as it enabled networking and future cooperation.

6.4 Visibility of EU funding

On information, communication and visibility, Article 15(1) of the UAFP Regulation states:

‘Except where there is a risk of compromising the effective performance of anti-fraud and customs operational activities, the recipients of Union funding shall acknowledge the origin of those funds and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.’

Equipment purchased under grant projects for technical assistance is often labelled with logos or stickers referring to EU/Commission funding (except for covert equipment and operations). When possible, beneficiary organisations disseminate information about purchased equipment on project websites or press releases, mentioning the support from EU funding.

Under the training type of actions, all beneficiaries of grants were requested to mention the support from the UAFP (or Hercule for previous grants), where applicable:

1. in every publication (title page) or related material developed (e.g. studies, booklets, newsletters and leaflets);
2. in electronic information (e.g. websites, audiovisual material, videos and software);
3. at information events (conferences and seminars); and
4. by creating a link from their website to the programme’s site.

This aspect of EU-support visibility is not applicable to AFIS and IMS components, as no similar grant projects are implemented.

7 Feedback from programme participants

As indicated in Section 3, beneficiaries of UAFP/Hercule 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. According to the final reports received in 2023 for the training grants, a total number of 220 participants attended training activities co-financed by Hercule.

The Commission received 170 filled-in questionnaires, which reflected, in the assessments done, a high level of satisfaction. The feedback received was overwhelmingly positive, with 93% of the participants assessing the events as excellent or good. Participants appreciated the opportunities for cooperation and exchange of information offered by the training events and considered that the activities had a practical impact on their daily work.

Based on the feedback results, it can be concluded that the events have largely met their objectives and have helped increase awareness on the risks to which the EU’s financial interests are exposed.

For technical assistance grants, the beneficiaries provide feedback on the programme in the final technical report. The satisfaction question concerns the suitability of the purchased equipment and tools for the needs of the organisation. In 2023, more than 95% of beneficiaries reported an excellent level of satisfaction and about 5% reported a good level of satisfaction.

For the use of the IMS tool, the Commission (OLAF) holds a yearly survey on the satisfaction rate expressed by the users on the use of the tool and the support received. The latest IMS users' feedback concerning 2023 usage showed a satisfaction level of 91%.

For the AFIS platform, used for information exchange, there is no specific reporting on feedback from participants or beneficiaries. OLAF has the task to keep the platform up to date and running. OLAF registers as a performance indicator the number of information items on mutual administrative assistance made available in the relevant AFIS applications: the Customs Information System, the Customs File Identification Database, and the Mutual Assistance System.

8 Ukraine association to the Programme

OLAF has a long-standing cooperation with the Ukrainian authorities both on the expenditure side of the EU budget (protection of EU funds) and on the revenue side (customs cooperation). OLAF has been supporting Ukraine's anti-fraud authorities to help strengthen and improve the country's structures to deal with fraud and corruption and to protect current and future EU funding.

In 2023, OLAF received an association request from the Ukraine, being the first third country expressing such interest in relation to the Union Anti-fraud Programme. An association agreement covering the participation of Ukraine in the programme has been negotiated between the Commission (represented by OLAF) and the competent authorities of Ukraine, and has been signed in March 2024.

For the upcoming years, the Ukraine can benefit mainly from the first component of the programme, which provides the Member States and associated countries with targeted assistance in achieving their obligations to protect the EU's financial interests.

Funded by the programme's 2023 budget, a three-day training for Ukrainian law enforcement specialists was organised in Brussels, in February 2024. The 40 participants came from all the relevant national authorities: the State Audit Service (SAS), the Economic Security Bureau of Ukraine (ESBU), the National Anti-Corruption Bureau of Ukraine (NABU), the Prosecutor-General's Office, the State Customs Service, the Ministry of Finance, the Specialised Anti-Corruption Prosecutor's Office (SAPO) and the Secretariat of the Cabinet of Ministers of Ukraine (SMUK).

The event focused on strengthening OLAF's cooperation with the Ukrainian authorities and providing capacity building, for example on the use of open source research for investigations and interviewing techniques. The programme included practical, hands-on sessions with case studies and interactive workshops.

9 Interim evaluation of the Programme

Article 13.2 of Regulation 2021/785 on the establishment of the Union anti-fraud programme of 29.4.2021¹² states: *‘The interim evaluation of the Programme shall be performed once there is sufficient information available about the implementation of the Programme, but no later than four years after the start of the implementation of the Programme’.*

As the Programme started with retroactive effect on 1 January 2021, the four years period of the Regulation elapses on 31 December 2024.

The study on the interim evaluation started in May 2023 and has been performed by an external contractor, covering the period January 2021 to January 2023. The contractor’s final report has been submitted on 17 May 2024.

The available data and information in relation to projects funded by the Programme, including the financing of AFIS and IMS, has been collected and provided to the contractor, which has also performed targeted surveys and conducted interviews with stakeholders.

The study report is a supporting and reference document for the drafting of the Report from the Commission and its accompanying staff working document on the interim evaluation of the Programme. The results of the study and the evaluation by the Commission (OLAF) should allow for a better design of the future generation of the Programme, as the final evaluation of the current Programme is only expected four years following the end of the Programme (ending in December 2027).

10 Conclusions and way forward

The UAFP continues to play an important and effective role in protecting the financial interests of the EU.

On the anti-fraud component (Hercule), the tangible results outlined in the chapters above demonstrate that the funding provided to Member States authorities was crucial in preventing and combating fraud, corruption and other illegal activities undermining the financial interests of the EU. In concrete terms, this means that the programme helped protect taxpayers’ money from being diverted from its initial purpose.

The programme continues to adapt to the evolving anti-fraud priorities with a stronger focus of support on the expenditure side. This shift in focus reflects both the stringent needs for prevention and investigation related to the increased EU budget and its new forms of expenditure (the Recover and Resilience Facility, the Ukraine Facility, etc.) as well as the new available EU funds dedicated specifically for Member States’ customs authorities (under the Customs Control Equipment Instrument).

The programme is also aligning more strongly with the Commission’s anti-fraud strategy. This strategy was revised in 2019 and places a much larger focus on the collection and use of data for anti-fraud purposes. The programme’s Hercule component will continue to aim at building the necessary capacities in Member States to develop, use and share databases and business-intelligence tools.

¹² OJ L 172, 17.5.2021, p. 110-122

In line with the Commission's priorities and the Commission anti-fraud strategy action plan of 2023, the programme will continue its support towards the digital transition of Member State administrations (for example by helping them to both purchase and learn how to use advanced IT tools used in the prevention, detection and investigation of fraud).

Annex 1: Grants and contracts awarded and finalised under the 2023 Financing Decision

Table 1 – **TECHNICAL ASSISTANCE** grants **AWARDED** under the 2023 Financing Decision

	MS	Beneficiary	Title and description	Awarded grant (EUR)	Co-fin %
1	LT	Customs Criminal Office	CCS GIS - Acquisition and installation of equipment for the collection, processing and analysis of the spatial data	1 156 258.40	80
2	LV	National Revenue Service	CPCM - Customs Permit Compliance Monitoring	140 119.20	80
3	SI	Ministry of Finance of the Republic of Slovenia	QLIKSENSE - Comprehensive transition from QlikView to QlikSense software portal, partial migration of applications, licencing and improvement of risk analysis for the protection of EU financial interests	252 404.00	80
4	ES	State Tax Administration Agency	SAATOS - Reinforcement of Specific Actions Against Tobacco Smuggling in the Bay of Algeciras	85 272.00	80
5	FI	TULLI	LURE - Improvement of Technical Surveillance capability in Finnish Customs	704 000.00	80
6	RO	National Anticorruption Directorate	DATA - Operational assistance for the investigative activity of the Support Structure for the European Delegated Prosecutors in Romania	150 000.00	80
7	ES	Ministry of Interior	ASD - Advance Scanner Devices	515 200.00	80
8	LV	National Revenue Service	SVTD - Purchase of specialized vehicle and modernization of technical devices	338 400.00	80
9	HU	National Tax and Customs	SAVDAT - Development of NTCA's on-site data saving and data storage capacity	290 928.00	80
10	LT	Special Investigation Service of the Republic of Lithuania	SCIDE - Strengthening capacities of the STT to investigate digital evidence	168 562.40	80
11	PL	Provincial Police Headquarters in Bialystok	CONTENT - Technical support in the process of obtaining digital evidence from the electronic tools	284 484.00	80
12	PL	Chamber of Tax Administration in Lublin	TA - Strengthening the operational potential of the Technique and Observation Department of the Tax Administration Chamber in Lublin by purchasing a mobile network surveillance device	838 392.00	80
13	LV	Central Finance and Contract Agency	CPS - The creation of the Client Profiling System	718 073.60	80
14	LV	National Revenue Service	SCCVR - Strengthening Customs Capacity through Video Recording	599 308.00	80
15	RO	Satu Mare County Police Inspectorate	CRIMELABSM - Unmasking Deception : Advanced Forensic Techniques to Combat Fraud	266 400.00	80

16	PL	Revenue Administration Regional Office in Lodz	TA-03 - Modern data analysis technology at the Revenue Administration Regional Office in Łódź as a chance to tighten up the Polish tax system and increase the stability of EU finances.	154 037.60	80
17	ES	Ministry of Interior	TFA - The Force Awakens - A project for the integration of digital evidence and forensic analysis that enhances the acquired skills	324 388.00	80
18	PL	Police Headquarters	OSINT-PCBI - Creation of data aggregation platform and training of PCBI analysts in OSINT techniques	360 998.40	80
19	ES	Ministry of Interior	TRW - The Rear Window - A project of concealment and masking of technical means	274 377.60	80
20	CZ	Police Office of the Ceske Republiky Presidium	NCOZ-TA-2 - National Organized Crime Agency - development of seizure and analysis of digital evidence	409 916.80	80
21	RO	Police Inspectorate of Bacau County	ANTI-FRAUD - Dismantling tax evasion criminal groups with professional equipment in Bacau County	303 560.00	80
22	EL	Management Service for European and Development Programs (Y.D.E.A.P.)	D.O.C2.K - Dismounted Operations for Covert Container Kits	423 277.60	80
23	RO	National Anticorruption Directorate	RAVEN - Improving and updating the National Anticorruption Directorate's technical endowment in the field of investigation and surveillance	766 619.20	80
24	PL	Tax Administration Chamber in Bialystok	2023-PL-BIA - Strengthening and improving control standards and efficiency of operational activities in Revenue Administration Regional Office in Bialystok	330 816.00	80
25	CZ	General Directorate of CEL	2023-CZ-DFA - Digital forensics and analysis	416 000.00	80
26	SK	Financial Directorate of the Slovak Republic	2023-SK-SPECTECH - Increasing the capacity and effectiveness of Slovak Financial Administration in detecting illegal imports and transports of goods	528 0000.00	67
TOTAL				10 799 792.80	

Table 2 – **TECHNICAL ASSISTANCE** grants **FINALISED** in 2023.

	MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment ¹³
1	PT	Ministry of Justice	ALCATEIA - Automatic Number Plate Recognition Systems for Criminal Investigation	152 997.60	93
2	PL	National Tax Administration	Mobile OCR - Development of the ANPRS system by implementing the mobile OCR system	321 831.11	76
3	RO	National Anticorruption Directorate	TECA - Further developing the technical capacity of DNA in protecting the financial interest of EU	226 334.18	81
4	HR	Ministry of Finance	2020HR-INSPEQUIPMENT - Inspection equipment and tools for EU external border - 2020	590 230.91	74
5	PL	Central Anticorruption Bureau	IDFIAN - Integration of Digital Forensics, Investigation and Analysis Networks	276 553.89	70
6	PL	Provincial Police Headquarters in Bialystok	Detection methods - Strengthening the detection methods, leading to effective eradication of cross-border crime, targeted in financial loss of the European Union	168 551.12	66
7	CZ	General Directorate of Customs	ATVA - e Analytical Tool for Voice Analysis	60 165.71	46
8	PL	Provincial Police Headquarters in Bialystok	Economic crime prevention - Technical and operational support for law enforcement authorities in combating illegal cross-border actions threatening financial interests of the European Union	84 672.02	88
9	RO	General Inspectorate of the Romanian Police	ENFORCE - Enhanced Romanian Forensic Capabilities for ensuring the judicial Evidence in fight against financial crimes at the EU's external borders	525 022.11	97
10	PL	Provincial Police Headquarters in Gdansk	PSWP - Increasing the detection rate of the Pomeranian Police through technical support	132 972.67	82
11	RO	Organized Crime and Terrorism Crimes Investigation Directorate - DIICOT	PONTUS - Strengthening the efforts in the prosecution and indictment of smuggling organised groups at the EU borders through improved analytical and digital forensic capabilities.	344 657.84	95
12	IE	The Revenue Commissioners	MXRS - Procurement of mobile x ray container scanner	1 081 682.72	75
13	EL	European and Development Programs	M.I.N.O.T.A.V.R.O.S - Monitoring equipment Investigation inter-National Operations Tobacco	531 573.19	99

¹³ 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.

		Management Service (Y.D.E.A.P.)	smuggling and Anti- fraud Via Regional inter-Operable Surveys on European borders		
14	RO	General Inspectorate of the Romanian Police	IMS - Integrated monitoring system for illicit activities linked with cigarette smuggling at the Eastern Border of the European Union	632 283.74	94
15	LT	Customs Department at the Ministry of Finance of the Republic of Lithuania	ANPRS WEB II - Strengthening and improvement of investigative capacities of the Lithuanian Customs	501 300.80	72
16	ES	Ministry of Interior	SMOKE RING - Struggling against and pursuing experienced crime organizations in the manufacture, transport, distribution and export of illegal tobacco	664 563.06	80
17	RO	General Inspectorate of the Romanian Police	HER-CIV - Strengthening the action capacity of the Directorate for Countering Organized Criminality in order to protect the financial interests of the European Union in Romania	270 870.87	93
18	LT	Financial Crime Investigation Office of the Internal Affairs Ministries	FCIS2021 - Purchase of the investigation and surveillance equipment	102 064.77	100
19	PL	Provincial Police Headquarters in Lublin	SIIOCP - Strengthening and improvement of investigative and operational capability of Police on the external border of the EU	113 325.62	87
20	PL	Revenue Administration Regional Office in Olsztyn	ACAP - Support for operational and analytical capabilities of the Revenue Administration Regional Office in Olsztyn	413 321.14	95
21	LV	Corruption prevention and combating bureau	ADFH - Advanced Digital Forensics Hardware	148 484.66	89
22	PL	Revenue Administration Regional Office in Olsztyn	FOROLS - Expansion and modernization of computer forensics resources of the Revenue Administration Regional Office in Olsztyn	120 220.80	81
			TOTAL	7 463 680	

Table 3 – **DATABASES** that were **CONTRACTED** under the 2023 Financing Decision

	Name	Content	Commitment in Euro
1	IHS GTA	World trade statistics database	154 545
2	Moody's - ORBIS	Worldwide company information	679 661
3	Lloyds - Seasearcher	Worldwide vessels information	252 000
Total committed under the 2023 budget			1 086 206

Table 4 – **TRAINING, CONFERENCES, STAFF EXCHANGES AND STUDIES** grants **AWARDED** under the 2023 Financing Decision

	MS	Beneficiary	Title	Awarded grant (EUR)	Co-fin %
1	IT	Luiss – Libera Università Internazionale degli Studi Sociali Guido Carli	BETKONEXT - Better knowledge for the next generations	173 472.95	80
2	IT	University of Turin	NET4FEU - New European Tools for the Financial interest of the EU	182 197.89	80
3	SK	Financial Directorate of the Slovak Republic	TRAINET - International workshop for customs officers focused on the fight against excise tax frauds - mineral oils, tobacco (cigarettes) and traceability of tobacco products using the Track & Trace system	43 573.00	80
4	LU	University of Luxembourg	PRIVILEGED - Professional privileges in financial investigations: a European and comparative study on administrative and criminal enforcement	247 291.81	80
5	IT	Customs and Monopolies Agency	ADRIACUSTOMS - Implementing common customs strategies and controls around the Adriatic Sea	108 956.81	80
6	IT	ANCI Lombardia	SAFE-IN - Strengthening Actions against Fraud: Empowering whistleblowing directive compliance	121 367.00	80
TOTAL				876 859.46	

Table 5 – **ANTI-FRAUD PROCURED CONFERENCES** organised by the Commission under the 2023 Financing Decision

Dates	Conference title	Location	N° of particip.	Amount committed EUR
September 2023	AFCOS Seminar – Third countries	Budva, Montenegro	90	83 029.74
November 2023	High-Level Conference on Customs Fraud	Sevilla, Spain	115	176 371.76
June 2023	Joint Sanctions Enforcement Meeting	Brussels, Belgium	48	36 636.36
October 2023	AFCOS Meeting Member States	Vilnius, Lithuania	80	65 439.48
October 2023	ASEM Joint Customs Operation Debriefing Meeting	Ischia, Italy	60	119 862.38
October 2023	Annual Conference of the Task Group "Cigarettes"	Ljubljana, Slovenia	95	150 776.47
March 2024 ¹⁴	JCO Refrigerants F-gas Briefing Meeting	Lublin, Poland	40	80 811.58
October 2023	Workshop on EU expenditure fraud investigations	Brussels, Belgium	22	35 338.22
February 2024 ¹⁵	OLAF Training for the Ukrainian anti-fraud authorities	Brussels, Belgium	40	88 718.45
TOTAL			590	836 984.44

Table 6 – **ANTI-FRAUD TRAINING, CONFERENCES AND STAFF EXCHANGE** grants **FINALISED** in 2023

	MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment ¹⁶
1	RO	General Inspectorate of the Romanian Police	SharEX - Sharing knowledge and best practices among relevant actors from national and international level involved in fight against financial crimes affecting the EU's budget	48 975	45

¹⁴ Committed under 2023 UAFP budget and organised in March 2024.

¹⁵ Committed under 2023 UAFP budget and organised in February 2024.

¹⁶ 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.

2	RO	General Inspectorate of the Romanian Police	EAST CONNECTION 2020 - Transnational and multidisciplinary cooperation between the law enforcement authorities in countering the smuggling and intra-community fraud affecting the EU budget	54 605	47
3	LT	Special Investigation Service of the Republic of Lithuania	MRABR - Strengthening multidisciplinary and regional approach in fighting corruption and fraud affecting EU financial interests in the Baltic region	31 608	68
TOTAL				135 188	

Table 7 – **LEGAL TRAINING** and **STUDIES** grants **FINALISED** in 2023

	MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment ¹⁷
1	DE	Justus-Liebig University of Giessen	FRAUDCOM.EU - EU anti-fraud laws. A commentary. Article by article.	98 866.34	100
2	IT	University of Perugia	APTA-MOD - Administrative prevention through targeted anti-corruption models for difficult countries	72 421.54	100
3	UK	Coventry University	VIRTEU - Vat fraud: Interdisciplinary Research on Tax crimes in the European Union	65 721.95	79
4	IT	University of Perugia	DRAMP - Diversion, Restorative and Mediation Procedures in PIF crimes	75 508.93	100
5	IT	LuiSS – Libera Università Internazionale degli Studi Sociali Guido Carli	BETKOSOL - Better knowledge and better solution	97 633.66	100
6	IT	Alma Mater Studiorum – University of Bologna	FIES - “Financial Interests of European Scale”: Assessing the Effectiveness of Preventive Administrative Approach	72 101.74	100
7	UK	King’s College London	BRIMPACT - Understanding the impact of China’s Belt and Road initiative and covid-19 lockdown on illicit supply chains	22 151.98	69
8	IT	Alma Mater Studiorum – University of Bologna	ECCE - European Common Custom Evaluation	108 723.05	100
9	PL	Institute of Legal Sciences of the Polish Academy of Sciences	VeHoCoinCOF - Vertical and horizontal cooperation in combatting organized fraud in the EU	50 250.61	81
10	IT	University of Perugia	FINANCE - Financial INformation exchange among Anti-money laundering	73 266.19	100

¹⁷ 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.

			National investigative authorities: towards a stronger Cooperation in a European legal framework		
11	HU	University of Miskolc	EUINVESTIGUNIMISKOLC - Certain questions of the external, internal and criminal investigation of the criminal offences affecting the financial interests of the European Union	85 195.22	99
12	DE	Max Planck Institute	euclid: publication of a periodical on the protection of the EU's financial interests	148 955.29	99
TOTAL				970 796.50	

Table 8 – **TRAINING, CONFERENCES, STAFF EXCHANGES AND STUDIES** grants **FINALISED** in 2023

	MS	Beneficiary	Title	Amount paid (EUR)	Amount paid as % to initial commitment ¹⁸
1	LT	Lithuanian Police Criminal Investigation Center	BBS Mobile Forensics - Improving Baltic States, Croatian and North Macedonian Police Computer Forensics Specialists' Skills in IT Investigations by Organizing Mobile Forensics Training	81 186.58	82
TOTAL				81 186.58	

Table 9 – **GLOBAL OVERVIEW** per Member State of awarded grants and rejected applications in 2023

	Number of applications received	Number of awarded grants	Grants requested (EUR)	Grants awarded (EUR)
TECHNICAL ASSISTANCE 2021	83	26	29 612 986.30	10 799 792.80
Bulgaria	1	-	1 052 436.00	-
Czech Republic	4	2	1 551 602.00	825 916.80
Germany	2	-	832 506.38	-
Greece	4	1	1 637 941.60	423 277.60
Spain	4	4	1 263 637.60	1 199 237.6

¹⁸ 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.

Finland	1	1	704 000.00	704 000.00
Hungary	2	1	497 207.00	290 928.00
Italy	2	-	1 244 402.40	-
Lithuania	3	2	1 612 020.79	1 324 820.8
Latvia	4	4	2 001 212.19	1 795 900.80
Poland	18	5	6 870 512.79	1 968 728.00
Portugal	1	-	468 755.09	-
Romania	33	4	7 574 739.46	1 486 579.20
Slovenia	1	1	252 404.00	252 404.00
Slovakia	2	1	799 204.00	528 000.00
Ukraine	1	-	1 250 405.00	-
TRAINING, CONFERENCES, STAFF EXCHANGES AND STUDIES 2021	20	7	2 922 361.41	939 957.12
Germany	1	-	62 498.00	-
Greece	1	-	69 817.50	-
France	2	-	476 090.06	-
Hungary	1	1	49 926.00	49 926.00 ¹⁹
Italy	8	4	1 070 753.51	587 091.78
Lithuania	1	-	149 318.92	-
Luxemburg	1	1	278 264.63	247 346.34
Poland	1	-	214 624.00	-
Romania	3	-	495 475.79	-
Slovakia	1	1	55 593.00	55 593.00
TOTAL	103	33	32 535 347.71	11 739 749.92

¹⁹ The beneficiary withdrew its application after the grant award.