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COMMISSION STAFF WORKING DOCUMENT

**Statistical evaluation of irregularities reported for 2016
Own Resources, Natural Resources, Cohesion Policy, Pre-accession and Direct
expenditure**

Accompanying the document

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

**Protection of the European Union's financial interests - Fight against Fraud
Annual Report 2016**

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LIST OF ABBREVIATIONS

AMIF	Asylum, Migration and Integration Fund
CAP	Common Agricultural Policy
CF	Cohesion Fund
CFP	Common Fishery Policy
CMO	Common Organisation of the Markets
CN	Combined Nomenclature (Customs)
CP	Cohesion Policy
DetE	Detection Efficiency
DG	Directorate General
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EC	European Commission
EFF	European Fisheries Fund
EMFF	European Maritime and Fisheries Fund
ER	Error Rate
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
ESF	European Social Fund
EU	European Union
EU-10	The ten Member States having acceded the EU in 2004
EU-12	The twelve Member States having acceded the EU between 2004 and 2007
EU-15	The fifteen Member States of the EU before the 2004 accession
EU-2	Bulgaria and Romania
EU-27	The 27 Member States before Croatian accession
EUR	Euro

FAL	Fraud Amount Level
FDR	Fraud Detection Rate
FEAD	Fund for European Aid to the most Deprived
FFL	Fraud Frequency Level
IDR	Irregularity Detection Rate
IMS	Irregularity Management System
ISF	Internal Security Fund
GNI	Gross National Income
HRR	Historical Recovery Rate
NR	Natural Resources
OLAF	European Anti-Fraud Office (<i>Office pour la Lutte Antifraude</i>)
OWNRES	Web application for communication of irregularities in the field of Traditional Own Resources
RepE	Reporting Efficiency
RR	Recovery Rate
SME	Small and Medium Sized Enterprise
TFEU	Treaty on the Functioning of the European Union
TOR	Traditional Own Resources
YEI	Youth Employment Initiative

Statistical evaluation of irregularities reported for 2016

Own Resources, Natural Resources, Cohesion Policy, Pre-accession and Direct expenditure

1. INTRODUCTION

1.1. Scope of the document

The present document¹ is based on the analysis of the notifications provided by national authorities of cases of irregularities and suspected or established fraud. The reporting is performed in fulfilment of a legal obligation enshrined in sectoral European legislation.

The document accompanies the Annual Report adopted on the basis of article 325 of the Treaty on the Functioning of the European Union (TFEU), according to which “The Commission, in cooperation with Member States, shall each year submit to the European Parliament and to the Council a report on the measures taken for the implementation of this article”.

For this reason, this document should be regarded as an analysis of the achievements of Member States.

The methodology (including the definition of terms and indicators), the data sources and the data capture systems are explained in detail in the *Commission Staff Working Document – Methodology for the Statistical Evaluation of Irregularities* accompanying the Annual Report on the Protection of the EU financial interests for the year 2015².

1.2. Structure of the document

The present document is divided in two parts.

The first part is dedicated to the analysis of irregularities reported in the area of the Traditional Own Resources (Revenue).

The second part, concerning the expenditure part of the budget, is composed of three sections, dedicated, respectively, to shared, decentralised and centralised management modes.

The section dedicated to shared management, covers agriculture, cohesion policy and fisheries³. Decentralised management refers to the pre-accession policy, while the centralised management section mainly deals with internal and external policies for which the Commission directly manages the implementation.

The document is completed by 28 country factsheets, which summarise, for each Member State, the main indicators and information that have been recorded throughout the analyses.

11 Annexes complement the information and data of this document, providing a global overview of the irregularities reported according to the relevant sector regulations. Annexes from 1 to 10 concern Traditional Own Resources, Annex 11

¹ This document does not represent an official position of the Commission.

² SWD(2016)237final.http://ec.europa.eu/anti-fraud/sites/antifraud/files/methodology_statistical_evaluation_2015_en.pdf

³ Contrary to previous years, Fishery policy is analysed together with Cohesion policy intervention.

covers all the expenditure sectors for which Member States and beneficiary countries have a reporting obligation.

Part I - REVENUE

2. TRADITIONAL OWN RESOURCES

2.1. Introduction

The technical explanations and the statistical approach are explained in the accompanying document 'Methodology regarding the statistical evaluation of reported irregularities for 2015'.

The following analysis is based on the data available on the cut-off date (5 April 2017) and aims to provide an overview of the reported cases of fraud and irregularities reported for 2016 together with their financial impact.

2.2. General analysis – Trend analysis

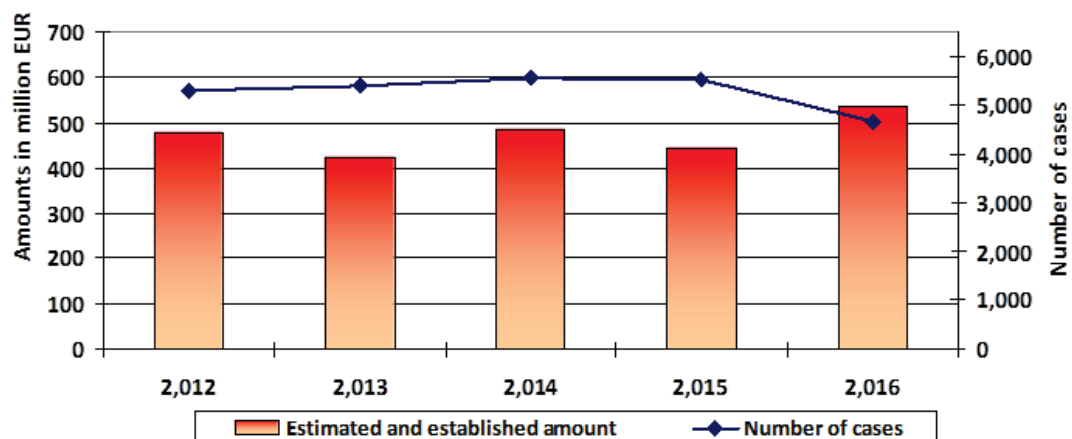
2.2.1. Reporting Years 2012-2016

The number of cases reported via OWNRES for 2016 (4647) is about 12% *lower* than the average number of cases of irregular cases reported for the 2012-2016 period (5281).

The total estimated and established amount of TOR involved (EUR 537 million) is about 13% *higher* than the average estimated and established amount for years 2012-2016 (EUR 474 million).

In 2016, 5 big⁴ cases for a total amount of about EUR 115⁵ million were reported compared to 2015, when 2⁶ big cases with a total amount of about EUR 31 million affected the total estimated and established amount. Luxemburg did not communicate any case exceeding an amount of EUR 10000.

CHART TOR1: Total number of OWNRES cases and the related estimated and established amount (2012-2016)



Annex 1 of the summary tables shows the situation on the cut-off date (5 April 2017) for the years 2012-2016.

⁴ Cases with an amount of TOR exceeding EUR 10 million.

⁵ NL (3 cases – EUR 77.8 million) and the UK (2 cases – EUR 37.6 million).

⁶ NL (2 cases – EUR 30.9 million).

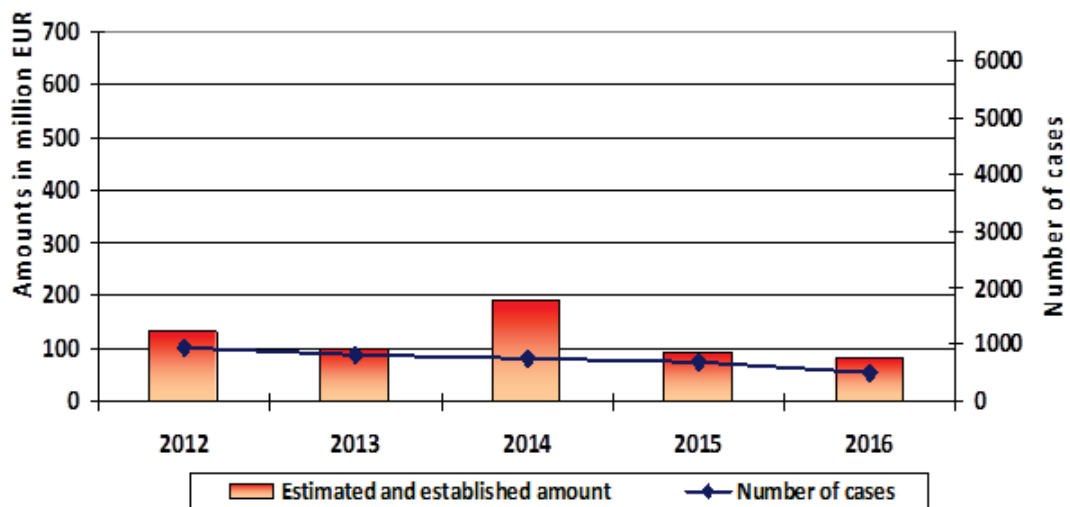
2.2.1.1. Irregularities reported as fraudulent

The number of cases reported as fraudulent registered in OWNRES for 2016 (513) is currently 32 % lower than the average number of cases reported for the 2012-2016 period (749).

The total estimated and established amount of TOR involved (EUR 83 million) represents a decrease of 30 % of the average estimated and established amount for the years 2012-2016 (EUR 119 million).

For 2016, Luxemburg, Portugal and Slovenia did not communicate any fraudulent case exceeding an amount of EUR 10 000.

CHART TOR2: OWNRES cases reported as fraudulent and the related estimated and established amount (2012-2016)



On the cut-off date, 11 % of all cases detected in 2016 were classified as fraudulent. The percentage remained quite stable in comparison to 2015.

Annex 2 of the summary tables shows the situation on the cut-off date for years 2012-2016.

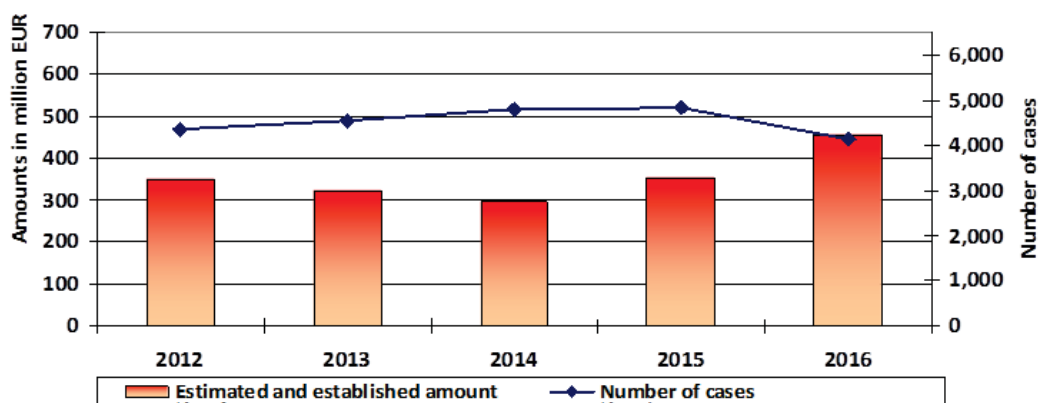
2.2.1.2. Irregularities not reported as fraudulent

At the same time, the number of cases not reported as fraudulent communicated via OWNRES for 2016 (4 134) was 9 % lower than the average number reported for 2012-2016 (4 532).

The total estimated and established amount of TOR (EUR 454 million) was 28 % higher than the average estimated and established amount for the years 2012-2016 (EUR 355 million).

Cyprus, Luxemburg and Malta did not report any case of irregularity exceeding an amount of EUR 10 000 for 2016.

CHART TOR3: OWNRES cases not reported as fraudulent and the related estimated and established amount (2012-2016)



Annex 3 of the summary tables shows the situation on the cut-off date for years 2012-2016.

2.2.2. OWNRES data vs TOR collection

In 2016, the total established amount of TOR (gross) was EUR 25.7 billion and more than 98% was duly recovered and made available to the Commission via the A-account. According to the OWNRES data, around EUR 537 million has been *established or estimated* by the Member States in connection with cases reported as fraudulent/not fraudulent where the amount at stake exceeds EUR 10 000.

The total estimated and established amount reported in OWNRES represent 2.14 % of the total collected TOR (gross) amount in 2016.⁷ This proportion has increased compared with 2015 when it was 1.71 %⁸. A percentage of 2.14 % indicates that of every EUR 100 of TOR (gross) established, an amount of EUR 2.14 is registered as irregular (fraudulent or non-fraudulent) in OWNRES. There are differences among the Member States. In 11 Member States⁹, the percentage is above the average of 2.14 %. The highest percentage for 2016 can be seen in Latvia, Greece and Austria with 7.35 %, 7.14 % and 6.07 % respectively.

For the seven¹⁰ Member States which established and made available most of the TOR amounts, the percentage of the estimated and established OWNRES amounts to established TOR for 2016 was equal to 2.13 %. In comparison with the previous year, this represents an increase of 0.38%. For Belgium, the proportion of estimated and established OWNRES amounts to established TOR remained almost stable in 2016 compared to the previous year, while for Germany it has decreased. For other five Member States, the proportion of estimated and established OWNRES amounts to established TOR increased in 2016 compared to the previous year.

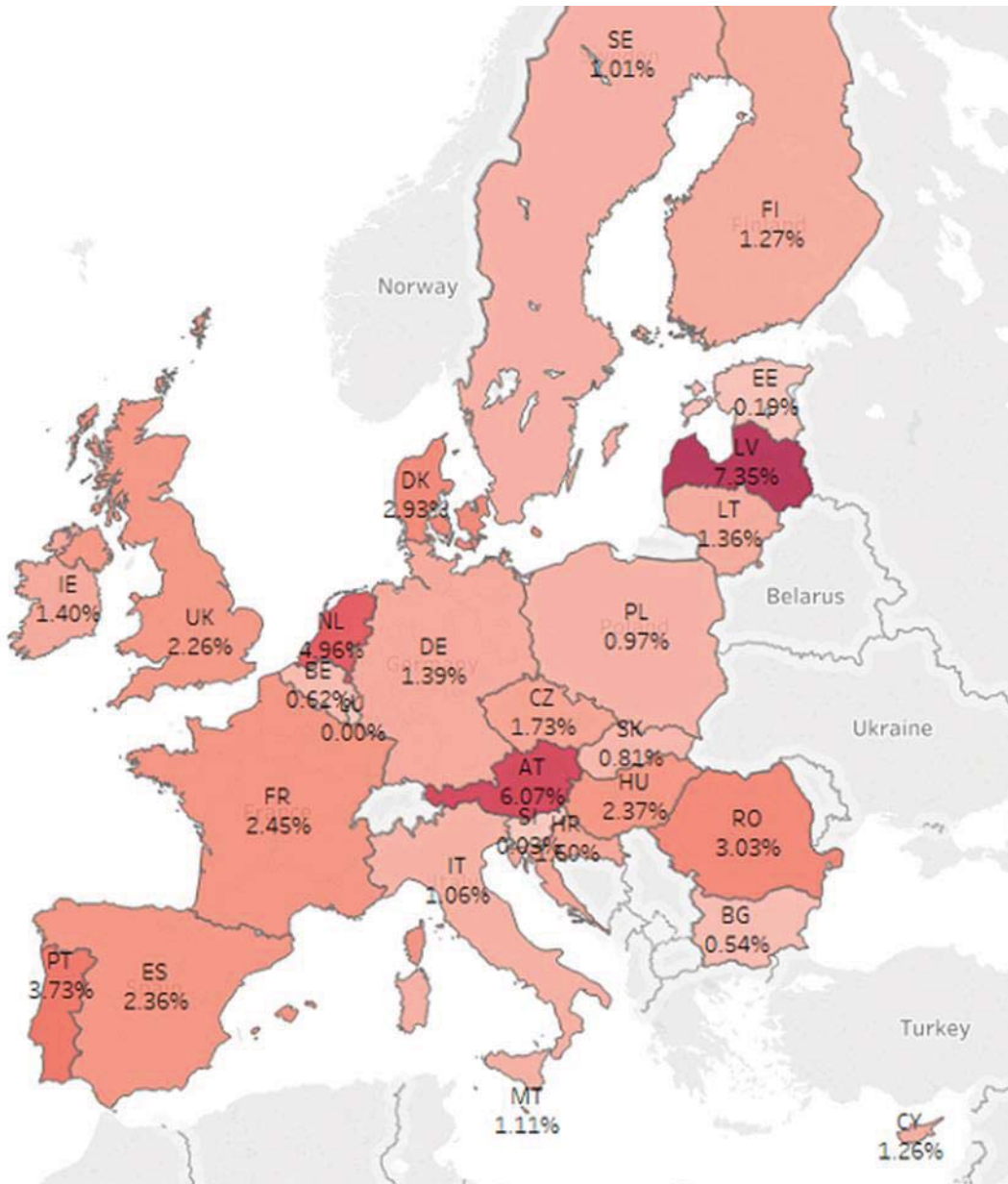
⁷ See Annex 4.

⁸ On the cut-off date.

⁹ Denmark, Greece, Spain, France, Latvia, Hungary, the Netherlands, Austria, Portugal, Romania and the UK.

¹⁰ Germany, the Netherlands, Belgium, Italy, France, Spain and the UK.

TOR MAP1: Showing the percentage of established and estimated amounts in OWNRES of established TOR for 2016



2.2.3. Recovery

The fraud and irregularity cases detected in 2016 correspond to an established amount of EUR 525 million¹¹. Nearly EUR 189¹² million of this was recovered in cases where an irregularity was at stake and EUR 17¹³ million in fraudulent cases. In total EUR 205 million was recovered by all Member States for all cases which were detected in 2016. In absolute numbers, Germany recovered the highest amount in 2016 (EUR 66 million) followed by the United Kingdom (EUR 32 million). This is a starting point for the recovery. Analysis shows that lengthy recovery procedures spread over several years are usually required due to administrative and judicial procedures in complex cases or cases with huge financial impact.

¹¹ The estimated amounts are excluded.

¹² See Annex 9.

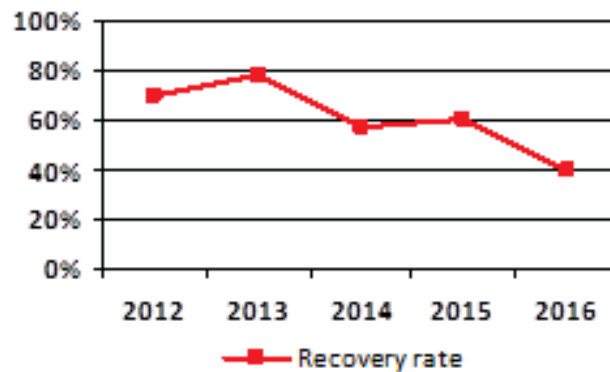
¹³ See Annex 9.

In addition, Member States continued their recovery actions related to the detected cases of previous years. The EU-28 recovered EUR 139 million in 2016 related to cases detected between 1989 and 2015.

2.2.3.1. Recovery rates

Over the past five years the annual recovery rate has varied between 39 % and 78 % (see Chart TOR4). The recovery rate for 2016 is currently 39 %¹⁴. In other words, out of every amount over EUR 10 000 of duties established and reported for 2016 in OWNRES as irregular/fraudulent, approximately EUR 3 900 has already been paid.

CHART TOR4: Annual recovery rates (2012-2016)



The overall recovery rate is a correlation between the detection, the established amount and the current recovery stage of individual cases (high additional duty claims are more frequently associated with long lasting administrative and criminal procedures).

Recovery rates vary among the Member States. The highest recovery rates for 2016 are in Estonia (100%), Slovenia (100%), Sweden (97%), Germany (92%), Czech Republic (88%) and Finland (84%). Differences in recovery results may arise from factors such as the type of fraud or irregularity, or the type of debtor involved. Because recovery is ongoing, it can be expected that the recovery rate for 2016 will also go up in the future.

On the cut-off date, the overall recovery rate for all years 1989-2016 was 61 %.

2.3. Specific analysis

2.3.1. Irregularities reported as fraudulent

2.3.1.1. Modus operandi

A breakdown of frauds by mechanism type reveals that most fraudulent cases relate to smuggling of goods. Incorrect value, country of origin, country of dispatch, or incorrect classification are frequently mentioned in 2016.

In 2016, the customs procedure ‘release for free circulation remained the procedure most vulnerable to fraud (79 % of the number of cases and 84 % of the estimated and

¹⁴ See Annex 5.

established amount). A total of 13 % of all cases reported as fraudulent and 8 %¹⁵ of all estimated and established amounts in OWNRES cases registered as fraudulent for 2016 fall under the category "Other".¹⁶ A total of 7 % of all cases reported as fraudulent and 8 % of all estimated and established amounts in OWNRES cases registered as fraudulent for 2016 involve the transit procedure.

Of all cases reported as fraudulent about 72 % concern such goods as tobacco, textiles, articles of iron and steel, electrical machinery and equipment, and vehicles. In monetary terms those groups of goods represent about 71 % of all amounts estimated and established for cases reported as fraudulent. China, Morocco, United Arab Emirates and Malaysia are the most important - in monetary terms - countries of origin of goods affected by fraud.

2.3.1.2. Method of detection of fraud cases

In 2016¹⁷, inspections by anti-fraud services (30 %) and customs controls carried out at the time of clearance of goods (29 %) and post-clearance controls (28 %) were almost equally successful methods of detecting fraudulent cases.

CHART TOR5: Method of detection 2016 – Cases reported as fraudulent – by number of cases



In monetary terms, of the EUR 83 million estimated or established in fraudulent cases registered for 2016, around 53 % were discovered during an inspection by anti-fraud services, 16 % during a post-clearance control, 15 % during a control at the time of clearance of goods.

¹⁵ This is mainly due to the cases of cigarette smuggling detected in free zones or free warehouses and reported by Greece.

¹⁶ The category "Other" combines, among others, the following procedures or treatments: Processing under customs control, temporary admission, outward processing and standard exchange system, exportation, free zone or free warehousing, reexportation, destruction and abandonment to the Exchequer.

¹⁷ See Annexes 7 and 8.

CHART TOR6: Method of detection 2016 – Cases reported as fraudulent – by established amounts



In 8 Member States more than 50% of all estimated and established amount in fraudulent cases were detected by anti-fraud services¹⁸. As regards amounts, controls at the time of clearance of goods were the most important method for detecting fraudulent instances in Greece, Croatia, Latvia, Lithuania, Finland and the United Kingdom whereas post-clearance controls were in Bulgaria, Hungary, Poland and Slovakia.

In Cyprus and Austria the greatest part (89% and 69% respectively) of all estimated and established amounts in fraudulent cases were detected by an inspection by services or bodies other than customs.

Case study: Portugal, fraudulent import declarations of steel

In 2015, the Portuguese customs authorities (Tax and Customs Authority – AT) opened an investigation into a complaint concerning suspicions that, in 2013 and 2014, Portuguese companies had been making fraudulent declarations of imports of ‘flat-rolled products of non-alloy and alloy steel which are painted, varnished or coated with plastics on at least one side’. The companies were declaring the origin of the goods as Vietnam, when in fact they were from China, to avoid paying anti-dumping and countervailing duties.

As part of the nationwide investigation, the documents seized and information gathered were analysed (relating to the companies involved and the products traded), including commercial documentation, contracts, electronic communications between the Portuguese companies and the Chinese supplier and the product references (same type and price before and after the imposition of the anti-dumping duties). This led to the conclusion that the case under investigation was a specific type of commercial fraud, whereby the goods are transited through countries for which the EU does not have trade measures in place, meaning that the true origin of the goods traded is artificially ‘lost’, and, as a result of this illicit practice, the duties due are avoided.

This transiting of goods involved the fraudulent use of Vietnamese companies as the supposed producers of the goods, and traders based in Hong Kong and Singapore were used to export the goods to importers in the EU. In short, once trade measures began to be applied to Chinese goods, the imports were then brought into the EU through intermediaries (and not directly from the Chinese companies, as had previously been the case). The intermediaries were the link between the two Vietnamese companies (the ‘fraudulent’ suppliers) and the EU importers.

On the basis of the evidence gathered, on 19 January 2016 the AT sent the information to OLAF, in accordance with Council Regulation (EC) No 515/97 of 13 March 1997, so that an on-site visit to Vietnam could take place. In the course of the investigation carried out by OLAF in Vietnam, and with the full cooperation of the Member

¹⁸ Belgium, the Czech Republic, Denmark, Germany, Ireland, Spain, France and Romania.

States' authorities, and particularly the AT, and with the help of the Vietnamese Ministry of Industry and Trade (MOIT) and the Vietnamese Chamber of Commerce and Industry (VCCI), it was proven that the goods imported into the EU were Chinese and that anti-dumping and countervailing duties had indeed been avoided.

2.3.1.3. Smuggled cigarettes

In 2016, there were 147 cases of smuggled cigarettes registered (CN code¹⁹ 24 02 20 90) involving estimated TOR of around EUR 25 million. In 2015 the number of cases of smuggled cigarettes was 241, totalling around EUR 31 million.

The highest number of cases was reported by Poland (29) and Greece (27). The highest amount was reported by Greece (EUR 13.3 million). No cases were reported by ten Member States²⁰.

Table TOR1: Cases of smuggled cigarettes in 2016

TOR: Cases of smuggled cigarettes in 2016		
MS	Cases	Established and estimated amount
	N	EUR
BE	4	2,409,819
BG	1	170,896
CZ	1	118,131
DE	5	225,088
IE	3	445,574
EL	27	13,288,089
ES	9	617,317
FR	15	1,294,284
HR	1	284,373
IT	4	1,327,532
LV	7	422,035
LT	9	246,756
AT	3	273,695
PL	29	1,681,717
RO	14	1,779,270
FI	5	107,717
SE	2	101,720
UK	8	279,810
Total	147	25,073,822

2.3.1.4. Cases reported as fraudulent by amount

In 2016, the estimated and established amount was below EUR 50000 in 378 cases reported as fraudulent (74 % of all fraud cases), whereas it was above EUR 50000 in 135 cases (26 %).

¹⁹ Combined nomenclature or CN – nomenclature of the Common Customs Tariff.

²⁰ Denmark, Estonia, Cyprus, Malta, Luxembourg, Hungary, the Netherlands, Portugal, Slovenia and Slovakia.

The total estimated and established amount in cases reported as fraudulent, where the amount at stake was above EUR 50 000, amounted to EUR 66 million (79 % of the total estimated and established amount for cases reported as fraudulent).

Table TOR2: Cases reported as fraudulent by amount category in 2016

Table TOR2: Cases reported as fraudulent by amount category in 2016

Amount, EUR	N	Estimated and established amount, EUR
< 50 000	378	17,250,722
>= 50 000	135	65,733,647
Total	513	82,984,369

2.3.2. Irregularities not reported as fraudulent

2.3.2.1. Modus operandi

A breakdown of irregularities by mechanism type shows that most cases of irregularity relate to incorrect declarations (incorrect classification, customs value or country of origin or dispatch) and formal shortcomings (incorrect use of preferential arrangements or failure to fulfil obligations or commitments).

Not all customs procedures are equally susceptible to irregularities; their vulnerability may change in the course of time as certain economic sectors are briefly targeted. The customs procedure ‘release for free circulation’ is the customs procedure mostly affected by irregularities since at the time of release for free circulation the non-compliance in the customs declaration may relate to a large number of irregularities, e.g. to the tariff, CN code, (preferential) origin, incorrect value, etc. On the other hand, in customs suspension regimes (like warehousing, transit, etc. - where the payment of duties is suspended) the sole irregularity that might occur is the subtraction of the goods from customs supervision. Thus it is normal, and indeed to be expected, that most fraud and irregularities be reported in connection with the procedure ‘release for free circulation’.

In 2016 most of the estimated and established amounts in OWNRES in the EU-28 (72 %) for cases reported as non-fraudulent related to the customs procedure ‘release for free circulation’.²¹ In all, 19 % of all amounts estimated or established in cases not reported as fraudulent in 2016 involved customs warehousing²², 8 % of all amounts estimated or established related to inward processing. Other customs procedures are only marginally affected in 2016.

Of all cases reported as non-fraudulent about 49 % concern electrical and mechanical machinery, vehicles, mechanical appliances, plastics, articles of iron and steel and textiles. In monetary terms those groups of goods represent about 46 % of all amounts estimated or established for cases reported as non-fraudulent. China, USA, Taiwan, Brazil, Russia are - in monetary terms - the most important countries of origin of goods affected by irregularities.

²¹ See Annex 6.

²² In relation to inward processing Germany and the United Kingdom reported cases amounting to EUR 15.9 and 12 million respectively.

Case study: Poland, EU budget revenue - irregularities regarding the import of apple concentrate

The market for concentrate produced in Ukraine and Moldova (for export to the EU) is dominated by factories belonging to a single group. The group transports concentrate from its factories in Ukraine and Moldova to factories in Poland and on to Western Europe. Following its release for free circulation some of the concentrate is exported from the EU (USA, Canada, Russia). Before actually entering the EU the goods are subject to purchase/sale (chain transactions). In most transactions the exporters to the EU are companies registered in Great Britain.

The aim of creating trading scenarios in which the major player in the production of apple concentrate in Ukraine and Moldova does not appear as the actual exporter of the goods from Ukraine and creates a chain of purchases/sales is, inter alia:

- *to avoid challenges from the EU customs authorities concerning direct links between the exporter and the importer that might affect the value of the goods entered in the declaration of release for free circulation;*
- *to avoid challenges from the Ukrainian tax and customs authorities regarding fraudulent VAT evasion (overdeclaration of the value of the goods at export) or irregularities linked to corporate income tax.*

There are cases where one of the group presents, in the declaration for release for free circulation, invoices, transfers and contracts relating to companies in the chain, whereas it is actually selling the goods to itself (moving between the establishments from UA/MD to PL).

The above situation is highly relevant where there is a risk that the customs value of goods has been underdeclared. In such cases the importer's claims that changes to the prices result from slumps in the market, which it itself largely controls, should be treated with caution (Ukraine - Moldova). In the case of customs declarations concerning apple concentrate, the real risks are aggravated by additional risk factors:

- *correct tariff classification;*
- *correct use of preferential tariff quotas.*

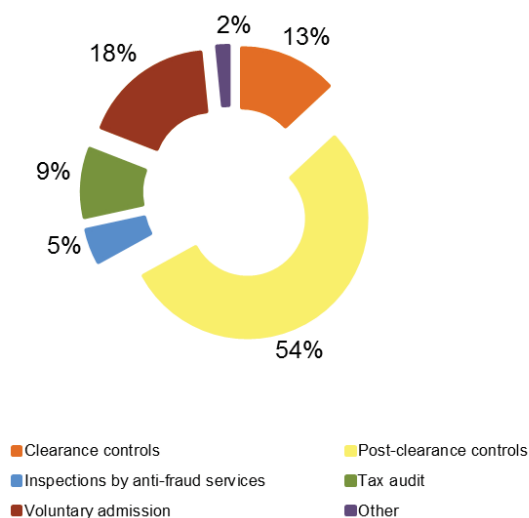
All risks are present at the same time and can have fiscal consequences.

2.3.2.2. Method of detection of non-fraudulent cases

In 2016, most non-fraudulent cases (54%) were revealed during post-clearance customs controls. Other methods of detection for non-fraudulent cases that featured frequently were voluntary admission (18%), clearance controls (13%), tax audits (9%), followed by anti-fraud services (5%).²³

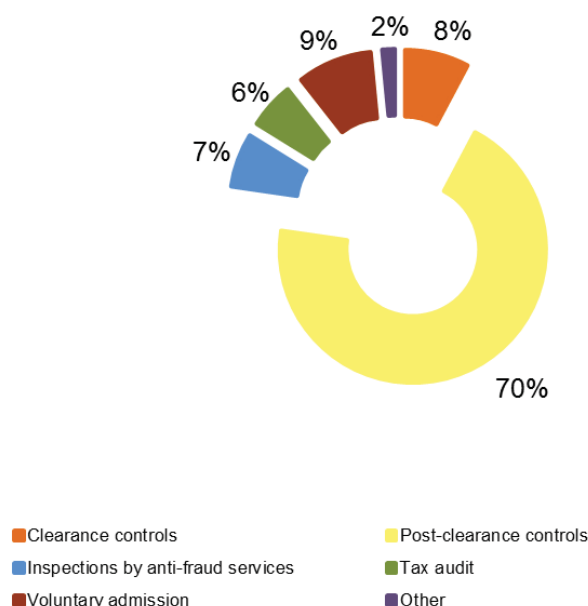
²³ See Annex 7 and 8.

CHART TOR7: Method of detection 2016 – Cases not reported as fraudulent – by number of cases



Considering *the estimated or established amounts*, around 70% of all irregularity cases registered for 2016 were discovered during a post-clearance control, 9% were related to voluntary admission, 8% were found during a control at the time of clearance of goods, whereas 7% related to a tax audit, and 6% to an inspection by anti-fraud services.

CHART TOR8: Method of detection 2016 – Cases not reported as fraudulent – by established amounts



In 15 Member States, more than 50% of all non-fraudulent cases — in amounts — were detected by post-clearance controls.²⁴ In France and Romania more than 50% of the amounts relating to non-fraudulent cases were detected by anti-fraud services.

²⁴ Bulgaria, the Czech Republic, Denmark, Estonia, Croatia, Italy, Latvia, Lithuania, Hungary, the Netherlands, Poland, Portugal, Slovenia, Sweden and the UK.

Significant amounts were reported as non-fraudulent following voluntary admission by the United Kingdom (EUR 13 million) and Germany (EUR 12 million). In 16 Member States voluntary admission was keyed in as a method of detection of cases reported as non-fraudulent.

2.3.2.3. Solar panels vulnerable to irregularities – mutual assistance

In 2016, solar panels originating in China were especially vulnerable to non-fraudulent irregularities in monetary terms. About 21 % (EUR 97 million) of the total amount that was established in non-fraudulent irregularities concerned this type of goods. Incorrect country of origin or dispatching country was the main pattern of the infringement reported. The Netherlands and the United Kingdom were particularly affected by this type of goods and infringement. Other 11 Member States reported also cases related to solar panels to a smaller extent²⁵. Following Mutual Assistance notices issued by OLAF 59 cases totalling to 32 million were detected. This underlines the importance of investigations conducted by OLAF in this particular field.

Case study: Netherlands, Customs – evasion antidumping solar panels/confiscation

Last year we reported on the coordination group on solar panels. In 2016, a number of successful results were reported. Due to the coordination group, DG Trade was informed about companies that were involved in the misuse of the Minimum Import Prices of solar panels (MIP). We confiscated in one case 43 containers with solar panels and in the same investigation, €4 million in anti-dumping was recovered. In several cases of solar panels a total of €27 million was involved and another 27 containers with solar panels were blocked as a guarantee for payment. The working method with a dedicated group on a specific issue, e.g. antidumping on solar panels, worked well, also due to the fact that specialists of several disciplines/units (import, physical checks, administrative controls) worked jointly in this group.

2.3.2.4. Cases not reported as fraudulent by amount

In 2016, the established amount was below EUR 50000 in 3 185 non-fraudulent cases (77 % of all irregularity cases), whereas it was above EUR 50000 in 949 cases (23 %).

The total estimated and established amount in non-fraudulent cases where the amount at stake was above EUR 50000 amounted to EUR 393 million (87 % of the total estimated and established amount for non-fraudulent cases).

Table TOR3: Cases not reported as fraudulent by amount category in 2016

Amount, EUR	N	Estimated and established amount, EUR
< 50 000	3185	61,148,424
>= 50 000	949	392,609,198
Total	4,134	453,757,622

2.4. Member States' activities

2.4.1. Classification of cases as fraudulent and non-fraudulent and related rates

For 2016, Member States reported 513 cases as fraudulent out a total of 4 647 cases reported via OWNRES, which indicates a Fraud Frequency Level (FFL) of 11 %. The differences between Member States are relatively large. In 2016 most Member States categorised between 10-50 % of all cases reported as fraudulent. However, Portugal

²⁵ Belgium, the Czech Republic, Denmark, Germany, Ireland, Greece, France, Italy, Austria, Romania and Sweden.

and Slovenia did not categorise any cases reported as fraudulent.²⁶ Six Member States categorised less than 10% of cases as fraudulent.²⁷ Five Member States registered more than 50%²⁸ of cases as fraudulent.

In 2016, the total estimated and established amount affected by fraud in the EU was EUR 83 million and the overall incidence of fraud²⁹ was 0.33%. For 2016, the highest percentages can be seen in Greece (2.83%), Austria (2.14%) and Denmark (2.04%).³⁰

The total estimated and established amount affected by irregularities was more than EUR 454 million which indicates an irregularity incidence³¹ of 1.81%. The highest percentages can be seen in Latvia (5.82%), the Netherlands (4.96%) and the Greece (4.34%).³²

There are large differences between Member States' classifications, which may partly depend on their classification practices. This can influence the comparison of the amounts involved in cases reported as fraudulent and as non-fraudulent by Member States. Moreover, individual bigger cases detected in a specific year may affect annual rates significantly. Factors such as the type of traffic, type of trade, the level of compliance of the economic operators, the location of a Member State can influence the rates significantly. Bearing in mind these variable factors, the rates of incidence can also be affected by the way a Member State's customs control strategy is set up to target risky imports and to detect TOR-related fraud and irregularities.

2.4.2. *Recovery rates*

2.4.2.1. Cases reported as fraudulent

Over the 1989-2016 period, OWNRES shows that, on average, 21% of the initially established amount was corrected (cancelled). The recovery rate (RR) for all years (1989-2016) is 36%.³³ The RR for cases reported as fraudulent and detected in 2016 was 23%³⁴ which is below the average rate of 40% for fraudulent cases for the 2012-2016 period.³⁵ In general, the RR in cases reported as fraudulent is clearly much lower than that for cases not reported as fraudulent.

2.4.2.2. Cases not reported as fraudulent

OWNRES shows that on the cut-off date, on average 37% (1989-2016) of the initially established amount in relation to cases not reported as fraudulent has been corrected (cancelled) since 1989. The RR for non-fraudulent cases reported for 2016 is 42%.³⁶ On the cut-off date, the annual RR for the last five years has varied between

²⁶ Luxembourg did not report any irregular case in 2016.

²⁷ The Czech Republic (2%), Denmark (6%), Germany (6%), the Netherlands (1%), Sweden (2%) and the UK (1%).

²⁸ Bulgaria (85%), Greece (79%), Cyprus (100%), Malta (10%) and Poland (5%).

²⁹ The percentage that the total established and estimated amounts related to fraudulent cases represent on the total TOR collected by Member States.

³⁰ See Annex 4.

³¹ The percentage that the total established and estimated amounts related to non-fraudulent cases represent on the total TOR collected by Member States.

³² See Annex 4.

³³ This calculation is based on 17 948 cases, an established amount of EUR 2.1 billion (after already processed corrections) and a recovered amount of EUR 0.75 billion.

³⁴ See Annex 9.

³⁵ On the cut-off date, for years 2012-2016, the annual RR for fraud cases varied between 23% and 60%.

³⁶ See Annex 9.

42 % and 83 %. The overall RR for all years (1989-2016) for all cases not reported as fraudulent is 71 %.³⁷

2.4.2.3. Historical recovery rate

The HRR confirms that in the long term recovery in cases reported as fraudulent is generally much less successful than in cases not reported as fraudulent (see table TOR4). Classification of a case as fraudulent is thus a strong indicator for forecasting short- and long-term recovery results.

Table TOR4: Historical recovery rate (HRR)

Table TOR4: Historical recovery rate (HRR)

Irregularities	HRR 1989 – 2013
Reported as fraudulent	62.37%
Reported as non-fraudulent	90.46%
Total	83.93%

2.4.3. Commission's monitoring

2.4.3.1. Examination of the write off reports

In 2016, 17 Member States submitted 92 new write-off reports to the Commission. In 2016, the Commission assessed 219 cases totalling EUR 88 million. In 92 of these cases amounting to EUR 46 million³⁸, the Commission's view was that the Member States did not demonstrate satisfactorily that the TOR was lost for reasons not imputable to them so they were considered financially responsible for the loss.

Examination of Member States' diligence in write-off cases constitutes a very effective mechanism for gauging their activity in the field of recovery. It encourages national administrations to step up the regularity, efficiency and effectiveness of their recovery activity, since any lack of diligence leading to failure to recover results in individual Member States having to foot the bill.

2.4.3.2. Commission's inspections

In its TOR inspections, the Commission has put a special emphasis on Member States' customs control strategies and closely monitors their actions and follow-up in relation to the observations made during the inspections. Member States generally show their willingness to adapt their control strategies and to progressively implement systems that provide for efficient and effective risk analysis to protect the EU's financial interests. However, budgetary constraints and the increase of tasks related to security have led to cuts in the number of customs officials in charge of duty collection control in many Member States. Coupled with continuing trade facilitations and simplification of procedures and controls, this may undermine the control efficiency and thus pose risks to the protection of the EU financial interest.

In 2016, "Tariff suspensions and quotas", "Preferential tariff measures", "Reliability of the normal and separate accounts statements" and "Control strategy in the field of customs value" were the main inspection themes of the on-the-spot customs inspections by the Commission services in Member States.

³⁷ This calculation is based on 78 103 cases, an established amount of EUR 4.91 billion (after already processed corrections) and a recovered amount of EUR 3.49 billion.

³⁸ See Annex 10.

The on-the-spot inspection carried out in the United Kingdom found significant weaknesses in the management and control of undervalued imports of textiles and footwear and concluded, on the basis of the evidence available at the time of the inspection, that the United Kingdom had wrongly cancelled a very significant amount of customs debts concerning undervalued imports.

OLAF also has concluded in March 2017 an investigation on the undervaluation of textiles and footwear imported in the United Kingdom from the People's Republic of China. This report indicates that the United Kingdom failed, even after repeated warnings and requests to that effect by OLAF, to apply the appropriate measures to prevent systematically undervalued imports of textiles and footwear from P.R. China from entering the EU through the United Kingdom, resulting in very significant losses to the EU budget between 2013 and 2016. The related fraud/irregularities were only partially reflected in the OWNRES figures reported since 2013.

These elements led the Director-General of DG BUDG to make a reservation in the 2016 Annual Activity report on the inaccuracy of the TOR amounts transferred to the EU budget by the United Kingdom since 2013.

The Commission is taking appropriate actions to ensure an effective follow up of the recommendations of the European Anti-fraud Office's investigation report and of the DG BUDG's inspection findings³⁹.

One general conclusion drawn by the Commission from its inspections in Member States in recent years is that their control strategies are increasingly shifting from customs controls at the time of clearance of goods to post-clearance customs controls. The customs controls before or at the time of clearance of goods remain however indispensable for addressing undervaluation and the detection of new types or patterns of fraud or irregularities. Therefore, the customs controls strategy should be frequently reviewed taking into account recent detections or new risks.

Considering the fraud diversion and spreading of specific fraud mechanism, EU-wide and international cooperation in detection of irregular cases is more and more required.

2.4.3.3. Particular cases of Member State failure to recover TOR

If TOR are not established because of an administrative error by a Member State, the Commission applies the principle of financial liability.⁴⁰ Member States have been held financially liable in 2016 for over EUR 32 million⁴¹, and new cases are being given appropriate follow-up.

³⁹ The Commission performed in 2016 in Slovakia a traditional own resources inspection dedicated to undervaluation. In this inspection, significant weaknesses were also detected.

⁴⁰ Case C-392/02 of 15/11/2005. These cases are typically identified on the basis of Articles 220(2)(b) (administrative errors which could not reasonably have been detected by the person liable for payment) and 221(3) (time-barring resulting from Customs' inactivity) of the Customs Code, Articles 869 and 889 of the Provisions for application of the Code, or on the basis of non-observance by the customs administration of Articles of the Customs Code giving rise to legitimate expectations on the part of an operator.

⁴¹ It includes customs duties and interest.

Part II - EXPENDITURE

SECTION I - SHARED MANAGEMENT

Sustainable Growth: Natural Resources

Success in previous decades in guaranteeing sufficient food production, has led to a shift in emphasis to, producing higher quality food for consumers, increasing farms' profitability, diversifying the rural economy and protecting the natural environment. There is a direct management component but the majority of expenditure is disbursed by Member States under the following shared management funds.

- The European Agricultural Guarantee Fund (EAGF) which finances direct payments to farmers and measures to respond to market disturbances, such as private or public storage and export refunds.
- The European Agricultural Fund for Rural Development (EAFRD) which finances the rural development programmes of the Member States.
- The European Maritime and Fisheries Fund (EMFF) which provides funding and technical support for initiatives that can make the fishery industry more sustainable.

EAFRD and EMFF are among the five European Structural and Investment Funds (ESIF or ESI funds) which complement each other and seek to promote a growth and job based recovery in Europe.

The EMFF is the successor of the European Fisheries Fund (EFF), for which the full resources have been committed by the end of 2014.

Table NR1 shows the financial resources available for this policy area.

However, in light of their belonging to the ESIF family, EFF and EMFF will be treated together with the other structural funds. EAFRD, also part of ESIF, will be analysed separately from the EAGF, with the exception of a general introduction.

Table NR1: Financial instruments and 2016 appropriations for the Natural Resources Policies

Financial instrument	Management mode	Appropriations 2016		As % of total budget	
		Commitments	Payments	Commitments	Payments
		EUR million	EUR million	%	%
EAGF	Shared	42 220	44 285	26.0%	31.3%
EARDF	Shared	18 676	12 306	11.5%	8.7%
EMFF + EFF	Shared	897	560	0.6%	0.4%
Other programmes	Direct	691	592	0.4%	0.4%
TOTAL		62 484	57 743	38.5%	40.9%

3. COMMON AGRICULTURAL POLICY (CAP)

3.1. Introduction

For the last 50 years the Common Agricultural Policy (CAP) has been the European Union's (EU) most important common policy. This explains why traditionally it has

taken a large part of the EU's budget, although the percentage has steadily declined over recent years.

The CAP is financed by two funds, EAGF and EAFRD, which form part of the EU's general budget.

Under the basic rules for the financial management of the CAP, the Commission is responsible for the management of the EAGF and the EAFRD. However, the Commission itself does not make payments to beneficiaries. According to the principle of shared management, this task is delegated to the Member States, who themselves work through national or regional paying agencies. Before these paying agencies can claim any expenditure from the EU-budget, they must be accredited on the basis of a set of criteria laid down by the Commission.

The paying agencies are, however, not only responsible for making payments to the beneficiaries. Prior to doing so, they must, either themselves or through delegated bodies, satisfy themselves of the eligibility of the aid applications. The exact checks to be carried out are laid down in the different sectorial regulations of the CAP and vary from one sector to another.

The expenditure made by the paying agencies is then reimbursed by the Commission to the Member States, in the case of the EAGF on a monthly basis and in the case of EAFRD on a quarterly basis. Those reimbursements are, however, subject to possible financial corrections which the Commission may make under the clearance of accounts procedures.

Apart from a difference in scope and objectives, the two funds also function differently. While entitlements and measures supported under the EAGF follow a yearly flow, those under the EAFRD are implemented through multi-annual programmes, very much like the interventions financed through the other ESI funds.

Table NR2 shows the financial resources available for the CAP.

Table NR2: Financial instruments and 2016 appropriations for the CAP

Financial instrument	Management mode	Appropriations 2016		As % of total budget	
		Commitments	Payments	Commitments	Payments
		EUR billion	EUR billion	%	%
EAGF	Shared	42 220	44 285	26.0%	31.3%
EARDF	Shared	18 676	12 306	11.5%	8.7%
TOTAL		60 897	56 591	37.5%	40.1%

3.2. General analysis – Trend analysis

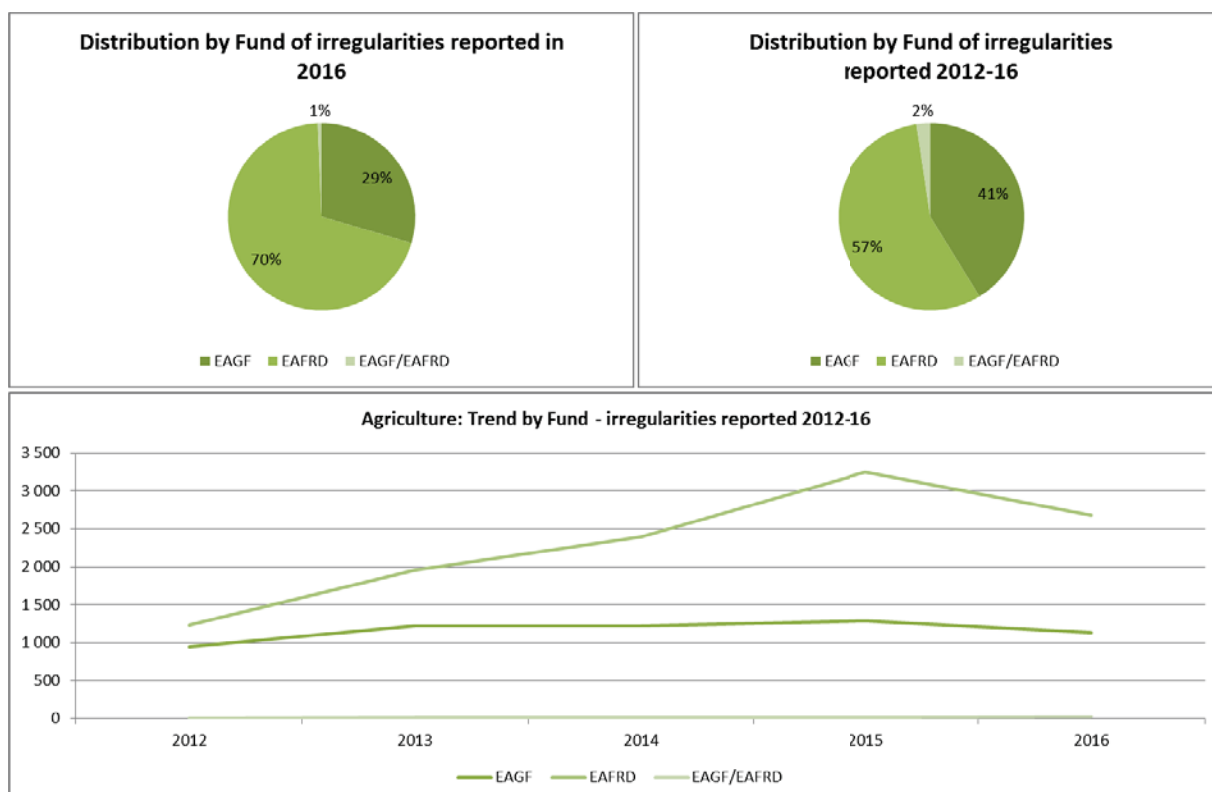
3.2.1. Irregularities reported 2012-2016

Table NR3 presents the trend of the irregularities (fraudulent and non-fraudulent) reported by Member States for the period 2012-16 in relation to the funds concerned.

This shows a decrease between 2015 and 2016 by 16% and an increase by 76% between 2012 and 2016. However, while the irregularities affecting EAGF have remained relatively stable over time (-12% in comparison with 2015 and +20% with 2012), those related to the EAFRD have been constantly increasing until 2015 and then declined in 2016, as showed by the chart below (-18%% in comparison with 2015 and +117% in comparison with 2012).

Table NR3: Irregularities reported by Fund – 2012-16 for the CAP

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	N
EAGF	943	1 219	1 218	1 286	1 132	6 531
EAFRD	1 231	1 961	2 398	3 250	2 676	8 935
EAGF/EAFRD	7	13	16	20	25	374
TOTAL	2 181	3 193	3 632	4 556	3 833	15 840



It should be noted that the two funds function very differently, with the EAGF following an annual implementation, while programmes financed by the EAFRD have a multiannual logic, which resembles that of the ESI Funds. The trend of irregularities detected and reported further highlights those similarities and therefore appears physiological.

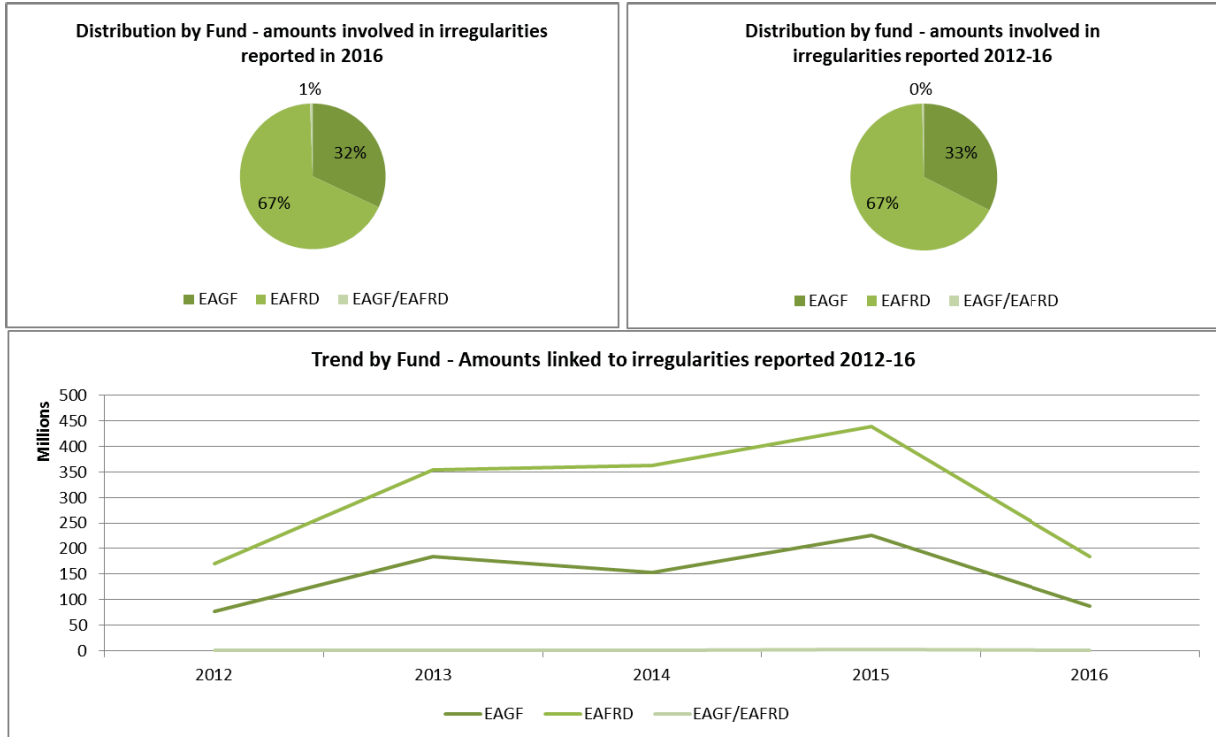
The irregularities notified by a minority of Member States (Romania, Italy, Spain, Poland, Hungary, Portugal and France) represent about 70% of the total number of reported irregularities in 2016.

Table NR4 provides in the same form of Table NR3 information about the trends linked to the financial amounts involved in cases of reported irregularities, which have decreased by 59% in comparison with the previous year. For the monetary value, the largest share in 2016 is still represented by the EAFRD component, which becomes relatively predominant, if one bears in mind that it represents between 20% and 30% of the total resources for the CAP and the financial value of the irregularities reported counts for 67% of the total amount in 2016 and for the period 2012-2016.

The impact of the financial amounts involved in irregularities on payments is also very different between the two funds, as it is 0.20% for the EAGF and 1.50% for the EAFRD (0.48% on the overall 2016 CAP expenditure).

Table NR4: Financial amounts involved in reported irregularities by Fund – 2012-16 for the CAP

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	EUR	EUR	EUR	EUR	EUR	EUR
EAGF	78 097 164	184 725 612	152 480 372	225 427 348	87 289 499	728 019 995
EAFRD	170 192 527	353 987 081	361 790 573	437 684 842	184 175 448	1 507 830 471
EAGF/EAFRD	460 548	1 149 970	1 936 513	2 796 963	1 652 729	7 996 723
TOTAL	248 750 238	539 862 663	516 207 459	665 909 153	273 117 676	2 243 847 188



The trend analysis about the financial amounts can be misleading as it can be greatly influenced by single observations of significant value. The continuous growth of the financial value of irregularities related to the EAFRD until 2015 is, however, in line with the general trend of irregularities reported showed in Table NR3.

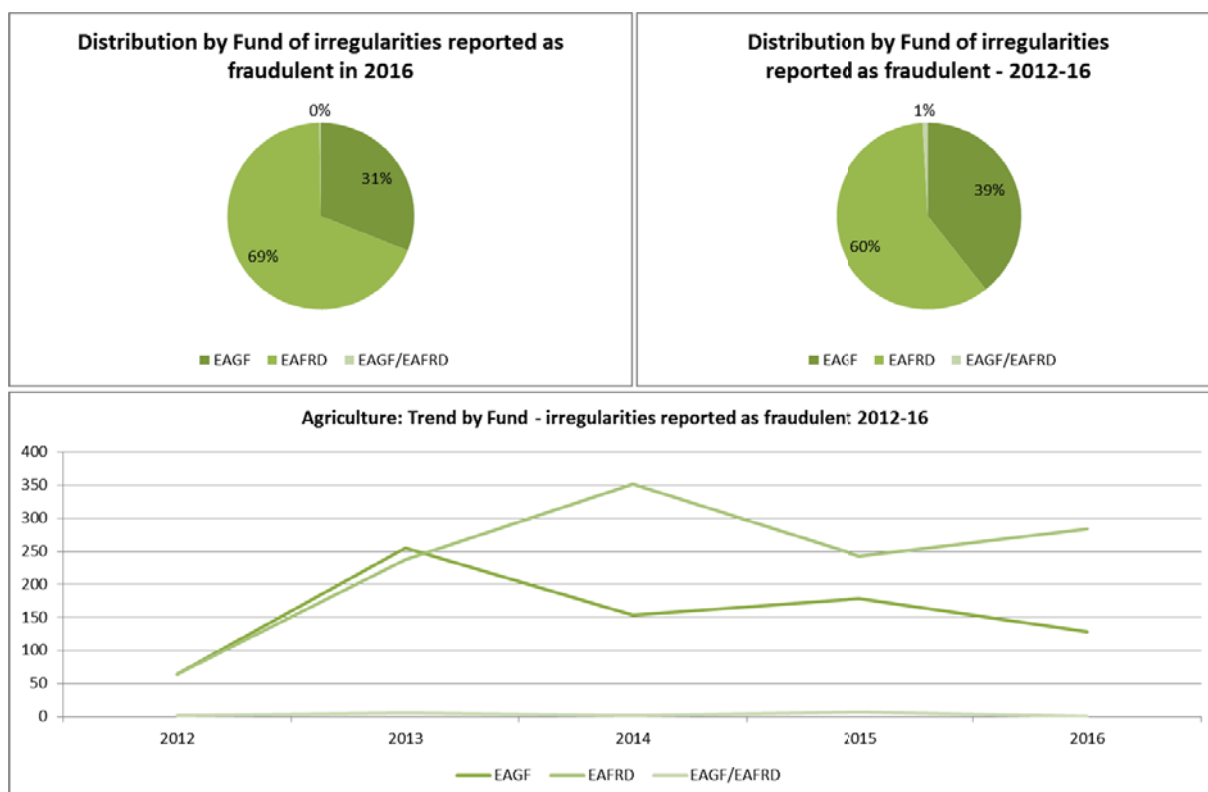
3.2.2. Irregularities reported as fraudulent

Table NR5 presents the trend of the irregularities reported as fraudulent by Member States for the period 2012-16 in relation to the fund concerned. This shows a situation which is stable in comparison to 2015 (-3.5%). However, while the fraudulent irregularities related to the EAGF have decreased by 28%, those linked to the EAFRD have increased by 17%.

Despite these contrasting trends, for the third consecutive year in the analysed period, the irregularities reported as fraudulent related to the EAFRD have the highest share on the total (69%) and reaching 60% on the whole reference period 2012-16 (up from 47% in the previous analysis for 2011-15). The share of irregularities committed by beneficiaries of both funds appeared in only 1 occurrence.

Table NR5: Irregularities reported as fraudulent by Fund – 2012-16 for the CAP

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	N
EAGF	64	255	153	178	128	778
EAFRD	64	238	351	243	284	1 180
EAGF/EAFRD	2	6	2	7	1	18
TOTAL	130	499	506	428	413	1 976



The irregularities notified by three Member States (Romania, Poland and Bulgaria) represent about 55% of the total number of irregularities reported as fraudulent. This concentration is far lower than in previous years.

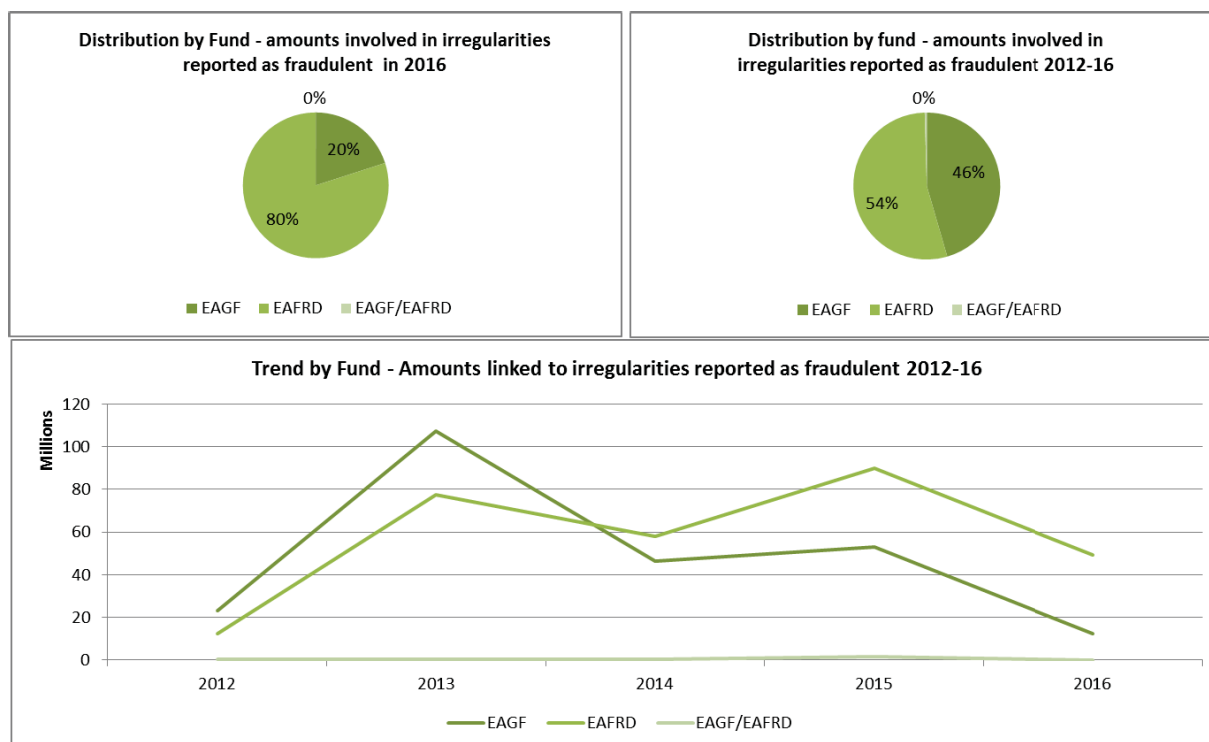
Austria, Bulgaria, the Czech Republic, Denmark, France, Latvia and Sweden reported an increasing number of fraudulent cases.

The first ten countries taken together have reported 378 potential fraudulent cases, which represents 91% of the total (in 2013 they had reported 94% and in 2015 92% of the total fraudulent irregularities).

Table NR6 provides in the same form of Table NR5 information about the trends linked to the financial amounts involved in cases reported as fraudulent, which have decreased by 57% in comparison with the previous. For the monetary value, the largest share in 2016 is still represented by the EAFRD, which is predominant also if one takes into account the whole analysed period 54% of the total amount.

Table NR6: Financial amounts involved in irregularities reported as fraudulent by Fund – 2012-16 for the CAP

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	EUR	EUR	EUR	EUR	EUR	EUR
EAGF	23 057 468	107 363 086	46 161 774	52 778 723	12 393 638	241 754 689
EAFRD	12 436 910	77 286 737	57 915 599	90 055 026	49 437 884	287 132 156
EAGF/EAFRD	323 623	337 603	292 215	1 432 019	27 836	2 413 296
TOTAL	35 818 001	184 987 426	104 369 588	144 265 768	61 859 358	531 300 141



The trend analysis about the financial amounts can be misleading as it can be greatly influenced by single observations of significant value. For instance, the 'distance' observed in 2013 between the two funds, finds entire explanation in very few cases involving high amounts linked to the EAGF, which determine the divergence from the trend highlighted in Table NR5. In the period 2012-16, the share of the EAFRD on the total is 54%, well above the share of the resources allocated to the fund on the total of the CAP resources over the same period.

Case study: Bulgaria EAFRD - Abuse of EU funds under the Rural Development Programme

While carrying out checks on projects under RDP 2014-2020, the State Fund Agriculture (DFZ) found six applications which indicated the existence of artificially created conditions for support, particularly operation of a market by the same suppliers and customers. In the cases concerned, six applications were submitted for the same investment (purchase of a certain type of agricultural machinery) to three offices of the State Fund Agriculture regarding investments to be implemented in four different regions of the country. A pointer to the existence of a corrupt scheme was the fact that in all six cases the tenderers' bids for the supply of equipment were submitted by the same three companies, with the same date and validity, and that contracts for the sale and purchase of equipment in all six cases were signed with the same company, on the same date. It was established that the manufacturer of that particular type of agricultural machinery was a US company with an official dealer for Europe based in the Netherlands, and that the Dutch company had only one official representative for Bulgaria, namely the company mentioned as supplier of the equipment in all six bids.

Family relations were established between two of the tenderers, while three of the tenderers' managers were found to be members of the Management Board of a non-governmental sectorial organisation. Since the tenders

and sale/purchase contracts concluded between the tenderers and the Bulgarian supplier quoted a price of EUR 225 000 per unit of machinery, a study of the market environment was carried out using a particular macroeconomic approach called 'control purchase'.

That involved the creation of a special e-mail address used to receive an offer from the Bulgarian supplier that quoted a unit price of USD 160 000, including the possibility for a discount to be applied in the event of purchase of more than one unit. A study of the dynamics of the BGN/USD exchange rate during the relevant period did not show any significant changes. Consequently, the conclusion was drawn that the tender offers submitted for the six projects were intentionally inflated and used unreasonable prices to illegally benefit from EU funds and the national budget. The State Fund Agriculture referred the case to the Supreme Cassation Prosecutors' Office.

The Sofia City Prosecutor's Office initiated a check and asked the Directorate General of the National Police to carry out an audit, which confirmed the above facts. It also found that the managers of two of the applicant companies live as unmarried partners and use different companies to participate in the same tenders as different persons. It was established that the companies/individuals concerned had concluded contracts for the supply of eight units of agricultural machinery for a total of EUR 1 800 000 (unit price EUR 225 000). The real unit price quoted by the official representative was USD 135 000. The Sofia City Prosecutor's Office initiated pre-trial proceedings and asked AFCOS-MVR to check, via OLAF, what the unit price of the equipment in question is in the Netherlands. This check is currently being implemented.

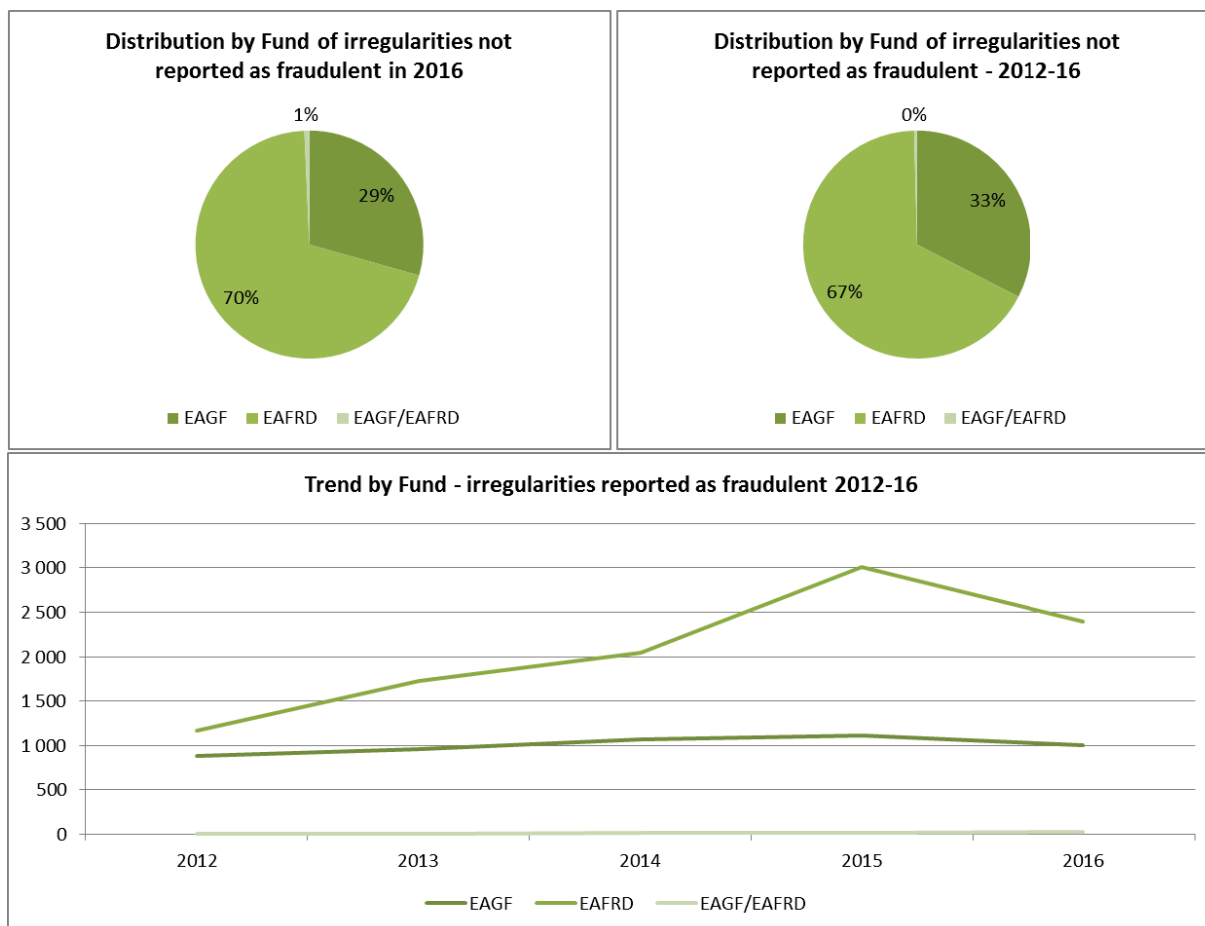
3.2.3. Irregularities not reported as fraudulent

Regarding irregularities not reported as fraudulent, the number of those reported relating to EAFRD has been constantly increasing until 2015 (see Table NR7), while those related to EAGF remained relatively stable or recorded minor variations. Consistently with this trend, also the irregular financial amounts linked to the rural development instrument have been constantly increasing until 2015 (as highlighted in Table NR8).

Only a marginal share of the irregularities not reported as fraudulent relates to infringements reported as affecting both funds (1% in 2016 and even less on the analysed period, see Table NR8).

Table NR7: Irregularities not reported as fraudulent by Fund – 2012-16 for the CAP

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	N
EAGF	879	964	1 065	1 108	1 004	5 020
EAFRD	1 167	1 723	2 047	3 007	2 392	10 336
EAGF/EAFRD	5	7	14	13	24	63
TOTAL	2 051	2 694	3 126	4 128	3 420	15 419



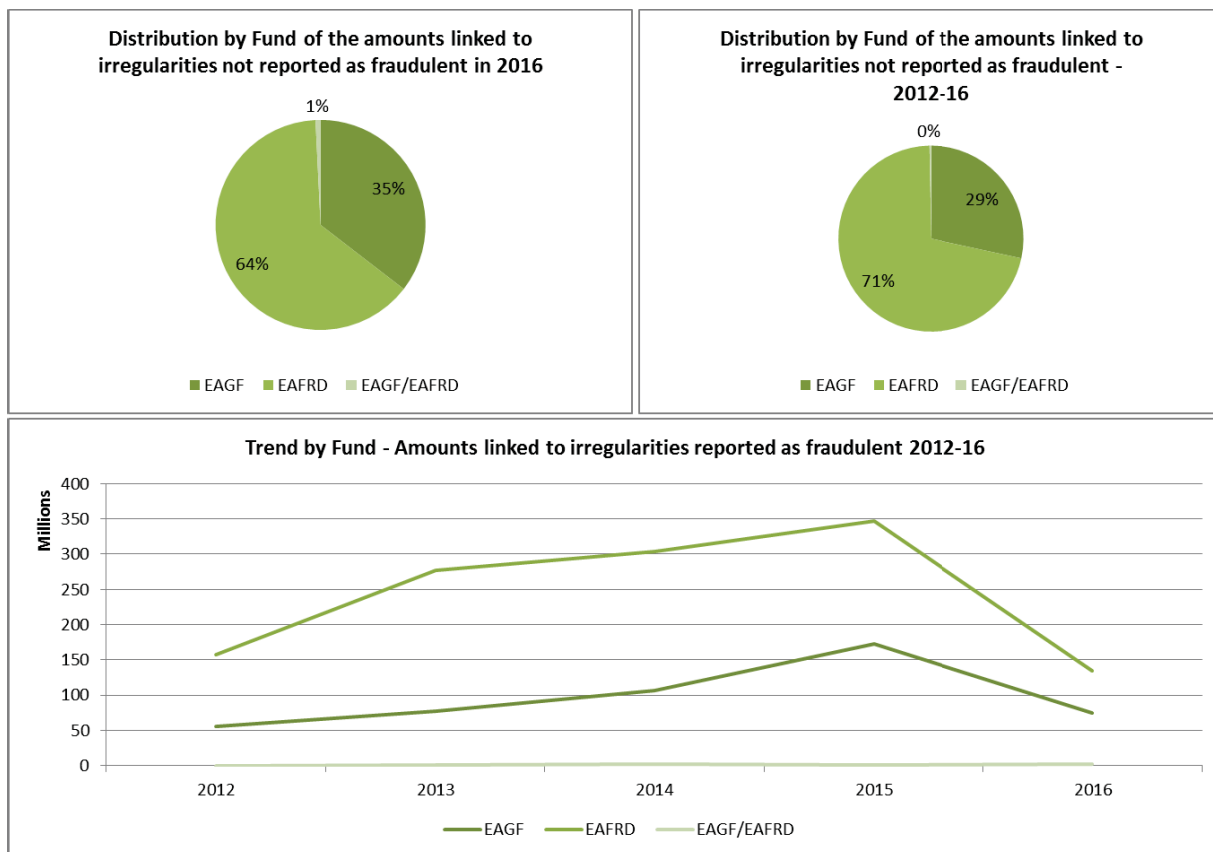
Unlike the fraudulent irregularities, the largest share, in terms of numbers, is for the EAFRD since 2012, and in the two last years of the period 2012-16 the number of irregularities linked to this fund have been at least the double of those affecting the EAGF.

The irregular financial amounts related to the EAFRD have also been progressively increasing until 2015.

Table NR8 shows the information concerning the years 2012-16.

Table NR8: Financial amounts linked to irregularities not reported as fraudulent by Fund – 2012-16 for the CAP

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	EUR	EUR	EUR	EUR	EUR	EUR
EAGF	55 039 696	77 362 526	106 318 598	172 648 625	74 895 860	486 265 305
EAFRD	157 755 617	276 700 344	303 874 974	347 629 816	134 737 564	1 220 698 315
EAGF/EAFRD	136 925	812 367	1 644 299	1 364 944	1 624 893	5 583 428
TOTAL	212 932 238	354 875 237	411 837 871	521 643 385	211 258 317	1 712 547 048



3.3. Specific analysis

3.3.1. Modus operandi

3.3.1.1. EAGF

Table NR9 shows the most frequently categories of irregularity linked to fraudulent cases detected in relation to the EAGF in 2016 and the financial amounts linked to them. It also presents how these most recurrent categories have featured from 2012 to 2016 (included).

The most recurrent *modus operandi* is related to infringements linked to the documentary proofs requested, and in particular, to the use of 'false or falsified declarations', 'false or falsified documents' and 'false or falsified request for aid', 'declaration of fictitious product, species and/or land' in line with what reported in general for the whole period 2011-2015. 'Quantities outside permitted limits, quotas or thresholds' (related, respectively to products, species or land) remained a significant reported type of breach.

For 12 of the 128 cases reported (10%), irregularities related to 'Ethics and Integrity' were specified. This typology refers to cases of 'corruption' and 'conflict of interest' in particular. In the previous four years taken into account for the analysis, other 31 cases had been reported.

Table NR9: Types of irregularities reported as fraudulent in relation to EAGF

Code	Type of irregularity	irregularities reported as fraudulent in 2016		Irregularities reported as fraudulent 2012-16	
		N	EUR	N	EUR
T11	Request	35	2 256 960	147	23 516 603
T14	Documentary proof	28	686 478	245	35 498 502
T15	Product, species and/or land	13	4 636 767	151	36 041 735
T19	Ethics and integrity	12	691 811	43	9 335 560
T16	(Non-)action	7	728 368	23	34 335 927
T11 T13	Request / Accounts and records	6	433 132	12	2 430 490
T11 T14	Request / Documentary proof	6	226 453	8	258 689
T12	Beneficiary	3	205 938	15	49 624 617
T14 T11	Documentary proof / request	3	180 288	3	180 288
T16 T11	(Non-)action / request	3	83 758	4	388 297
	ALL OTHER	12	2 263 687	127	50 143 983
TOTAL	TOTAL	128	12 393 640	778	241 754 691

When looking at the irregularities not reported as fraudulent, the situation is rather consistent with that presented in Table NR9 for those reported as fraudulent, with the top-10 categories represented in almost the same positions, as showed in Table NR10.

Table NR10: Types of irregularities not reported as fraudulent in relation to EAGF

Code	Type of irregularity	irregularities not reported as fraudulent in 2016		Irregularities not reported as fraudulent 2012-16	
		N	EUR	N	EUR
T11	Request	209	21 016 228	937	69 661 211
T15	Product, species and/or land	158	4 970 385	1257	89 958 790
T14	Documentary proof	150	9 440 594	709	87 595 360
T16	(Non-)action	143	12 133 022	774	75 174 525
T90	Other	130	15 053 740	304	22 845 806
T12	Beneficiary	55	2 761 515	220	13 508 414
T13	Accounts and records	39	1 165 585	69	2 780 773
T19	Ethics and integrity	26	824 313	82	3 894 045
	(blank)	16	551 126	201	11 847 108
T11 T15	request / product, species and/or land	12	535 666	124	31 317 710
	ALL OTHER	66	6 443 689	343	77 681 561
TOTAL	TOTAL	1 004	74 895 863	5 020	486 265 303

3.3.1.2. EAFRD

Table NR11 shows the most frequently categories of irregularity linked to fraudulent cases detected in relation to the EAFRD in 2016 and the financial amounts linked to them. It also presents how these most recurrent categories have featured from 2012 to 2016 (included).

In 2016, 61 irregularities reported as fraudulent indicated that breaches had occurred in relation to 'Ethics and Integrity' appearing as the most frequently detected. In the period 2012-2016 this category is the third most frequently detected, although the greatest majority of cases have been reported mainly over the last two years. The remaining detected typologies more frequently are in line with those reported in previous years and relate to the 'documentary proof (supporting documents provided)', the 'request for aid', the 'quality of the beneficiary', the 'implementation' of the action.

Table NR11: Types of irregularities reported as fraudulent in relation to EAFRD

Code	Type of irregularity	Irregularities reported as fraudulent in 2016		Irregularities reported as fraudulent 2012-16	
		N	EUR	N	EUR
T19	Ethics and integrity	61	6 873 057	115	8 810 221
T14	Documentary proof	57	8 692 464	231	56 197 738
T16	(Non-)action	43	7 782 437	137	67 478 241
T11	Request	33	6 992 747	108	26 195 816
T90	Other	16	10 997 173	42	32 829 009
T14 T11	Documentary proof / Request	12	283 907	14	2 031 903
T12	Beneficiary	10	1 711 636	94	20 589 527
T15	Product, species and/or land	10	206 524	64	2 560 749
T12 T14	Beneficiary / Documentary proof	6	606 075	31	6 853 850
	blank	4	1 208 780	23	2 729 208
	ALL OTHER	32	4 083 083	321	60 855 895
TOTAL	TOTAL	284	49 437 883	1 180	287 132 157

When looking at the irregularities not reported as fraudulent, showed in Table NR12, the most frequently detected category is related to 'non-action' ('*action not completed*', '*failure to respect deadlines*', '*action not implemented*', '*irregular termination, sale or reduction*'), which occurred in 39% of the cases not reported as fraudulent affecting the EAFRD in 2016. It is followed by 'documentary proof' representing 17% of the non-fraudulent cases ('*Documents missing and/or not provided*', '*documents incomplete*', '*documents incorrect*' and '*documents provided too late*'). 10% of the cases belongs to the category 'Beneficiary' ('*Operator/beneficiary not having the required quality*'). These three categories together represent 66% of the cases reported in 2016.

Table NR12: Types of irregularities not reported as fraudulent in relation to EAFRD

Code	Type of irregularity	Irregularities not reported as fraudulent in 2016		Irregularities not reported as fraudulent 2012-16	
		N	EUR	N	EUR
T16	(Non-)action	943	40 999 677	3 141	275 620 513
T14	Documentary proof	400	19 576 235	1 239	126 928 586
T12	Beneficiary	241	19 100 604	934	185 658 670
T11	Request	154	10 053 899	1 002	153 983 009
T90	Other	145	12 041 169	596	48 047 161
T15	Product, species and/or land	100	2 540 818	1 176	121 326 241
T16 T12		71	5 434 228	121	11 392 724
T19	Ethics and integrity	49	7 260 020	188	29 250 903
T13	Accounts and records	46	1 695 955	120	6 122 630
T40	Public procurement (see annex Commission Decision C(2013)9527)	31	1 587 687	41	5 165 261
	OTHER	212	14 447 272	1 778	257 202 617
TOTAL	TOTAL	2 392	134 737 564	10 336	1 220 698 315

Case study: Croatia, EAFRD - Forgery of an official document when applying for projects co-financed by EU funds

On the basis of a call for the implementation of the agriculture measure: "Supporting the development of small farms", an agricultural cooperative applied for subsidies. In the e-application (via AGRONET), the agricultural cooperative sent all necessary documents needed for the call.

During the review of documents received by the agricultural cooperative and before the payment, Intermediate body level 2 (IB2) suspected that one of documents (Certificate of No Tax Due), a document which is issued only by Tax Administration, was forged. The suspicion was related to mismatch of dates within the document. Namely, the date of issue was 1.1.2015 but the document stated that the agricultural cooperative did not have tax debt on 1.2.2015. Therefore, the date of issue of Certificate and the date of the tax debt were different. IB2 contacted the Tax Administration to check the validity of the Certificate. The Tax Administration determined that the Certificate was issued by the Tax Administration.

Actions initiated/conducted:

IB 2 reported the case to State Attorney's Office and criminal proceedings were initiated against a person who was an employee of an EU funds consultancy. It was found that this person had scanned an older Certificate, changed the dates and sent the forged document along with other necessary data via e- application (AGRONET) on behalf of the agricultural cooperative. It was determined that the responsible person in the agricultural cooperative was not involved in this criminal act. The person concerned (employee of the EU funds consultancy) was convicted for committing criminal act of Forgery of an Official Document and was sentenced to eight months imprisonment, but was given a two-year suspended sentence according to Article 56 (2) & (3) of the Criminal Code on condition of not repeating the crime. Should he commit a criminal act within the period of two years he would be imprisoned for eight months.

3.3.2. Fraud and Irregularity Detection Rates by CAP pillar

Via its two funds (EAGF and EAFRD) the CAP acts on two main paths to support agriculture across Europe. The EAGF itself has two components with different aims: direct payments to farmers and measures regulating or supporting agricultural markets.

Table NR13 shows the FDR and the IDR per type of policy measure. Further details about this calculation can be found in paragraph 3.4.2.

Looking at the overall detection rate (FDR + IDR), direct payments clearly show a very low level of detections. This confirms previous findings of the Commission audit services that the level of errors (and consequently of the possible detections) represent only a marginal part of the resources available. The situation is different for market measures, in particular for the FDR, which is the highest of all shared management policy measures. Interestingly, the "Total detection rate" is equal to that of rural development and to that of the cohesion policy. Rural development, for its part, shows results that are exactly aligned to those of the other Cohesion policy measures (see chapter 4.2).

Table NR13: FDR and IDR by CAP policy measure

Policy measure	Irregularities detected and reported 2012-2016 / payments 2012-2016		
	FDR	IDR	Total
Pillar I - direct payments	0.03%	0.07%	0.1%
Pillar I - market measures	1.1%	1.5%	2.6%
Pillar II - rural development	0.5%	2.1%	2.6%
TOTAL	0.1%	0.4%	0.5%

A part of the irregularities used for these calculations are not referred exclusively to a specific policy measure, but the reporting authority may have also included several budget posts as affected, referring to different measures. As it is not possible to attribute the specific amount to each individual budget post, they have been included in their full value for each policy measure. However, the total has been calculated on the total amounts reported by Member States and therefore no double counting has occurred.

3.3.3. Market measures – fraudulent and non-fraudulent irregularities

As showed in Table NR13, market measures show high FDR and IDR. Table NR14 shows the number and financial amounts linked to fraudulent irregularities detected by market measure for the period 2012-2016, while Table NR15 shows those not reported as fraudulent.

Table NR14: Irregularities reported as fraudulent in relation to market measures

Market measure	Irregularities reported as fraudulent 2012-2016	
	N	EUR
Products of the wine-growing sector	62	11 766 401
Fruit and vegetables	50	97 217 237
Sugar Restructuring Fund	18	4 281 688
Refunds on non-Annex 1 products	11	6 017 838
Olive oil	8	845 319
Pigmeat, eggs and poultry, bee-keeping and other animal products	6	21 598 329
Beef and veal	5	76 712
Food programmes	4	626 280
Milk and milk products	3	107 526
Other plant products/measures	3	10 777 051
Promotion	2	113 637
Sugar	2	7 539 117
Other plant products/measures / Refund	1	58 876
Refunds on non-Annex 1 products / Fruit and vegetables	1	368 053
TOTAL	176	161 394 064

Table NR15: Irregularities reported as fraudulent in relation to market measures

Market measure	Irregularities not reported as fraudulent 2012-2016	
	N	EUR
Products of the wine-growing sector	793	79 518 331
Fruit and vegetables	363	69 124 341
Pigmeat, eggs and poultry, bee-keeping and other animal products	76	29 670 746
Sugar	41	14 477 343
Sugar Restructuring Fund	78	12 167 836
Other plant products/measures	73	5 435 279
Milk and milk products	29	4 247 053
Food programmes	12	3 437 922
Olive oil	24	2 610 315
Promotion	23	2 557 525
Cereals	3	1 277 214
Refunds on non-Annex 1 products	16	893 261
Beef and veal	17	397 460
(blank)	1	39 049
Textile plants	2	30 952
Sheepmeat and goatmeat	2	30 623
TOTAL	1 553	225 915 250

3.4. Anti-fraud activities of Member States

Previous paragraphs have examined the trend and main features and characteristics of the irregularities reported as fraudulent.

The present paragraph aims at examining some aspects linked to the anti-fraud activities and results of Member States. Four elements are analysed and taken into account:

- (1) duration of irregularities (fraudulent and non-fraudulent). No analysis by Member State is presented in this section;
- (2) the number of irregularities reported as fraudulent by each Member State (in 2016 and over a five years' time period);
- (3) the fraud and irregularity detection rates over the last five years (the ratio between the amounts involved in cases reported as fraudulent and the payments occurred in the financial years 2012 to 2016);
- (4) the ratio of cases of established fraud on the total number of irregularities reported as fraudulent.

3.4.1. *Duration of irregularities*

Of the 37 110 detected irregularities (fraudulent and non-fraudulent) reported by Member States in relation to the programming period 2007-13, 18 142 (47% of the total) involve infringements that have been protracted during a given span of time. For the 1 750 irregularities reported as fraudulent this percentage is higher at 60%. The remaining part of the datasets refers to irregularities/breaches which consisted of a single act identifiable on a precise date (19% of the whole dataset and 26% of that represent exclusively by the fraudulent irregularities) or for which no information has been provided (34% of the whole dataset, but only 14% of the irregularities reported as fraudulent).

Taking into account only those irregularities which have been protracted in time, their average duration is almost 20 months (*i.e.* almost 1 year and 8 months). For the irregularities reported as fraudulent, this average is just one month less: 19.

3.4.2. *Detection of irregularities reported as fraudulent by Member State*

3.4.2.1. *Reported in 2016*

Table NR16 offers an overview of the irregularities reported as fraudulent by Member States in 2016. It also shows the related amounts, overall payments for the agricultural policy and the FDR.

Belgium, Cyprus, Finland, Ireland, Malta, the Netherlands and Slovenia have notified no irregularity as fraudulent; seventeen (17) Member States reported less than 30 fraudulent irregularities; one (1) country reported between 30 and 60; two (2) Member States more than 60.

Romania, Poland and Bulgaria are the three countries which have reported the highest numbers.

Table NR16: Irregularities reported as fraudulent by Member States in 2016

Member State	Irregularities reported as fraudulent in 2016		Payments in 2016	FDR 2016
	N	EUR	EUR	
AT	2	27 444	1 357 588 988	0.00%
BE			668 032 722	0.00%
BG	60	12 107 506	1 000 734 848	1.21%
CY			74 682 614	0.00%
CZ	14	852 246	1 205 700 370	0.07%
DE	3	231 833	6 277 306 989	0.00%
DK	4	254 730	994 682 262	0.03%
EE	5	1 735 030	254 025 620	0.68%
ES	10	580 768	6 554 590 467	0.01%
FI			963 599 710	0.00%
FR	22	3 375 812	8 393 964 473	0.04%
EL	2	38 015	2 888 822 583	0.00%
HR	10	2 575 582	341 354 556	0.75%
HU	24	1 154 158	1 664 275 889	0.07%
IE			1 631 481 267	0.00%
IT	20	2 707 009	5 475 136 257	0.05%
LT	11	2 087 218	716 579 085	0.29%
LU			46 158 034	0.00%
LV	12	987 285	362 080 904	0.27%
MT			11 619 941	0.00%
NL			892 525 909	0.00%
PL	97	13 020 953	4 709 693 469	0.28%
PT	4	6 033 837	1 508 523 973	0.40%
RO	108	14 007 684	2 709 162 157	0.52%
SE	1	0	937 094 490	0.00%
SI			275 064 714	0.00%
SK	1	1 483	643 752 969	0.00%
UK	3	80 766	3 968 612 007	0.00%
TOTAL	413	61 859 359	56 526 847 266	0.11%

Paragraph 3.4.3 offers a detailed analysis of the FDR per policy pillar.

3.4.2.2. Reported during the period 2012-16

Table NR17 offers an overview of the irregularities reported as fraudulent by Member States between 2012 and 2016. It also shows the related amounts, overall payments for the agricultural policy and the FDR.

Only Finland notified no irregularity as fraudulent; the majority of countries (22) reported less than 100 fraudulent irregularities; one (1) country reported between 100 and 200; two (2) Member States notified between 201 and 300 and other two (2) more than 300.

Romania, Poland, Italy and Hungary are the countries which have reported the highest numbers.

Table NR17: Irregularities reported as fraudulent by Member States between 2016 and 2017

Member State	Irregularities reported as fraudulent in 2012-16		Payments in 2012-16	FDR 2012-16
	N	EUR	EUR	
AT	9	87 236	5 965 929 090	0.00%
BE	3	401 569	3 389 649 199	0.01%
BG	163	20 095 312	4 744 822 653	0.42%
CY	6	252 222	371 045 540	0.07%
CZ	53	75 559 902	5 854 643 133	1.29%
DE	25	2 799 744	31 599 980 686	0.01%
DK	81	27 936 608	5 028 985 748	0.56%
EE	30	10 360 149	942 541 988	1.10%
EL	35	2 559 226	13 622 234 149	0.02%
ES	52	2 621 559	33 266 059 904	0.01%
FI			4 206 992 342	0.00%
FR	56	29 413 378	45 446 306 415	0.06%
HR	10	2 575 582	437 803 395	
HU	253	20 142 925	8 641 867 386	0.23%
IE	35	462 723	7 613 331 160	0.01%
IT	280	58 548 849	28 950 919 471	0.20%
LT	37	13 319 249	2 991 946 079	0.45%
LU	1	252 050	215 037 302	0.12%
LV	34	2 365 281	1 462 783 726	0.16%
MT	6	175 628	72 502 220	0.24%
NL	4	53 250 160	4 759 107 865	1.12%
PL	346	55 453 478	24 403 757 307	0.23%
PT	17	8 543 901	6 820 023 602	0.13%
RO	378	134 686 086	12 128 876 705	1.11%
SE	6	507 702	4 586 894 370	0.01%
SI	14	1 213 360	1 224 888 227	0.10%
SK	24	6 854 573	2 865 526 463	0.24%
UK	18	861 693	19 737 269 357	0.00%
TOTAL	1976	531 300 142	281 351 725 481	0.19%

Paragraph 3.4.3 offers a detailed analysis of the FDR per policy pillar.

3.4.3. Fraud and Irregularity Detection Rates by Member State

3.4.3.1. EAGF – Market measures

Market measures present FDR and IDR that are significantly higher than those concerning direct payments, as already seen in paragraph 3.3.2.

Table NR16 shows the Member States which have detected and reported potentially fraudulent irregularities in the period 2012-2016. Detections are measured against the expenditure over the same period to calculate the FDR. 16 Member States have detected and reported potential fraudulent cases in this area.

Table NR16: Market measures: number of irregularities reported as fraudulent 2012-2016, amounts involved and fraud detection rate by Member State

MS	Irregularities reported as fraudulent 2012-2016		Expenditure 2012-2016	FDR
	N	EUR	EUR	%
AT	2	19 625	135 007 063	0.0%
BE	2	390 000	376 460 679	0.1%
BG	2	327 118	174 125 844	0.2%
CY	2	81 332	34 717 758	0.2%
DE	2	1 124 773	704 143 130	0.2%
DK	1	7 526 516	68 140 899	11.0%
ES	7	748 968	2 831 263 577	0.0%
FR	49	28 142 814	3 069 506 188	0.9%
EL	2	965 115	327 017 721	0.3%
HU	35	7 670 513	314 030 684	2.4%
IT	36	26 583 494	3 350 911 084	0.8%
NL	3	46 900 603	366 354 074	12.8%
PL	17	37 648 623	1 501 458 293	2.5%
PT	2	1 890 221	573 765 796	0.3%
RO	6	757 077	400 830 790	0.2%
SI	8	617 273	39 839 904	1.5%
TOTAL	176	161 394 065	15 069 304 944	1.1%

Individual cases involving significantly high amounts can produce a distortive effect on the overall analysis. This is particularly the case for Denmark and, even more, the Netherlands, which show the highest FDR despite the low number of detections. The case reported from the Netherlands is also referred to events dating back almost ten years.

Furthermore, a part of these irregularities are not exclusively referred to market measures, but the reporting authority may have also included in the budget post affected also direct payments and/or rural development. As it is not possible to attribute the specific amount to each individual budget post, they have been included in their full value.

Table NR17 shows the IDR per Member State, which therefore, refers to irregularities detected and reported as non-fraudulent.

Combining FDR and IDR, market measures have been the object of significant detections, equalling 2.6% of the payments, by national authorities in several Member States over the last years.

Table NR17: Market measures: number of irregularities reported as fraudulent 2012-2016, amounts involved and irregularity detection rate by Member State

MS	Irregularities not reported as fraudulent 2012-2016		Expenditure 2012-2016	IDR
	N	EUR	EUR	%
AT	3	473 737	135 007 063	0.4%
BE	20	461 366	376 460 679	0.1%
BG	1	800 406	174 125 844	0.5%
CY	10	838 225	34 717 758	2.4%
CZ	6	13 032 936	85 354 021	15.3%
DE	74	1 965 999	704 143 130	0.3%
DK	7	1 656 329	68 140 899	2.4%
ES	429	28 025 486	2 831 263 577	1.0%
FR	304	54 822 395	3 069 506 188	1.8%
EL	42	2 348 581	327 017 721	0.7%
HU	46	3 220 276	314 030 684	1.0%
IE	4	144 252	68 324 277	0.2%
IT	226	19 890 662	3 350 911 084	0.6%
NL	86	15 693 609	366 354 074	4.3%
PL	79	13 405 112	1 501 458 293	0.9%
PT	108	5 062 186	573 765 796	0.9%
RO	68	47 099 160	400 830 790	11.8%
SE	15	16 251 187	88 800 123	18.3%
SI	6	280 219	39 839 904	0.7%
SK	7	244 782	45 447 778	0.5%
UK	12	198 344	264 976 397	0.1%
TOTAL	1 553	225 915 249	15 069 304 944	1.5%

A part of these irregularities are not exclusively referred to market measures, but the reporting authority may have also included in the budget post affected also direct payments and/or rural development. As it is not possible to attribute the specific amount to each individual budget post, they have been included in their full value.

3.4.3.2. EAFRD - Rural development

Fraud and Irregularity Detection Rates concerning EAFRD over the last five years show overall similar results (2.6% of the payments paid out during the period 2012-2016) to those already described for market measures.

There is, however, a wider distribution among Member States and no real distortive effect by individual cases involving high amounts. 25 Member States have reported potential fraudulent cases detected in relation to EAFRD during the period under consideration, as showed in Table NR18. Detections are measured against the expenditure over the same period to calculate the FDR.

FDR in rural development is similar to that recorded in relation to the Cohesion policy. It is worth underlying that EAFRD functions in a way similar to that of the other ESI funds and therefore this finding is not surprising.

Table NR18: Rural development: number of irregularities reported as fraudulent 2012-2016, amounts involved and fraud detection rate by Member State

MS	Irregularities reported as fraudulent 2012-2016		Expenditure 2012-2016	FDR
	N	EUR	EUR	%
AT	5	44 206	2 324 081 145	0.0%
BG	137	17 148 044	1 760 695 227	1.0%
CY	4	170 890	100 708 148	0.2%
CZ	39	69 771 598	1 606 872 681	4.3%
DE	15	1 438 900	5 234 331 221	0.0%
DK	3	212 058	388 967 224	0.1%
EE	30	10 360 149	420 189 963	2.5%
ES	27	1 357 130	4 695 504 081	0.0%
FR	6	913 958	4 012 572 018	0.0%
EL	18	752 593	2 216 344 496	0.0%
HR	10	2 575 582	151 306 384	1.7%
HU	211	11 837 708	2 207 890 533	0.5%
IE	32	385 305	1 369 766 786	0.0%
IT	71	7 455 768	5 922 742 895	0.1%
LT	37	13 319 249	1 073 269 891	1.2%
LU	1	252 050	44 581 031	0.6%
LV	34	2 365 281	681 792 285	0.3%
MT	6	175 628	44 716 000	0.4%
PL	227	13 863 075	8 000 206 091	0.2%
PT	12	6 556 785	3 025 346 083	0.2%
RO	209	117 617 072	5 538 003 478	2.1%
SE	4	436 273	1 086 205 855	0.0%
SI	5	785 522	524 913 236	0.1%
SK	23	6 853 089	918 158 816	0.7%
UK	14	484 244	3 551 763 121	0.0%
TOTAL	1 180	287 132 157	59 076 977 718	0.5%

A part of these irregularities are not exclusively referred to rural development, but the reporting authority may have also included in the budget post affected also direct payments and/or market measures. As it is not possible to attribute the specific amount to each individual budget post, they have been included in their full value.

Table NR19 shows the IDR per Member State, which therefore, refers to irregularities detected and reported as non-fraudulent.

Combining FDR and IDR, rural development interventions have been the object of significant detections, equalling 2.6% of the payments, by national authorities in all Member States over the last years.

Table NR19: Rural development: number of irregularities reported as fraudulent 2012-2016, amounts involved and irregularity detection rate by Member State

MS	Irregularities not reported as fraudulent 2012-2016		Expenditure 2012-2016	IDR
	N	EUR	EUR	%
AT	50	975 737	2 324 081 145	0.0%
BE	25	569 716	249 799 985	0.2%
BG	101	17 901 045	1 760 695 227	1.0%
CY	26	801 282	100 708 148	0.8%
CZ	278	265 908 343	1 606 872 681	16.5%
DE	265	10 695 212	5 234 331 221	0.2%
DK	55	15 306 644	388 967 224	3.9%
EE	152	4 855 816	420 189 963	1.2%
ES	916	72 115 076	4 695 504 081	1.5%
FI	67	1 317 279	1 507 365 232	0.1%
FR	355	7 497 900	4 012 572 018	0.2%
EL	313	6 556 670	2 216 344 496	0.3%
HR	17	317 999	151 306 384	0.2%
HU	862	39 446 980	2 207 890 533	1.8%
IE	119	4 355 186	1 369 766 786	0.3%
IT	872	42 065 039	5 922 742 895	0.7%
LT	480	61 950 748	1 073 269 891	5.8%
LV	113	3 611 278	681 792 285	0.5%
MT	10	206 044	44 716 000	0.5%
NL	291	9 388 976	418 883 813	2.2%
PL	1040	38 863 498	8 000 206 091	0.5%
PT	944	41 259 941	3 025 346 083	1.4%
RO	2402	522 130 345	5 538 003 478	9.4%
SE	103	29 714 251	1 086 205 855	2.7%
SI	62	1 586 511	524 913 236	0.3%
SK	154	15 549 432	918 158 816	1.7%
UK	264	5 751 366	3 551 763 121	0.2%
TOTAL	10 336	1 220 698 314	59 076 977 718	2.1%

A part of these irregularities are not exclusively referred to rural development, but the reporting authority may have also included in the budget post affected also direct payments and/or market measures. As it is not possible to attribute the specific amount to each individual budget post, they have been included in their full value.

3.4.4. Ratio of established fraud / Dismissal ratio

Since the PIF Report 2014, the analysis has also tried to focus on the rate of irregularities reported as fraudulent by Member States for which a final decision was taken, establishing that fraud really occurred. By comparing updated data with those published in 2014, it is also possible to identify how many cases have been dismissed (initially reported as fraudulent and then "declassified" or cancelled).

Table NR20, therefore, updates the table already published in the last two Reports indicating that the "ratio of established fraud" has slightly increased in comparison to last year (from 10% to 11%). Likewise, the *dismissal ratio* increased from 12% to 14%.

Table NR20: Number of cases of suspected and established fraud and ratio of established fraud – cases reported between 2009-13 in the CAP

Member State	Suspected fraud	Established fraud	TOTAL	Ratio established fraud	TOTAL 2013	Dismissal ratio
	N	N	N	%	N	%
AT	9	1	10	10%	10	0%
BE	10	1	11	9%	12	-8%
BG	167	59	226	26%	233	-3%
CZ	24	1	25	4%	20	25%
DE	17	4	21	19%	24	-13%
DK	118		118	0%	118	0%
EE	19	4	23	17%	22	5%
ES	22	1	23	4%	29	-21%
FI			0	#DIV/0!	1	-100%
FR	13		13	0%	27	-52%
GR	28	1	29	3%	34	-15%
HU	66	7	73	10%	89	-18%
IE	4		4	0%	4	0%
IT	301	11	312	4%	409	-24%
LT	5		5	0%	1	400%
LU	1		1	0%	1	0%
LV	5	2	7	29%	8	-13%
MT	5		5	0%	5	0%
NL	5		5	0%	4	25%
PL	144	29	173	17%	194	-11%
PT	2	1	3	33%	2	50%
RO	103	8	111	7%	147	-24%
SE	6		6	0%	6	0%
SI	13	1	14	7%	16	-13%
SK	4	1	5	20%	2	150%
UK	8	2	10	20%	8	25%
TOTAL	1 099	134	1 233	11%	1 426	-14%

If only the "decided" cases are taken into account (established fraud cases and dismissals⁴²)

3.5. Recovery cases

For an in-depth analysis of recovery and financial corrections in the CAP, see section 2.1.1.3.3 of the Annual Activity Report of DG AGRI and the Communication of the Commission to the Parliament on the protection of the EU budget⁴³.

⁴² Dismissals are always calculated.

⁴³ To be adopted by the month of July 2017.



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PART 2/2

COMMISSION STAFF WORKING DOCUMENT

**Statistical evaluation of irregularities reported for 2016
Own Resources, Natural Resources, Cohesion Policy, Pre-accession and Direct
expenditure**

Accompanying the document

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

**Protection of the European Union's financial interests - Fight against Fraud
Annual Report 2016**

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European Structural and Investment Funds

4. THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS (ESIF)

Over half of EU funding is channelled through the 5 European structural and investment funds (ESIF). They are jointly managed by the European Commission and the EU countries.

The purpose of all these funds is to invest in job creation and a sustainable and healthy European economy and environment.

The ESIF mainly focus on 5 areas:

- research and innovation
- digital technologies
- supporting the low-carbon economy
- sustainable management of natural resources
- small businesses.

The European structural and investment funds are:

- **European regional development fund (ERDF)** – promotes balanced development in the different regions of the EU.
- **European social fund (ESF)** - supports employment-related projects throughout Europe and invests in Europe's human capital – its workers, its young people and all those seeking a job.
- **Cohesion fund (CF)** – funds transport and environment projects in countries where the gross national income (GNI) per inhabitant is less than 90% of the EU average. In 2014-20, these are Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.
- **European agricultural fund for rural development (EAFRD)**¹ – focuses on resolving the particular challenges facing EU's rural areas.
- **European maritime and fisheries fund (EMFF)** – helps fishermen to adopt sustainable fishing practices and coastal communities to diversify their economies, improving quality of life along European coasts.

Due to the rules of functioning of the EMFF and EFF, which are very similar to those of the other structural funds, irregularities reported by Member States in relation to fisheries policies are treated in this chapter jointly with the funds for cohesion and economic convergence.

All these funds are managed by the EU countries themselves, by means of partnership agreements.

Each country prepares an agreement, in collaboration with the European Commission, setting out how the funds will be used during the current funding period 2014-20.

¹ See chapter 3 of this document.

Partnership agreements lead to a series of investment programmes channelling the funding to the different regions and projects in policy areas concerned.

For 2014-2020, EUR 454 billion in ESIF funding has been allocated to promote job creation and growth. National co-financing is expected to amount to at least EUR 183 billion, with total investment reaching EUR 637 billion.

These resources will contribute to:

- Strengthening Research and Innovation
- Supporting the digital single market
- Supporting the growth of Europe's small and medium-sized enterprises (SMEs)
- Supporting the energy union and the low-carbon economy
- Investing in environmental protection and resource efficiency
- Climate change and risk prevention
- Supporting sustainable transport
- Promoting sustainable and quality employment
- Promoting social inclusion
- Investing in education and training
- Support youth employment
- Strengthening institutional capacity and efficient public administration

However, the following paragraphs will be mainly dealing with previous programming periods², as only a very limited part of irregularities detected and reported refer to the period 2014-2020.

4.1. Trend analysis

In comparison with the other budget sectors, the analysis of Cohesion policy poses a higher level of complexity, given the fact that the information received is related to different programming periods, which are regulated by different rules.

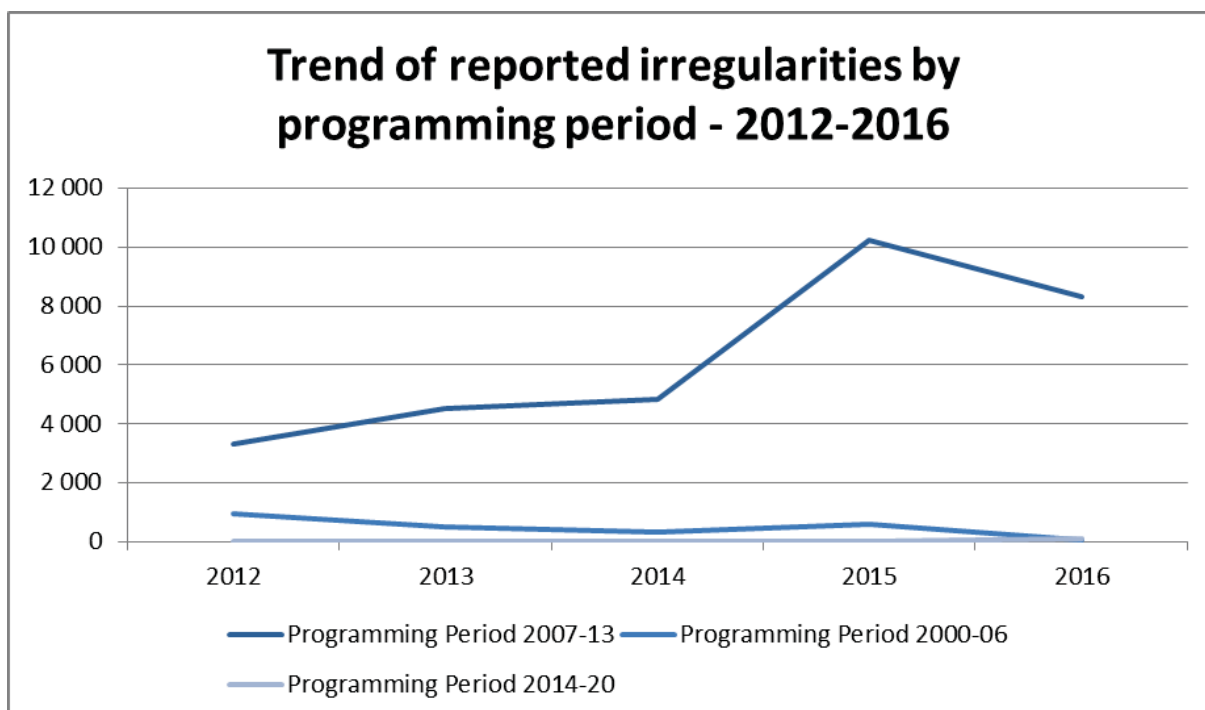
Table CP1 offers an overview of the irregularities (both fraudulent and non-fraudulent) reported from 2012 to 2016, by programming period. The table also details, for each programming period, the funds to which irregularities were related.

The chart does not suggest any major diversion from known trends and patterns in detection and reporting of irregularities, with the exception of the year 2015 (see next page).

² For a description of the objectives of the programming period 2007-13, see the Commission Staff Working Document '*Statistical evaluation of irregularities reported for 2014 Own Resources, Natural Resources, Cohesion Policy, Pre-accession and Direct expenditure*', chapter 5, pages 48-49.

Table CP1: Trend of the number of irregularities reported between 2012 and 2016 by programming period – Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	
Programming Period 2014-20	0	0	0	2	115	117
Cohesion Fund					2	2
ERDF				1	15	16
ESF				1	97	98
EMFF					1	1
Programming Period 2007-13	3 301	4 532	4 817	10 229	8 328	31 207
Cohesion Fund	242	238	281	469	453	1 683
ERDF	2 146	2 895	3 073	8 091	6 300	22 505
ESF	837	1 255	1 373	1 475	1 307	6 247
EFF	76	144	90	194	268	772
Programming Period 2000-06	930	518	330	595	53	2 426
Cohesion Fund	79	95	33	5	1	213
ERDF	678	334	196	567	45	1 820
ESF	58	43	60	15	1	177
EAGGF - Guidance	105	44	41	7	6	203
FIFG	10	2		1		13
Programming Period 1994-1999	7	1	3	1	1	13
Cohesion Fund	4	1				5
ERDF	2		1	1	1	5
ESF	1					1
EAGGF - Guidance			2			2
TOTAL	4 238	5 051	5 150	10 827	8 497	33 763



There is a sudden increase from 2014 to 2015 in the number of reported irregularities, which have doubled, but then it decreases in the following year. Two elements can be pointed out in this respect:

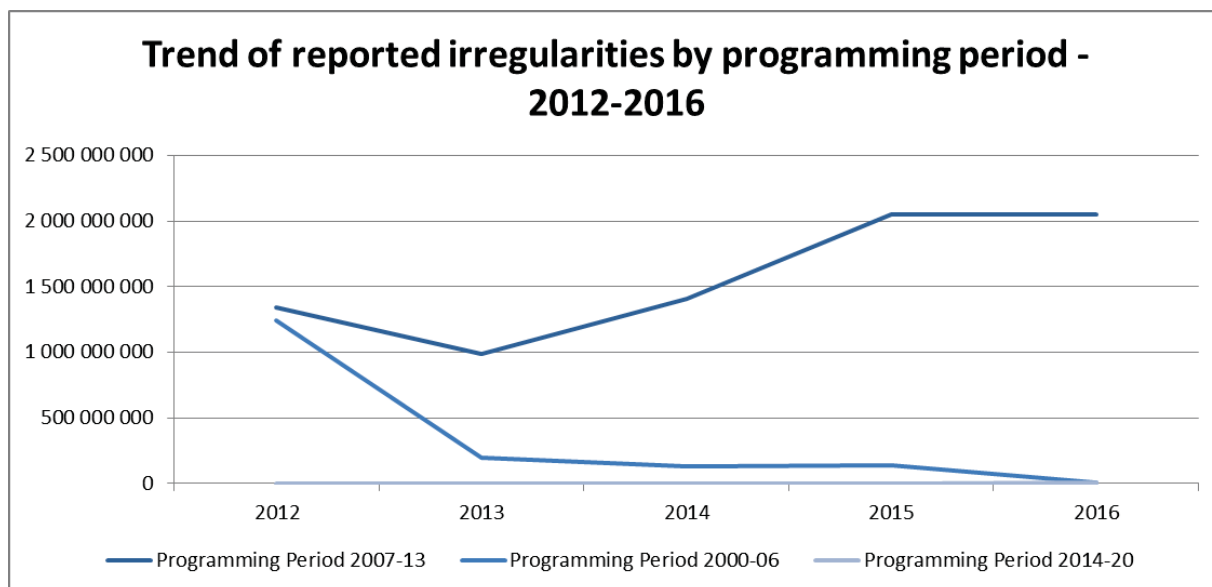
- 1) The increase is mainly related to the programming period 2007-13.
 - a. This increase is for the greatest part linked to the reporting of irregularities from one Member State (Spain), which covers almost half of the total number of irregularities reported in 2015.
 - b. As already clarified in the PIF Report 2015, the Spanish anomalous increase is due to belated reporting of irregularities detected throughout the programming period. If they are excluded, the number of reported irregularities would still be higher than in 2014. However, this increase would follow the natural behaviour of the programming cycle of the funds.
- 2) A minor, yet still striking increase of reporting is observed in relation to the irregularities related to the programming period 2000-06, whose numbers have also almost doubled between 2014 and 2015. In this respect, the explanation is again linked to a belated reporting by a single Member State (Ireland).

Table CP2 highlights the trends in terms of financial value of the irregularities detected and reported to the Commission over the last five years.

The only significant aspect to be highlighted in this respect is that, despite the minor decrease between 2015 and 2016 (-5%), the average financial amount per irregularity is significantly higher for the year 2016 (*i.e.* EUR 229 725 against EUR 195 496 of 2015, 17.5% more). This is mainly due to the high value of the irregularities affecting the Cohesion Fund, which finances infrastructure projects of very high value and in relation to which, sometimes, individual cases of irregularities involving very high amounts can be detected.

Table CP2: Trend of the financial amounts related to irregularities reported between 2012 and 2016 by programming period – Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	
Programming Period 2014-20	0	0	0	166 544	7 022 475	7 189 019
<i>Cohesion Fund</i>					671 052	671 052
ERDF				15 872	5 167 516	5 183 388
ESF				150 672	1 053 200	1 203 872
EMFF					130 707	
Programming Period 2007-13	1 342 093 026	983 926 279	1 406 672 589	2 047 459 280	2 047 386 385	7 827 537 559
<i>Cohesion Fund</i>	429 708 201	147 333 643	230 693 104	276 717 990	480 493 016	1 564 945 954
ERDF	794 704 518	716 205 334	1 049 686 064	1 611 900 112	1 398 886 846	5 571 382 874
ESF	110 513 176	98 969 297	117 502 466	132 153 248	139 984 510	599 122 697
EFF	7 167 131	21 418 005	8 790 955	26 687 930	28 022 013	
Programming Period 2000-06	1 242 238 511	194 039 623	127 811 699	136 178 670	8 745 331	1 709 013 834
<i>Cohesion Fund</i>	334 489 374	45 987 569	18 009 026	1 325 818	568 968	400 380 755
ERDF	889 816 481	130 849 635	96 650 017	84 925 687	4 473 713	1 206 715 533
ESF	5 456 732	13 736 583	7 870 657	48 400 540	17 414	75 481 926
EAGGF - Guidance	11 149 988	3 112 155	5 281 999	669 253	3 685 236	23 898 631
FIFG	1 325 936	353 681		857 372		2 536 989
Programming Period 1994-1999	1 577 854	2 095 397	229 661	474 024	6 430	4 383 366
<i>Cohesion Fund</i>	1 388 806	2 095 397				3 484 203
ERDF	164 626		12 110	474 024	6 430	657 190
ESF	24 422					24 422
EAGGF - Guidance			217 551			217 551
TOTAL	2 585 909 391	1 180 061 299	1 534 713 949	2 184 278 518	2 063 160 621	9 548 123 778



4.1.1. Irregularities reported as fraudulent

4.1.1.1. Trend by programming period

Table CP3 analyses the trend linked to the communication of the irregularities reported as fraudulent in the last five years (2012-2016), making a distinction by Fund involved and the relevant programming period.

In the last five years, while the fraudulent irregularities linked to the PP2000-06 have been decreasing, those linked to the PP2007-13 follow an increasing trend, albeit inconsistent, as they have been decreasing between 2013 – 2014, and 2015 - 2016. These trends are linked to the current implementation of the latter period and the closure of the previous.

Irregularities reported as fraudulent have increased by 62% since 2012 and they have decreased by 10% in comparison with 2015. This decrease is due to the reclassification of cases initially reported as non-fraudulent in 2015³.

³ The PIF Report uses the data originally reported from Member States for enhanced comparability. Therefore, Table 1 in the report shows an increase in comparison to 2015. See also Table CP4 on page 49 of SWD(2016) 235 final, Part 2/2: http://ec.europa.eu/anti-fraud/sites/antifraud/files/statistical_evaluation_2015_2_en.pdf for actual data reported in 2015. The reclassified irregularities mainly concern Spain. Thus, the same remarks indicated in section 4.1 on page 46 apply.

Table CP3: trend of the number of irregularities reported as fraudulent between 2012 and 2016 by programming period – Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	N
Programming Period 2014-20				1	3	4
Cohesion Fund						0
ERDF						0
ESF				1	3	4
EMFF						
Programming Period 2007-13	177	261	241	450	400	1 529
Cohesion Fund	9	9	7	12	11	48
ERDF	92	158	141	299	288	978
ESF	72	73	83	121	91	440
EFF	4	21	10	18	10	63
Programming Period 2000-06	72	69	43	10	4	198
Cohesion Fund		1				1
ERDF	40	28	7	2	2	79
ESF	18	27	29	7		81
EAGGF - Guidance	13	13	7	1	2	36
FIFG	1					1
TOTAL	249	330	284	461	407	1 731

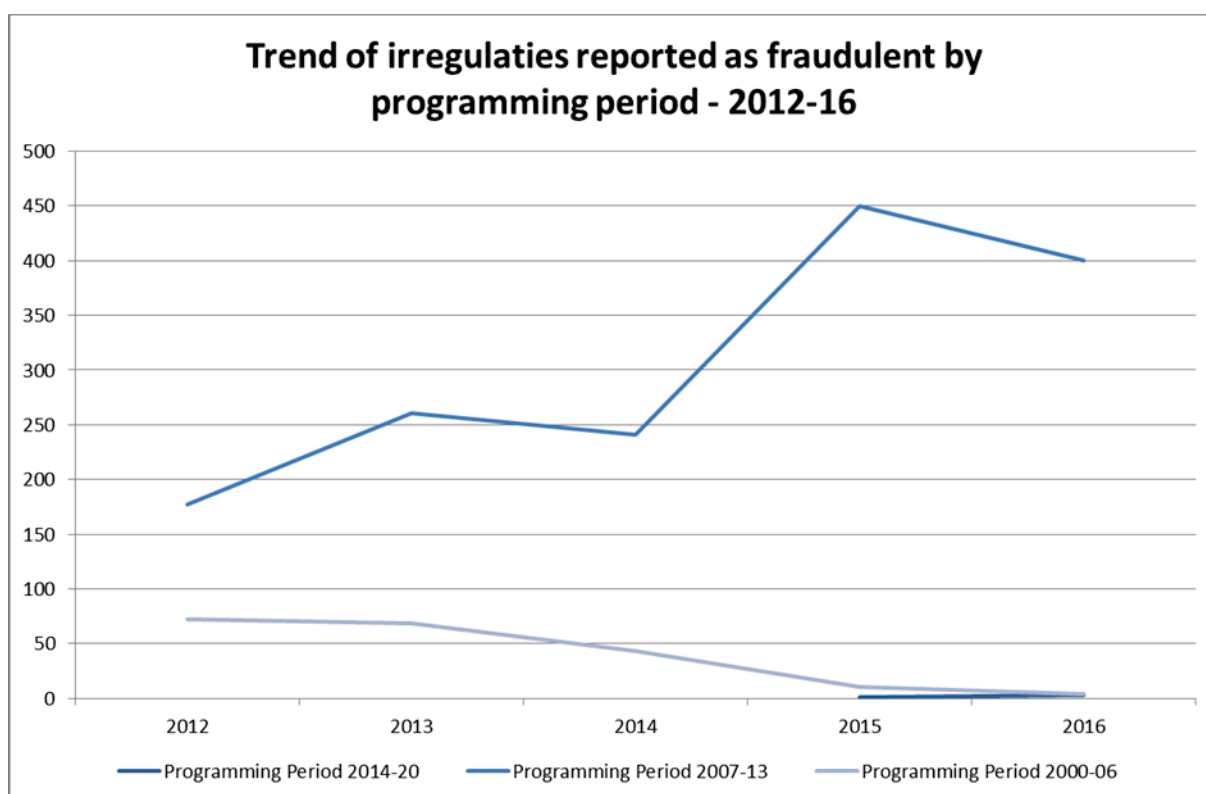


Table CP3 and its associated chart do not include irregularities reported as fraudulent related to programming periods previous to 2000-06⁴.

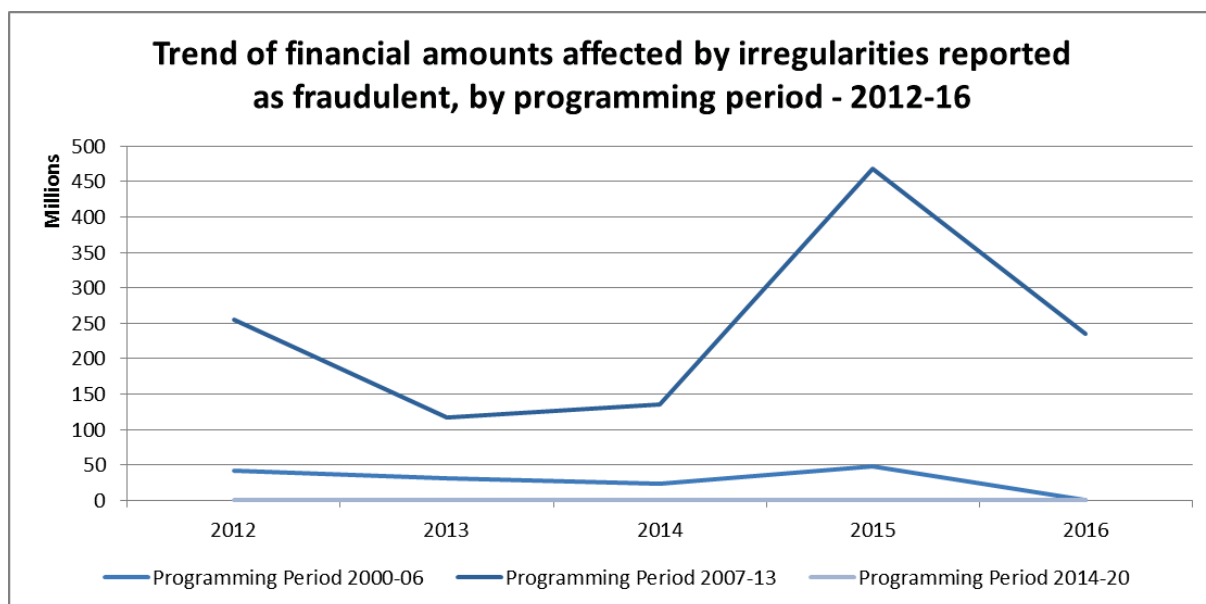
Table CP4 provides in the same form of Table CP3 information about the trends linked to the amounts involved in cases reported as fraudulent. As already indicated on several occasions, the trend of the financial amounts is far less consistent, resulting from fluctuations which can be significant as individual cases involving

⁴ One case related to the European Agriculture Guidance and Guarantee Fund – Section Guidance and the programming period 1994-99 has been reported in 2014.

high amounts can distort the overall picture. Between 2012 and 2016 the financial amounts involved in irregularities reported as fraudulent have been decreasing by 20% and by 54% in comparison to 2015. However, in 2012 the financial amounts linked to irregularities reported as fraudulent were significantly high due to cases detected in relation to projects co-financed by the Cohesion Fund, which affect, in general, high financial amounts, as already mentioned.

Table CP4: Trend of financial amounts linked to the irregularities reported as fraudulent between 2012 and 2016 by programming period – Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	
Programming Period 2014-20				150 672	914 365	1 065 037
Cohesion Fund						0
ERDF						0
ESF				150 672	914 365	1 065 037
EMFF						0
Programming Period 2007-13	255 304 646	116 524 845	135 752 389	468 754 324	235 237 847	1 211 574 051
Cohesion Fund	133 678 103	18 674 590	46 142 624	9 717 679	10 941 115	219 154 111
ERDF	106 122 710	73 526 014	74 378 652	418 134 208	202 439 909	874 601 493
ESF	14 797 561	15 471 933	12 768 290	36 310 920	20 911 429	100 260 133
EFF	706 272	8 852 308	2 462 823	4 591 517	945 394	17 558 314
Programming Period 2000-06	41 007 989	31 313 590	23 579 871	48 102 445	752 576	144 756 471
Cohesion Fund		5 063 005				5 063 005
ERDF	35 142 387	13 191 652	18 409 407	61 297	224 147	67 028 890
ESF	2 829 664	11 011 548	4 714 960	47 822 953		66 379 125
EAGGF - Guidance	2 892 853	2 047 385	455 504	218 195	528 429	6 142 366
FIFG	143 085					143 085
TOTAL	296 312 635	147 838 435	159 332 260	517 007 441	236 904 788	1 357 395 559



4.1.1.2. Trend by Fund

The analysis of the same data presented in Table CP4 but focussed on the distribution of the irregularities reported as fraudulent by Fund (Table CP5), highlights the following situations:

- (1) The highest number of cases relates to the ERDF. The trend increases overall, despite two years when it slowed down: 2014 and 2016;
- (2) Cases related to the ESF have been constantly increasing until 2015 and their share on the total is significant;
- (3) Potential frauds affecting the Cohesion fund are now reported regularly (since 2010), and they are quite stable from one year to another. Fluctuations of the amounts, however, can be particularly significant in respect of these cases.

Table CP5: Trend of the number of irregularities reported as fraudulent between 2012 and 2016 by Fund – Cohesion and Fisheries Policies

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	N
Cohesion Fund	9	10	7	12	11	49
ERDF	132	186	148	301	290	1 057
ESF	90	100	112	129	94	525
EAGGF - Guidance	13	13	7	1	2	36
FIFG - EFF - EMFF	5	21	10	18	10	64
TOTAL	249	330	284	461	407	1 731

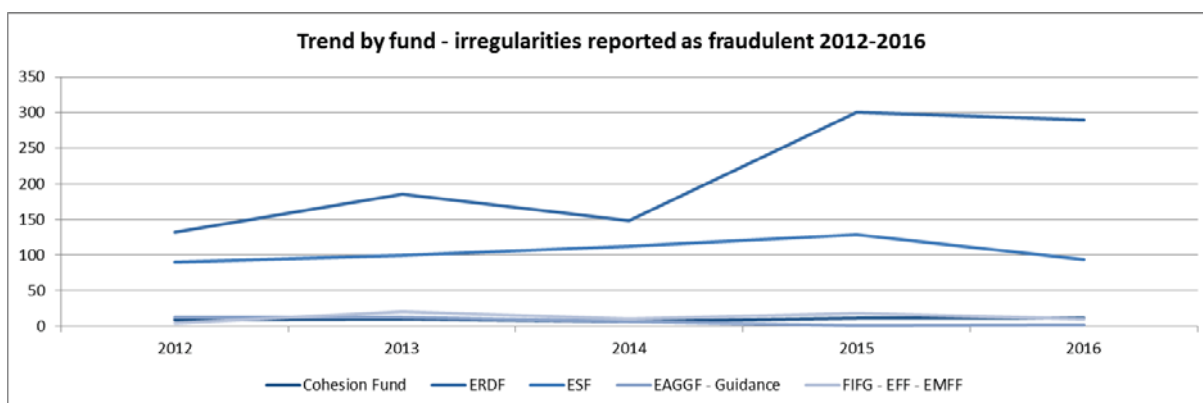
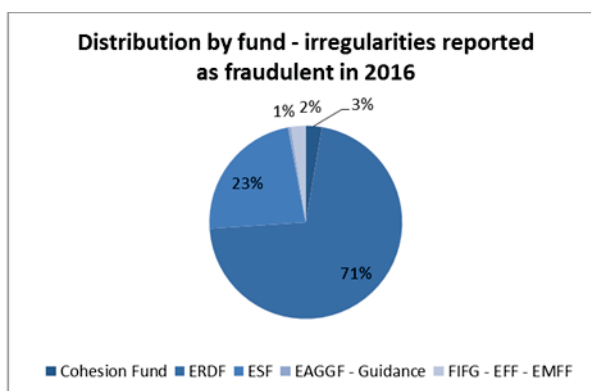
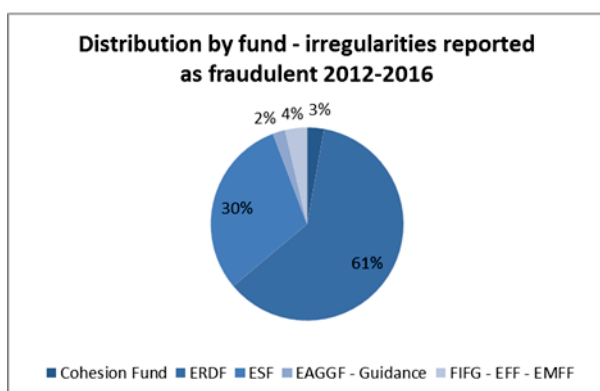


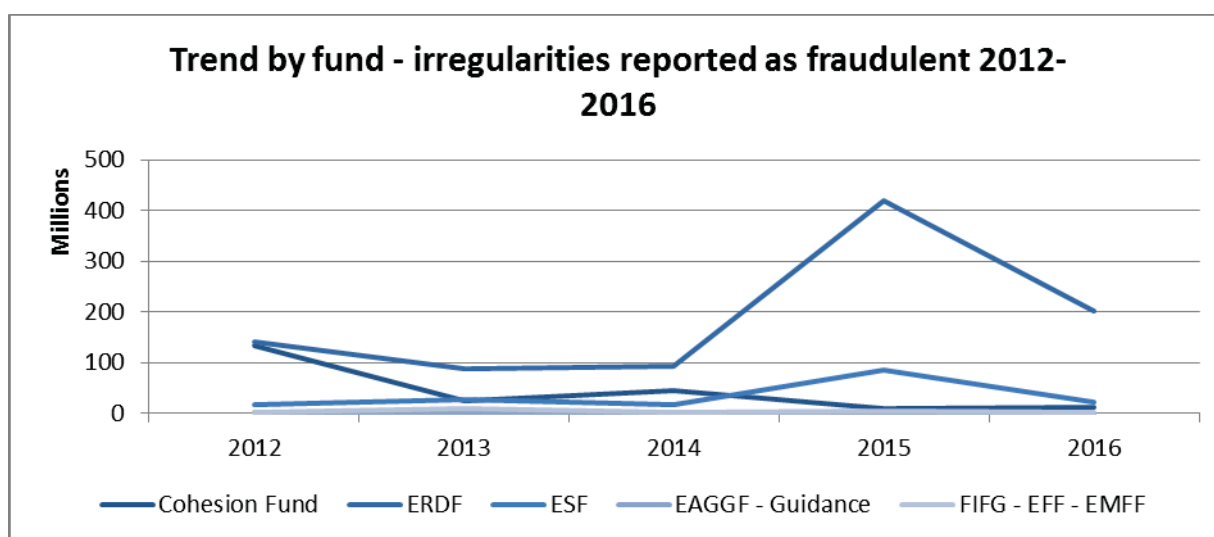
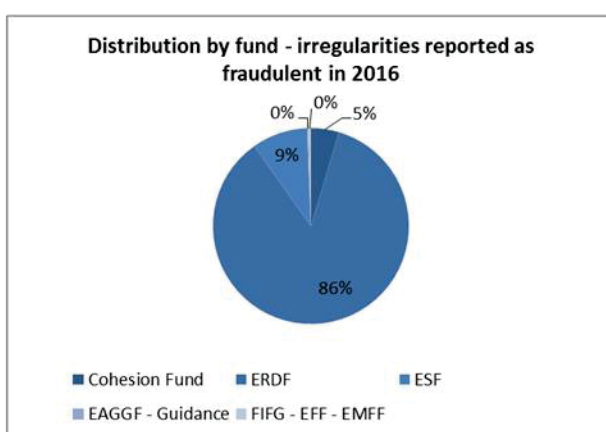
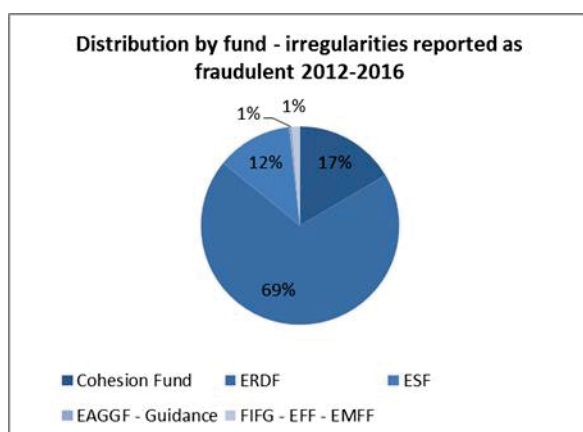
Table CP6 analyses the trends related to the financial amounts linked to the irregularities reported as fraudulent in the reference period.

The year 2015 appears as a special year, considering the high financial volume of irregularities linked to the most represented funds: ERDF and ESF. Considering that the number of the irregularities reported as fraudulent is only slightly lower in 2016

than in 2015, the average financial value of the detected fraudulent irregularities is indeed significantly higher in 2015⁵.

Table CP6: Trend of financial amounts linked to the irregularities reported as fraudulent between 2012 and 2016 by fund – Cohesion and Fisheries Policies

FUND	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	EUR	EUR	EUR	EUR	EUR	EUR
Cohesion Fund	133 678 103	23 737 594	46 142 624	9 717 679	10 941 115	224 217 115
ERDF	141 265 097	86 717 665	92 788 058	418 195 504	202 664 055	941 630 379
ESF	17 627 225	26 483 481	17 483 250	84 284 545	21 825 794	167 704 295
EAGGF - Guidance	2 892 853	2 047 385	455 504	218 195	528 429	6 142 366
FIFG - EFF - EMFF	849 357	8 852 308	2 462 823	4 591 517	945 394	17 701 399
TOTAL	296 312 635	147 838 433	159 332 259	517 007 440	236 904 787	1 357 395 554



4.1.2. Irregularities not reported as fraudulent

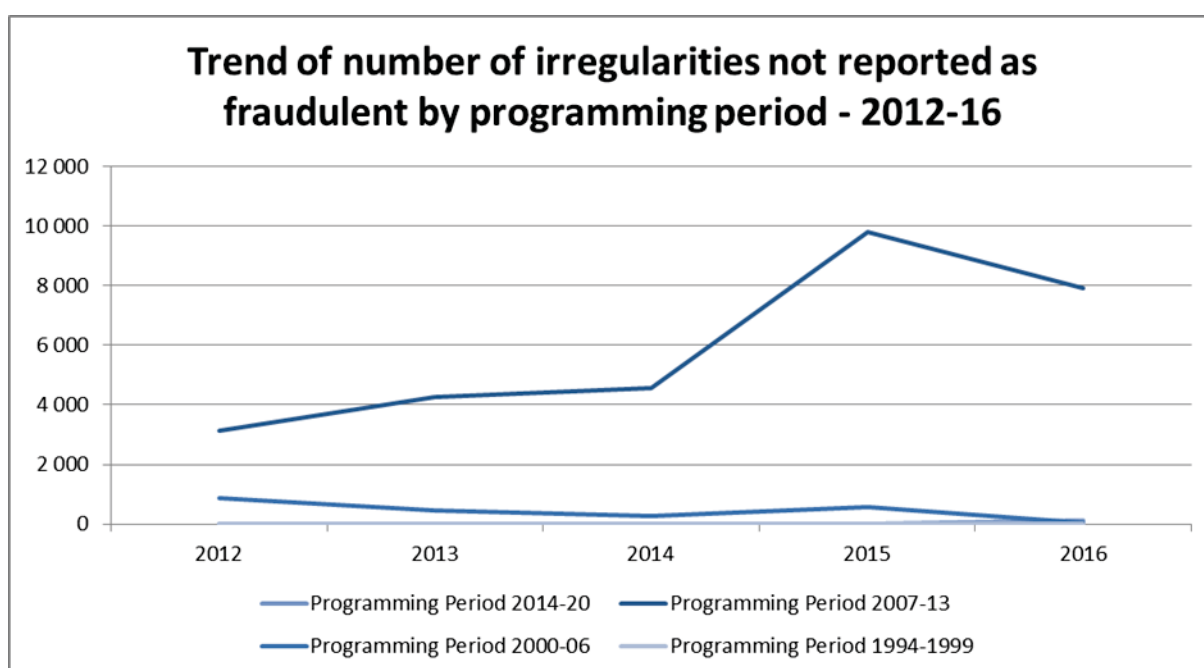
Table CP7 analyses the trend linked to the communication of the irregularities not reported as fraudulent in the last five years (2012-2016), making a distinction by Fund involved and the relevant programming period.

The reasons behind the increases related to both periods 2000-06 and 2007-13 between 2014 and 2015 have already been explained under paragraph 4.1.

⁵ For more details see footnote 3.

Table CP7: Trend of the number of irregularities not reported as fraudulent between 2012 and 2016 by programming period – Cohesion and Fisheries Policies

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	N
Programming Period 2014-20	0	0	0	1	112	113
Cohesion Fund					2	2
ERDF				1	15	16
ESF					94	94
EMFF					1	1
Programming Period 2007-13	3 124	4 271	4 576	9 779	7 928	29 678
Cohesion Fund	233	229	274	457	442	1 635
ERDF	2 054	2 737	2 932	7 792	6 012	21 527
ESF	765	1 182	1 290	1 354	1 216	5 807
EFF	72	123	80	176	258	709
Programming Period 2000-06	858	449	287	585	49	2 228
Cohesion Fund	79	94	33	5	1	212
ERDF	638	306	189	565	43	1 741
ESF	40	16	31	8	1	96
EAGGF - Guidance	92	31	34	6	4	167
FIFG	9	2		1		12
Programming Period 1994-1999	7	1	2	1	1	12
Cohesion Fund	4	1				5
ERDF	2		1	1	1	5
ESF	1					1
EAGGF - Guidance			1			1
TOTAL	3 989	4 721	4 865	10 366	8 090	32 031



The sum between the totals of Tables CP7 and CP5 differ by one unit in comparison with the total showed in Table CP1⁶.

Table CP8 shows the trend related to the financial amounts linked to the irregularities not reported as fraudulent. Once more, as already mentioned several times in relation

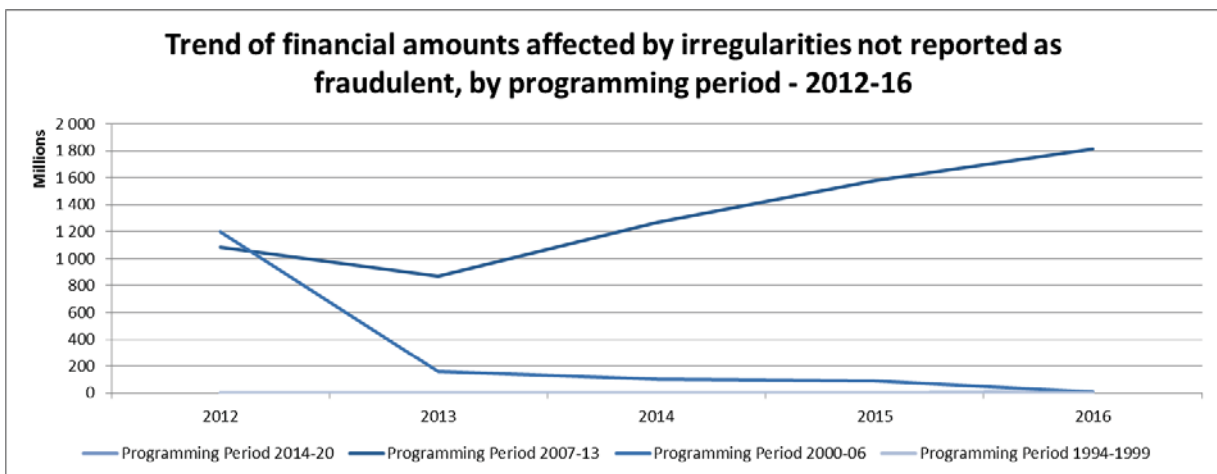
⁶ The reason for this difference is explained by the fact that the Total in Table CP5 does not include one case reported for the programming period 1994-1999 as explained in footnote 4.

to the trends of the financial amounts, fluctuations can happen more often, as they are linked to individual irregularities or groups of irregularities of significant value, which produce distortive effects from one year to the next.

In 2016, for instance, financial amounts linked to irregularities not reported as fraudulent is higher than in 2015, despite the significant decrease in the number of notified cases. For the Cohesion Fund, programming period 2007-13, the related financial amounts have almost doubled in comparison with the previous years. They have significantly increased also for the ESF, while, in relation to the ERDF, they have remained stable despite the decrease of reported irregularities. Considering the fact that irregularities reported as fraudulent usually imply higher financial amounts, one may wonder whether some of the cases notified as non-fraudulent will be reclassified later as potentially fraudulent.

Table CP8: Trend of financial amounts linked to the irregularities not reported as fraudulent between 2012 and 2016 by programming period⁷ – Cohesion Policy

FUND / PROGRAMMING PERIOD	REPORTING YEAR					TOTAL PERIOD
	2012	2013	2014	2015	2016	
	N	N	N	N	N	N
Programming Period 2014-20	0	0	0	15 872	6 108 111	6 123 983
Cohesion Fund					671 052	671 052
ERDF				15 872	5 167 516	5 183 388
ESF					138 836	138 836
EMFF					130 707	130 707
Programming Period 2007-13	1 086 788 379	867 401 435	1 270 920 202	1 578 704 957	1 812 148 538	6 615 963 511
Cohesion Fund	296 030 097	128 659 053	184 550 480	267 000 310	469 551 901	1 345 791 841
ERDF	688 581 808	642 679 321	975 307 413	1 193 765 905	1 196 446 937	4 696 781 384
ESF	95 715 615	83 497 364	104 734 177	95 842 329	119 073 082	498 862 567
EFF	6 460 859	12 565 697	6 328 132	22 096 413	27 076 618	74 527 719
Programming Period 2000-06	1 201 230 522	162 726 032	104 231 829	88 076 225	7 992 756	1 564 257 364
Cohesion Fund	334 489 374	40 924 564	18 009 026	1 325 818	568 968	395 317 750
ERDF	854 674 094	117 657 983	78 240 611	84 864 391	4 249 567	1 139 686 646
ESF	2 627 068	2 725 034	3 155 697	577 587	17 414	9 102 800
EAGGF - Guidance	8 257 135	1 064 770	4 826 495	451 057	3 156 807	17 756 264
FIFG	1 182 851	353 681		857 372		2 393 904
Programming Period 1994-1999	1 577 854	2 095 397	83 806	474 024	6 430	4 237 511
Cohesion Fund	1 388 806	2 095 397				3 484 203
ERDF	164 626		12 110	474 024	6 430	657 190
ESF	24 422					24 422
EAGGF - Guidance			71 696			71 696
TOTAL	2 289 596 755	1 032 222 864	1 375 235 837	1 667 271 078	1 826 255 835	8 190 582 369



⁷

See footnote 6.

4.2. Specific Analysis – Irregularities reported in relation to the Programming Period 2007-13

This section of the analysis focuses on the irregularities reported in relation to the programming period 2007-13 exclusively. The closure for the programming period started in March 2017⁸; it therefore offers an ideal opportunity to present a complete overview of what has happened. Consequently, the analysis will cover a greater time span than the previous paragraph (2012 to 2016), to examine all information available, which dates back to 2008.

It will cover the following aspects:

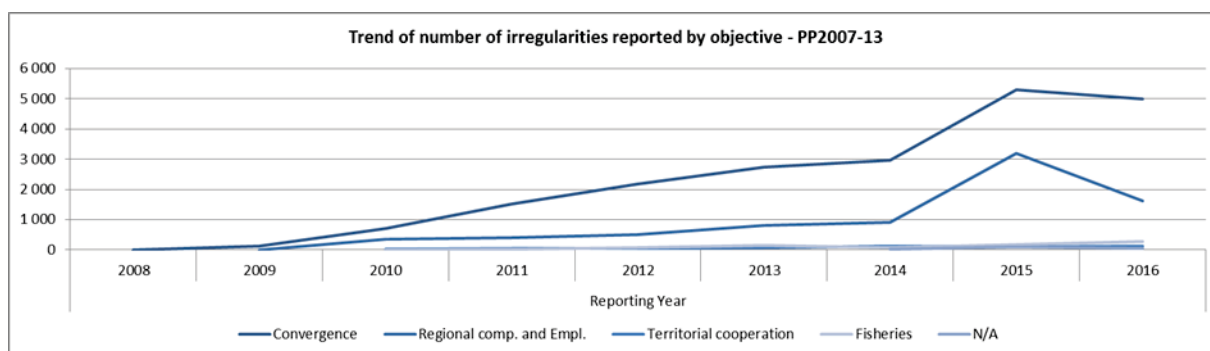
- Objective;
- Priorities and themes affected;
- Types of irregularity

4.2.1. Objectives concerned by the reported irregularities

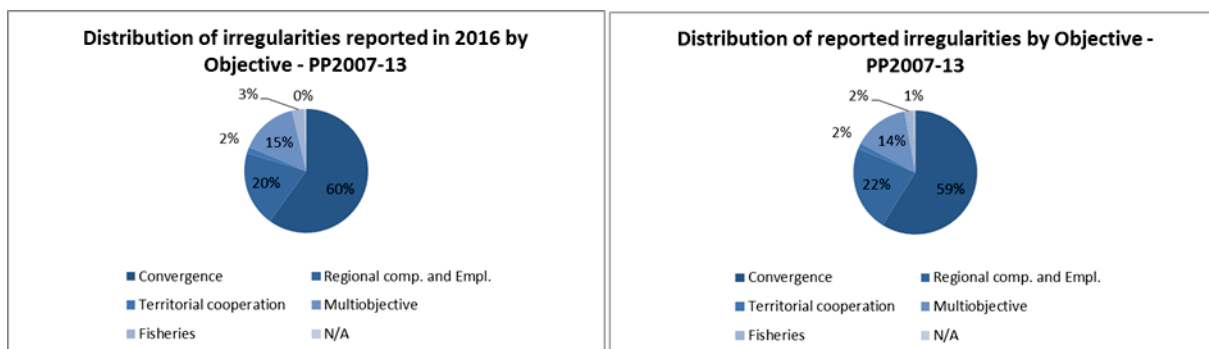
The trend by objective of the reported irregularities follows a foreseeable pattern as showed in Table CP9. The majority of the irregularities were notified over the last three years of the reference period and mainly concern the Convergence objective (70% of the total), in line with the fact that this is the objective to which the greatest financial resources are allocated and in relation to which higher risks are associated. The anomaly concerning the year 2015 has already been explained.

Table CP9: Trend of the number of irregularities reported in relation to the programming period 2007-13 by objective – Cohesion Policy

Objective	Reporting Year										TOTAL
	2008	2009	2010	2011	2012	2013	2014	2015	2016	N	
Convergence	8	128	721	1 511	2 170	2 729	2 958	5 298	4 996	20 519	
Regional comp. and Empl.		9	352	416	498	799	907	3 193	1 635	7 809	
Territorial cooperation			14	39	46	79	119	100	135	532	
Multiobjective	1	30	157	235	511	781	725	1 344	1 253	5 037	
Fisheries			6	30	76	144	83	182	267	788	
N/A				1			25	112	42	180	
TOTAL	9	167	1 250	2 232	3 301	4 532	4 817	10 229	8 328	34 865	



⁸ The deadline for the presentation of the documents for closure was 31 March 2017. The closure process will go on for some time.



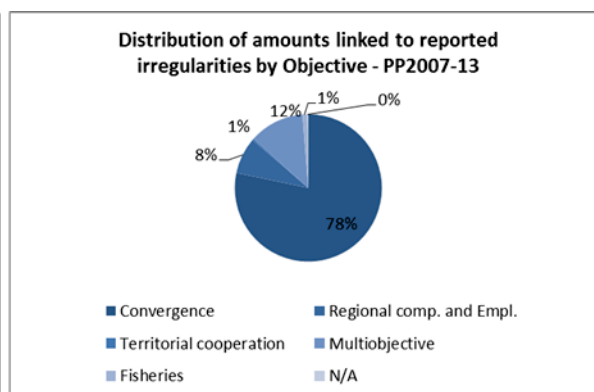
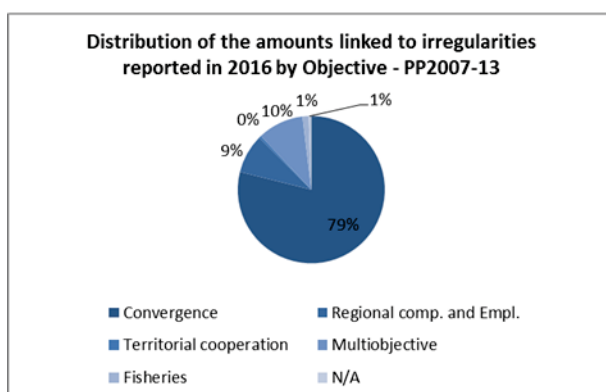
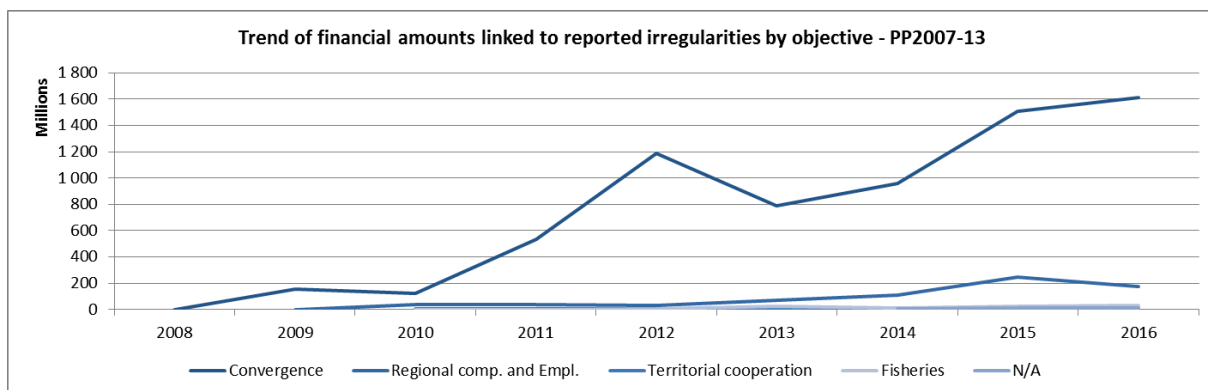
180 irregularities do not correctly indicate the objective.

Table CP10 analyses the trend followed by the financial amounts linked to the reported irregularities, which broadly follows the same line as that showed in Table CP9, with the exception of the amounts linked to the Convergence objective reported in 2012, which exceed those related to the following two years, and those related to 2016, which are higher than those reported in 2015.

In 2016, irregular amounts reported in relation to the Cohesion Fund are significantly high, as already showed in Table CP8 and highlighted in section 4.1.

Table CP10: Trend of the financial amounts linked to irregularities reported in relation to the programming period 2007-13 by objective – Cohesion and Fisheries Policies

Objective	Reporting Year										TOTAL
	2008	2009	2010	2011	2012	2013	2014	2015	2016	EUR	
Convergence	101 394	153 440 727	118 761 624	532 264 942	1 187 817 179	790 330 312	957 341 764	1 505 271 609	1 614 923 637	6 860 253 188	
Regional comp. and Empl.		556 264	35 054 147	38 874 474	31 043 896	67 910 816	105 867 961	247 361 649	175 966 615	702 635 822	
Territorial cooperation			1 142 832	1 930 949	2 487 433	5 155 265	5 250 520	5 311 978	10 148 874	31 427 851	
Multiobjective	193 333	2 371 472	11 206 577	39 503 845	113 577 387	99 111 883	328 463 790	255 069 076	206 984 772	1 056 482 135	
Fisheries			233 816	577 343	7 167 131	21 418 005	8 487 058	26 308 312	28 021 643	92 213 308	
N/A				32 544			1 261 498	8 136 656	11 340 844	20 771 542	
TOTAL	294 727	156 368 463	166 398 996	613 184 097	1 342 093 026	983 926 281	1 406 672 591	2 047 459 280	2 047 386 385	8 763 783 846	



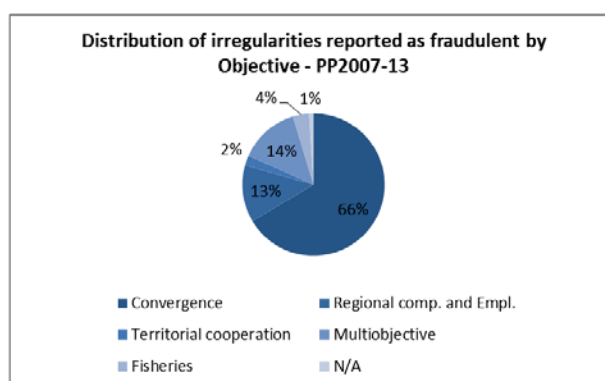
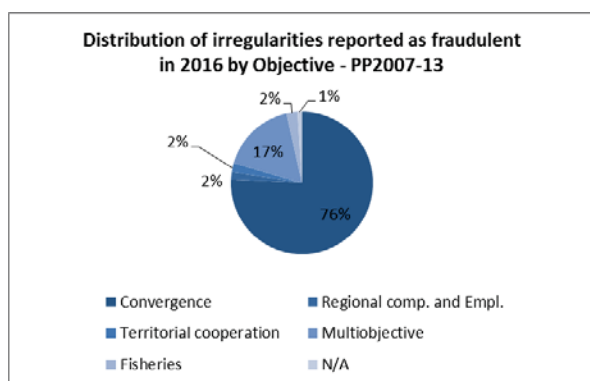
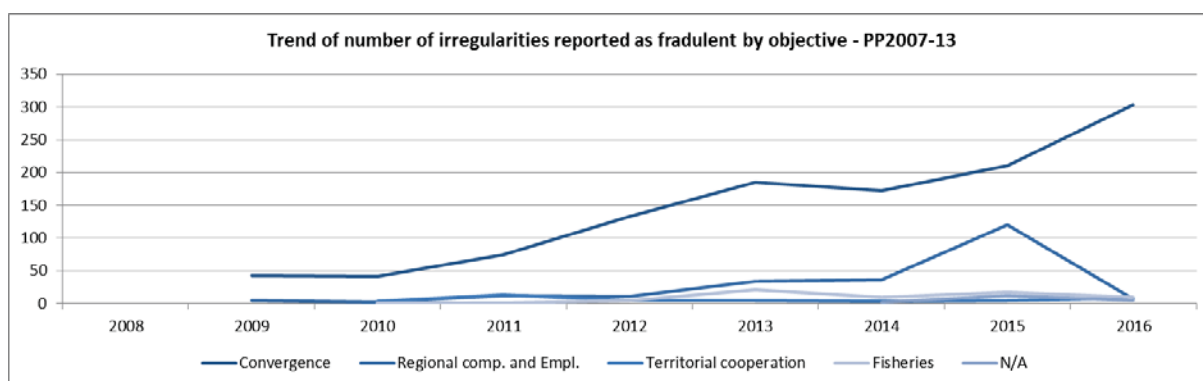
4.2.1.1. Irregularities reported as fraudulent by Objective

Table CP11 and CP12 show the trends presented in the previous paragraph taking into consideration only the irregularities reported as fraudulent during the programming period 2007-13. The trends are similar, although in relation to the financial amounts reported it is more evident the distorting impact that high profile cases can have.

The higher share represented by the Convergence objective in comparison with that presented in the previous paragraph is also significant.

Table CP11: Trend of the number of irregularities reported as fraudulent in relation to the programming period 2007-13 by objective – Cohesion and Fisheries Policies

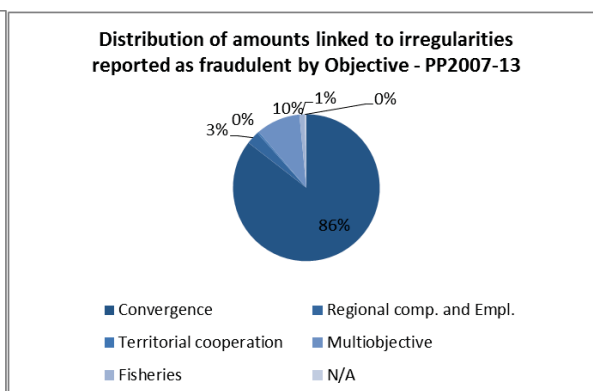
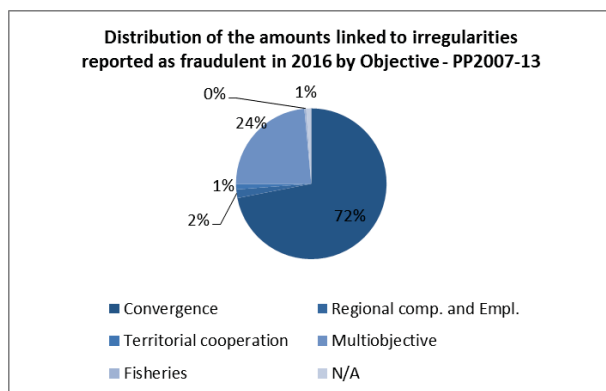
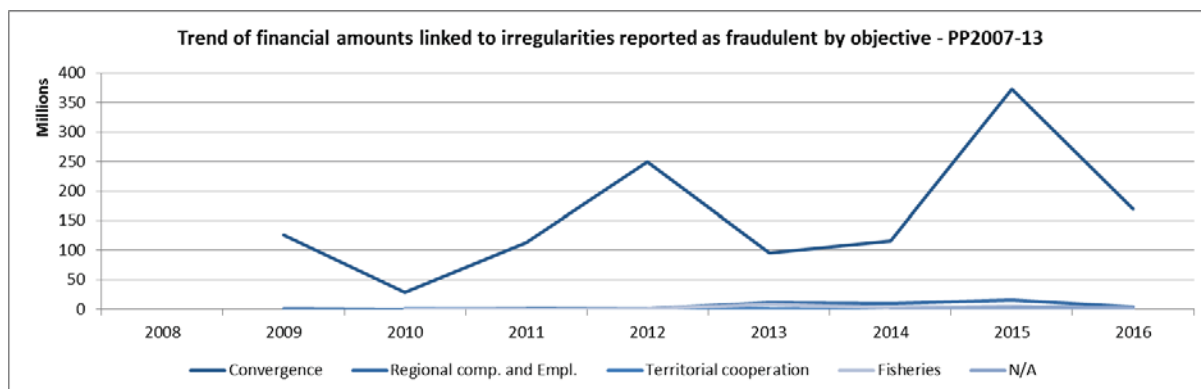
Objective	Reporting Year										TOTAL
	2008	2009	2010	2011	2012	2013	2014	2015	2016	N	
Convergence		43	42	75	133	185	172	210	303		1 163
Regional comp. and Empl.		4	2	12	11	34	36	120	7		226
Territorial cooperation			3	13	4	4	3	5	8		40
Multiobjective			7	18	25	17	18	86	68		239
Fisheries			1	1	4	21	10	17	10		64
N/A							2	12	4		18
TOTAL	0	47	55	119	177	261	241	450	400		1 750



Irregularities reported as fraudulent represent about 5% of the total number of irregularities reported for the programming period 2007-13. The highest share (Fraud Frequency Level – FFL) is related to the Fisheries (8.1%), the European Territorial Cooperation (7.5%) and to the Convergence (5.7%) objectives. Regional competitiveness and Employment has the lowest FFL (2.9%).

Table CP12: Trend of the financial amounts linked to the irregularities reported as fraudulent in relation to the programming period 2007-13 by objective – Cohesion and Fisheries Policies

Objective	Reporting Year										TOTAL
	2008	2009	2010	2011	2012	2013	2014	2015	2016	EUR	
Convergence		126 411 965	27 930 979	113 479 367	249 101 647	94 736 957	115 366 308	373 598 157	169 268 106	1 269 893 486	
Regional comp. and Empl.		470 306		161 114	714 482	1 353 761	10 381 439	14 935 333	4 321 659	42 693 844	
Territorial cooperation			490 534	166 072	1 204 484	299 272	120 064	702 926	2 606 946	5 590 298	
Multiobjective			3 103 580	736 449	2 938 482	2 254 869	7 344 586	72 646 633	55 593 475	144 618 074	
Fisheries			193 916	22 580	706 272	8 852 308	2 462 823	4 571 604	945 394	17 754 897	
N/A							102 857	2 299 670	2 502 267	4 904 794	
TOTAL	0	126 882 271	31 880 123	115 118 950	255 304 646	116 524 845	135 752 388	468 754 323	235 237 847	1 485 455 393	



Financial amounts linked to irregularities reported as fraudulent represent about 17% of the total reported for the programming period 2007-13. The highest share (Fraud Amount Level – FAL) is related to the Fisheries (19.3%), the Convergence (18.5%) and the European Territorial Cooperation (17.8%) objectives. Regional competitiveness and Employment has the lowest FFL (6.1%).

The difference between FFL and FAL, almost three times higher, indicates the higher financial impact of fraudulent irregularities compared to the non-fraudulent infringements. As a matter of fact, the average financial value linked to the irregularities reported as fraudulent is almost four times higher than that related to the non-fraudulent types.

Case study: Criminal investigation in Latvia about possible misuse of structural funds

Criminal case No. XX was started in 2014 by ECED, classified under Article 177 clause 3 of the Criminal Law (for fraud, if committed on a large scale, or in an organised group), by examining the submission of the Latvian Rural Support Service (RSS) regarding possible fraudulent activities of the Latvian company (Ltd.) responsible officials during project implementation, in order to embezzle EU structural funds on a large scale.

In 2016 the criminal proceedings were transferred to the Riga District Court Prosecutor's Office for criminal prosecution according to the Article 15 clause 4 (for an attempted crime), Article 177 clause 3 and Article 275

clause 2 (falsification of documents for the purpose of acquiring property by an organized group) of the Criminal Law against two suspect. Loss was prevented (EUR 140 000 was to be paid in funding).

Conditions of the case:

In 2012 Ltd. X officials submitted a project for the purchase of metal processing equipment to the RSS to receive financial support amounting to EUR 140 000. When evaluating the submitted project documentation RSS employees doubted that the documents submitted were genuine.

RSS sent the obtained documentation for further inspection to ECED.

Police investigation showed and proved that Ltd. X officials had provided false information about the company's financial condition – forged bank documentation was submitted for the project (including from a bank which is located in Russia) on the company's financial resources in order to acquire necessary equipment and receive co-financing from EU structural funds.

4.2.1.2. Fraud and Irregularity Detection Rates by Objective

Table CP13 shows the FDR and the IDR per objective. Further details about this calculation can be found in paragraph 4.4.2.

Looking at the overall detection rate (FDR + IDR), Regional competitiveness and employment programmes show a low level of detections. European Territorial Cooperation programmes, however, show an anomalously low level of detections (four times lower than the previous objective), especially if one considers that the previous two indicators (FFL and FAL) were high. The situation is different for Convergence, Multiobjective and Fisheries programmes. Interestingly, the "Total detection rate" is almost equal to that of rural development and market measures in the agricultural policy. (see chapter 3.3.2).

Table CP13: FDR and IDR by Objective

Objective	Irregularities detected and reported programming period 2007-13 / payments		
	FDR	IDR	Total
Convergence	0.5%	2.3%	2.8%
Regional comp. and Empl.	0.1%	1.5%	1.6%
Territorial cooperation	0.1%	0.3%	0.4%
Multiobjective	0.3%	2.0%	2.4%
Fisheries	0.5%	2.1%	2.5%
Total	0.4%	2.1%	2.5%

4.2.2. Priorities concerned by the reported irregularities

4.2.2.1. Irregularities reported as fraudulent (fisheries not included)

The operational programmes financed by the Cohesion Policy are implemented in relation to the already mentioned objectives, but also along identified Priorities and Themes.

The information provided by Member States allows for an analysis of the priority areas in relation to which Member States have identified projects affected by potentially fraudulent practices.

Table CP14 shows the number of reported fraudulent irregularities by priority area since the beginning of the programming period 2007-13, their related financial amounts, the average amount per irregularity, FFL and FAL.

In terms of numbers, the 'Priorities' most concerned were 'Research and Technological Development (RTD)', 'Improving access to employment and sustainability' and 'Increasing the adaptability of workers and firms, enterprises and entrepreneurs'.

Fraudulent irregularities linked to these three priorities represent about 37% of the total.

FFL is highest for 'Strengthening institutional capacity' and 'Tourism' (10%), while the top three priorities in the table are all between 9.1 and 9.7%.

From the financial amounts point of view, the most significant results concern 'R&TD', 'Transport' and 'Investment in Social Infrastructure'. 'Transport' retains also the highest average value, almost eight times higher than that related to R&TD and 22 times higher than the overall average.

Financial amounts linked to the irregularities reported as fraudulent in relation to these three priorities represent 58% of the total.

FAL is highest⁹ for 'Investment in social infrastructure' (41.3%), 'Tourism' (25%) and 'R&TD' (21.6%).

The FDR is highest for the same priorities and in exactly the same order: 'Investment in social infrastructure' (0.84%), 'Tourism' (0.74%) and 'R&TD' (0.55%)

Table CP14: PP2007-13 - Irregularities reported as fraudulent by Priority

Priority	Total		Amounts involved	Average amount	FFL	FAL	FDR
	N	EUR	EUR	EUR	%	%	%
Research and technological development (R&TD), innovation and entrepreneurship	367	372 762 188	1 015 701		9.4%	21.6%	0.55%
Improving access to employment and sustainability	131	13 277 167	101 352		9.7%	9.3%	0.05%
Increasing the adaptability of workers and firms, enterprises and entrepreneurs	121	25 602 753	211 593		9.1%	21.3%	0.21%
Investment in social infrastructure	99	161 301 098	1 629 304		6.7%	41.3%	0.84%
Tourism	85	42 449 162	499 402		10.0%	25.0%	0.74%
Improving human capital	81	12 639 946	156 049		6.1%	13.5%	0.05%
Environmental protection and risk prevention	58	60 508 817	1 043 255		2.9%	12.0%	0.13%
Urban and rural regeneration	49	26 290 955	536 550		5.0%	18.2%	0.26%
Improving the social inclusion of less-favoured persons	41	4 598 492	112 158		7.9%	15.8%	0.05%
Transport	39	316 935 686	8 126 556		2.5%	17.7%	0.41%
Strengthening institutional capacity at national, regional and local level	31	3 223 264	103 976		10.3%	11.1%	0.15%
Information society	26	25 747 292	990 280		2.6%	9.5%	0.18%
Energy	24	13 368 779	557 032		5.9%	13.2%	0.11%
Technical assistance Fishery	9	9 685 440	1 076 160		6.1%	29.3%	#N/A
Culture	4	2 009 067	502 267		1.5%	4.8%	0.03%
Technical assistance	4	1 497 263	374 316		1.4%	3.4%	0.02%
Measures of common interest - fishery	3	135 603	45 201		7.3%	0.2%	#N/A
(blank)	513	375 647 614	732 257		3.2%	12.6%	#N/A
TO TAL	1 685	1 467 680 586	871 027		4.9%	16.9%	0.42%
% of (blank) on Total		30.4%	25.6%	Below avg.			

⁹ As a matter of fact, 'Technical Assistance – fishery' would be second with 29.3%. As these priority seems linked to another fund (EFF) than those taken into consideration here, it may result from errors in reporting.

Irregularities linked to the EFF have not been included. Reference to 'Technical assistance Fisheries' and 'Measures of common interest – fisheries' in the Table may depend on errors in encoding by Member States.

Less than one third of the irregularities used for this analysis did not provide information about the priority area concerned, decreasing in comparison with previous years.

4.2.2.2. Irregularities not reported as fraudulent (fisheries not included)

The same analysis showed in the previous paragraph for the irregularities reported as fraudulent is presented here for the irregularities not reported as fraudulent in relation to the programming period 2007-13.

Table CP15 shows the number of reported fraudulent irregularities by priority area since the beginning of the programming period 2007-13, their related financial amounts and average amount per irregularity.

Again, 'Research and Technological Development (R&TD)' is the priority with the highest number of occurrences, followed by 'Environmental protection and risk prevention' and 'Transport'. In terms of financial amounts involved, 'Transport' comes first, followed by the other two priorities.

Therefore, irregularities linked to these three priorities together represent 21.6% of the total number and 45.4% of the total amounts.

Table CP15: PP2007-13 - Irregularities not reported as fraudulent by Priority

Priority	Irregularities not reported as fraudulent			
	Total	Amounts involved	Average amount	IDR
	N	EUR	EUR	%
Research and technological development (R&TD), innovation and entrepreneurship	3 557	1 352 376 961	380 202	2.00%
Environmental protection and risk prevention	1 918	443 729 987	231 350	0.93%
Transport	1 538	1 474 022 119	958 402	1.93%
Investment in social infrastructure	1 388	229 241 504	165 160	1.20%
Improving human capital	1 245	80 836 587	64 929	0.31%
Improving access to employment and sustainability	1 219	128 865 570	105 714	0.51%
Increasing the adaptability of workers and firms, enterprises and entrepreneurs	1 208	94 678 858	78 377	0.79%
Information society	993	245 778 277	247 511	1.75%
Urban and rural regeneration	935	118 132 372	126 345	1.18%
Tourism	764	127 299 077	166 622	2.23%
Improving the social inclusion of less-favoured persons	477	24 550 691	51 469	0.24%
Energy	380	87 654 809	230 671	0.74%
Technical assistance	278	42 743 856	153 755	0.44%
Strengthening institutional capacity at national, regional and local level	271	25 880 656	95 501	1.17%
Culture	264	40 264 075	152 515	0.65%
Technical assistance Fishery	138	23 362 310	169 292	#N/A
Mobilisation for reforms in the fields of employment and inclusion	51	2 874 285	56 359	0.28%
Measures of common interest - fishery	38	61 207 014	1 610 711	#N/A
Reduction of additional costs hindering the outermost regions development	17	2 308 138	135 773	0.34%
Sustainable development of fishery areas	3	140 166	46 722	#N/A
Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products	2	166 696	83 348	#N/A
Measures for the adaptation of the Community fishing fleet	1	11 047	11 047	#N/A
(blank)	15 687	2 597 081 012	165 556	#N/A
TOTAL	32 372	7 203 206 067	222 513	2.08%
% of (blank) on Total	48.5%	36.1%	below avg.	

Irregularities linked to the EFF have not been included. Reference to priorities specific referred to this policy area, therefore, may depend on errors in encoding by national authorities.

Also in relation to the irregularities not reported as fraudulent the constant improvement in the completeness of data is confirmed, although to a lesser extent than for the fraudulent irregularities.

4.2.2.3. Irregularities related to the priority 'R&TD'

As showed in the previous two sub-paragraphs of this section, 'R&TD' is the priority for which the highest number of irregularities, fraudulent and non-fraudulent, have been detected and reported: in total, 3 995 cases, involving over EUR 1.7 billion.

Figure CP1 below, details the specific priority themes which were affected by these irregularities. Please note that the larger the square, the higher the number of irregularities; the darker the colour, the higher the financial amounts involved.

Two "residual" themes are those showing the highest number of reported irregularities: 'Other investment in firms' and 'Other measures to stimulate research and innovation and entrepreneurship in SMEs'. Together they represent 46% of the reported irregularities, but only 21% of the related financial amounts. Conversely, the themes 'Investment in firms directly linked to research and innovation (innovative technologies, establishment of new firms by universities, existing R&TD centres and firms, etc.)' and 'R&TD activities in research centres' represent only 23.5% of the total number of reported irregularities, but account for almost 51% of the total financial amounts involved.

Figure CP1: PP2007-13 - Irregularities (fraudulent and non-fraudulent) reported in relation to the 'R&TD' Priority by theme



Figure CP2 shows the same level of detail for the irregularities reported as fraudulent.

Similarly to the overall picture, the two "residual" themes present the highest number of occurrences. However, again, the theme 'Investment in firms directly linked to research and innovation (innovative technologies, establishment of new firms by universities, existing R&TD centres and firms, etc.)' has the highest financial amounts, followed by the theme 'R&TD infrastructure (including physical plant, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technology'. These two themes together represent only 24% of the number of irregularities reported as fraudulent in relation to the 'R&TD' priority, but more than 52% of the total financial volume of these cases.

Figure CP2: PP2007-13 - Irregularities reported as fraudulent in relation to the 'R&TD' Priority by theme

118 37,971,964 Other investment in firms	60 109,592,950 Investment in firms directly linked to research and innovation (innovative technologies, establishment of new firms by universities, existing R&TD centres and firms, etc.)	35 41,621,500 R&TD activities in research centres	28 85,102,445 R&TD infrastructure (including physical plant, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technology
67 19,095,622 Other measures to stimulate research and innovation and entrepreneurship in SMEs	18 33,215,643 Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	16 34,753,777 Technology transfer and improvement of cooperation networks between small	8 1,026,696
		15 5,989,264 Advanced support services for firms and groups of firms	5 4,642,389 Assistance to

4.2.2.4. Types of irregularities / modus operandi detected related to the priority 'R&TD'

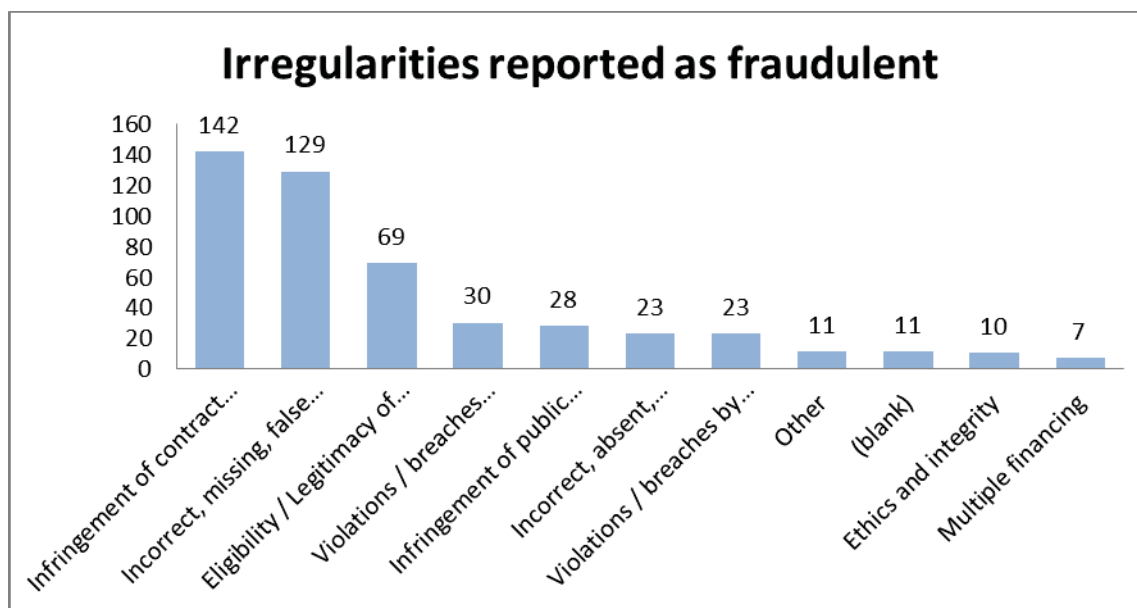
The analysis of categories of irregularities detected and reported in connection with the priority 'R&TD' shows a fragmented situation. Detected fraudulent attempts mainly happen during the implementation of a project and are made through falsified documents or declarations (in about 35% of the cases as the main violation or in conjunction with other types of infringement), or by infringing the commitments entered into through the signature of the financing contract (occurring in 38% of the cases, alone or with other), which implies that the project is not implemented according to what was initially agreed.

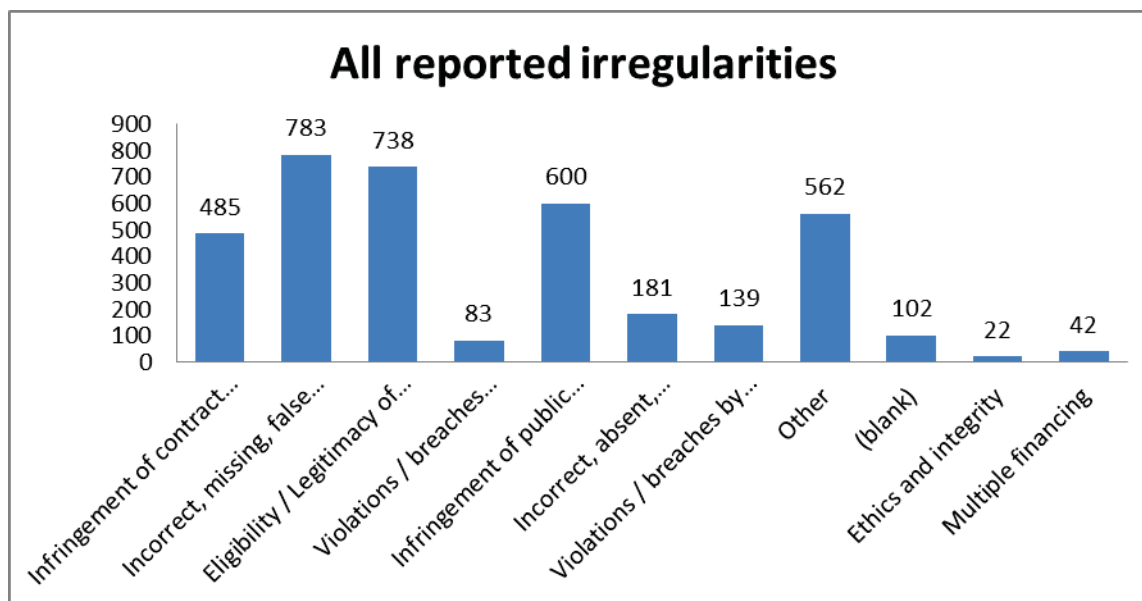
Violation of public procurement rules in connection with irregularities reported as fraudulent have been detected in 8% of the cases but impact on 14% of the total amounts involved.

Irregularities concerning ethics and integrity (including possible cases of corruption and conflict of interest) concern 3% of the cases and 6% of the total amounts affected by irregularities are reported as fraudulent. The related amounts for this category are particularly significant despite the low number of cases, as showed by the fact that, associated to this category, there is the highest average irregular amount.

Table CP16: Programming Period 2007-13 - Types of irregularity/Modus operandi detected in relation to priority "R&TD"

Typologies of irregularities	Irregularities reported as fraudulent			All reported Irregularities		
	N	EUR	EUR/avg	N	EUR	EUR/avg
Infringement of contract provisions / rules	142	139 505 570	982 434	485	389 801 023	803 713
Incorrect, missing, false or falsified supporting documents	129	82 490 695	639 463	783	198 649 358	253 703
Eligibility / Legitimacy of expenditure/measure	69	82 688 433	1 198 383	738	339 522 108	460 057
Violations / breaches concerning the request	30	9 193 805	306 460	83	51 046 452	615 017
Infringement of public procurement rules	28	51 459 942	1 837 855	600	356 232 003	593 720
Incorrect, absent, falsified accounts	23	6 413 021	278 827	181	42 315 608	233 788
Violations / breaches by the operator	23	10 848 667	471 681	139	42 513 317	305 851
Other	11	8 444 452	767 677	562	289 643 036	515 379
(blank)	11	947 830	86 166	102	38 381 835	376 293
Ethics and integrity	10	22 905 360	2 290 536	22	24 924 570	1 132 935
Multiple financing	7	1 379 078	197 011	42	85 783 119	2 042 455





The data population used in this paragraph consists of all irregularities reported in relation to the priority "R&TD" and the programming period 2007-13 until the end of 2016.

The row for totals has been omitted due to the fact that the same irregularity reported may be associated with several typologies of infringements and therefore the total sum of values in Table CP16 would result in multiple counting of the same irregularity notification.

The category "Infringement of contract provision / rules" includes all irregularities related to implementation of the contract, *i.e.* irregularities such as 'action not implemented', 'action not completed', 'action not carried out in accordance with rules', 'Failure to respect other contract provisions/rules'.

The category "Eligibility / Legitimacy of expenditure / measure" refers to all irregularities concerning the eligibility of the project or of the expenditure claimed, such as 'Not-eligible expenditure', 'Expenditure not-legitimate', 'Expenditure outside of eligibility period',

The category "Infringements concerning the request" refers to all types of irregularities associated with the request of aid/financing, such as 'Incorrect request for aid', 'Request for aid false or falsified'.

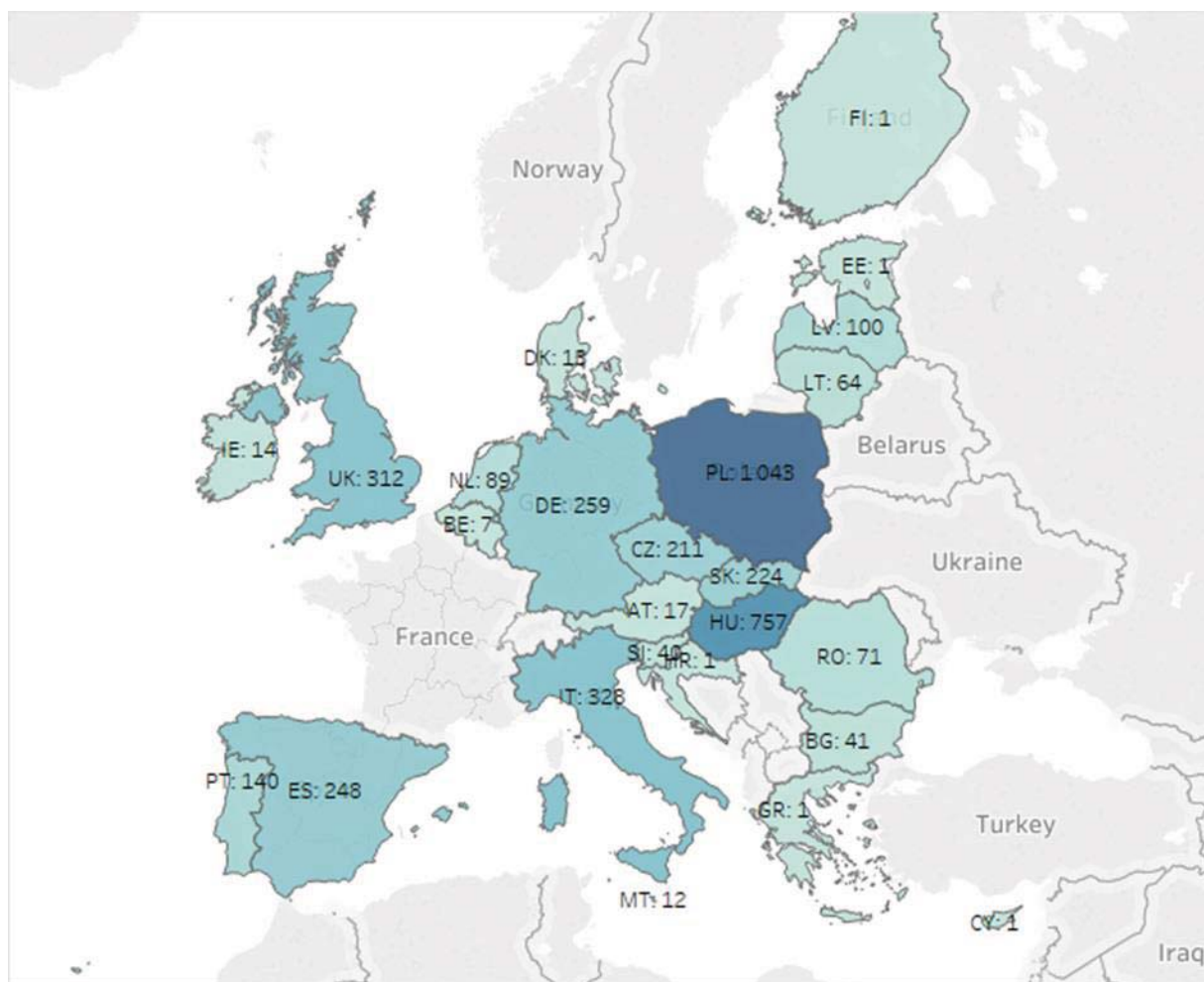
The category "Ethics and Integrity" refers to violations such as 'Conflict of interest', 'Bribery – active', 'Bribery – passive', 'Corruption', 'Other irregularities concerning integrity and ethics'.

The "other irregularities" category is a residual category to be used when all others do not provide an adequate description of the detected irregularity.

4.2.2.5. Geographical distribution of irregularities (fraudulent and non-fraudulent) detected in relation to the 'R&TD' priority

Map CP1 shows the geographical distribution of the irregularities (fraudulent and non-fraudulent) detected and reported in relation to the theme 'R&TD'.

Map CPI: Number of irregularities (fraudulent and non-fraudulent) reported by Member State in relation to the theme 'R&TD' – programming period 2007-13



4.3. Antifraud and control activities by Member States – programming period 2007-2013

Previous paragraphs have examined the trend and main characteristics of the reported irregularities.

The present paragraph aims at examining some aspects linked to the antifraud and control activities and results of Member States. Four elements are taken into account:

- the duration of irregularities, meant as the time that runs between the beginning of the fraudulent practice and its detection/establishment by the competent authority;
- the number of irregularities reported as fraudulent by each Member State;
- the fraud detection rate (the ratio between the amounts involved in cases reported as fraudulent and the payments occurred in relation to the programming period 2007-13) and the irregularity detection rate (the ratio between the amounts involved in cases not reported as fraudulent and the payments occurred in relation to the programming period 2007-13);
- the ratio of cases of established fraud on the total number of irregularities reported as fraudulent.

4.3.1. *Duration of irregularities*

Of the 37 110 detected irregularities (fraudulent and non-fraudulent) reported by Member States in relation to the programming period 2007-13, 18 142 (47% of the total) involve infringements that have been protracted during a given span of time. For the 1 750 irregularities reported as fraudulent this percentage is higher at 60%. The remaining part of the datasets refers to irregularities/breaches which consisted of a single act identifiable on a precise date (19% of the whole dataset and 26% of that represent exclusively by the fraudulent irregularities) or for which no information has been provided (34% of the whole dataset, but only 14% of the irregularities reported as fraudulent).

Taking into account only those irregularities which have been protracted in time, their average duration is almost 20 months (*i.e.* almost 1 year and 8 months). For the irregularities reported as fraudulent, this average is just one month less: 19.

4.3.2. *Detection of irregularities reported as fraudulent by Member State in relation to the programming period 2007-13*

Map CP2 shows the number of irregularities reported as fraudulent by Member State in relation to the programming period 2007-13.

Only Luxembourg has notified no irregularity as fraudulent; fourteen (14) Member States reported less than 30 fraudulent irregularities; four (4) countries reported between 30 and 60; three (3) Member States between 60 and 90 fraudulent irregularities and six (6) more than 90.

Poland, Romania and Germany are the three countries which have reported the highest numbers.

Case study: Cohesion policy, ERDF – undue receipt of EU funds relating to a soil conservation project. Operation ‘Hulk’ carried out by the Catanzaro Guardia di Finanza

The Catanzaro Guardia di Finanza’s Tax Investigation Unit carried out a complex investigation aimed at tackling multiple offences concerning a regional body set up for the purpose of integrated implementation of all forestry and soil conservation measures in the region’s territory.

The main line of investigation concerned checking whether two project items complied with the corresponding rules. These items were co-financed with monies from the European Union budget, specifically the European Regional Development Fund (ERDF) 2007/2013, for securing riverbeds and addressing landslide risks in the region.

The investigations uncovered fraudulent conduct on the part of various persons involved in the management of the body, whereby some EUR 80 million of public funding (half of it EU funds) were unduly obtained, out of an initial allocation of more than EUR 100 million.

Against this backdrop, it was discovered that a part of the monies made available by the Union was used for purposes other than financing project targets, namely covering the ordinary expenditure of the beneficiary undertaking, including the regular and ongoing payment of the salaries of the regional body’s employees.

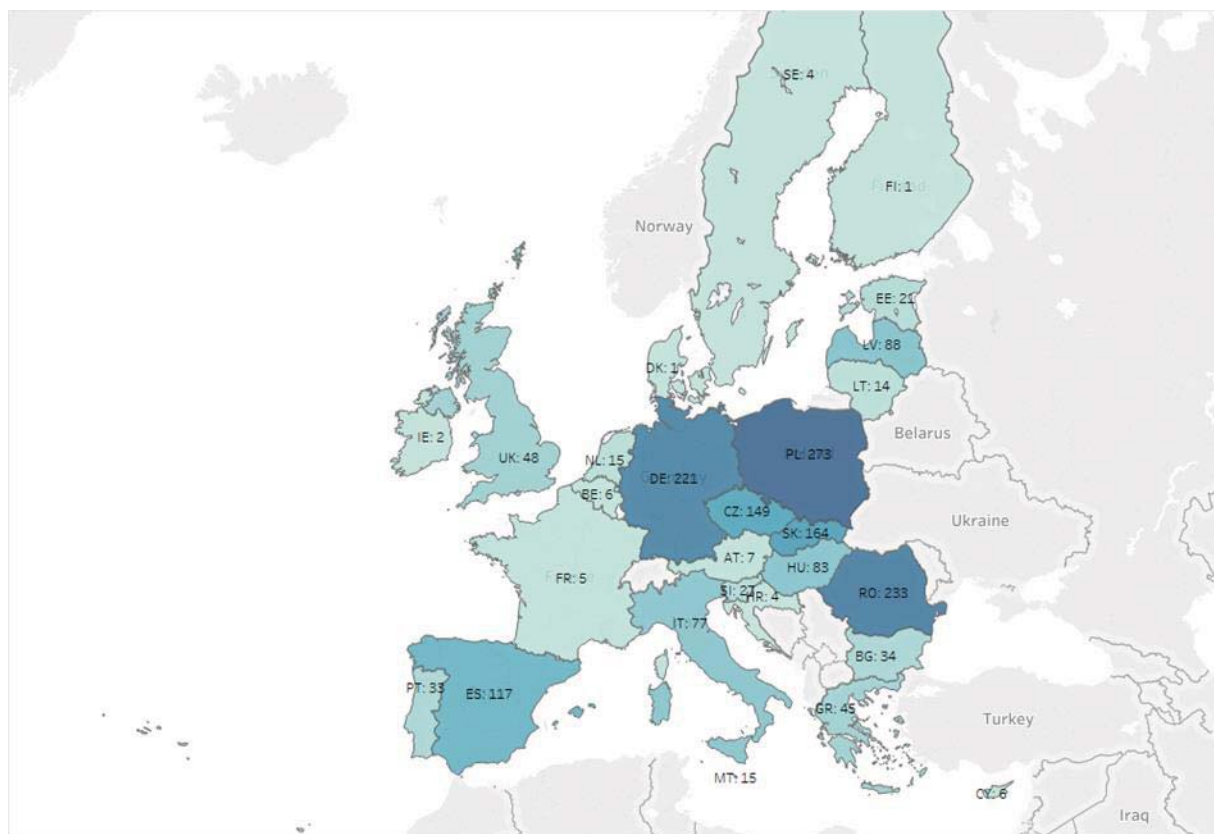
Further inquiries also brought to light other offences at the expense of the public administration, perpetrated over the same period by members of the body’s management team relating to, for example:

- the use of workers for private ends (during their working hours, thus taking them away from their contractual activities), as well as of the body’s assets and funds;*
- the attribution of a remunerated task to a person lacking the necessary qualifications to carry out the duties involved.*

With respect to these criminal acts, in September 2016 the above-mentioned unit of the Guardia di Finanza, authorised by the local Public Prosecutor’s office, took restraining measures against five managers, officials and

consultants of the publicly-owned entity which had been responsible to varying degrees for embezzlement of public monies, misuse of official positions, forgery and aggravated fraud.

Map CP2: Number of irregularities reported as fraudulent by Member State in relation to the programming period 2007-13 – Cohesion Policy



4.3.3. Fraud detection rate

The fraud detection rate compares the results obtained by Member States in their fight against fraud with the related commitment appropriations. Considering the multi-annual nature of the cohesion policy spending programmes, no annual analysis has been prepared, concentrating instead on the whole programming period 2007-13, for which commitment appropriations have almost reached 100% and the number of fraudulent irregularities reported by Member States is significant.

The fraud detection rate is the highest (>0.3%) for Slovakia, Italy, Latvia, the Czech Republic, Romania, Slovenia, Poland, Portugal and Croatia.

Table CP16: Number of irregularities reported as fraudulent, amounts involved and fraud detection rate by Member State – Programming Period 2007-13

Member State	Irregularities reported as fraudulent 2007-2013		Payments 2007-2013 EUR	Fraud detection rate %
	Reported N	Involved amounts EUR		
	AT	7	1 155 265	1 175 404 280
BE	6	3 238 250	2 084 119 208	0.16%
BG	42	8 447 298	6 652 736 814	0.13%
CY	7	532 224	631 910 587	0.08%
CZ	149	228 389 445	25 843 724 870	0.88%
DE	222	32 617 788	25 566 221 638	0.13%
DK	1	201 898	631 909 007	0.03%
EE	22	7 807 152	3 486 691 600	0.22%
ES	118	18 771 459	35 427 318 471	0.05%
FI	1	179 375	1 633 737 555	0.01%
FR	6	2 886 409	13 723 561 554	0.02%
GR	45	11 779 140	20 357 050 909	0.06%
HR	4	2 277 409	866 162 519	0.26%
HU	83	7 179 221	24 927 535 329	0.03%
IE	2	15 672	791 480 398	0.00%
IT	101	306 791 907	28 288 501 684	1.08%
LT	14	1 818 634	6 829 310 612	0.03%
LU			50 487 332	0.00%
LV	89	41 964 616	4 655 284 168	0.90%
MT	15	266 825	848 158 961	0.03%
NL	12	3 903 370	1 699 962 581	0.23%
PL	276	396 116 814	67 894 066 494	0.58%
PT	47	90 392 248	21 620 834 490	0.42%
RO	237	140 772 095	19 185 442 449	0.73%
SE	4	66 797	1 674 073 781	0.00%
SI	27	26 233 107	4 121 031 332	0.64%
SK	165	140 104 764	11 493 455 618	1.22%
UK	48	11 546 212	10 001 559 591	0.12%
CB*	40	5 590 298	7 752 461 755	0.07%
TOTAL	1 750	1 485 455 394	349 914 195 587	0.42%

Programmes under the Territorial Cooperation Programme (designated in the table under the country code 'CB', last row before the total) can involve several countries and, therefore, paid amounts are spread among the beneficiaries in various Member States. However, in general, irregularities for these programmes are reported by the Member State in which is located the managing authority. For this reason, the sums paid have been included in the total, while the irregularities reported as fraudulent and the related amounts have already been computed in relation to the country having reported them. The numbers have been included in the table to calculate the FDR related to these programmes, but they are not summed in the total row to avoid a double counting.

4.3.4. Irregularity Detection Rate

The irregularity detection rate compares the results obtained by Member States in detecting non-fraudulent irregularities with the related commitment appropriations. Considering the multi-annual nature of the cohesion policy spending programmes, no annual analysis has been prepared, concentrating instead on the whole programming period 2007-13, for which

commitment appropriations have almost reached 100% and the number of irregularities detected and reported by Member States is significant.

Table CP17: Number of irregularities not reported as fraudulent, amounts involved and irregularity detection rate by Member State – Programming Period 2007-13

Member State	Irregularities not reported as fraudulent 2007-2013		Payments 2007-2013	Irregularity detection rate
	Reported	Involved amounts		
	N	EUR	EUR	%
AT	272	21 285 612	1 175 404 280	1.81%
BE	341	22 407 928	2 084 119 208	1.08%
BG	640	113 417 423	6 652 736 814	1.70%
CY	24	1 197 080	631 910 587	0.19%
CZ	3532	1 257 700 448	25 843 724 870	4.87%
DE	1260	112 591 405	25 566 221 638	0.44%
DK	48	2 151 079	631 909 007	0.34%
EE	331	31 186 262	3 486 691 600	0.89%
ES	8596	1 241 885 683	35 427 318 471	3.51%
FI	76	3 179 233	1 633 737 555	0.19%
FR	386	57 845 477	13 723 561 554	0.42%
GR	1366	565 347 963	20 357 050 909	2.78%
HR	8	2 222 747	866 162 519	0.26%
HU	1405	226 332 617	24 927 535 329	0.91%
IE	183	11 914 676	791 480 398	1.51%
IT	1047	341 901 231	28 288 501 684	1.21%
LT	508	127 101 925	6 829 310 612	1.86%
LU	8	210 788	50 487 332	0.42%
LV	462	100 356 702	4 655 284 168	2.16%
MT	57	13 429 938	848 158 961	1.58%
NL	359	34 040 307	1 699 962 581	2.00%
PL	4901	1 128 009 941	67 894 066 494	1.66%
PT	865	121 226 156	21 620 834 490	0.56%
RO	1863	392 542 261	19 185 442 449	2.05%
SE	144	7 459 719	1 674 073 781	0.45%
SI	214	49 193 695	4 121 031 332	1.19%
SK	1297	1 088 517 387	11 493 455 618	9.47%
UK	2922	203 672 764	10 001 559 591	2.04%
CB*	492	25 837 551	7 752 461 755	0.33%
TOTAL	33 115	7 278 328 449	349 914 195 587	2.08%

Programmes under the Territorial Cooperation Programme (designated in the table under the "country-code" 'CB', last row before the total) can involve several countries and, therefore, paid amounts are spread among the beneficiaries in various Member States. However, in general, irregularities for these programmes are reported by the Member State in which is located the managing authority. For this reason, the sums paid have been included in the total, while the irregularities not reported as fraudulent and the related amounts have already been computed in relation to the country having reported them. The numbers have been included in the table to calculate the IDR related to these programmes, but they are not summed in the total row to avoid a double counting.

4.3.5. Ratio of established fraud (programming period 2007-13)

Table CP22 shows the ratio between the cases of established fraud and the total number of irregularities reported as fraudulent (including suspected and established

fraud) in the period 2009-13. Taking into account only cases reported in 2015 would be meaningless, as the criminal proceedings leading to a conviction for fraud may take several years, while using the period 2010-14 would be misleading as it will be impossible to make a sound comparison with figures published in the 2013 and 2014 Report.

Table CP18 is integrated with the ‘Dismissal ratio’, calculated by the differences between the total number of irregularities reported as fraudulent published in the corresponding table in the 2013 Report (TOTAL 2013) and the total calculated taking into account the updates received until the end of 2016. When the ratio is positive, it means that Member States have classified as ‘suspected’ or ‘established fraud’ an irregularity appearing as non-fraudulent in 2013.

In this respect, the average ratio of established fraud at EU level is 14%, increasing from 11% of 2013. The dismissal ratio is 5%.

If one considers exclusively the “decisions” (established + dismissed), of the 128 decided cases (91 established fraud and 37 dismissals), 71% is the ‘conviction rate’ and 29% the ‘dismissal rate’.

Table CP18: Number of cases of suspected and established fraud, ratio of established fraud, dismissal ratio – cases reported until 2013

Member States	Suspected fraud	Established fraud	TOTAL	Ratio established fraud	TOTAL 2013	Dismissal ratio
	N	N	N	%	N	%
AT	5	1	6	17%	6	0%
BE	2		2	0%	2	0%
BG	25	2	27	7%	30	-10%
CY	5	1	6	17%	4	50%
CZ	46	5	51	10%	63	-19%
DE	64	46	110	42%	125	-12%
EE	4	4	8	50%	7	14%
ES	4		4	0%	4	0%
FI	1		1	0%	3	-67%
FR	1		1	0%	1	0%
GR	18	3	21	14%	22	-5%
HU	10		10	0%	8	25%
IE	2		2	0%	2	0%
IT	69		69	0%	62	11%
LT	9		9	0%	9	0%
LV	39	6	45	13%	45	0%
MT	14		14	0%	14	0%
NL	1		1	0%	0	#DIV/0!
PL	119	14	133	11%	140	-5%
PT	13		13	0%	12	8%
RO	61	1	62	2%	60	3%
SE	1		1	0%	5	-80%
SI	7	5	12	42%	13	-8%
SK	23	3	26	12%	21	24%
UK	25		25	0%	38	-34%
TOTAL	568	91	659	14%	696	-5%

Case study: European Fisheries Fund - Use of Spain's system of public-private partnerships to circumvent the application of public procurement rules

Spanish public procurement law, specifically the Royal Legislative Decree 3/2011 of 14 November 2011 approving the recast Law on public sector contracts, expressly excludes from its scope a specific type of legal agreement called a *convenio de colaboración* (public-private partnership), as laid down in Article 4(1)(c) and (d) of the aforementioned recast Law.

These legal agreements differ from public procurement contracts in that they do not relate to a mutual exchange of services between the parties for consideration, but rather they set up a partnership between the parties to achieve an objective of common interest to them both. For a legal agreement to be considered a public-private partnership in the strictest sense and for it to be exempt from public procurement rules, bearing in mind the subject of the agreement, and irrespective of the name the parties give to the agreement, the following conditions must be met:

- both parties must be involved in actually carrying out the activity to which the agreement relates;
- both parties must be involved in financing the activity;
- the result of the activities to which the agreement relates must be jointly owned or used by both parties.

A public-private partnership agreement differs from a public procurement contract in all of these respects; in the latter, one of the parties (the contractor) has sole responsibility for carrying out the activities, while the other party (public body) has sole responsibility for financing these activities, and the result of these activities is owned or used exclusively by the public body.

The specific case we wish to highlight here relates to a public body that was in receipt of European funding. In order to benefit from the less stringent rules that apply to public-private partnerships in Spain (specifically, the rules do not require a competitive procedure to be held to select the public body's partner), the public body handled a legal agreement as a public-private partnership (meaning that it selected its partner directly without a competitive procedure). However, in view of the subject of the agreement, it should have been considered as a service contract and the awarding of the contract should therefore have taken place in accordance with the competitive procedures laid down in the public procurement rules.

SECTION II - DECENTRALISED MANAGEMENT

The EU as a global player / Pre-Accession Policy

The goal of the EU as a global player is also promoted through direct management. Pre-Accession Assistance (PAA) is provided through decentralised management where third countries distribute funds but account to the EU for how it is spent. In the last stages new Member States manage pre-accession funds under shared management to help them complete the transition.

5. PRE-ACCESSION POLICY (PRE-ACCESSION ASSISTANCE AND INSTRUMENT FOR PRE-ACCESSION I AND II)

The assistance in pre-accession is provided on the basis of the European Partnerships of the potential candidates and the Accession Partnerships of the candidate countries. The current candidate countries are Albania, the Former Yugoslav Republic of FYROM, Montenegro, Serbia and Turkey. Potential candidate countries are Bosnia and Herzegovina and Kosovo¹⁰.

5.1. The Pre-accession Assistance (PAA), 2000-06

The old Pre-accession Assistance (PAA), regarding the period 2000-06, was financed by series of European Union programmes and financial instruments for candidate countries or potential candidate countries, namely the programmes for candidate countries, PHARE, SAPARD and ISPA, Phare Cross-Border Cooperation (CBC) and Coordination, Pre-accession financial assistance for Turkey¹¹, Assistance for reconstruction, development and stabilisation for potential candidate countries (CARDS)¹² and Transition facility¹³. This assistance has nearly been closed except for a few payments in CARDS.

5.2. The Instrument for Pre-accession 2007-13 – IPA I

The Instrument for Pre-Accession Assistance (IPA), which covers the period 2007-2013, is delivered through five components. The policy and programming of IPA consists of Multi-Annual Indicative Financial Framework (MIFF) on a three year basis, established by country, component and a theme, and Multi-Annual Indicative Planning Documents (MIPDs) per country or per groups of countries (regional and horizontal programmes). The Candidate Countries submit also Strategic Coherence Frameworks (SCF) and Multi-annual Operational Programmes, both regarding IPA Components III and IV. Their principal aim is to prepare beneficiary countries for the future use of the Cohesion policy instruments by imitating closely its strategic documents, National Strategic Reference Framework (NSRF) and Operational Programmes (OP), and management modes.

¹⁰ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

¹¹ Turkey has been receiving pre-accession assistance since 2002.

¹² Albania, Croatia, FYROM, Serbia, Kosovo under United Nations Security Council Resolution 1244, and Bosnia Herzegovina, Council Regulation (EC) No 2666/2000 of 5 December 2000.

¹³ The EU-10 that joined European Union in 2004 received a Transition facility during 2004-2006. However the EU-2 received a Transition facility in 2007 which is regarded as a post-accession assistance.

The financing of IPA is provided by the five following different components and DG Enlargement leads in the coordination of the instrument:

- (4) Component I, *Transition Assistance and Institution Building (TAIB)*, is managed by the European Commission's Directorate General for Enlargement;
- (5) Component II, *Cross-Border Cooperation*, is managed by the European Commission's Directorate General for Enlargement and part is managed, under shared management with Member States, by European Commission's Directorate General for Regional Policy;
- (6) Component III, *Regional Development*, is managed by the European Commission's Directorate General for Regional Policy;
- (7) Component IV, *Human Resources Development*, is managed by the European Commission's Directorate General for Employment and Social Affairs; and
- (8) Component V - *Rural Development* is managed by the European Commission's Directorate General for Agriculture.

The pre- and post-accession assistance is implemented through a variety of *management modes* which take into account different levels of preparedness of the beneficiary countries. The assistance under IPA is designed also to prepare the beneficiary countries to assume full responsibility for the management of financial assistance granted by the EU.

The eligibility for IPA components differs depending on the state of preparedness. In the use of funds the IPA beneficiary countries are divided into two categories. Croatia and the EU candidate countries: the Former Yugoslav Republic of FYROM, Serbia and Turkey; are eligible for all five components of IPA. While the new candidate countries, Albania and Montenegro (candidate status awarded in 2010), currently remain outside the scope of intervention of IPA Component III, the regional development. The Potential candidate countries in the Western Balkans (Albania, Bosnia and Herzegovina, Montenegro and Kosovo under UN Security Council Resolution 1244/99) are eligible only for the first two components.¹⁴

Implementation of Components I and II falls under the responsibility of DG Enlargement, which initiates the components under a centralised management mode, with a view to transferring implementation management powers to the beneficiary countries as soon as their administrative capacities are considered sufficiently developed to ensure sound financial management. The EU Delegations play a major role in the delivery of IPA, in particular under the de-concentrated and decentralised management modes.¹⁵

The implementation can be handled:

- directly by central management: funds are managed by DG Enlargement at headquarters;
- directly de-concentrated: funds are managed by EU Delegations under the supervision;

¹⁴ Potential candidate countries were defined at the Santa Maria da Feira [European Council](#) of 20 June 2000.

¹⁵ Following the entry into force of the Treaty of Lisbon, Delegations have become a part of the European External Action Service, with effect from 1 December 2010.

- directly centralised: cross-delegated when funds are managed by another service of the Commission through cross sub-delegation;
- indirectly in a centralised indirect management: funds are managed by executive agencies, specialised Community bodies (such as the European Investment Bank or the European Investment Fund) and national or international public-sector bodies or bodies governed by private law with a public-service mission;
- indirectly decentralised with ex ante control: funds are managed by accredited national authorities of the beneficiary country, but procurement is subject to ex ante control by the EC Delegation;
- decentralised without ex ante control: funds are managed by accredited national authorities of the beneficiary country and are not subject to ex ante controls by an EC Delegation;
- joint: funds are jointly managed with International Organisations (EBRD, EIB, Sigma, UN agencies, etc.)

5.3. The Instrument for Pre-accession 2014-20 – IPA II

Prepared in partnership with the beneficiaries, IPA II sets a new framework for providing pre-accession assistance for the period 2014-2020.

The most important novelty of IPA II is its strategic focus. Country Strategy Papers are the specific strategic planning documents made for each beneficiary for the 7-year period. These will provide for a stronger ownership by the beneficiaries through integrating their own reform and development agendas. A Multi-Country Strategy Paper will address priorities for regional cooperation or territorial cooperation.

IPA II targets reforms within the framework of pre-defined sectors. These sectors cover areas closely linked to the enlargement strategy, such as democracy and governance, rule of law or growth and competitiveness. This sector approach promotes structural reform that will help transform a given sector and bring it up to EU standards. It allows a move towards a more targeted assistance, ensuring efficiency, sustainability and focus on results.

IPA II also allows for a more systematic use of sector budget support. Finally, it gives more weight to performance measurement: indicators agreed with the beneficiaries will help assess to what extent the expected results have been achieved.

- The priorities outlined in the Strategy Papers are translated into detailed actions, which are included in annual or multi-annual Action Programmes. IPA II Action Programmes take the form of Financing Decisions adopted by the European Commission.
- The bulk of the assistance is channelled through the Country Action Programmes for IPA II Beneficiaries, which are the main vehicles for addressing country-specific needs in priority sectors as identified in the indicative Strategy Papers.
- Multi-Country Action Programmes aim at enhancing regional cooperation (in particular in the Western Balkans) and at adding value to the Country Action Programmes through other multi-beneficiary actions.

- Cross-Border Cooperation Programmes represent the focus of assistance in the area of territorial cooperation between IPA II beneficiaries, another important form of financial assistance.

Assistance for agriculture and rural development is also addressed via Rural Development Programmes.

IPA II funded activities are implemented and managed in various ways, in accordance with the Financial Regulation:

- Under direct management; i.e. the implementation of the budget is carried out directly by the Commission until the relevant national authorities are accredited to manage the funds.
- Under indirect management; i.e. budget implementation tasks are delegated to and carried out by entities entrusted by the Commission; they can be:
 - the IPA II beneficiary or an entity designated by it (one of the main objectives of IPA II is to encourage beneficiaries to take ownership and responsibility for implementation; indirect management by the IPAII beneficiary is therefore expected to become the norm);
 - an agency of a Member State or, exceptionally, of a third donor country;
 - an international organisation; or
 - an EU specialised (but not executive) agency.

In other words, the Commission delegates the management of certain actions to external entities, while still retaining overall final responsibility for the general budget execution.

- Shared management; i.e. implementation tasks are delegated to EU member states (only for cross-border cooperation programmes with EU countries).

In the context of direct management, Sector Budget Support is yet another tool for delivering pre-accession assistance and achieving sustainable results under IPA II. It consists of financial transfers to the national treasury account of an IPA II beneficiary and requires performance assessment and capacity development, based on partnership and mutual accountability. It is delivered through Sector Reform Contracts.

Implementation of IPA II will include a comprehensive monitoring mechanism. It will contain a review of overall performance of the progress in achieving results at the strategic, sector and action levels (i.e. results-based performance), in addition to monitoring of financial execution. Performance measurement will be based on indicators set out in the indicative Strategy Papers and the Programmes.

Joint monitoring committees (Commission and beneficiaries) will continue to monitor the implementation of financial assistance programmes, as was the case for the previous period of IPA.

The Commission publishes an annual report on pre-accession assistance. This report covers the previous budget year.

5.4. General analysis – Trend analysis

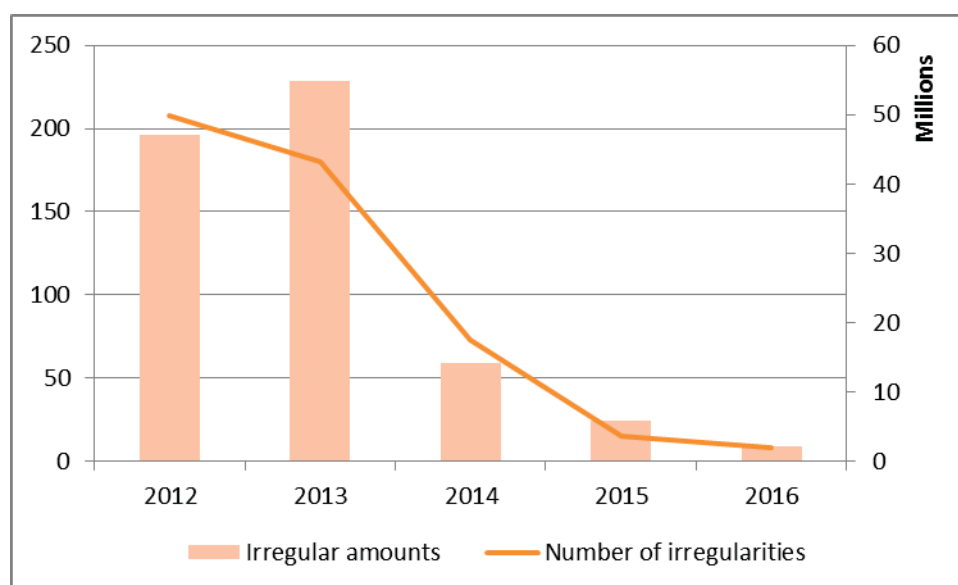
5.4.1. Trend analysis – Pre-accession assistance (PAA)

Regarding the Pre-Accession Assistance (PAA), the number of reported irregularities decreased in 2016 compared to the previous year. The downward trend, which started since 2009, is confirmed for the last five years, as showed by Table PA1.

With the phasing out of the pre-accession programmes, also the number of detected and reported fraudulent irregularities is continuously decreasing, with the only exception of the year 2013.

Table PA1 – Reported irregularities (PAA), 2012-16

Year	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
2012	188	42 967 413	20	4 031 246	208	46 998 659
2013	148	44 859 329	32	10 037 039	180	54 896 368
2014	52	7 239 952	21	6 901 593	73	14 141 545
2015	7	1 200 645	8	4 560 389	15	5 761 034
2016	5	247 894	3	1 828 769	8	2 076 663
TOTAL	400	96 515 233	84	27 359 035	484	123 874 269



In the past five years, most of the irregularities, fraudulent and non-fraudulent (97% of the total) and the highest aggregate amount (99% of the total) were reported by Romania and Bulgaria. In relation to the distribution of irregularities according to funds, the highest numbers relate to SAPARD (64%), while the most amounts concerned relate to SAPARD and ISPA (47% each).

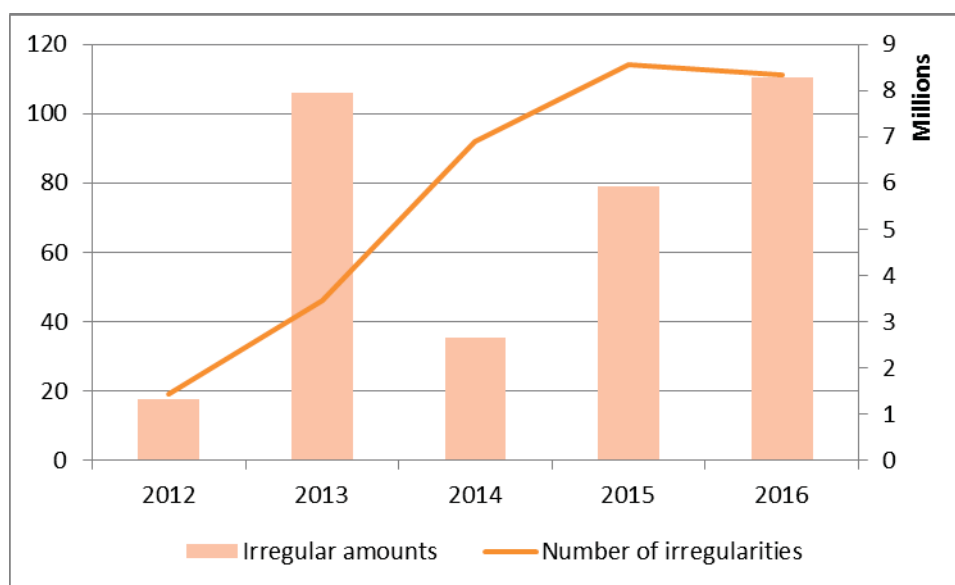
5.4.2. Trend analysis Instrument for Pre-Accession (IPA I)

Generally it can be said that the trend of IPA reporting (financial framework 2007-13) has begun to develop in a stable upward curve which means a continuous increase in the number of irregularities reported and involved amounts only since 2010. The increasing trend can be considered within the norm as the reporting of irregularities of IPA has only begun in recent years.

Table PA2 details the underlining data and shows the evolution of reporting of all the irregularities (reported and not reported as fraudulent) since 2012. Irregularities reported as fraudulent have been increasing over the last two years.

Table PA2 – Reported irregularities (IPA), 2012-16

Year	Irregularities not reported as fraudulent		Irregularities reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
2012	13	1 032 488	6	299 247	19	1 331 735
2013	38	6 724 296	8	1 236 327	46	7 960 623
2014	86	2 555 293	6	95 051	92	2 650 344
2015	93	4 091 706	21	1 829 544	114	5 921 250
2016	86	7 095 980	25	1 195 027	111	8 291 007
TOTAL	316	21 499 763	66	4 655 196	382	26 154 959



During the last five years, the highest number of reported irregularities was communicated by Turkey, Bulgaria and Croatia. The highest number of irregularities was recorded in relation to IPARD and Cross-Border Cooperation. IPARD and Regional Development score the highest in monetary value.

5.5. Specific analysis – Financial year 2015

5.5.1. Pre-Accession Assistance (PAA)

In 2016 a total number of 3 irregularities were reported as fraudulent with the amount affected of EUR 1.8 million as shown in Table PA3.

Table PA3 – Reported irregularities per country (PAA), 2016

Country	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
BG			3	101 351	3	101 351
RO	3	1 828 769	2	146 543	5	1 975 311
TOTAL	3	1 828 769	5	247 894	8	2 076 663

These fraudulent irregularities were reported by Romania. Bulgaria reported 3 non-fraudulent irregularities.

Like in the previous years, in 2015 the majority of cases concern again SAPARD, the Special Accession Programme for Agriculture and Rural Development.

The 3 irregular fraudulent cases reported are related to the SAPARD, which remains the most affected by fraud among all the PAA funds.

Table PA4 – Reported irregularities per fund (PAA), 2016

FUND	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
PHARE			3	101 351	3	101 351
SAPARD	3	1 828 769	2	146 543	5	1 975 311
TOTAL	3	1 828 769	5	247 894	8	2 076 663

5.5.2. Instrument for Pre-Accession (IPA)

In relation to IPA I (2007-13), there were 25 irregularities reported as fraudulent in 2016, for an overall financial impact of more than EUR 1.2 million. Tables PA5 and PA6 show, respectively, the breakdown per country and per component.

Table PA5 – Reported irregularities per country (IPA), 2016

Country	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
BG	2	1 438	30	117 193	32	118 631
HR	1	1 006	8	164 783	9	165 788
MK	4	6 500			4	6 500
RS	5	29 113	7	42 018	12	71 130
TR	13	1 156 971	41	6 771 987	54	7 928 958
TOTAL	25	1 195 027	86	7 095 980	111	8 291 007

In 2016 Turkey was the country reporting the highest number of irregularities and the related financial amounts. Concerning the 20 irregularities reported as fraudulent, these were reported by five countries.

Cross-Border Cooperation programmes record the highest number of irregularities reported, while Rural Development programmes account for the highest amounts involved.

Table PA6 – Reported irregularities per component (IPA), 2016

FUND	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		TOTAL	
	N	EUR	N	EUR	N	EUR
CBC	7	30 551	39	163 297	46	193 848
HRD	2	1 006	14	1 266 733	16	1 267 739
IPARD	11	1 163 471	27	5 319 178	38	6 482 649
REGD	3	0			3	0
TAIB	2	0	6	346 771	8	346 771
TOTAL	25	1 195 027	86	7 095 980	111	8 291 007

No real pattern emerges from the analysis of the reported *modus operandi* for the fraudulent irregularities.

When it comes to the irregularities not reported as fraudulent, the most frequent infringements detected are related to 'irregularities concerning the operator' and the 'documentary proof'.

Section III – DIRECT MANAGEMENT

6. DIRECT MANAGEMENT

6.1. Introduction

This chapter contains a descriptive analysis of the data on recovery orders issued by Commission services in relation to expenditures managed under ‘direct management’ mode, which is one of the three implementation modes the Commission can use to implement the budget.

According to the Financial Regulation¹⁶, ‘direct management’ means that the Commission implements the budget by its departments, including its staff in the Union Delegations under the authority of their respective Head of Delegation, or through executive agencies.

For financial year 2016, a total of EUR 18.9 billion¹⁷ has been effectively disbursed under the ‘direct management’ mode. Table DM1 presents the actual payments made in financial year 2016 for the twenty policy areas corresponding to 97.7% of the overall operational payments made under ‘direct management’.

Table DM1 – Payments made in financial year 2016 per policy area

Policy area	Payments 2016	
	EUR million	%
Communication	71	0.37
Communications networks, content and technology	2 029	10.73
Direct research	86	0.45
Economic and financial affairs	1 089	5.76
Education and culture	1 224	6.47
Employment, Social Affairs and Inclusion	135	0.72
Energy	761	4.02
Environment	286	1.51
Foreign Policy Instruments	251	1.33
Health and food safety	290	1.53
Humanitarian Aid and Civil Protection	795	4.02
Internal market, industry, entrepreneurship and SMEs	395	2.09
International cooperation and development	1 840	9.73
Justice and consumers	105	0.55
Maritime affairs and fisheries	188	1.00
Migration and home affairs	709	3.75
Mobility and transport	1 851	9.79
Neighbourhood and enlargement negotiations	1 893	10.01
Research and Innovation	4 375	23.14
Taxation and customs union	102	0.54
Sub total of 20 policy areas	18 479	97.71
Other policy areas	432	2.29
TOTAL	18 911	100.00

¹⁶ The Financial Regulation provides for three types of management, one of them is the direct management mode. In accordance with the European Parliament and the Council Regulation (EU, Euratom) No 2015/1929 and Commission Delegated Regulation (EU) No 2015/2462.

¹⁷ Own calculation based on ABAC data for the twenty policy areas representing 97.7% of operational payments under the direct management mode, excluding administrative expenditure.

6.2. General analysis

In 2016, for the twenty policy areas, the Commission services registered 1910 recovery items¹⁸ in ABAC that were qualified as irregularities for a total financial value EUR 84.25 million. Among these recovery items, 49 have been reported as fraudulent, involving EUR 6.25 million irregular amounts.

However, it has to be underlined that qualifications attributed to recovery items may change over the years: it may happen that cases of irregularities are turned to suspicions of fraud or the other way round, suspicions of fraud are reclassified as non-fraudulent irregularities upon the closure of the OLAF investigation. As a consequence, no direct conclusion can be drawn from the data with regard to the general trend of irregularities or fraud in this budget area.

6.2.1. Five year analysis 2012-2016

The below analysis gives an overview of recovery data recorded in the ABAC system in the last five years. From a purely statistical point of view, it can be said that between 2012 and 2016, the average number of recovery items qualified as ‘irregularities reported as fraudulent’¹⁹ was 43. The peak so far has been reached in 2014, when 89 recovery items were qualified as fraudulent. However, with regard to the recovery amounts, it has been 2016 when the highest overall amount of EUR 6.25 million were recorded as irregular amounts linked to recovery items qualified as fraudulent.

Over the five year period, the ratio between the amounts related to irregularities reported as fraudulent’ and relative expenditure²⁰ is very small, as it remains close to zero (0.025%). The figures are presented in Table DM2 below.

Table DM2 – Irregularities reported as fraudulent and related amounts, financial years 2012-2016

Year	Payments	Irregularities reported as fraudulent		Irregular amounts / Payments
	EUR million	EUR million	N	%
2012	14 134	3.52	39	0.025
2013	14 647	2.61	24	0.018
2014	12 059	5.74	89	0.048
2015	16 025	0.78	16	0.005
2016	18 479	6.25	49	0.034
TOTAL	75 342	18.91	217	0.025

At the same time, we can experience a steady increase of the recorded number of ‘irregularities not reported as fraudulent’ as well as of the associated financial amounts until 2015. However, figures drop for 2016, as it is demonstrated by table DM3 below.

¹⁸ Recovery items mean 'recovery context' elements in ABAC. There can be more recovery context elements associated to one recovery order issued.

¹⁹ ‘Irregularities reported as fraudulent’ are cases of recovery items qualified in the ABAC system as ‘OLAF notified’.

²⁰ Relative expenditure means that for the calculation only the effective operational payments related to the twenty policy areas are taken into account.

Table DM3 – Irregularities not reported as fraudulent and related amounts, financial years 2012-2016

Year	Payments	Irregularities not reported as fraudulent		Irregular amounts / Payments
	EUR million	EUR million	N	%
2012	14 134	64.40	1397	0.456
2013	14 647	76.84	1512	0.525
2014	12 059	92.04	1810	0.763
2015	16 025	120.03	2096	0.749
2016	18 479	78.00	1861	0.422
TOTAL	75 342	431.31	8676	0.572

Between 2012 and 2016, there were all together 8676 registered recovery items qualified as ‘irregularities not reported as fraudulent’ with the aggregate recovery amount of EUR 431.31 million.

The ratio between the aggregate irregular amounts corresponding to the recovery items (classified as ‘irregularities not reported as fraudulent’ between 2012 and 2016) and the reference figure of the related expenditure is about half a percent (0.572%).

These figures demonstrate the efficiency of the irregularity detection and recovery mechanisms in place.

6.3. Specific analysis

6.3.1. Recoveries according policy areas

Table DM4 provides a picture of irregularity statistics with a breakdown of the twenty policy areas for year 2016.

Table DM4 – Irregularities reported by policy areas and related amounts, 2016

Policy area	Payments 2016	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR million	EUR million	N	EUR million	N
Communication	71	0.11	5	0.00	0
Communications networks, content and technology	2 029	8.24	206	4.97	29
Direct research	86	0.12	4	0.00	0
Economic and financial affairs	1 089	0.00	0	0.00	0
Education and culture	1 224	5.73	288	0.06	1
Employment, Social Affairs and Inclusion	135	0.92	27	0.00	0
Energy	761	0.95	22	0.00	0
Environment	286	3.26	42	0.00	0
Foreign Policy Instruments	251	6.26	130	0.08	9
Health and food safety	290	1.57	37	0.00	0
Humanitarian Aid and Civil Protection	795	0.85	52	0.00	0
Internal market, industry, entrepreneurship and SMEs	395	4.27	116	0.00	0
International cooperation and development	1 840	6.54	152	0.20	2
Justice and consumers	105	0.52	22	0.00	0
Maritime affairs and fisheries	188	0.00	1	0.00	0
Migration and home affairs	709	0.77	26	0.00	0
Mobility and transport	1 851	8.45	55	0.09	1
Neighbourhood and enlargement negotiations	1 893	7.34	78	0.00	0
Research and Innovation	4 375	22.03	574	0.85	7
Taxation and customs union	102	0.05	24	0.00	0
TOTAL	18 479	78.00	1 861	6.25	49

In the financial year 2016, the highest numbers of recovery items qualified as ‘irregularities not reported as fraudulent’ were recorded in the ‘Research and innovation’ budget area. In terms of irregular amounts related to these irregularities, it

was also the policy field ‘Research and innovation’ that scored by far with the highest amount of EUR 22.03 million, which is followed by budget areas ‘Mobility and transport’ (EUR 8.45 million) and ‘Communications networks, content and technology’ (EUR 8.24 million). Furthermore, substantial irregular amounts have been recovered in areas of ‘Neighbourhood and enlargement negotiations’ (EUR 7.34 million), ‘International cooperation and development’ (EUR 6.54 million) and ‘Foreign Policy Instruments’ (EUR 6.26 million). These six policy areas account for 58.9 % of the total irregular amounts recovered.

Regarding ‘irregularities reported as fraudulent’, there were 49 recovery items registered mostly concerning budget area ‘Communications networks, content and technology’ (29 items), followed by ‘Foreign policy instruments’ (9 items) and ‘Research and innovation’ (7 items) budget areas.

The total relate irregular amounts were EUR 6.25 million, out of which alone policy area ‘Communications networks, content and technology’ counts for EUR 4.97 million.

The five year perspective of irregularities regarding the twenty policy fields is presented hereunder by table DM5.

Table DM5 – Irregularities reported by policy areas and related amounts, financial years 2012-2016

Policy area	Payments 2012-2016	Irregularities not reported as fraudulent	Irregular amounts/ Payments	Irregularities reported as fraudulent	Irregular amounts/ Payments
	EUR million	EUR million	%	EUR million	%
Communication	535	0.36	0.068	0.14	0.026
Communications networks, content and technology	7 455	64.59	0.866	8.56	0.115
Direct research	531	0.36	0.067	0.00	0.000
Economic and financial affairs	1 288	0.05	0.004	0.00	0.000
Education and culture	6 261	27.97	0.447	2.22	0.035
Employment, Social Affairs and Inclusion	609	1.9	0.312	0.00	0.000
Energy	2 851	24.05	0.844	0.04	0.001
Environment	1 319	12.81	0.971	0.67	0.051
Foreign Policy Instruments	4 234	30.9	0.730	2.17	0.051
Health and food safety	1 475	1.59	0.108	0.00	0.000
Humanitarian Aid and Civil Protection	3 414	6.84	0.200	0.00	0.000
Internal market, industry, entrepreneurship and SMEs	2 654	11.91	0.449	1.26	0.048
International cooperation and development	8 563	31.03	0.362	1.49	0.017
Justice and consumers	516	2.61	0.506	0.00	0.000
Maritime affairs and fisheries	983	2.43	0.247	0.00	0.000
Migration and home affairs	1 425	9.95	0.698	0.00	0.000
Mobility and transport	5 751	98.56	1.714	0.00	0.002
Neighbourhood and enlargement negotiations	3 769	18.83	0.500	0.27	0.007
Research and Innovation	21 291	84.52	0.397	1.99	0.000
Taxation and customs union	420	0.06	0.015	0.00	0.000
TOTAL	75 342	431.31	0.572	18.91	0.025

The above table demonstrates that ‘Communications networks, content and technology’ policy field recorded the highest aggregate recovery amounts (EUR 8.56 million) over the past five years in relation to ‘irregularities reported as fraudulent’ followed by policy areas ‘Education and culture’, ‘Foreign Policy Instruments’ and ‘Research and innovation’ (each amounting to around EUR 2 million). These four policy areas account for four fifths of the total recovery amounts related to ‘irregularities reported as fraudulent’ between 2012 and 2016.

Regarding ‘irregularities not reported as fraudulent’, the highest aggregate recovery amounts (EUR 98.56 million) were recorded in the policy area of ‘Mobility and

transport’ during the last five years. It is followed by ‘Research and innovation’ (EUR 84.52 million) and then by ‘Communications networks, content and technology’ (EUR 64.59 million) policy fields. These three policy areas account for over the half (57.4%) of the total recovery amounts related to ‘irregularities not reported as fraudulent’ over the past five years. A further one fifth (19.3%) of the aggregate recovery amounts were recorded in relation to policy fields ‘International Cooperation and Development’, ‘Education and culture’, and ‘Energy’. However, one has to bear in mind that compared to the overall payments made for the twenty policy fields, the irregularity rate remains close to zero, on average 0.572% for the period 2012-2016.

6.3.2. Recoveries according to legal entity residence

87.5% of the total number of recovery items qualified as irregular (whether reported as fraudulent or not) concerned legal entities resident of the European Union. It should be noted however, that the residence of the legal entity is not necessarily the same as that of the main beneficiary. Nevertheless, in 75.5% of these irregularities, the main beneficiary was also an EU Member State.

Table DM6 – Recoveries per country of residence of the legal entity, 2012-2016

LE Country name	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR	N	EUR	N
Austria	7 263 372	141	0	0
Belgium	28 652 329	814	807 678	16
Bulgaria	1 217 266	71	35 779	1
Croatia	2 504 569	48	755 003	4
Cyprus	3 779 649	50	0	0
Czech Republic	5 520 278	78	1210	1
Denmark	5 185 795	149	121 404	1
Estonia	1 457 424	39	0	0
Finland	3 164 355	135	0	0
France	39 151 112	929	983 847	5
Germany	39 332 914	825	803 686	10
Greece	16 337 509	327	1 112 924	7
Hungary	3 018 012	97	1 019 932	15
Ireland	5 274 155	93	0	0
Italy	50 748 921	794	7 834 740	76
Latvia	133 921	24	0	0
Lithuania	514 097	41	0	0
Luxembourg	1 552 991	29	0	0
Malta	2 652 011	32	0	0
Netherlands	31 593 845	679	134 928	2
Poland	3 133 737	94	63 835	2
Portugal	38 051 789	151	1 002 511	10
Romania	9 630 610	96	79 658	3
Slovakia	1 331 301	25	492 599	3
Slovenia	1 358 490	37	0	0
Spain	23348771	547	1 106 103	35
Sweden	18 204 481	254	262 575	4
United Kingdom	44 143 374	995	888 246	9
Total EU	388 257 079	7 594	17 506 658	204
<i>Total other countries</i>	<i>43 051 652</i>	<i>1082</i>	<i>1 403 321</i>	<i>13</i>
Grand Total	431 308 731	86 76	18 909 978	217

Table DM6 above summarises the total recoveries made in the past five years according to the legal entity country to which the payment was unduly disbursed.

6.3.3. Method of detection

For each recovery item, the Commission service issuing the recovery order has to indicate how the irregularity has been detected. Six different categories are pre-defined for this purpose, two of which fall under the direct responsibility of the European Commission: ‘Ex-ante controls’ and ‘Ex-post controls’. Table DM7 gives a breakdown of the recoveries by source of detection and by qualification in the last five years.

Table DM7 – Irregularities reported by source of detection and by qualification, 2012-2016

Source of detection 2012-2016	Irregularities not reported as fraudulent		Irregularities reported as fraudulent	
	EUR	N	EUR	N
Ex-ante controls	153 670 170	2 361	934 851	9
Ex-post controls	177 840 907	4 571	4 616 867	73
Other controls (ECA)	15 174 791	55	16 716	1
Other controls (Member States)	972 611	9	0	0
Other controls (OLAF)	3 287 999	23	12 707 119	126
Other controls (To identify) and n.a.	80 362 253	1 657	634 426	8
TOTAL	431 308 731	8 676	18 909 978	217

Regarding the ‘irregularities reported as fraudulent’, ‘OLAF’ has been marked as the source of detection in relation to 58.0% of recovery items corresponding to 67.2% of total recovery amounts. Meanwhile ‘Ex-post controls’ was the source of detection of 73 recovery items corresponding to also one quarter of the recovery amounts.

The 80% of ‘irregularities not reported as fraudulent’ were detected through Commission controls. There is an increasing tendency over the past five years both in terms of number and of financial value of cases detected due to the effective *ex-ante* and *ex-post* controls. Year 2016 represents so far the peak, 80.4% of recovery items (all irregularities) were detected by such controls involving 90.5% of total related irregular amounts.

6.3.4. Types of irregularity

The Commission services also have to indicate the type of irregularity in the recovery context for the respective recovery item in question. Several types can be attributed to one recovery item. It can be observed that irregularity type ‘Amount ineligible’ appears the most frequently in the past five years, followed by types ‘Documents missing’ and ‘Under-performance / non-performance’. Table DM8 provides the full picture regarding the frequency of occurrence of each type.

Table DM8 – Types of irregularity, 2012-2016

Type of irregularity 2012-2016	Irregularities not reported as fraudulent (frequency %)		Irregularities reported as fraudulent (frequency %)	
	Amount	Number	Amount	Number
Amount ineligible	53.2	72.0	61.0	50.9
Beneficiary	2.3	2.1	0.2	0.7
Documents missing	11.0	10.3	25.9	37.1
Double funding	6.9	1.3	3.2	3.1
Profit	0.4	0.4	0.6	0.3
Public procurement rules not respected	7.6	2.7	2.2	3.1
Under-performance / non-performance	16.3	8.0	3.7	3.1
(blank)	2.2	3.3	3.2	1.7

The same pattern of irregularity type frequency was observed last year taking into account the 2011-2015 periods.

6.3.5. *Time delay*

For the recovery items qualified as irregularities (both reported as fraudulent and not reported as fraudulent) issued between 2012 and 2016, the average delay between the occurrence of the irregularity and its detection is about 3 years. It should be noted however, that the average time delay is slightly lower for recovery items qualified as fraudulent (2.9 years) than for other non-fraudulent irregularities (3.2 years).

6.3.6. *Recovery*

Once a recovery order is issued, the beneficiary is requested to pay back the amount unduly received or the amount is offset from remaining payments for the beneficiary.

For the recovery orders issued between 2012 and 2016, 63.2% of the total irregular amounts have already been recovered. This percentage is exactly the same as for period 2011-2015. This means that about EUR 284 million out of the total recovery amount EUR 450 million has already been cashed. Yet, there are differences between the recovery rates for irregularities reported as fraudulent and those not reported as fraudulent. The recovery rate for 'irregularities reported as fraudulent' remains well below the recovery rate for 'irregularities not reported as fraudulent'. When looking at the five year period, the recovery rate for 'irregularities reported as fraudulent' is only 20.9%, meanwhile for 'irregularities not reported as fraudulent' it is higher, 65.0%.

COUNTRY FACTSHEETS

Belgium - Belgique/België

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	36	9 261 635	167	6 679 740	0.62%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			15	226 035	0.00%	0.04%
EAFRD			5	205 982	0.00%	0.36%
EAGF/EAFRD			1	10 731		
TOTAL	0	0	21	442 748	0.00%	0.07%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	3	401 569	53	1 047 139	0.01%	0.03%
EAFRD			25	569 716	0.00%	0.23%
EAGF/EAFRD			6	161 586		
TOTAL	3	401 569	84	1 778 441	0.01%	0.05%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	10	1	11	9%
Irregularities reported as fraudulent 2012-16	1	2	3	67%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	1	0	60	3 239 754	n/r	n/r
ERDF	0	0	35	1 462 541	n/r	n/r
ESF	1	0	25	1 777 214	n/r	n/r
Programming Period 2007-13 - cumulative	6	3 238 250	346	22 407 928	0.17%	1.17%
ERDF	3	1 936	127	5 403 263	0.00%	0.58%
ESF	3	3 236 314	219	17 004 665	0.33%	1.71%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	3		3	0%
Irregularities reported as fraudulent 2012-16*	7		7	0%

Bulgaria - България

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	11	436 567	2	52 150	0.54%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	3	1 051 320			0.14%	0.00%
EAFRD	57	11 056 186	40	3 713 584	4.29%	1.44%
EAGF/EAFRD						
TOTAL	60	12 107 506	40	3 713 584	1.21%	0.37%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	25	2 922 163	17	2 298 022	0.10%	0.08%
EAFRD	137	17 148 044	101	17 901 045	0.97%	1.02%
EAGF/EAFRD	1	25 105				
TOTAL	163	20 095 312	118	20 199 067	0.42%	0.43%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	167	59	226	26%
Irregularities reported as fraudulent 2012-16	131	32	163	20%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	4	565 873	140	33 534 541	n/r	n/r
CF	0	0	38	22 539 265	n/r	n/r
ERDF	2	486 021	84	10 044 524	n/r	n/r
ESF	2	79 853	18	950 752	n/r	n/r
Programming Period 2007-13 - cumulative	34	7 348 544	701	112 681 317	0.13%	2.00%
CF	1	5 019 507	195	52 927 499	0.27%	2.88%
ERDF	11	790 358	408	52 315 677	0.03%	1.96%
ESF	22	1 538 679	98	7 438 141	0.14%	0.67%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	25	2	27	7%
Irregularities reported as fraudulent 2012-16	27	1	28	4%

Czech Republic - Česká republika

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	2	140 600	80	5 298 065	1.73%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	4	18 233	5	265 107	0.00%	0.03%
EAFRD	10	834 014	37	2 482 278	0.24%	0.72%
EAGF/EAFRD						
TOTAL	14	852 246	42	2 747 385	0.07%	0.23%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	14	5 788 304	52	26 098 347	0.14%	0.61%
EAFRD	39	69 771 598	278	265 908 343	4.34%	16.55%
EAGF/EAFRD						
TOTAL	53	75 559 902	330	292 006 690	1.29%	4.99%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	24	1	25	4%
Irregularities reported as fraudulent 2012-16	47	6	53	11%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	37	30 467 351	409	111 433 627	n/r	n/r
CF	2	20 607	73	41 726 918	n/r	n/r
ERDF	27	28 941 805	221	53 618 457	n/r	n/r
ESF	8	1 504 939	115	16 088 252	n/r	n/r
Programming Period 2007-13 - cumulative	149	228 389 445	4 027	1 256 214 563	1.04%	5.72%
CF	11	17 422 031	362	131 329 741	0.25%	1.88%
ERDF	99	207 877 962	2 132	1 019 706 638	1.78%	8.75%
ESF	39	3 089 452	1 533	105 178 183	0.09%	3.13%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	48	5	53	9%
Irregularities reported as fraudulent 2012-16*	137	5	142	4%

* Includes different programming periods

Denmark - Danmark

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	5	8 581 374	73	3 720 877	2.93%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	2	45 627	5	260 698	0.01%	0.03%
EAFRD	2	209 103	18	3 271 972	0.18%	2.77%
EAGF/EAFRD						
TOTAL	4	254 730	23	3 532 670	0.03%	0.36%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	78	27 724 550	79	17 188 712	0.60%	0.37%
EAFRD	3	212 058	55	15 306 644	0.05%	3.94%
EAGF/EAFRD						
TOTAL	81	27 936 608	134	32 495 357	0.56%	0.65%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	118		118	0%
Irregularities reported as fraudulent 2012-16	80	1	81	1%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	13	629 008	n/r	n/r
ERDF			7	383 330	n/r	n/r
ESF			6	245 678	n/r	n/r
Programming Period 2007-13 - cumulative	1	201 898	33	1 278 670	0.04%	0.26%
ERDF	1	201 898	18	755 591	0.08%	0.31%
ESF			15	523 079	0.00%	0.22%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13			0	#DIV/0!
Irregularities reported as fraudulent 2012-16	1		1	0%

Germany - Deutschland

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	93	5 112 337	1 489	67 203 731	1.39%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	1	26 079	23	637 380	0.00%	0.01%
EAFRD	2	205 754	45	2 251 291	0.02%	0.20%
EAGF/EAFRD			2	156 517		
TOTAL	3	231 833	70	3 045 188	0.00%	0.05%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	10	1 360 843	194	4 401 979	0.01%	0.02%
EAFRD	15	1 438 900	266	10 695 212	0.03%	0.20%
EAGF/EAFRD			3	177 297		
TOTAL	25	2 799 744	463	15 274 488	0.01%	0.05%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	17	4	21	19%
Irregularities reported as fraudulent 2012-16	21	4	25	16%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	24	5 508 712	256	24 133 915	n/r	n/r
ERDF	4	2 403 613	177	19 010 496	n/r	n/r
ESF	20	3 105 098	79	5 123 419	n/r	n/r
Programming Period 2007-13 - cumulative	221	32 603 668	1 374	112 056 581	0.14%	0.48%
ERDF	41	12 702 610	905	85 745 178	0.09%	0.58%
ESF	180	19 901 059	469	26 311 403	0.23%	0.30%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	183	124	307	40%
Irregularities reported as fraudulent 2012-16*	196	19	215	9%

* Includes different programming periods

Estonia - Eesti

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	1	0	3	63 879	0.19%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF					0.00%	0.00%
EAFRD	5	1 735 030	18	713 094	1.32%	0.54%
EAGF/EAFRD						
TOTAL	5	1 735 030	18	713 094	0.68%	0.28%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			12		0.00%	0.00%
EAFRD	30	10 360 149	152	4 855 816	2.47%	1.16%
EAGF/EAFRD						
TOTAL	30	10 360 149	164	4 855 816	1.10%	0.52%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	19	4	23	17%
Irregularities reported as fraudulent 2012-16	27	3	30	10%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	9	3 958 131	21	766 978	n/r	n/r
CF	1	422 969			n/r	n/r
ERDF	7	3 346 162	20	735 022	n/r	n/r
ESF	1	189 000	1	31 956	n/r	n/r
Programming Period 2007-13 - cumulative	21	7 613 236	367	30 125 508	0.24%	0.93%
CF	5	2 691 616	16	2 552 499	0.25%	0.23%
ERDF	14	4 700 664	296	26 274 164	0.27%	1.49%
ESF	2	220 956	55	1 298 846	0.06%	0.35%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	6	4	10	40%
Irregularities reported as fraudulent 2012-16*	18	3	21	14%

* Includes different programming periods

Ireland - Éire

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	3	445 574	28	4 561 472	1.40%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			28	523 623	0.00%	0.04%
EAFRD			33	856 953	0.00%	0.21%
EAGF/EAFRD						
TOTAL	0	0	61	1 380 576	0.00%	0.08%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	3	77 418	402	8 377 705	0.00%	0.13%
EAFRD	32	385 305	122	4 355 186	0.03%	0.32%
EAGF/EAFRD						
TOTAL	35	462 723	524	12 732 891	0.01%	0.17%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	4		4	0%
Irregularities reported as fraudulent 2012-16	32	3	35	9%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	39	5 146 539	n/r	n/r
ERDF			10	811 685	n/r	n/r
ESF			29	4 334 855	n/r	n/r
Programming Period 2007-13 - cumulative	2	15 672	173	11 778 216	0.00%	1.74%
ERDF			21	1 429 426	0.00%	0.42%
ESF	2	15 672	152	10 348 790	0.00%	3.10%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	3		3	0%
Irregularities reported as fraudulent 2012-16			0	#DIV/0!

* Includes different programming periods

Greece - Ελλάδα

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	30	5 594 313	8	8 599 250	7.17%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			26	442 876	0.00%	0.02%
EAFRD	2	38 015	93	1 608 901	0.01%	0.22%
EAGF/EAFRD						
TOTAL	2	38 015	119	2 051 777	0.00%	0.07%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	17	1 806 632	107	41 574 621	0.02%	0.36%
EAFRD	18	752 593	313	6 556 670	0.03%	0.30%
EAGF/EAFRD						
TOTAL	35	2 559 226	420	48 131 291	0.02%	0.35%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	28	1	29	3%
Irregularities reported as fraudulent 2012-16	34	1	35	3%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	16	3 359 857	552	180 496 798	n/r	n/r
CF			28	3 173 474	n/r	n/r
ERDF	10	3 188 662	417	166 480 576	n/r	n/r
ESF	6	171 195	107	10 842 748	n/r	n/r
Programming Period 2007-13 - cumulative	45	11 779 140	1 466	562 133 471	0.06%	2.84%
CF			110	57 460 203	0.00%	1.57%
ERDF	36	11 558 611	1 148	466 383 816	0.10%	3.88%
ESF	9	220 530	208	38 289 452	0.01%	0.92%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	22	7	29	24%
Irregularities reported as fraudulent 2012-16*	52	7	59	12%

* Includes different programming periods

Spain - España

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	42	2 972 087	242	41 581 643	2.36%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	1	19 319	122	8 799 350	0.00%	0.16%
EAFRD	9	561 449	192	12 901 817	0.06%	1.43%
EAGF/EAFRD						
TOTAL	10	580 768	314	21 701 167	0.01%	0.33%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	25	1 264 429	956	38 885 003	0.00%	0.14%
EAFRD	27	1 357 130	916	72 115 076	0.03%	1.54%
EAGF/EAFRD						
TOTAL	52	2 621 559	1872	111 000 079	0.01%	0.33%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	22	1	23	4%
Irregularities reported as fraudulent 2012-16	52		52	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	7	5 213 134	2 599	304 079 926	n/r	n/r
CF			47	25 460 745	n/r	n/r
ERDF	7	5 213 134	2 497	275 268 866	n/r	n/r
ESF			55	3 350 315	n/r	n/r
Programming Period 2007-13 - cumulative	117	17 036 352	8 429	1 221 684 443	0.06%	4.21%
CF	2	95 639	210	49 598 244	0.00%	1.47%
ERDF	110	16 526 011	7 785	1 135 520 691	0.08%	5.77%
ESF	5	414 702	434	36 565 508	0.01%	0.61%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	17	2	19	11%
Irregularities reported as fraudulent 2012-16*	116		116	0%

* Includes different programming periods

France

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	83	28 785 027	234	21 343 994	2.45%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	18	2 533 258	76	6 743 906	0.04%	0.09%
EAFRD	4	842 554	131	2 847 052	0.12%	0.41%
EAGF/EAFRD						
TOTAL	22	3 375 812	207	9 590 957	0.04%	0.12%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	50	28 499 420	422	56 763 975	0.07%	0.14%
EAFRD	6	913 958	355	7 497 900	0.02%	0.19%
EAGF/EAFRD						
TOTAL	56	29 413 378	777	64 261 875	0.06%	0.14%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	13		13	0%
Irregularities reported as fraudulent 2012-16	55	1	56	2%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	80	8 970 768	n/r	n/r
ERDF			25	7 594 188	n/r	n/r
ESF			55	1 376 580	n/r	n/r
Programming Period 2007-13 - cumulative	5	2 886 409	377	56 853 843	0.02%	0.45%
ERDF	1	197 681	228	38 770 755	0.00%	0.53%
ESF	4	2 688 728	149	18 083 088	0.05%	0.35%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	1	1	2	50%
Irregularities reported as fraudulent 2012-16	5		5	0%

* Includes different programming periods

Croatia - Hrvatska

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	5	342 006	12	589 781	1.60%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			6	182 252	0.00%	0.10%
EAFRD	10	2 575 582	17	317 999	1.70%	0.21%
EAGF/EAFRD						
TOTAL	10	2 575 582	23	500 251	0.75%	0.15%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			7	317 686	0.00%	0.11%
EAFRD	10	2 575 582	17	317 999	1.70%	0.21%
EAGF/EAFRD						
TOTAL	10	2 575 582	24	635 685	0.59%	0.15%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2012-16	10		10	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	1	92 949	7	2 220 316	n/r	n/r
CF					n/r	n/r
ERDF	1	92 949	6	2 199 748	n/r	n/r
ESF			1	20 569	n/r	n/r
Programming Period 2007-13 - cumulative	4	2 277 409	8	2 222 747	0.41%	0.40%
CF					0.00%	0.00%
ERDF	2	2 231 541	7	2 202 179	0.90%	0.89%
ESF	2	45 868	1	20 569	0.04%	0.02%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13			0	#DIV/0!
Irregularities reported as fraudulent 2012-16	4		4	0%

Italy - Italia

1. Traditional Own Resources

Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	22	6 548 191	89	17 235 008	1.06%

2. Natural Resources

Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	12	703 791	397	40 051 492	0.02%	0.89%
EAFRD	7	1 975 382	317	20 775 502	0.20%	2.12%
EAGF/EAFRD	1	27 836	20	1 436 462		
TOTAL	20	2 707 009	734	62 263 456	0.05%	1.14%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	194	48 850 311	1 332	79 736 888	0.21%	0.35%
EAFRD	71	7 455 768	874	42 065 039	0.13%	0.71%
EAGF/EAFRD	15	2 242 771	44	4 485 185		
TOTAL	280	58 548 849	2250	126 287 112	0.20%	0.44%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	301	11	312	4%
Irregularities reported as fraudulent 2012-16	268	12	280	4%

3. Cohesion Policy

Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	155	47 139 562	n/r	n/r
ERDF			95	45 430 263	n/r	n/r
ESF			60	1 709 299	n/r	n/r
Programming Period 2007-13 - cumulative	77	297 900 897	1 068	341 196 237	1.34%	1.54%
ERDF	64	295 707 983	910	322 189 557	1.85%	2.02%
ESF	13	2 192 915	158	19 006 679	0.04%	0.31%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	306	15	321	5%
Irregularities reported as fraudulent 2012-16*	136	2	138	1%

* Includes different programming periods

Cyprus - Κύπρος

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	7	332 446	0	0	1.26%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	0		0		0.00%	0.00%
EAFRD	0		0		0.00%	0.00%
EAGF/EAFRD						
TOTAL	0	0	0	0	0.00%	0.00%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	2	81 332	19	939 181	0.03%	0.35%
EAFRD	4	170 890	26	801 282	0.17%	0.80%
EAGF/EAFRD						
TOTAL	6	252 222	45	1 740 463	0.07%	0.47%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	0		0	#DIV/0!
Irregularities reported as fraudulent 2012-16	6		6	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	6	265 074	n/r	n/r
CF			1	15 666	n/r	n/r
ERDF			2	32 425	n/r	n/r
ESF			3	216 983	n/r	n/r
Programming Period 2007-13 - cumulative	5	328 774	24	1 136 238	0.06%	0.20%
CF			1	15 666	0.00%	0.01%
ERDF	3	315 249	13	257 548	0.12%	0.10%
ESF	2	13 526	10	863 024	0.01%	0.76%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	3	1	4	25%
Irregularities reported as fraudulent 2012-16	4	1	5	20%

Latvia - Latvija

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	12	661 068	15	2 523 277	7.35%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF					0.00%	0.00%
EAFRD	12	987 285	15	620 012	0.57%	0.36%
EAGF/EAFRD						
TOTAL	12	987 285	15	620 012	0.27%	0.17%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			2	21 143	0.00%	0.00%
EAFRD	34	2 365 281	113	3 611 278	0.35%	0.53%
EAGF/EAFRD						
TOTAL	34	2 365 281	115	3 632 422	0.16%	0.25%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	5	2	7	29%
Irregularities reported as fraudulent 2012-16	32	2	34	6%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	12	10 601 187	175	40 042 783	n/r	n/r
CF			54	21 230 882	n/r	n/r
ERDF	12	10 601 187	118	18 452 091	n/r	n/r
ESF			3	359 810	n/r	n/r
Programming Period 2007-13 - cumulative	88	41 617 498	498	99 930 147	0.97%	2.32%
CF	1	504	67	22 307 584	0.00%	1.53%
ERDF	76	41 460 542	380	71 937 875	1.81%	3.15%
ESF	11	156 451	51	5 684 689	0.03%	1.03%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	40	6	46	13%
Irregularities reported as fraudulent 2012-16	74	8	82	10%

* Includes different programming periods

Lithuania - Lietuva

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	10	266 102	16	1 055 777	1.36%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			18	270 522	0.00%	0.06%
EAFRD	11	2 087 218	74	4 308 426	0.76%	1.56%
EAGF/EAFRD						
TOTAL	11	2 087 218	92	4 578 948	0.29%	0.64%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			138	5 725 135	0.00%	0.30%
EAFRD	37	13 319 249	480	61 950 748	1.24%	5.77%
EAGF/EAFRD						
TOTAL	37	13 319 249	618	67 675 883	0.45%	2.26%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	5		5	0%
Irregularities reported as fraudulent 2012-16	37		37	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	3	359 879	28	3 707 610	n/r	n/r
CF					n/r	n/r
ERDF	1	110 589	19	3 480 388	n/r	n/r
ESF	2	249 290	9	227 222	n/r	n/r
Programming Period 2007-13 - cumulative	14	1 818 634	493	126 185 765	0.03%	1.96%
CF	4	732 148	155	87 299 870	0.03%	3.99%
ERDF	5	526 379	308	37 729 768	0.02%	1.15%
ESF	5	560 108	30	1 156 126	0.06%	0.12%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	12		12	0%
Irregularities reported as fraudulent 2012-16	8	2	10	20%

* Includes different programming periods

Luxembourg

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	0	0	0	0	0.00%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF					0.00%	0.00%
EAFRD					0.00%	0.00%
EAGF/EAFRD						
TOTAL	0	0	0	0	0.00%	0.00%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			1	8 046	0.00%	0.00%
EAFRD	1	252 050			0.57%	0.00%
EAGF/EAFRD						
TOTAL	1	252 050	1	8 046	0.12%	0.00%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	1		1	0%
Irregularities reported as fraudulent 2012-16	1		1	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	0	0	n/r	n/r
ERDF					n/r	n/r
ESF					n/r	n/r
Programming Period 2007-13 - cumulative	0	0	8	210 788	0.00%	0.44%
ERDF					0.00%	0.00%
ESF			8	210 788	0.00%	0.88%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13			0	#DIV/0!
Irregularities reported as fraudulent 2012-16			0	#DIV/0!

Hungary - Magyarország

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	2	88 762	14	4 126 454	2.37%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	9	813 620	28	1 867 952	0.06%	0.14%
EAFRD	15	340 538	130	4 566 455	0.10%	1.33%
EAGF/EAFRD						
TOTAL	24	1 154 158	158	6 434 407	0.07%	0.39%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	42	8 305 217	602	10 236 723	0.13%	0.16%
EAFRD	211	11 837 708	863	39 446 980	0.54%	1.79%
EAGF/EAFRD						
TOTAL	253	20 142 925	1465	49 683 703	0.23%	0.57%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	66	7	73	10%
Irregularities reported as fraudulent 2012-16	248	5	253	2%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	21	1 844 119	555	105 640 932	n/r	n/r
CF			32	8 354 209	n/r	n/r
ERDF	20	1 734 979	456	83 907 163	n/r	n/r
ESF	1	109 140	67	13 379 559	n/r	n/r
Programming Period 2007-13 - cumulative	83	7 179 221	1 582	225 870 845	0.03%	1.03%
CF	2	126 056	125	31 456 305	0.00%	0.39%
ERDF	68	5 867 134	1 248	164 378 880	0.05%	1.49%
ESF	13	1 186 031	209	30 035 660	0.04%	1.02%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	12		12	0%
Irregularities reported as fraudulent 2012-16	79		79	0%

* Includes different programming periods

Malta

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	1	167 040	0	0	1.11%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF					0.00%	0.00%
EAFRD					0.00%	0.00%
EAGF/EAFRD						
TOTAL	0	0	0	0	0.00%	0.00%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			1	75 099	0.00%	0.27%
EAFRD	6	175 628	10	206 044	0.39%	0.46%
EAGF/EAFRD						
TOTAL	6	175 628	11	281 143	0.24%	0.39%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	5		5	0%
Irregularities reported as fraudulent 2012-16	6		6	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	13	10 955 650	n/r	n/r
CF			2	10 601 108	n/r	n/r
ERDF			3	120 049	n/r	n/r
ESF			8	234 494	n/r	n/r
Programming Period 2007-13 - cumulative	15	266 825	58	13 429 938	0.04%	1.96%
CF			5	10 704 824	0.00%	4.74%
ERDF	15	266 825	37	2 306 126	0.07%	0.63%
ESF			16	418 988	0.00%	0.46%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	14		14	0%
Irregularities reported as fraudulent 2012-16	15		15	0%

Netherlands - Nederland

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	6	261 626	517	147 056 822	4.96%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			25	967 117	0.00%	0.12%
EAFRD			19	357 209	0.00%	0.49%
EAGF/EAFRD						
TOTAL	0	0	44	1 324 326	0.00%	0.15%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	4	53 250 160	272	20 881 118	1.23%	0.48%
EAFRD			291	9 388 976	0.00%	2.24%
EAGF/EAFRD						
TOTAL	4	53 250 160	563	30 270 094	1.12%	0.64%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	5		5	0%
Irregularities reported as fraudulent 2012-16	2	2	4	50%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	2	0	19	2 704 536	n/r	n/r
ERDF			14	386 731	n/r	n/r
ESF	2		5	2 317 805	n/r	n/r
Programming Period 2007-13 - cumulative	12	3 903 370	286	25 845 430	0.26%	1.71%
ERDF			234	17 894 787	0.00%	2.44%
ESF	12	3 903 370	52	7 950 643	0.50%	1.02%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	2		2	0%
Irregularities reported as fraudulent 2012-16	12		12	0%

* Includes different programming periods

Austria - Österreich

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	14	5 716 261	47	10 535 675	6.07%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	1	13 000			0.00%	0.00%
EAFRD	1	14 444	10	257 725	0.00%	0.04%
EAGF/EAFRD						
TOTAL	2	27 444	10	257 725	0.00%	0.02%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	4	43 030	33	917 774	0.00%	0.03%
EAFRD	5	44 206	50	975 737	0.00%	0.04%
EAGF/EAFRD						
TOTAL	9	87 236	83	1 893 511	0.00%	0.03%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	9	1	10	10%
Irregularities reported as fraudulent 2012-16	8	1	9	11%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	33	2 143 370	n/r	n/r
<i>ERDF</i>			18	778 042	n/r	n/r
<i>ESF</i>			15	1 365 328	n/r	n/r
Programming Period 2007-13 - cumulative	7	1 155 265	271	21 267 967	0.11%	1.94%
<i>ERDF</i>	6	1 144 354	221	18 753 828	0.19%	3.15%
<i>ESF</i>	1	10 911	50	2 514 139	0.00%	0.50%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	8	1	9	11%
Irregularities reported as fraudulent 2012-16	1	1	2	50%

* Includes different programming periods

Poland - Polska

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	92	3 101 717	74	4 084 106	0.97%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	26	5 882 034	15	902 353	0.16%	0.03%
EAFRD	71	7 138 919	302	20 816 554	0.65%	1.88%
EAGF/EAFRD						
TOTAL	97	13 020 953	317	21 718 907	0.28%	0.46%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	117	41 444 983	236	16 124 608	0.25%	0.10%
EAFRD	227	13 863 075	1 041	38 863 498	0.17%	0.49%
EAGF/EAFRD	2	145 420	7	184 558		
TOTAL	346	55 453 478	1284	55 172 664	0.23%	0.23%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	144	29	173	17%
Irregularities reported as fraudulent 2012-16	316	30	346	9%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	52	32 314 357	1 062	302 590 368	n/r	n/r
CF			36	8 962 205	n/r	n/r
ERDF	36	30 460 673	972	288 812 907	n/r	n/r
ESF	16	1 853 685	54	4 815 256	n/r	n/r
Programming Period 2007-13 - cumulative	273	394 668 263	5 017	1 121 191 504	0.62%	1.76%
CF	8	166 033 161	201	251 040 834	0.78%	1.18%
ERDF	214	221 040 852	4 288	826 879 323	0.67%	2.51%
ESF	51	7 594 249	528	43 271 347	0.08%	0.46%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	139	16	155	10%
Irregularities reported as fraudulent 2012-16*	211	13	224	6%

* Includes different programming periods

Portugal

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	0	0	15	6 461 250	3.73%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	2	59 665	43	1 387 364	0.01%	0.18%
EAFRD	2	5 974 172	416	17 339 515	0.80%	2.32%
EAGF/EAFRD						
TOTAL	4	6 033 837	459	18 726 879	0.40%	1.24%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	5	1 987 116	325	7 021 763	0.05%	0.19%
EAFRD	12	6 556 785	944	41 259 941	0.22%	1.36%
EAGF/EAFRD						
TOTAL	17	8 543 901	1269	48 281 704	0.13%	0.71%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	2	1	3	33%
Irregularities reported as fraudulent 2012-16	14	3	17	18%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	6	8 325 565	156	10 846 380	n/r	n/r
CF			13	907 078	n/r	n/r
ERDF	5	8 051 757	82	7 717 424	n/r	n/r
ESF	1	273 808	61	2 221 877	n/r	n/r
Programming Period 2007-13 - cumulative	33	89 457 385	812	114 346 984	0.44%	0.56%
CF	1	91 452	76	7 355 299	0.00%	0.25%
ERDF	14	67 959 513	422	92 386 298	0.62%	0.85%
ESF	18	21 406 419	314	14 605 388	0.33%	0.22%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	62	1	63	2%
Irregularities reported as fraudulent 2012-16	31		31	0%

* Includes different programming periods

Romania - România

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	16	2 943 686	41	3 243 332	3.03%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	47	1 226 209	205	11 106 728	0.08%	0.71%
EAFRD	61	12 781 475	399	30 262 398	1.12%	2.65%
EAGF/EAFRD						
TOTAL	108	14 007 684	604	41 369 126	0.52%	1.53%
Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	169	17 069 014	834	134 961 491	0.26%	2.05%
EAFRD	209	117 617 072	2 411	522 130 345	2.12%	9.43%
EAGF/EAFRD						
TOTAL	378	134 686 086	3245	657 091 836	1.11%	5.42%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	103	8	111	7%
Irregularities reported as fraudulent 2012-16	320	58	378	15%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	93	47 678 111	522	101 605 519	n/r	n/r
CF			60	23 655 834	n/r	n/r
ERDF	86	47 015 925	294	66 546 471	n/r	n/r
ESF	7	662 186	168	11 403 214	n/r	n/r
Programming Period 2007-13 - cumulative	233	138 338 305	1 814	375 185 388	1.04%	2.82%
CF	3	21 431 333	291	144 271 328	0.44%	2.97%
ERDF	161	106 782 177	959	194 002 217	1.75%	3.18%
ESF	69	10 124 795	564	36 911 842	0.43%	1.56%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	61	1	62	2%
Irregularities reported as fraudulent 2012-16	226	2	228	1%

Slovenia - Slovenija

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	0	0	1	25 222	0.03%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF					0.00%	0.00%
EAFRD			11	429 072	0.00%	0.33%
EAGF/EAFRD						
TOTAL	0	0	11	429 072	0.00%	0.16%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	9	427 838	10	404 306	0.06%	0.06%
EAFRD	5	785 522	62	1 586 511	0.15%	0.30%
EAGF/EAFRD						
TOTAL	14	1 213 360	72	1 990 816	0.10%	0.16%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	13	1	14	7%
Irregularities reported as fraudulent 2012-16	14		14	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	2	660 070	42	4 348 776	n/r	n/r
CF	1	491 175	5	1 643 083	n/r	n/r
ERDF	1	168 895	23	2 276 680	n/r	n/r
ESF			14	429 013	n/r	n/r
Programming Period 2007-13 - cumulative	27	26 233 107	247	49 183 075	0.67%	1.26%
CF	1	491 175	23	10 797 731	0.04%	0.81%
ERDF	20	25 611 773	152	34 530 631	1.39%	1.88%
ESF	6	130 159	72	3 854 713	0.02%	0.54%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	7	5	12	42%
Irregularities reported as fraudulent 2012-16	17	6	23	26%

Slovakia - Slovensko

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	3	707 196	13	292 640	0.81%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	1	1 483	9	147 109	0.00%	0.03%
EAFRD			25	2 084 021	0.00%	1.00%
EAGF/EAFRD			1	21 183		
TOTAL	1	1 483	35	2 252 313	0.00%	0.35%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	1	1 483	29	680 385	0.00%	0.03%
EAFRD	23	6 853 089	154	15 549 432	0.75%	1.69%
EAGF/EAFRD			2	39 994		
TOTAL	24	6 854 573	185	16 269 811	0.24%	0.57%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	4	1	5	20%
Irregularities reported as fraudulent 2012-16	24		24	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	96	81 982 989	496	440 010 367	n/r	n/r
CF	7	10 006 365	70	301 281 433	n/r	n/r
ERDF	67	60 579 925	291	119 792 572	n/r	n/r
ESF	22	11 396 700	135	18 936 362	n/r	n/r
Programming Period 2007-13 - cumulative	162	139 777 430	1 696	1 087 574 138	1.43%	11.10%
CF	13	14 482 445	212	549 694 667	0.42%	15.81%
ERDF	98	104 174 864	965	478 237 779	2.11%	9.71%
ESF	51	21 120 122	519	59 641 692	1.52%	4.28%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	31	5	36	14%
Irregularities reported as fraudulent 2012-16*	141	9	150	6%

* Includes different programming periods

Finland – Suomi-Finland

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	6	119 457	34	2 000 001	1.27%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF					0.00%	0.00%
EAFRD			21	390 814	0.00%	0.09%
EAGF/EAFRD						
TOTAL	0	0	21	390 814	0.00%	0.04%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			18	618 135	0.00%	0.02%
EAFRD			67	1 317 279	0.00%	0.09%
EAGF/EAFRD						
TOTAL	0	0	85	1 935 415	0.00%	0.05%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	0		0	#DIV/0!
Irregularities reported as fraudulent 2012-16	0		0	#DIV/0!

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	17	366 745	n/r	n/r
ERDF			13	193 689	n/r	n/r
ESF			4	173 056	n/r	n/r
Programming Period 2007-13 - cumulative	1	179 375	73	2 649 237	0.01%	0.17%
ERDF	1	179 375	52	1 823 629	0.02%	0.20%
ESF			21	825 609	0.00%	0.14%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	3	1	4	25%
Irregularities reported as fraudulent 2012-16*	2		2	0%

* Includes different programming periods

Sweden - Sverige

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	2	101 720	96	6 360 043	1.01%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	1				0.00%	0.00%
EAFRD			4	93 164	0.00%	0.04%
EAGF/EAFRD						
TOTAL	1	0	4	93 164	0.00%	0.01%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	2	71 429	39	6 905 816	0.00%	0.20%
EAFRD	4	436 273	103	29 714 251	0.04%	2.74%
EAGF/EAFRD			1	534 806		
TOTAL	6	507 702	143	37 154 873	0.01%	0.81%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	6		6	0%
Irregularities reported as fraudulent 2012-16	6		6	0%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	0	0	5	212 081	n/r	n/r
ERDF			4	188 447	n/r	n/r
ESF			1	23 634	n/r	n/r
Programming Period 2007-13 - cumulative	4	66 797	139	7 002 764	0.00%	0.45%
ERDF	2	29 027	92	5 027 432	0.00%	0.57%
ESF	2	37 770	47	1 975 333	0.01%	0.30%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	3		3	0%
Irregularities reported as fraudulent 2012-16	3		3	0%

* Includes different programming periods

United Kingdom

1. Traditional Own Resources					
Reporting Year 2015	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		OWNRES / gross TOR
	N	EUR	N	EUR	%
Established and estimated	9	297 577	824	89 063 434	2.26%

2. Natural Resources						
Irregularities reported in 2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF			10	113 997	0.00%	0.00%
EAFRD	3	80 766	37	1 265 774	0.01%	0.15%
EAGF/EAFRD						
TOTAL	3	80 766	47	1 379 771	0.00%	0.03%

Irregularities reported 2012-2016						
Fund	Irregularities reported as fraudulent		Irregularities not reported as fraudulent		FDR	IDR
	N	EUR	N	EUR	%	%
EAGF	4	377 449	197	4 054 505	0.00%	0.03%
EAFRD	14	484 244	264	5 751 366	0.01%	0.16%
EAGF/EAFRD						
TOTAL	18	861 693	461	9 805 871	0.00%	0.05%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13	8	2	10	20%
Irregularities reported as fraudulent 2012-16	14	4	18	22%

3. Cohesion Policy						
Period / Fund	Irregularities reported as fraudulent		Irregularities not reported as		FDR	IDR
	N	EUR	N	EUR	%	%
Programming Period 2007-13 - reporting year 2016	5	1 360 168	616	37 839 997	n/r	n/r
ERDF	2	43 633	375	20 722 162	n/r	n/r
ESF	3	1 316 535	241	17 117 834	n/r	n/r
Programming Period 2007-13 - cumulative	46	11 399 414	3 175	201 562 333	0.13%	2.32%
ERDF	21	2 408 293	1 869	116 409 182	0.05%	2.44%
ESF	25	8 991 121	1 306	85 153 151	0.23%	2.17%

Ratio of established fraud	Suspected fraud	Established fraud	TOTAL	REF
	N	N	N	%
Irregularities reported as fraudulent 2009-13*	40	8	48	17%
Irregularities reported as fraudulent 2012-16*	36	1	37	3%

* Includes different programming periods

ANNEXES

ANNEX 1

**TOR: Total number of fraudulent and non-fraudulent cases with the related estimated and established amount
2012-2016**

MS	2012		2013		2014		2015		2016	
	N	EUR	N	EUR	N	EUR	N	EUR	N	EUR
BE	205	58,319,281	185	44,082,859	147	19,188,336	245	15,194,552	203	15,941,375
BG	15	371,562	31	1,177,920	28	9,197,704	27	745,534	13	488,717
CZ	74	2,888,811	57	3,059,992	83	11,731,780	72	3,489,078	82	5,438,665
DK	60	4,935,330	42	2,326,405	71	5,352,853	91	7,581,470	78	12,302,250
DE	1,736	112,980,721	1,823	124,135,259	1,779	99,962,695	2,132	140,894,022	1,582	72,316,067
EE	5	117,895	4	1,439,374	8	249,167	9	247,557	4	63,879
IE	33	3,312,477	23	1,996,250	28	4,313,814	32	3,340,624	31	5,007,046
EL	64	7,952,936	35	3,817,406	48	12,188,688	57	16,692,582	38	14,193,563
ES	455	41,214,398	388	30,816,723	412	50,410,273	318	25,021,989	284	44,553,730
FR	343	24,594,121	371	25,496,974	424	47,872,269	372	29,510,094	317	50,129,021
HR			8	155,090	10	817,386	14	1,198,497	17	931,788
IT	235	18,981,098	274	27,622,796	155	62,508,566	152	14,017,543	111	23,783,199
CY	4	167,393	15	1,057,620	11	162,729	4	127,072	7	332,446
LV	29	2,756,706	20	1,043,657	27	1,838,210	30	1,995,004	27	3,184,345
LT	37	750,695	46	2,603,287	49	2,892,165	47	1,325,639	26	1,321,879
LU	0	0	0	0	0	0	0	0	0	0
HU	38	989,589	45	1,243,659	86	2,192,431	27	1,058,841	16	4,215,216
MT	3	447,667	4	444,171	4	1,466,945	5	623,612	1	167,040
NL	531	83,171,927	433	39,843,332	394	43,199,356	458	109,674,374	523	147,318,448
AT	57	2,977,444	63	2,598,048	81	6,389,271	74	3,783,639	61	16,251,936
PL	137	4,264,639	107	8,252,060	213	10,891,733	129	5,161,022	166	7,185,823
PT	25	1,045,111	31	1,869,964	58	3,652,681	22	3,764,190	15	6,461,250
RO	62	30,964,134	80	4,424,446	75	7,466,661	93	8,427,875	57	6,187,018
SI	23	694,717	13	382,986	19	1,201,576	12	446,511	1	25,222
SK	20	1,562,308	8	1,744,504	35	1,753,766	9	592,183	16	999,836
FI	35	3,594,054	43	2,505,185	35	1,446,295	38	1,739,021	40	2,119,459
SE	58	6,319,584	63	10,841,880	71	4,197,000	76	3,189,706	98	6,461,763
UK	1,024	64,163,322	1,178	77,514,445	1,197	72,431,915	969	45,353,460	833	89,361,012
TOTAL	5,308	479,537,920	5,390	422,496,292	5,548	484,976,265	5,514	445,195,690	4,647	536,741,991

ANNEX 2

(The number of irregularities reported as fraudulent measures the results of efforts by Member States to counter fraud and other illegal activities affecting EU financial interests; it should not be interpreted as the level of fraud in their territories)

TOR: Total number of fraudulent cases with the related estimated and established amount 2012-2016										
MS	2012		2013		2014		2015		2016	
	N	EUR	N	EUR	N	EUR	N	EUR	N	EUR
BE	38	49,475,291	38	35,280,252	26	13,175,503	43	7,501,342	36	9,261,635
BG	10	87,135	17	324,233	24	9,060,924	23	648,683	11	436,567
CZ	0	0	3	27,195	0	0	2	44,774	2	140,600
DK	8	776,806	4	714,341	2	698,402	6	4,012,918	5	8,581,374
DE	193	8,761,247	194	14,937,925	143	14,982,689	158	29,195,606	93	5,112,337
EE	0	0	0	0	2	108,304	5	134,899	1	0
IE	5	1,774,699	4	519,759	4	2,249,080	8	1,544,668	3	445,574
EL	63	7,930,165	32	3,768,336	35	9,953,507	34	13,390,124	30	5,594,313
ES	337	34,891,132	144	14,237,412	121	33,845,262	75	4,956,829	42	2,972,087
FR	79	8,035,738	110	7,109,328	134	33,861,348	100	15,353,630	83	28,785,027
HR	0	0	5	98,812	8	683,949	5	439,024	5	342,006
IT	92	9,541,015	138	12,311,232	51	54,371,321	40	5,689,688	22	6,548,191
CY	0	0	1	76,603	2	22,192	3	112,709	7	332,446
LV	9	842,780	12	535,709	20	987,566	18	1,616,073	12	661,068
LT	13	379,512	24	2,117,232	14	712,907	17	559,196	10	266,102
LU	0	0	0	0	0	0	0	0	0	0
HU	3	65,386	5	90,861	8	189,941	5	184,769	2	88,762
MT	2	280,627	4	444,171	3	1,391,777	1	18,961	1	167,040
NL	10	488,158	19	951,905	7	414,169	0	0	6	261,626
AT	10	656,607	13	252,298	23	3,627,369	9	875,184	14	5,716,261
PL	24	786,133	17	2,514,843	37	3,507,557	59	1,789,473	92	3,101,717
PT	1	133,128	1	108,890	4	454,899	4	508,718	0	0
RO	19	1,850,979	15	283,216	14	449,240	21	1,086,817	16	2,943,686
SI	5	381,597	5	155,419	13	1,067,985	3	139,295	0	0
SK	1	46,323	0	0	3	256,714	3	117,282	3	707,196
FI	11	483,321	5	349,402	3	74,840	6	412,415	6	119,457
SE	0	0	1	12,380	3	236,247	0	0	2	101,720
UK	26	3,493,747	24	2,486,202	44	2,311,565	42	982,331	9	297,577
TOTAL	959	131,161,524	835	99,707,957	748	188,695,258	690	91,315,407	513	82,984,368

ANNEX 3

TOR: Total number of non-fraudulent cases with the related estimated and established amount 2012-2016										
MS	2012		2013		2014		2015		2016	
	N	EUR	N	EUR	N	EUR	N	EUR	N	EUR
BE	167	8,843,990	147	8,802,607	121	6,012,833	202	7,693,210	167	6,679,740
BG	5	284,427	14	853,688	4	136,779	4	96,851	2	52,150
CZ	74	2,888,811	54	3,032,798	83	11,731,780	70	3,444,303	80	5,298,065
DK	52	4,158,524	38	1,612,065	69	4,654,451	85	3,568,553	73	3,720,877
DE	1,543	104,219,474	1,629	109,197,334	1,636	84,980,005	1,974	111,698,415	1,489	67,203,731
EE	5	117,895	4	1,439,374	6	140,863	4	112,658	3	63,879
IE	28	1,537,778	19	1,476,491	24	2,064,734	24	1,795,956	28	4,561,472
EL	1	22,771	3	49,070	13	2,235,181	23	3,302,458	8	8,599,250
ES	118	6,323,266	244	16,579,311	291	16,565,011	243	20,065,160	242	41,581,643
FR	264	16,558,383	261	18,387,646	290	14,010,921	272	14,156,465	234	21,343,994
HR	0	0	3	56,279	2	133,437	9	759,473	12	589,781
IT	143	9,440,083	136	15,311,564	104	8,137,245	112	8,327,855	89	17,235,008
CY	4	167,393	14	981,017	9	140,537	1	14,363	0	0
LV	20	1,913,927	8	507,947	7	850,644	12	378,930	15	2,523,277
LT	24	371,183	22	486,055	35	2,179,258	30	766,443	16	1,055,777
LU	0	0	0	0	0	0	0	0	0	0
HU	35	924,202	40	1,152,798	78	2,002,491	22	874,072	14	4,126,454
MT	1	167,040	0	0	1	75,168	4	604,651	0	0
NL	521	82,683,769	414	38,891,427	387	42,785,187	458	109,674,374	517	147,056,822
AT	47	2,320,837	50	2,345,750	58	2,761,902	65	2,908,455	47	10,535,675
PL	113	3,478,506	90	5,737,218	176	7,384,176	70	3,371,549	74	4,084,106
PT	24	911,983	30	1,761,074	54	3,197,782	18	3,255,472	15	6,461,250
RO	43	29,113,156	65	4,141,230	61	7,017,421	72	7,341,058	41	3,243,332
SI	18	313,120	8	227,567	6	133,591	9	307,216	1	25,222
SK	19	1,515,985	8	1,744,504	32	1,497,052	6	474,901	13	292,640
FI	24	3,110,733	38	2,155,783	32	1,371,455	32	1,326,606	34	2,000,001
SE	58	6,319,584	62	10,829,499	68	3,960,753	76	3,189,706	96	6,360,043
UK	998	60,669,575	1,154	75,028,243	1,153	70,120,349	927	44,371,129	824	89,063,434
TOTAL	4,349	348,376,396	4,555	322,788,335	4,800	296,281,007	4,824	353,880,283	4,134	453,757,623

ANNEX 4

TOR: Percentage of the financial impact of OWNRES cases to the collected and made available TOR (gross) in 2016 per Member State												
MS	Gross amount TOR collected (A account)			All				Fraudulent		Non-fraudulent		
				OWNRES established and estimated amount	Percentage OWNRES/gross TOR	OWNRES established and estimated amount	Percentage OWNRES/gross TOR	OWNRES established and estimated amount	Percentage OWNRES/gross TOR			
	EUR	EUR	EUR							EUR	EUR	EUR
BE	2,588,497,872	15,941,375	0.62%	9,261,635	0.36%	6,679,740	0.26%	6,679,740	0.26%			
BG	89,936,823	488,717	0.54%	436,567	0.49%	52,150	0.06%	52,150	0.06%			
CZ	313,811,270	5,438,665	1.73%	140,600	0.04%	5,298,065	1.69%	5,298,065	1.69%			
DK	420,313,639	12,302,250	2.93%	8,581,374	2.04%	3,720,877	0.89%	3,720,877	0.89%			
DE	5,186,809,184	72,316,067	1.39%	5,112,337	0.10%	67,203,731	1.30%	67,203,731	1.30%			
EE	34,143,556	63,879	0.19%	0	0.00%	63,879	0.19%	63,879	0.19%			
IE	356,381,933	5,007,046	1.40%	445,574	0.13%	4,561,472	1.28%	4,561,472	1.28%			
EL	197,979,939	14,193,563	7.17%	5,594,313	2.83%	8,599,250	4.34%	8,599,250	4.34%			
ES	1,890,050,087	44,553,730	2.36%	2,972,087	0.16%	41,581,643	2.20%	41,581,643	2.20%			
FR	2,045,650,729	50,129,021	2.45%	28,785,027	1.41%	21,343,994	1.04%	21,343,994	1.04%			
HR	58,321,707	931,788	1.60%	342,006	0.59%	589,781	1.01%	589,781	1.01%			
IT	2,235,484,905	23,783,199	1.06%	6,548,191	0.29%	17,235,008	0.77%	17,235,008	0.77%			
CY	26,357,565	332,446	1.26%	332,446	1.26%		0.00%		0.00%			
LV	43,351,192	3,184,345	7.35%	661,068	1.52%	2,523,277	5.82%	2,523,277	5.82%			
LT	96,925,396	1,321,879	1.36%	266,102	0.27%	1,055,777	1.09%	1,055,777	1.09%			
LU	24,430,243	-	0.00%	0	0.00%	0	0.00%	0	0.00%			
HU	177,894,323	4,215,216	2.37%	88,762	0.05%	4,126,454	2.32%	4,126,454	2.32%			
MT	15,067,694	167,040	1.11%	167,040	1.11%		0.00%		0.00%			
NL	2,967,179,005	147,318,448	4.96%	261,626	0.01%	147,056,822	4.96%	147,056,822	4.96%			
AT	267,522,009	16,251,936	6.07%	5,716,261	2.14%	10,535,675	3.94%	10,535,675	3.94%			
PL	739,115,287	7,185,823	0.97%	3,101,717	0.42%	4,084,106	0.55%	4,084,106	0.55%			
PT	173,005,805	6,461,250	3.73%		0.00%	6,461,250	3.73%	6,461,250	3.73%			
RO	204,022,260	6,187,018	3.03%	2,943,686	1.44%	3,243,332	1.59%	3,243,332	1.59%			
SI	82,223,513	25,222	0.03%		0.00%	25,222	0.03%	25,222	0.03%			
SK	123,886,163	999,836	0.81%	707,196	0.57%	292,640	0.24%	292,640	0.24%			
FI	166,430,872	2,119,459	1.27%	119,457	0.07%	2,000,001	1.20%	2,000,001	1.20%			
SE	641,501,996	6,461,763	1.01%	101,720	0.02%	6,360,043	0.99%	6,360,043	0.99%			
UK	3,951,352,805	89,361,012	2.26%	297,577	0.01%	89,063,434	2.25%	89,063,434	2.25%			
Total	25,117,647,775	536,741,992	2.14%	82,984,369	0.33%	453,757,623	1.81%	453,757,623	1.81%			

ANNEX 5

TOR: Recovery rates (RR) per cut-off date						
MS	2015			2016		
	Established amount	Recovered amount	RR	Established amount	Recovered amount	RR
	EUR	EUR	%	EUR	EUR	%
	1	2	3=2/1	1	2	3=2/1
BE	13,081,299	9,689,203	74%	13,307,195	8,789,067	66%
BG	679,696	320,590	47%	317,821	63,108	20%
CZ	3,489,078	2,416,179	69%	5,438,665	4,773,439	88%
DK	7,581,470	5,092,619	67%	12,302,250	2,545,462	21%
DE	140,826,077	111,274,465	79%	72,290,586	66,293,458	92%
EE	247,557	156,460	63%	63,879	63,879	100%
IE	1,795,956	1,704,749	95%	4,561,472	2,912,051	64%
EL	3,706,175	528,464	14%	8,951,578	20,387	0%
ES	23,115,147	18,819,357	81%	43,234,529	16,961,094	39%
FR	28,435,091	17,756,649	62%	49,268,291	13,218,090	27%
HR	840,075	602,734	72%	918,343	325,185	35%
IT	13,809,053	6,060,254	44%	23,465,049	2,723,357	12%
CY	127,072	14,439	11%	332,446	59,925	18%
LV	1,995,004	230,086	12%	3,184,345	1,755,940	55%
LT	1,325,639	647,985	49%	1,321,879	615,147	47%
LU	0	0	0%	0	0	0%
HU	1,058,841	988,936	93%	4,215,216	736,490	17%
MT	623,612	479,241	77%	0	0	0%
NL	109,316,803	27,615,002	25%	147,131,802	28,474,143	19%
AT	3,783,639	3,394,427	90%	16,251,936	10,741,388	66%
PL	5,144,972	1,609,834	31%	7,185,823	1,823,197	25%
PT	3,290,243	531,707	16%	6,461,250	236,010	4%
RO	8,427,875	3,606,740	43%	6,187,018	2,125,746	34%
SI	446,511	301,927	68%	25,222	25,222	100%
SK	592,183	494,642	84%	999,836	432,958	43%
FI	1,739,021	1,634,962	94%	2,091,811	1,748,519	84%
SE	3,189,706	3,189,706	100%	6,360,043	6,183,339	97%
UK	44,371,129	36,412,779	82%	89,081,202	31,721,398	36%
TOTAL	423,038,926	255,574,138	60%	524,949,485	205,368,000	39%

ANNEX 6

TOR: Estimated and established amount per customs procedure per Member State 2016											
MS	Fraudulent						Non-fraudulent				
	Release for free circulation	Transit	Customs warehousing	Inward processing	Other	Release for free circulation	Transit	Customs warehousing	Inward processing	Other	
BE	9,084,740	22,468	93,464		60,963	5,264,998	362,701	534,453	421,709		95,879
BG	196,881	239,685				39,966	12,184				
CZ	140,600					5,222,631			75,434		
DK	8,581,374					3,324,406	54,420	39,749	302,302		
DE	4,680,087	303,999			128,251	54,959,370	383,702	4,737,796	6,475,707		647,155
EE	0					63,879					
IE					445,574	2,776,591			1,738,070		46,811
EL	1,087,506	247,454			4,259,353	522,610		8,076,640			
ES	2,972,087					18,493,078	23,806	16,840,583	6,224,176		
FR	25,760,003	1,745,665	66,526	155,295	1,057,538	19,256,334	210,453	97,497	1,631,655		148,055
HR	57,634	284,373				589,781					
IT	5,220,659	1,327,532				17,075,413			159,595		
CY	332,446										
LV	594,190				66,878	2,490,959	32,318				
LT	19,346	85,594			161,162	1,009,075	42,048		4,654		
LU											
HU	88,762					4,126,454					
MT					167,040						
NL	98,413	127,535		35,678		89,957,050	754,255	56,111,351	234,166		
AT	5,716,261					3,104,231	66,649		7,315,604		49,192
PL	1,898,159	1,131,625			71,933	2,940,734	393,713		31,950		717,709
PT						6,446,873			14,377		
RO	1,779,270	1,137,508			26,907	2,769,246			204,279		269,807
SI						25,222					
SK	707,196					292,640					
FI	74,579				44,878	1,401,291			556,793		41,918
SE	101,720					6,250,635			109,408		
UK	297,577					79,463,284	140,375	14,659	9,421,037		24,080
Total	69,489,490	6,653,439	159,990	190,973	6,490,477	327,866,750	2,476,624	86,452,727	34,920,916	2,040,506	2,040,506

ANNEX 7

MS	N	TOR: Method of detection by number of cases per Member State 2016																					
		Fraudulent						Non-fraudulent															
		All	Clearance controls	Post-clearance controls	Inspections by anti-fraud services	Tax audit	Voluntary admission	Other	All	Clearance controls	Post-clearance controls	Inspections by anti-fraud services	Tax audit	Voluntary admission	Other								
BE	203	36	7	2	25											167	44	85	15	1	13	9	
BG	13	11	2	9												2	2	2					
CZ	82	2	1		1											80	5	51	5			19	
DK	78	5	1	3	1											73	29	34				3	7
DE	1,582	93	19	8	52	9										1,489	151	682	6	302		316	32
EE	4	1		1												3		3					
IE	31	3			3											28	3	5	3	11		3	3
EL	38	30	15		4											8	2	3	3				
ES	284	42	12	1	14	13										242	83	45	16	66		27	5
FR	317	83	35	25	22											234	72	93	56			13	
HR	17	5	2	3												12	2	10					
IT	111	22	6	5	6	1										89	16	46	22	1	2	2	2
CY	7	7		2												0							
LV	27	12	11		1											15		10		4		1	
LT	26	10	5	1	4											16	2	14					
LU	0	0														0							
HU	16	2		2												14	1	13					
MT	1	1	1													0							
NL	523	6	1	5												517	89	364				64	
AT	61	14		5	7											47	5	24				12	6
PL	166	92	13	73												74	16	42	15			1	
PT	15	0														15	4	4	10			1	
RO	57	16			15											41		1	40				
SI	1	0														1		1					
SK	16	3		2	1											13	2	6				4	1
FI	40	6	5													34	17	11				6	
SE	98	2	2													96		96					
UK	833	9	7	2												824		585				239	
Total	4,647	513	145	149	156	23	38	4,134	539	2,230	191	385	724	65									

ANNEX 8

TOR: Method of detection by established and estimated amounts per Member state 2016														
MS	N	Fraudulent						Non-fraudulent						
		All	Clearance controls	Post-clearance controls	Inspections by anti-fraud services	Tax audit	Voluntary admission	Other	All	Clearance controls	Post-clearance controls	Inspections by anti-fraud services	Tax audit	Voluntary admission
BE	15,941,375	9,261,635	171,986	500,135	8,512,410		77,104	6,679,740	2,991,865	1,800,021	990,210	18,798	711,121	167,725
BG	488,717	436,567	201,514	235,053				52,150		52,150				
CZ	5,438,665	140,600	22,469		118,131			5,298,065	193,551	2,704,345	288,040		2,112,129	
DK	12,302,250	8,581,374	404,928	213,850	7,962,596			3,720,877	1,176,350	2,336,798			75,046	132,682
DE	72,316,067	5,112,337	350,440	422,830	2,792,163		288,909	67,203,731	6,552,233	32,392,197	271,994	14,207,329	12,333,955	1,446,023
EE	63,879	0						63,879		63,879				
IE	5,007,046	445,574			445,574			4,561,472	160,942	101,206	1,716,265	582,473	1,668,852	331,734
EL	14,193,563	5,594,313	4,013,131		582,771		998,410	8,599,250	8,091,783	170,106	337,361			
ES	44,553,730	2,972,067	173,946	29,693	1,745,747		457,948	41,561,643	4,395,014	15,292,789	5,798,716	10,190,539	1,177,562	4,727,023
FR	50,129,021	28,785,027	2,879,431	7,666,063	18,220,089			21,343,994	4,505,898	4,273,983	12,091,264		472,849	
HR	931,788	342,006	299,043	42,963				589,781	26,838	562,943				
IT	23,783,199	6,548,191	1,547,862	657,720	359,499		231,713	17,235,008	1,302,660	12,945,155	2,932,046	11,843	42,881	423
CY	332,446	332,446		37,580			294,866	0						
LV	3,184,345	661,068	639,392		21,676			2,523,277		2,209,883		294,006	19,387	
LT	1,321,879	266,102	120,412	85,594	60,096			1,055,777	44,349	1,011,428				
LU	0	0												
HU	4,215,216	88,762		88,762				4,126,454	132,531	3,993,923				
MT	167,040	167,040	167,040					0						
NL	147,318,448	261,626	10,717	250,909				147,056,822	3,483,914	142,101,362			1,471,546	
AT	16,251,936	5,716,261		703,548	1,075,946		3,936,767	10,535,675	342,574	2,627,477			7,476,170	89,454
PL	7,185,823	3,101,717	1,129,903	1,874,004			97,810	4,084,106	555,971	2,384,030	1,110,586		33,520	
PT	6,461,250	0						6,461,250		5,369,167	1,080,852		11,231	
RO	6,187,018	2,943,686			1,806,178		1,137,508	3,243,332		204,278	3,039,054			
SI	25,222	0						25,222		25,222				
SK	999,836	707,196		617,264	89,932			292,640	64,856	95,205			117,740	14,839
FI	2,119,459	119,457	107,717					2,000,001	1,149,330	486,873			363,798	
SE	6,461,763	101,720	101,720					6,360,043		6,360,043				
UK	89,361,012	297,577	250,729	46,848			89,063,434			75,993,107			13,070,327	
Total	536,741,991	82,984,368	12,592,380	13,472,816	43,792,807		7,521,036	453,757,623	35,170,660	315,557,570	29,656,387	25,304,988	41,158,115	6,909,904

ANNEX 9

TOR: Recovery rates (RR) per Member State 2016						
MS	Fraudulent			Non-fraudulent		
	Established amount, EUR	Recovered amount, EUR	RR, %	Established amount, EUR	Recovered amount, EUR	RR, %
BE	7,116,444	3,938,536	55%	6,190,751	4,850,531	78%
BG	265,670	63,108	24%	52,150	-	0%
CZ	140,600	16,704	12%	5,298,065	4,756,734	90%
DK	8,581,374	483,665	6%	3,720,877	2,061,797	55%
DE	5,086,855	3,291,818	65%	67,203,730	63,001,639	94%
EE	0	0	0%	63,879	63,879	100%
IE	0	0	0%	4,561,472	2,912,051	64%
EL	352,328	0	0%	8,599,250	20,387	0%
ES	1,652,886	905,030	55%	41,581,643	16,056,064	39%
FR	27,924,297	3,772,047	14%	21,343,994	9,446,043	44%
HR	342,006	57,634	17%	576,336	267,551	46%
IT	6,475,681	712,095	11%	16,989,368	2,011,262	12%
CY	332,446	59,925	18%	0	-	#DIV/0!
LV	661,068	0	0%	2,523,277	1,755,940	70%
LT	266,102	1,040	0%	1,055,777	614,107	58%
LU	0	0	0%	0	-	#DIV/0!
HU	88,762	88,762	100%	4,126,454	647,728	16%
MT	0	0	0%	0	-	#DIV/0!
NL	261,626	60,826	23%	146,870,176	28,413,317	19%
AT	5,716,261	1,495,680	26%	10,535,675	9,245,708	88%
PL	3,101,717	426,925	14%	4,084,106	1,396,273	34%
PT	0	0	0%	6,461,250	236,010	4%
RO	2,943,686	1,272,451	43%	3,243,332	853,295	26%
SI	0	0	0%	25,222	25,222	100%
SK	707,196	140,318	20%	292,640	292,640	100%
FI	91,809	21,606	24%	2,000,001	1,726,914	86%
SE	0	0	0%	6,360,043	6,183,339	97%
UK	17,767	0	0%	89,063,434	31,721,398	36%
TOTAL	72,126,582	16,808,170	23%	452,822,903	188,559,830	42%

ANNEX 10

TOR: Examination of write-off cases in 2016													
MS	Acceptance		Reference to Article 17.2 rejected		Additional information request (AI)		Not appropriate		Total cases*		Cases assessed twice (AI)		Total (amounts not counted twice)
	N	EUR	N	EUR	N	EUR	N	EUR	N	N	N	EUR	
BE	-	-	2	541,478	8	1,264,221	1	81,861	11	1	1	1,887,560	
DK	-	-	-	-	1	159,966	-	-	1	-	-	159,966	
DE	7	2,340,444	15	12,798,462	55	15,348,467	-	550	77	22	22	30,487,923	
EL	-	-	12	4,157,369	2	546,730	-	-	14	-	-	4,704,099	
ES	2	539,188	5	890,338	14	4,975,767	-	-	21	-	-	6,405,293	
FR	-	-	1	66,522	2	263,738	-	64,990	3	1	1	395,249	
IT	-	-	15	11,752,197	6	1,148,093	-	-	21	2	2	12,900,290	
LV	1	172,173	-	-	1	430,951	-	-	2	-	-	603,125	
LT	2	285,229	-	-	1	55,995	-	-	3	-	-	341,224	
HU	-	-	1	83,597	3	273,883	-	-	4	-	-	357,480	
AT	4	869,423	5	2,590,368	9	7,871,048	-	4,481	18	4	4	11,335,680	
PL	-	-	2	1,682,297	1	85,772	-	-	3	-	-	1,768,069	
PT	-	-	27	9,552,222	1	123,541	-	1,566,118	28	-	-	11,241,882	
SI	-	-	3	779,593	-	-	-	-	3	-	-	779,593	
SK	-	-	1	82,766	1	64,387	-	-	2	1	1	147,153	
SE	-	-	-	-	1	114,455	-	-	1	-	-	114,455	
UK	1	66,548	3	1,427,608	3	2,380,554	-	-	7	1	1	3,874,710	
Total	17	4,273,004	92	46,404,816	109	35,107,570	1	1,718,001	219	32	32	87,503,751	

* including cases assessed twice

ANNEX 11

Legenda

EAFRD: European Agricultural Fund for Rural Development

EAGF: European Agricultural Guarantee Fund

GUID: European Agricultural Guarantee and Guidance Fund – Section Guidance

EFF: European Fisheries Fund

EMFF: European Maritime and Fisheries Fund

CF: Cohesion Fund

ERDF: European Regional and Development Fund

ESF: European Social Fund

FEAD: European Fund for Aid to the most Deprived

ISF: Internal Security Fund

HRD: pre-accession, Human Resources Development component

REGD: pre-accession, Regional Development component

IPARD: Instrument for Pre-Accession for Rural Development

PHARE: Pre-accession assistance programme

SAPARD: Special Accession Programme for Agriculture and Rural Development

CBC: pre-accession, Cross-Border Cooperation component

TAIB: Transition Assistance and Institution Building

Irregularities reported by Member States and Beneficiary Countries in 2016

The number of irregularities affecting the results of Member States' work to counter fraud and other illegal activities affecting the EU's financial interests. Therefore, the figures should not be interpreted as indicating the level of fraud in the Countries' territories.

Countries	FUNDS / COMPONENTS																TOTAL		
	EAFRD	EAGF	AGF/EAFR	GUID	EFF	EMFF	CF	ERDF	ESF	FEAD	ISF	HRD	IPARD	PHARE	REGD	SAPARD		TAIB	CBC
AT	8	1	3					18	15										45
BE	5	14	2					35	25										81
BG	32	2	66		20		38	86	20					3				35	302
CY					1		1	2	3										7
CZ	42	8	6	1	14		76	248	124										519
DE	45	22	6					194	99										367
DK	1	4	22		1			7	6										41
EE	23				2		2	31	4										62
ES					89		47	2 504	55										3 019
FI	9					1		13	4										39
FR								25	55										309
GR		4	117		5		28	428	113										695
HR	27	6						7	1				1	6					50
HU	144	37	1		2		32	476	68										760
IE	31	8	22					37	29										127
IT	53	280	421		3			98	60										915
LT	32	8	63		1			21	11										140
LV	27				4			56	131										221
MT								2	3										13
NL	19	25			36			14	7										101
PL	372	41	1	1	19		36	1 008	74										1 552
PT					463	1	13	87	63										645
RO	382	252	78		38		60	380	175							5			1 370
SE	3		2					4	1										10
SI	7		4					6	24										55
SK	24	10	2		14		78	361	157										646
UK	32	9	9		6			392	400										848
MK														2					4
RS																			12
TR												15	30						12
TOTAL	1 318	731	1 853	7	270	1	475	6 634	1 594	3	1	16	38	3	3	5	8	50	13 010

Irregular amounts related to irregularities reported by Member States and Beneficiary Countries in 2016

Countries	FUNDS / COMPONENTS																TOTAL		
	EAFRD	EAGF	EAGF/EAFRD	GUID	EFF	EMFF	CF	ERDF	ESF	FEAD	ISF	HRD	IPARD	PHARE	REGD	SAPARD		TAIB	CBC
AT	232 777	13 000	39 393				778 042	1 365 328											2 428 540
BE	205 982	208 634	28 133				1 462 541	1 777 214											3 682 502
BG	4 305 157	327 118	11 188 815		409 302	22 539 265	10 530 545	1 030 605			101 351								50 550 787
CY					49 327	15 666	32 425	216 983											314 400
CZ	2 487 999	272 366	839 266	125 479	186 767	42 316 493	82 560 262	17 610 605			178 812								146 399 237
DE	2 417 475	634 109	225 437				22 253 811	8 228 517											33 938 161
DK	16 326	250 977	3 520 097		370		383 330	245 678											4 416 778
EE	2 448 124				451 103	450 427	4 323 359	247 281											7 920 295
ES					8 958 605	25 460 745	280 482 000	3 350 315											340 533 599
FI	172 325					130 707	193 689	173 056											888 266
FR							7 594 188	1 376 580											21 937 538
GR		56 025			3 073 118	3 173 474	169 710 829	11 013 943				1 006	160 696						189 061 157
HR	2 893 581	182 252					2 292 697	20 569											5 554 886
HU	4 874 184	2 681 572	32 809		54 302	8 354 209	85 642 143	13 488 699											115 127 918
IE	840 029	134 633	405 914				3 852 806	4 334 855											9 568 237
IT	4 858 671	30 238 418	29 873 375	2 980 876			45 460 693	1 709 299											115 121 333
LT	3 400 475	101 333	3 164 357	50 452	43 350		3 690 990	476 512	463 921										11 391 390
LV	1 607 296				260 302		29 269 506	359 810											52 727 796
MT							120 049	234 494											10 955 650
NL	357 209	967 117			1 056 327		386 731	2 317 805											5 085 190
PL	27 927 261	6 784 387		28 213	3 213 696	8 962 205	319 273 579	7 610 498											373 834 065
PT				24 760 716	494 203	907 078	15 769 181	2 509 875											45 029 269
RO	36 530 803	12 332 937	6 513 069		8 431 937	23 655 834	113 562 396	12 065 400						1 975 311					215 067 688
SE	50 032		43 131				188 447	23 634											305 245
SI	378 878		50 194		2 134 258		2 445 575	429 013											5 437 918
SK	1 549 405	148 593	555 798		683 092	311 931 392	184 984 167	30 333 062											530 185 509
UK	1 029 120	103 311	328 106		562 201		21 290 524	18 505 498					6 500						41 818 759
MK																			6 500
RS																			71 130
TR							1 266 733	6 315 453									346 771		7 928 958
Grand Total	98 583 109	55 436 781	119 097 786	3 685 236	28 022 013	130 707	481 733 036	1 408 534 505	141 055 125	463 921	178 812	1 267 739	6 482 649	101 351	0	1 975 311	346 771	193 848	2 347 288 699